

## People's Savings In Thrift Institutions Play Growing Role In Capital Market

An insight into the growing role played by the people's savings institutions in the nation's capital market in the last decade as a source of credit and investment funds for business and industry, homeowners and individuals generally, and Government, is provided by a study of the Life Insurance Association of America.

The study serves as a timely reminder of the fundamental need and importance of personal saving in a high-investment economy such as ours, and of the way in which the people at large make billions of dollars of capital funds available every year through their thrift institutions.

**New High Mark Set**  
The LIAA figures show that the combined net capital funds available from life insurance companies, savings and loan associations, mutual savings banks, and time deposits in commercial banks, rose from \$7.2 billions in 1947 to an estimated \$17.3 billions in 1957. The latter figure was a record high, and represented a rise of 140 per cent in the period, a greater rate of growth than other principal components of the capital market. For example, capital funds made available by nonbank investors other than savings institutions last year were only 58 per cent greater than in 1947.

The funds made available to the capital market from savings institutions in 1957 represented exactly 50 per cent of the year's total demands for credit and investment funds according to preliminary estimates. This represented a marked gain over the earlier part of the 1947-57 decade and was exceeded only in 1954.

Total demands on the capital market have likewise shown a big rise to meet the needs of the spectacular expansion of the economy in the years since the end of World War II. The 1957 figure for total sources and uses of funds was placed at \$34.8 billions, representing a rise of 84 per cent over the comparable 1947 total of \$18.9 billions. The peak was set in 1955 at just under \$45 billions.

**Pressures of Demand**  
During most of the last decade, funds from savings institutions combined with other nonbank sources were able to supply all but a small part of the annual demand for capital and credit funds. In a few years, however, from 1950 through 1952, and again in 1954, the demand for funds outstripped the ability of the savings institutions and other nonbank sources to meet the need by a considerable margin. This resulted in the creation of billions of dollars of bank credit to fill the gap, and added to the strength of the inflationary forces in the economy.

An analysis of the LIAA figures shows the high degree of steadiness of the growth pattern in the supply of funds made available by the savings institutions to the capital market in the 1947-57 period. The uptrend was interrupted in 1955 and 1956 but was resumed last year with a spurt in time deposits of commercial banks.

Figures for the supply of capital funds available from other nonbank investors show a high degree of volatility in the last decade. For example, the total coming into the capital market from these sources was as low as \$9.8 billions in 1953 and jumped to \$26.5 billions in the following year, the high for the decade. Wide fluctuations in the funds made available by corporations and by miscellaneous nonbank sources were the major factor in the wide swings. Other important sources of funds in this group are state and local governments, uninsured pension funds, fire and casualty companies, individuals, and U. S. Government funds such as OASD.

**Mortgages Leading Outlet**  
The record of the past decade shows that mortgages have consistently been the biggest single

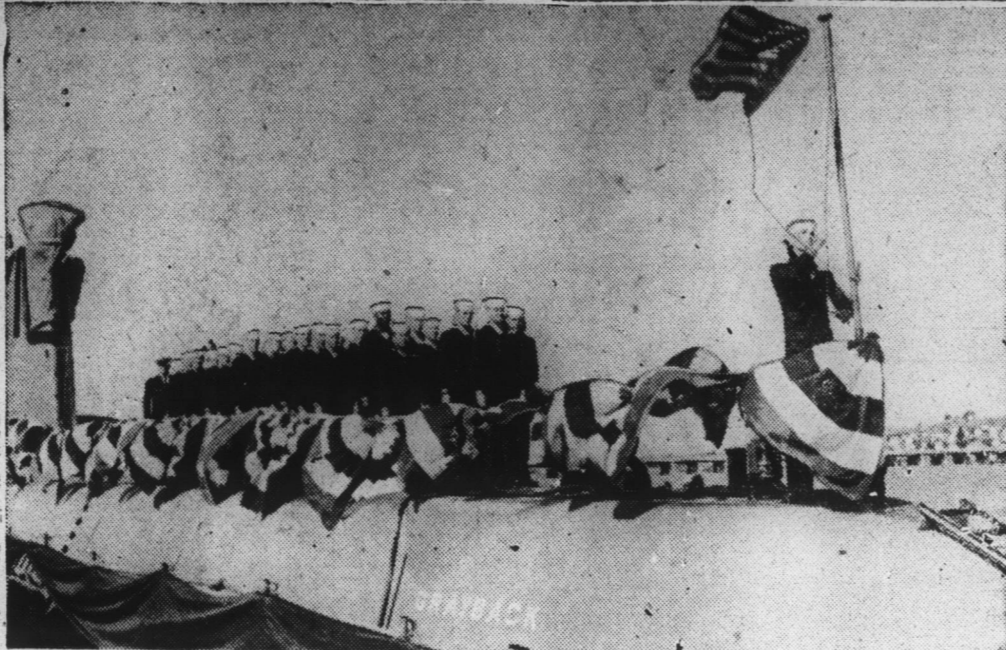
source of demand on the capital market. Only in one year, in 1952, has the demand for mortgage credit been less than 30 per cent of the total capital market funds available, and in a few years has been 40 per cent or more. Last year the proportion was 33 per cent. Residential mortgages have been the dominant element in the demand for mortgage credit throughout, with commercial mortgages representing a small part of the total. The data show that on the whole the residential mortgage market received an abundant portion of the capital funds available during the post-World War II period, according to the LIAA study.

With respect to the mortgage market, an interesting development is that the last few years have seen a small beginning of corporate pension fund investment in the residential mortgage field.

Corporate financing has been the second biggest source of demand on the capital market in the last decade, with the total demand for such funds in bond and stock issues topping \$10 billions in 1957. Consumer and business credit have likewise been big demand factors in most years. Demand for funds from State and local governments has risen substantially, practically tripling in the decade. The Federal Government on the other hand, has been a big user of capital market funds in some years and a supplier in others.

**No Horse**  
Vegetable Peddler—"Any horse-radish, madam?"  
Young Bride—"No, thank you! We have a car."

TRY A HERALD CLASSIFIED!



**NEWEST GUIDED MISSILE SUB**—The crew of the USS Grayback, the Navy's newest guided missile sub, attends to the colors as the ship is commissioned at Mare Island Naval Shipyard in Vallejo, Calif. The Grayback is a conventional diesel-electric-powered submarine but is especially designed to carry and launch the Regulus II guided missile. She is called the most advanced of the type by the builders.

### SPORTS AFIELD

By Ted Keating

During recent years there has been a gradual change in the equipment used for light-tackle salt-water fishing says Robert D. Hall, Salt-Water Fishing Editor of Sports Afield Magazine. Perhaps the most revolutionary change resulted from the invention of fiber-glass fishing rods. These powerful, flexible rods, with their excellent casting action, helped the phenomenal growth of salt-water spinning. As spinning took hold, anglers discovered that the fine-drawn, water-clear monofilament lines caught more fish under average conditions than the customary linen or nylon lines that had been

so popular for years. Small light-weight lures could be handled more skillfully. With the use of spinning equipment anglers are catching more fish with less effort and enjoying more sport from the average-sized fish that inhabit the bays and coastal waters.

It is difficult to pinpoint who originated the idea of casting from a fixed-spool reel. However, it is reasonable to assume that the idea was partly derived from the method employed by early hand-line fishermen of southern Europe in the 17th century, who cast their lines from a wooden winder held edgewise in the direction of their cast. We also find that the same principle of casting was employed by the Indian tribes of the Pacific Coast and by many native fishermen who inhabited the southern islands of both the Atlantic and Pacific. These natives wound their hand lines on sticks in such

a way that in casting the line would pull off the end of the winding sticks with very little resistance.

As the popularity of spinning in America took hold, it spread to the bays and flats of Florida where it has become extremely popular for bonefish, sea trout, snook and even small tarpon. This use in salt water created a demand for heavier rods and reels with larger line capacity, which could be used for surf, jetty and boat fishing. Today the American manufacturers and reelmakers of Europe design salt-water spinning equipment to meet nearly every demand that is required for sea fishing.

### Vets' Question Box

Q—As a veteran, may I get a GI loan to go into business with a friend who is not a veteran?

... Sunday and Monday.



Sophia Loren hears William Holden ordered to active duty in "The Key", Columbia Pictures' CinemaScope production playing at Taylor Theatre

A—Yes, you may join with a non-veteran in obtaining a loan. However, the amount of the loan on which VA guaranty or insurance can be based will be in proportion to your interest in the loan. Guaranty or insurance cannot extend to any part of the loan which represents the non-veteran's contribution to the business.

Q—I am about to start on-the-job training under the Korean GI Bill. How many hours a week are considered to be full-time training?

A—Full-time training is considered to be the standard work-week of the firm where you are taking your training. However, it generally may not be less than 36

hours a week.

Q—I am eligible for training under the War Orphans Education program. Can I use my right under the program to take a correspondence school course in cartooning?

A—No. The law does not permit you to receive benefits for correspondence school training. Also prohibited, under the War Orphans Education program, are courses in dancing, personality development, and bartending; on-the-job and on-the-farm training; training given by radio or television; and training in foreign countries.

Q—Who receives the monthly VA allowance, under the War Orphans Education program — the student or his parent?

A—If the student is under 21, his living parent or guardian will receive the allowances. If he is 21 or over, the allowances will be paid directly to him.

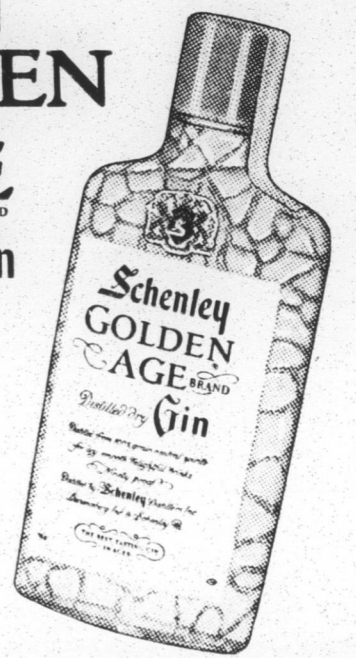
God has two dwellings; one in heaven, and the other in meek and thankful hearts.

—Isaak Walton.

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