

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

The 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.

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 composi-

tion 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.

SENATOR SAM ERVIN SAYS

Washington—Much interest has been aroused throughout the country by the decision of the Defense Department to permit William S. Girard, a soldier from Illinois, to be tried in a Japanese court for the alleged negligent slaying of a Japanese woman.

The peace treaty between the United States and Japan became effective in April 1952. The Executive Branch of the United States Government bases all other agreements with Japan in respect to our servicemen in Japan upon a clause of the treaty which stipulates, in substance, that the distribution of the armed forces of the United States in and about Japan is to be set forth in an "administrative agreement."

The administrative agreement became effective on the same day as the treaty. It provided, in essence, that whenever the Status of Forces Treaty which had been negotiated with the NATO countries became binding upon the United States, the United States and Japan would enter into a similar agreement in respect to jurisdiction over crimes committed by American servicemen in Japan.

The Status of Forces Treaty with the NATO countries was ratified by the Senate in August, 1953. Shortly thereafter, namely on September 29, 1953, a "protocol" was entered into between the United States and Japan providing, among other things, that the military courts of the United States should have primary jurisdiction of "offenses arising out of any act or omission done in the performance of official duty." The protocol further stipulated that the United States could waive its primary jurisdiction over such offenses and permit them to be tried by Japanese courts instead of American military courts. On the same day the United States and Japan entered into an additional agreement entitled "agreed official minutes."

The only agreement with Japan actually ratified by the Senate was the original peace treaty. Since the Constitution contemplates that all substantial agreements between the United States and other nations should be embodied in or authorized by treaties ratified by the Senate, I have grave misgivings as to the validity of the administrative agreement, the protocol and the agreed official minutes. This is true because the stipulation in the peace treaty referring to the distribution of American military forces does not seem to authorize the provisions of the administrative agreement, the protocol and the agreed official minutes.

Assuming, however, that the agreement, the protocol and the agreed official minutes are valid, I am convinced that the Defense Department made a mistake in its

Under the agreement, the protocol and the agreed official minutes, a joint committee composed of 1 American and 1 Japanese was authorized to determine which nation should have jurisdiction to try an American serviceman in cases of conflicting claims. These documents further provided that in the event the joint committee should deadlock on this question, the matter could be referred to the two governments for settlement by negotiation.

Girard was on duty at the time of the unfortunate accident resulting in the death of the Japanese woman. The American

representative on the joint committee, who were thoroughly familiar with the facts, were of the opinion that the death of the Japanese woman arose out of an act done by Girard in the performance of his official duty. The Japanese representative of the joint committee was of the opinion that while Girard was on duty at the time of the unfortunate accident, the Japanese court had primary jurisdiction, because the act resulting in the death was not specifically authorized by Girard's superiors.

The American commander reported the disagreement of the joint committee to the Defense Department in Washington. The Defense Department issued an order which, in substance, directed the American representative on the joint committee to permit Girard to be tried by a Japanese court rather than an American military court.

U. S. Jurisdiction

In my judgment, the United States had primary jurisdiction of the offense, and the Defense Department ought to have insisted that the trial should be conducted by an American military court. If it could not obtain agreement on the part of the Japanese representative on the Joint Committee, the Defense Department should have left the settlement of the controversy to negotiation between the two governments.

If it had done so, it is reasonable to assume that the United States and Japan could have agreed upon an authoritative precedent establishing the meaning of the words "offenses arising out

of any act or omission done in the performance of official duty." As it is, the Defense Department has surrendered its position without establishing any precedent for the future save that of surrender.

There is one provision of the agreed official minutes to which I cannot possibly give assent. As I construe this provision, it specifies, in substance, that in the event disputes over jurisdiction are not settled by the joint committee or by negotiation between the two nations, a Japanese court is to make final determination of the question under Article 316 of the Japanese code of criminal procedure. I consider this provision indefensible.

CHAPANOKE NEWS

Mrs. Howard Perry and son of Oak Grove, Va., spent several days last week with Mr. and Mrs. Joe White and Miss Gracie Ferrell.

Miss Anne Harrell spent last Thursday night with Miss Brenda Smith.

Charles Elliott joined the National Guard and is now at Fort Bragg for a 15-day encampment.

Mr. and Mrs. Cary Quincy and family of Norfolk, Va., visited his parents, Mr. and Mrs. C. P. Quincy Sunday afternoon.

Mr. and Mrs. Joe White and children, Miss Gracie Ferrell and father, Joe Ferrell, spent the week-end with Mrs. C. R. Combs at Manns Harbor.

Mr. and Mrs. Paul Vaughan and children of Portsmouth, Va., spent Sunday afternoon with Miss Lena Symons and brought her mother Mrs. Irma Dorsey, who has been visiting there for several weeks,

home with her. Mr. and Mrs. Max Jackson and children of Chattanooga, Tenn., arrived Monday to spend some time with her mother, Mrs. J. C. Wilson and to attend the wedding of her sister, Miss Louise Wilson, which will take place Saturday.

Crawford Wilson of Bermuda arrived home Sunday. Mr. and Mrs. Peter A. Warren and family of the Canal Zone will arrive this week.

Captain and Mrs. Calvin Wilson and children of Massachusetts and Dr. Curtis Wilson of Dayton, Ohio, are here to attend the wedding of Miss Louise Wilson and Robert S. Marsh.

Mr. and Mrs. John Symons had as their guests for dinner on Sunday, Mr. and Mrs. Cecil Garrett of Elizabeth City.

Ringling Bros. Circus To Be In Raleigh June 17

The fabulous Ringling Brothers and Barnum & Bailey Circus will bring its colorful array of acts, animals and stars to the William

Neal Reynolds Coliseum at North Carolina State College June 17-30. Six performances of the circus will be given in the State College Coliseum. The opening show will be staged Monday, June 17, at 8:30 P. M. Other night performances will be presented Tuesday through Thursday, June 18-20, at 8:30 P. M.; and there will be matinees Wednesday and Thursday, June 19 and 20, at 2:30 P. M.

The colorful show will feature the traditional melange of clowns, trained animal acts, trapeze, high wire, and balancing performers.

The show this season features four big spectacles, "The Coronation of Mother Goose," "Cherry Blossom Time," "Saratoga Hating Ball of 1913" and "Carnival in Venezuela." These offer the showy side of the circus.

But the backbone of any circus is the acts, and on this score the 1957 version of Ringling Bros. and Barnum & Bailey is as strong and as varied as ever.

A Pleasure

Londner—I suppose it was no trouble at all for you to drop into our tea-drinking habit. Bostonian—Oh, no trouble at all—after tasting your coffee.

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