

PEOPLE ADDED \$1.63 PERSONAL DEBT FOR EVERY DOLLAR OF INCREASE IN LONG-TERM SAVINGS DURING 1955

The American people in their record spending spree last year added the equivalent of \$1.63 to their personal debts for every dollar of increase in their long-term savings.

Figures compiled from Government and private sources show that the total of personal debt jumped by more than \$20 billions during 1955 to an estimated \$147 billions at the year-end. This represented by far the biggest yearly increase of its kind on record, and it was half again as great as the previous peak annual rise in personal debt, of more than \$13 billions in 1953. These debt figures consist of mortgages on one-to-four-family non-farm homes; installment and other consumer credit, agricultural mortgage and non-real estate debt, and life insurance policy loans.

The Recent Trends

At the same time, accumulated long-term savings of individuals in life insurance, savings accounts, savings and loan associations, and current redemption value of U. S. Savings Bonds owned by individuals, but not including home owners' equities; increased by approximately \$12½ billions during 1955 to bring the total to an estimated \$282½ billions at the end of the year, according to the Federal Home Loan Bank Board. While this increase was second only to the one in 1954 as the largest for any year in the decade since the end of World War II, it fell \$8 billion short of matching the net amount that the people had expanded their borrowings during the year, primarily to buy homes, automobiles and other durable goods.

The records show that a rise of such proportions in the net debt of individuals at the expense of savings occurred only once in recent years. That was in 1950, when the increase in individual debt for the year was twice that of the rise in long-term savings. That, however, can be explained in the light of the special circumstances prevailing at the time—the outbreak of the Korean War and its implications for the consumer superimposed on the fact that the people at large were still in a catching-up period from the shortages resulting from World War II.

Two Basic Questions

Here in these recent trends in personal debt and individual savings, and their relationships, is a factor with a direct bearing on two of the basic economic questions of the times. The first is whether, in the interests of sound economic progress, the people have expanded their debt too much too fast. The second is the adequacy of the present level of individual savings in view of the big expansion of capital and investment needs up to now and the certainty that these needs will grow greatly in the years ahead. It is significant in

this connection to note that the growth in personal debt exceeded that of accumulated long-term savings of individuals by about \$17 billions in the last decade, and that since 1946 the growth of savings exceeded that of debt in only one year, 1954.

It is a recognized economic truism that the soundest method of financing industrial expansion and economic growth, without paying penalties for inflation and all its attendant ills, is out of the savings of the people. Up to recently the record in this respect was encouraging. In 1954, for example, the people's savings in life insurance and other thrift institutions provided half of the new money made available by the capital market to meet the credit and investment needs of business and industry, home owners, and Government (Federal, State and local combined).

Rising Capital Needs

In 1955, however, according to preliminary figures, these demands on the capital market expanded by more than a third to a total of close to \$45 billions while the contribution of institutionalized savings increased only slightly. As a result the funds made available to the capital market by thrift institutions fell to little more than a third of the total. This is why more and more attention is now being paid to ways and means of encouraging more personal savings to provide the economy with the funds needed for continued expansion and for a further rise in living standards.

While all forms of personal debt have increased in the last decade, the figures show that home mortgage debt, estimated at \$89 billions at the 1955 year-end, was five times bigger than it was at the end of 1945. Owners' equities in their homes have, of course, increased also but there are no figures for this. Consumer credit has risen some sixfold in the period, from less than \$6 billions at the end of 1945 to more than \$36 billions last December, with installment debt the big factor. Aggregate farm debt has more than doubled in the decade. Life insurance policy loans have shown a relatively modest rise, both proportionately and in dollar totals.

As a result of recent trends, the total of personal debt at the end of 1955 came to the equivalent of 63 cents of every dollar of accumulated long-term savings of individuals at that time. This was just under the proportion that prevailed between the two in 1940, but it compares with a ratio of only 25 cents in personal debt for every dollar of long-term savings at the end of 1945.

Children need love, especially when they do not deserve it. —Harold S. Hulbert.



GARDEN TIME

ROBERT SCHMIDT
N. C. STATE COLLEGE

The average home garden soil does not have sufficient organic matter in it to keep it in the best condition. A good way to obtain this organic matter is to build a compost pile. During the spring and summer there will be a lot of materials available for composting such as leaves, grass clippings, weeds, cornstalks and canning wastes. Weeds with ripened seed heads should not be used. Plants infected with soil-borne diseases such as tomato wilt should not be put in the compost.

Build the compost pile in a shady place. The sides should be vertical and the top should be slightly depressed in the center to retain rainfall. On each layer of plant material put a thin layer of garden soil (about one inch) and add a few handfuls of a complete garden

fertilizer such as an 8-8-8 or 5-10-5. This will hasten the breakdown of the fibrous, coarse materials which have a low content of nitrogen and other plant nutrients. Bacteria which do the work of composting require a readily available supply of nitrogen and mineral nutrients in order to rapidly break down to compost materials. If stable manure is available it will make a valuable addition to the compost.

As soon as the compost materials are well rotted they should be distributed and worked into the garden soil. The purpose of the compost is not to furnish the necessary fertility for growing crops but to supplement regular plant food applications as a source of organic matter for maintaining the physical condition of the soil.

Drivers Urged To Consider Children

Little Ones Lack Adult Judgment Necessary In Traffic

"Children don't think, cars don't think, so you must think!"

Tar Heel drivers received that reminder of their responsibility for the safety of children in traffic this week from Major Charles A. Speed, Director of the State Highway Patrol's Traffic Safety Division.

Major Speed, a father himself, is personally interested in a year-around child pedestrian safety program.

is your own little boy or girl," he said. "If you treat all children as you want other motorists to treat your children, you're not likely to run down a youngster who heedlessly darts into your path."

This solicitous attitude is necessary, the major continued, because children can't be expected to use adult judgment in traffic. On this score, he roundly condemned the driver who fails to give youngsters a break in traffic and who insist on right of way and other legal prerogatives.

"It's the nature of youth to be impetuous and sometimes heedless," Major Speed said. "It's the duty of adults to protect children from the results of their own heedlessness, even if their actions are wrong."

Major Speed listed the following rules for drivers and urged them to



SAUCY MISS—Moppet swiping the sweets from corner drug store fountain wears a party dress by La France in a John Wolf cotton print with step border.

memorize each one:

1. Always expect the unexpected where children are concerned.
2. Give young bike riders every

break.

3. Drive with extreme caution near schools and playgrounds and any place where children may be expected to gather.
4. Be especially alert in school areas for signs, signals, traffic police, school patrols and for children themselves.

Lapsed GI Insurance May Be Reinstated

Lapsed GI term insurance still may be reinstated before the end of the term period, the Veterans Administration said in answer to numerous inquiries.

VA said it has found that many veterans believe they no longer are entitled to GI insurance when they have missed several premium payments on 5-year term policies.

However, the agency explained, if the 5-year term has not expired, the policies may be reinstated with the payment of two monthly premiums.

A medical examination is required if the policies have been lapsed more than three months.

No examination is required if the policies have been lapsed less than three months and the policyholders are in as good health as they were on the date of lapse, VA added.

erans Administration will assist veterans in reinstating GI term insurance.

In love of home, the love of country has its rise. —Chas. Dickens.

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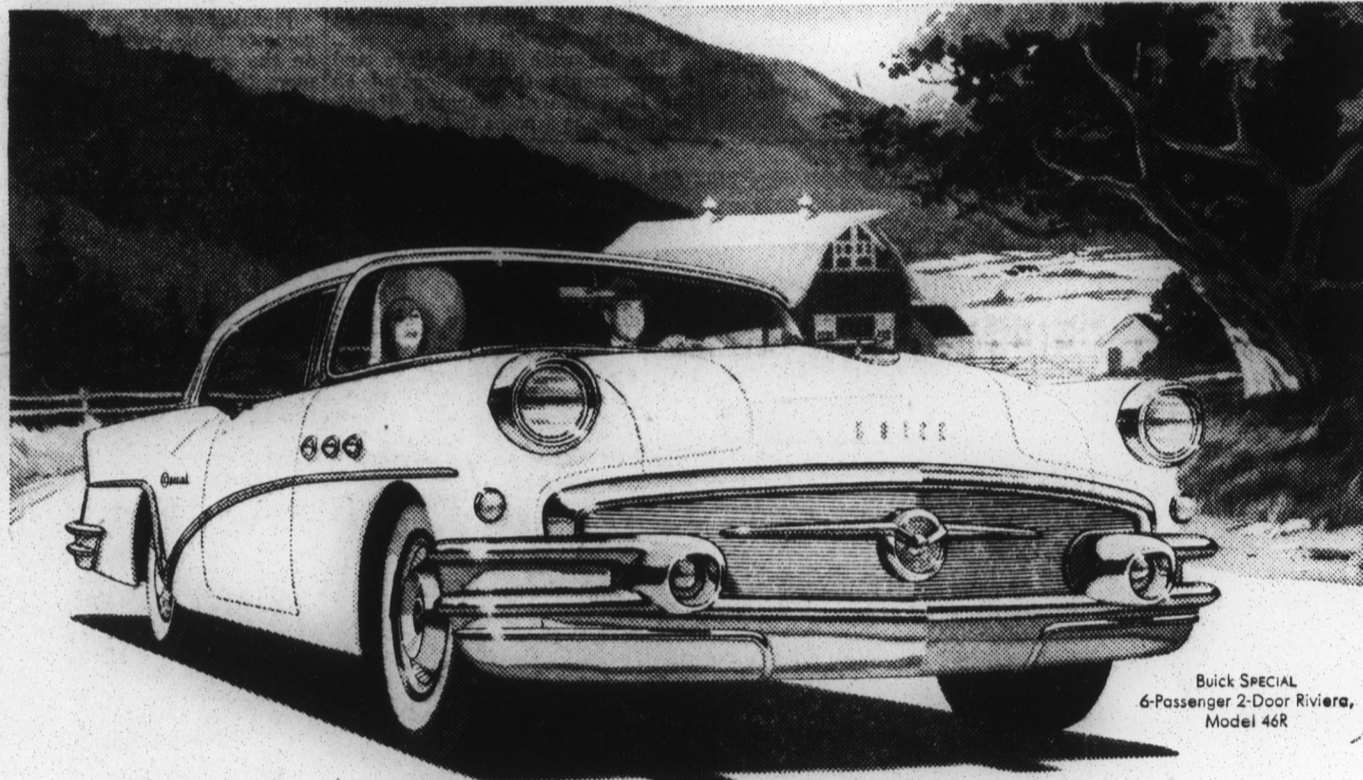
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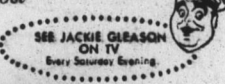
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