

Government Spending Exceeds Investment And Cuts Consumer Role As Vital Economic Force

Significant Change Takes Place Affecting Dominant Driving Forces In Nation's Economic Progress

A long view of the American economy and the sources of its activity and growth over the years shows that a significant change has taken place affecting the traditional roles played by the consumer and by private capital investment in the past as the dominant driving forces in the nation's economic progress.

This change in the structure of our economic activity has a direct bearing on two of the major problems that are plaguing the nation today—the shortage of savings to finance the growth needs of an expanding economy, and the persistence of inflationary pressures which have manifested themselves in record high living costs over the past year.

Rise of Big Government

The key to what has taken place is provided by the U. S. Department of Commerce in its data on the gross national product and its composition. These figures show that Government (Federal, State and local combined) has not only supplanted capital investment as the No. 2 market for goods and services, but has also made deep inroads into the contribution of the consumer and his spending and saving decisions to overall economic activity. Except for war or depression, such relationships are not found in the past.

The big shift has taken place from the consumer to the Government side of the gross national product ledger, reflecting the size of the tax burden borne by the public to support Government establishments of the present size. Based on relationships that prevailed in the prosperous Twenties, this change represents more than a tenth of the entire gross national product, and is the equivalent of a sum of around \$45 billions at today's levels of economic activity.

Obviously, even a fraction of a sum this size, channeled from the spending to the saving stream, would make a basic contribution to easing the spending pressures in the economy and to answering the

question of where the money is coming from to finance the nation's expanding capital needs, now and in the future.

Data on the Shift

Representative of the composition of the nation's economic activity in the Twenties, here is how the \$104.4 billions of gross national product broke down in 1929, according to the U. S. Department of Commerce:

Consumer expenditures—79 billions, or 76 per cent.

Capital investment—\$16.2 billions, or 16 per cent.

Government expenditures—\$8.5 billions, or 8 per cent.

By contrast, this is how the nation's economic activity shapes up today, based on the composition of the \$412.4 billions of gross national product in 1956:

Consumer expenditures added up to \$265.7 billions for the year, over three times the 1929 figure, but representing only 65 per cent of the total product.

Capital investment by business and individuals, principally new nonfarm homes and plant and equipment expenditures, totaled \$65.4 billions, practically four times the 1929 total but representing less than 16 per cent of the gross national product.

Combined expenditures for goods and services by Federal, State and local governments came to \$79.8 billions for the year, over nine times the comparable 1929 total, and made up more than 19 per cent of the gross national product.

Impact on the Consumer

These figures thus show that the consumer today is the source of less than two-thirds of the nation's economic activity whereas his contribution in the Twenties was three-quarters of the total. Capital investment is barely managing to hold its own. The Government share, by contrast, has gone up by 150 per cent.

Combined Government purchases of goods and services in 1956 of just under \$80 billions were the fourth highest on record, and were

exceeded only in wartime in the past, in 1953 during Korea, and from 1943 through 1945 during the height of World War II spending. It should be noted, too, that total Government spending was some \$20 billions greater than this figure in 1956, due to transfer and interest payments and other outlays besides goods and services.

The share of Government expenditures for goods and services in the gross national product began to move up in the depression of the Thirties, primarily as an offset to a decline in investment expenditures. Throughout this period, however, it never went above 15 per cent of the total, and the consumer share remained as high as it had been in the Twenties. The cost of World War II sent Government outlays up to nearly half the gross national product for a time.

There was a substantial decline after the end of hostilities in 1945 to a closer approximation of the proportions prevailing in the past, but Government spending for goods and services moved up sharply in 1951. Since then it has consistently represented about a fifth or more of the gross national product, with the shares of the consumer and investment both affected by this shift.

Know Your Buyer Before You Sell

The buyer who offers you the most money for your timber may not always be the best one to sell to, according to R. S. Douglass, forestry specialist for the N. C. Agricultural Extension Service. He points out several reasons why this may be true:

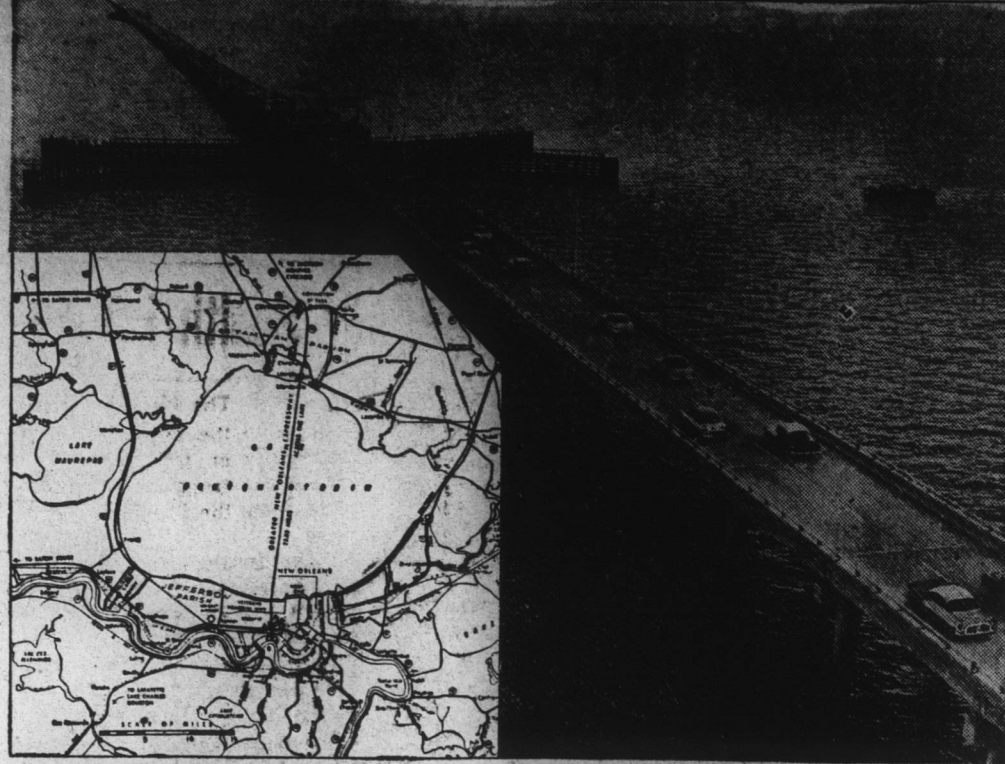
If the buyer destroys a large amount of young trees he may severely damage and reduce the amount of merchantable timber you will have in the future.

When timber is paid for on the basis of timber actually cut, a dishonest buyer can often gain by not reporting all that is cut.

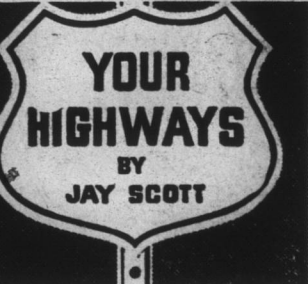
Carelessness with fire by the cutting crew can completely destroy the next crop of timber.

Trees cut below the minimum size specified can be collected for, but usually at only about actual market value. The value of these smaller trees to the owner is much more than this, when considered in terms of future growth.

Douglass says this can all be summarized in these words, "Know your buyer."



WORLD'S LONGEST BRIDGE, the 24-mile Lake Pontchartraine Causeway north of New Orleans, is a spectacular example of new highway construction which could be used to help empty target cities ahead of attacking planes. Map shows how civil defense forces, frustrated in New Orleans by water obstacles to traffic on almost every side, could send thousands of cars straight across the huge lake barrier to the north. The bridge was opened to traffic in August 1956.

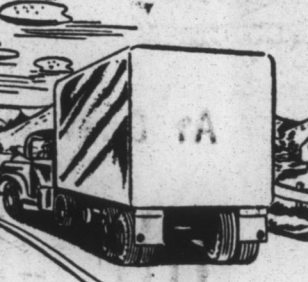


The American Trucking Association has just published a fact-filled "Trucking Trends" booklet, that tells a lot about those trucks and trailers you see on your highways these days.

For example, it points out that the 9.9 million private and for-hire trucks and trailers operating in the U. S. in 1955 paid \$1.9 billion in special federal, state and local motor vehicle taxes—exclusive of property and income taxes.

The 1956 taxes will top the \$2 billion mark, the booklet says.

Truck and trailer taxes in 1957, and the years to follow, will increase even more sharply as the result of the new highway program.



These figures include state registration, gasoline, motor carrier, trailer and miscellaneous fees, federal automotive excise taxes, special city and county taxes, and bridge, tunnel, ferry and road tolls.

As compared with 1954, the 1955 total was up \$193 millions.

America's trucks and trailers, which comprise about 16 percent of the vehicles registered, paid 33 percent of the 1955 state and local highway user taxes.

Inter-city ton miles hauled by trucks and trailers went from 215 to 226 billions and rural vehicles miles were up from 68 to 70 billions.

The average wage paid to highway transportation employees in 1955 rose to \$5130, almost \$300 higher than the previous year's average. The average 1955 wage for all private industry was \$3856.

The ATA also reported the trucking industry spent in 1955 over \$34 billions—about 1/2 of the nation's gross national product—for wages, fuel, equipment, other goods, services.

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Drinkable Summer Nourishment

By KAY WHITE, Chowan Senior 4-H Club Member

Light meals are one way to keep cool in the summertime, and since you are also likely to be drinking a lot, perhaps the easiest way to overcome that "It's Too Hot To Eat" feeling is to drink your nourishment using milk. Here are some recipes you can use when the gang comes over, watching TV or just plain relaxation.

- Grape Cooler**
 - 1/2 cup milk
 - 2 tablespoons sugar
 - 1/2 cup grape juice

Put all ingredients in tall glass and mix well. You may add ice cream or crushed ice for coldness. Makes serving for one.
- Milk Fruit Shrub**
 - 1 cup milk
 - 1 tablespoon sugar
 - 1/4 cup strawberries (mashed)
 - 1/4 cup strawberries (whole)

Mix all ingredients in tall glass and add ice cream for coolness. Top with whole berry. Serves one.
- Choc-o-Pep**
 - 1 cup milk
 - 4 teaspoons chocolate syrup

Mix all ingredients in tall glass and stir well. Add crushed ice to make cooler. Serves one.
- Banana Cream Delight**
 - 1 cup milk
 - 1 tablespoon sugar
 - 1/2 cup banana (mashed)

Mix all ingredients in tall glass and stir well. Add ice cream and mix until frothy. Top with cherry. Makes a serving for one.

CHARLOTTE SMALL AMONG GRADUATES AT U. OF TENN.

Among the 530 students graduating at the end of spring quarter at the University of Tennessee, Knoxville, was Miss Charlotte Virginia Small, daughter of Mr. and Mrs. Herbert S. Small. Miss Small received a bachelor of science degree in business administration. While at the University she majored in business education and office administration.

During Miss Small's two years at the University she was active in the following organizations: Independent Students Association, BSU Executive Council, BSU Publicity Chairman, YWA secretary, dormitory devotional chairman and the Office Administration Club.

Our opportunities to do good education and office administration are our talents. —G. Mather

SPORTS AFIELD

By Ted Kesting

Polls reveal that bass are the favorite game fish of American anglers. Pan fish come next on the list, with trout running third. But, says Jason Lucas, angling editor of Sports Afield Magazine, the term "pan fish" is meaningless, for it includes totally unrelated small species caught by entirely different methods.

In place of pan fish, Lucas lists crappies. In fact, he says, in the sections of the country where they're plentiful, they might even rate a first place.

Crappies are the ideal fish for anglers who haven't the time—or perhaps the desire—to study the more intricate aspects of fishing necessary for catching bass. Also, says Lucas, crappie fishing is ideal for the family outing. It is often possible to catch six nice crappies during the same time required to catch one small bass.

Crappies vary in the fight they offer an angler. Sometimes they give practically no resistance, while on other occasions they will fight like tigers. And nobody knows the answer to their inconsistency.

The best way to fish for crappies is by using a fly rod. Playing a fish on this light tackle seems to make big ones out of little ones. The most sport is derived by using small poppers on the surface. These, however, are generally successful only rather late in the evening. Begin with one on a No. 8 hook, and then see if a little larger one will do better. Remember that crappies have small mouths.

Perhaps most important is the retrieve. A crappie will rarely take anything moving fast. The slower you retrieve, the more you will catch, says Lucas. Let the lure lie there, twitching it only enough to form tiny ripples.

Crappies may not be the gamest fish in the world, but coming hot off the skillet, coated with cracker crumbs, they take a high place for good eating among our game fish.

AIRMAN OF MONTH
Kenneth R. Williams, son of Mrs. E. B. Williams of Edenton, was chosen Airmen of the Month for the month of June at Thule Air Force Base. He has also been promoted to A/IC.

Allstate Safety Crusade reminder: When you double your speed, your stopping distance is quadrupled. Allow for the extra time you need to stop safely.

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