

Set New High Of \$13 Billions, Set Stakes In Fight On Inflation

The annual cost of private and public pension and retirement programs has been rising steadily in keeping with the growth of these plans in recent years and added up to more than \$13 billions in 1956.

That sum represented the combined payments by employers and employees as contributions into the funds to provide the benefits under the various plans. On an overall basis, close to two-thirds of the payments were made by employers, including Government for those on the public payroll; but the employer proportion is very much larger under private plans alone, insured and noninsured.

Their Economic Impact
Indicative of the size they have attained and their economic impact, the combined pension and retirement program contributions in 1956 were the equivalent of about 4 cents of every dollar of total personal income before taxes last year. They figure out to approximately \$200 for every body employed in the civilian working population.

With contributions of more than \$13 billions a year and still rising, and with combined assets that approached the \$75 billion mark at the end of last year, pension and retirement programs have become a major factor in the nation's savings and investment process though there are basic distinctions with regard to how private and public plans operate in this respect.

The size and scope of these plans, and the certainty that they will grow in the years to come, likewise point up one of the big stakes in the current fight against inflation and the efforts to prevent a further erosion in the buying power of the dollar. Private and public pension and retirement programs now cover the predominant part of the American working population. An estimated 14 million workers are covered under private plans representing about one person in every four in private nonfarm employment. The overwhelming majority of these are also covered under Social Security.

Need for Stable Dollar
A retirement benefit, whether under a public or private plan, is essentially a promise of future buying power to the recipient when he leaves the working population. Inflation plays no favorites as between the two. Obviously, therefore, continued stability of the dollar is vital if pension and retirement benefits are to live up to future expectations. Figures compiled from private and Government sources show that combined contributions into the funds behind public and private retirement programs added up to an estimated \$13.3 billions in 1956. The comparable figure at the end of 1951 was just about \$8 billions, indicating a growth of over 60 per cent in a five-year period alone.

Employers, including Govern-

ment as an employer, paid an estimated \$8 billions of these contributions last year, or 60 per cent of the total.

Under private plans alone, as contrasted with publicly-sponsored plans such as OASI, employees made combined contributions of \$3.2 billions in 1956 and employees only \$500 millions.

Under public plans, which are founded in the taxing power of Government, the contribution breakdown is 50-50 in the case of OASI and Railroad Retirement. Employees covered under Federal Civilian Retirement pay about 60 per cent of the annual contributions, whereas under State and local retirement programs the employee contribution averages out to about 45 per cent.

The Investment Story
The system of contributions and their breakdown is just one of the differences between public and private pension and retirement programs. Another is their impact on the capital market.

Private plans, insured and non-insured combined, play a big and direct role in the financing of economic expansion. With a rate of growth in recent years of about \$3 billions a year, combined assets of these plans added up to an estimated \$28½ billions at the end of 1956. Close to half this total is invested in corporate bonds, assuming the same distribution in investments of the funds behind insured pension plans as life insurance assets in general. Nearly \$4½ billions more are invested in mortgages on homes and commercial properties. Other large investments are in common stocks and U. S. Government securities, about \$3½ billions in each case at the end of last year.

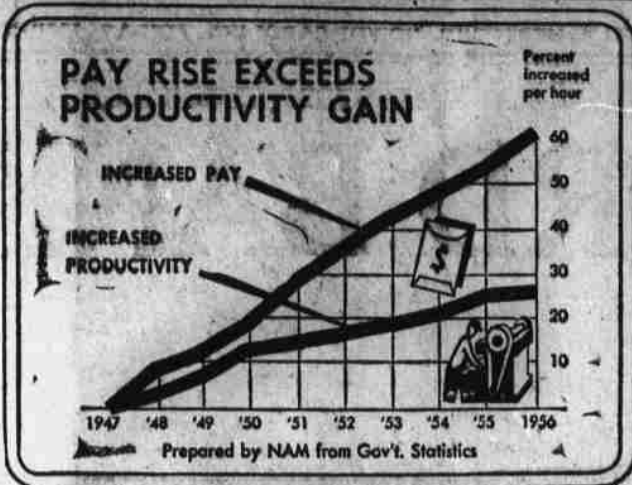
Data on the investment of funds behind State and local retirement programs show that non-governmental securities have been playing an increasing role in their portfolios, though still a minor part of the total. On the other hand, by law all the funds in the plans sponsored by the Federal Government are invested in U. S. securities.

Savings Accounts Are Insured Up To \$10,000 Each

Savings accounts in the Martin County Savings and Loan Association are insured up to \$10,000 each by the Federal Savings and Loan Insurance Corporation, a permanent instrumentality of the United States government.

This gives added protection for the depositor, but the directors of the association feel that the best protection is sound management of the affairs of the association. This is constantly stressed at all meetings of the board.

The more we study, the more we discover our ignorance. —Shelley.



Investigations as to the cause of rising prices are proceeding in the nation's capital amid a good deal of controversy, and one of the important questions is whether pay increases are exceeding productivity gains and forcing prices up.

A recent governmental report covering the bulk of the economy, supplied the figures on the chart revealing that wages have climbed much faster than the output per hour. The spread between these two factors shows the extent of the excess.

Each unit of output has to carry part of this excess wage cost, with the result that labor cost per unit has been going up. Many believe that this is the main lever that is forcing prices up.

The government report stated that "productivity is a crucial element in the wage-cost-price relationship. It represents the margin within which wage increases can be granted without increasing production costs or curtailing the amount available for other income payments." In other words, when wages go up faster than productivity production costs rise and naturally prices go up to cover some of the increased production costs. However, inflation of this type hurts some income groups while others, whose wage payments increase faster than productivity, gain an unfair advantage.

per cent in the period from 1953 to date, personal savings have little more than held their own in dollar amounts for the period as a whole and have actually fallen in relation to the growth in income. The period since 1953 is taken as less subject to abnormal conditions and influences than the preceding war and post-war years.

Lag In Savings Broad Impact On Economy

The American people have rung up a series of outstanding economic records year after year in the prolonged period of prosperity since the end of World War II with one very important and vital exception. That is in the matter of personal savings.

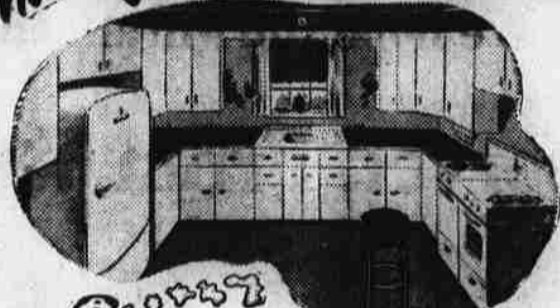
Figures compiled by the U. S. Department of Commerce show that, while the economy as a whole has expanded by about 20

Implications of Lag
Thus the recent lag in savings has not only been out of tune with the expansionist trend in the rest of the economy but has had a direct bearing on two of the basic problems with which the nation has been confronted. These are the shortage of new

OUR CONGRATULATIONS

to the
Hertford Banking Company
on the grand opening of its
New Modern Building

Make your dream come true



In your dream home you want a modern kitchen... one that's attractive, efficient, compact, easy to work in and easy to keep clean. That's an all gas kitchen. And you can have it no matter where you live, with PYROFAX Bottled Gas.
PYROFAX Gas is a clean, fast, dependable fuel. It's easy to install, too... no expensive wiring... it is piped in direct to your range, refrigerator, or water heater from twin cylinders outside your house.
Come in and see us today... let us show you how easily, how economically PYROFAX Gas Service can modernize your kitchen.



YOUR "PYROFAX" GAS DISTRIBUTOR

Available for use with PYROFAX Gas
MAGIC CHEF and CALORIC RANGES • BEVEL REFRIGERATORS
RUID and BRYANT WATER HEATERS • Nationally known room heaters and other gas appliances.

HARRELL GAS-COAL CO.

PHONE 3881 Next To Perquimans High School HERTFORD
PHONE 6894 406 E. Fearing Street ELIZ. CITY
PHONE 3310 421 S. Broad Street EDENTON

savings to meet capital and investment needs, and the strength and persistence of the basic inflationary pressures in the economy.

Evidence is yet to be conclusively supplied that the climb in living costs and the wage-price spiral have spent their force. So far the move toward easier money by Federal Reserve authorities appears more a shift in emphasis in recognition of economic soft spots and Government financing needs rather than as a positive sign that inflation has been licked.

Department of Commerce figures show a pronounced rise in the last few years in virtually all the basic indicators of economic expansion, with new highs in the ascendancy. Gross national product, for example, has gone up more than \$70 billions from 1953 to date, personal income after taxes by about \$50 billions, and consumer spending by practically as much.

The Recent Trend
But as far as personal saving is concerned, the annual total seems to have been bumping into a ceiling of \$20 billions a year. That was the aggregate for 1956, and is likely to be the total for this year also, according to the indications. While higher than 1955 or 1954, the 1956-57 annual level of savings is just barely above the 1953 savings total of \$19.7 billions, when the general

economy and personal income levels were much lower than they are now, and the dollar's buying power higher as well.

Furthermore, the rate of personal saving in relation to income has fallen significantly in the last five years. In 1953 the people in the aggregate saved just under 8 cents out of every dollar of personal income after taxes. The comparable figure this year is less than 7 cents. This may look like a small difference, but a change of one cent in the savings rate means \$3 billions a year in new savings at current income levels.

Tree Planting Plan For North Carolina

Under the 1956 Soil Bank Conservation Reserve tree planting contract program, North Carolina farmers who place eligible land in tree cover can earn one of two establishment payments, according to Dan Hatch of ASC.

Hatch says that if active gully, wind or streambank erosion requires special efforts to stabilize land and insure planting success, the establishment cost-sharing rate, may be \$20 per acre. Special efforts may consist of planting trees to closer than average spacing, planting windbreaks, mulching the area with litter, land grading, etc.

In addition to the above establishment cost, you may sign either

er a five-year or 10-year contract on erosion control-type planting. The full rental rate in either case is \$10 per acre.

Hatch says that where special erosion control efforts are not needed, the establishment cost-sharing rate will be \$12 per acre. The rental period will be 10 years and the full rental rate is \$10 per acre per year.

He adds that spacing recommended for timber production plantings at the regular establishment cost-sharing rate of \$12 per acre will give you an average of 500 or more live trees per acre at the end of the first growing season. This is the minimum needed to qualify your planting as successful under North Carolina Soil Bank requirements for timber production planting.

If erosion control planting is needed, spacings are designed to give a minimum of 600 living trees required at the end of the first growing season during an average year.

Simple Arithmetic

"I suppose, like many other husbands, you can't say what your wife pays for her hats and dresses."

"Oh, yes, I can—too much."
"But, joking aside, have you ever stopped to figure out how much your wife's clothes cost you?"

"It isn't necessary. I simply add my income to what I owe."

Congratulations

to the
Hertford Banking Company

on the grand opening
of its new
Ultra-Modern Building

J.F. HOLLOWELL AND SON
BUYERS OF FARM COMMODITIES AND HOGS
Phone 2841 Winfall

DON'T MISS ATTENDING THE

GRAND OPENING

of the
NEW HOME OF THE Hertford Banking Co.

To realize how ultra-modern the new building of this institution really is.

We congratulate HERTFORD BANKING COMPANY for bringing this building, which is a credit to the Town and County, to our community.

WHEN IN NEED of Petroleum Products Call Us... We Distribute Pure Oil Products

WINSLOW OIL COMPANY

Phone 3336 Hertford, N. C.

Perquimans County's Oldest Firm OFFERS ITS CONGRATULATIONS to the Hertford Banking Co.

ON THE COMPLETION OF ITS ULTRA-MODERN BUILDING and BEST WISHES FOR ITS OPEN HOUSE

We hope we may have the pleasure of joining you in the "OPEN HOUSE" celebration and the inspection of this modern structure.

AFTER THE OPEN HOUSE VISIT OUR STORE AND INSPECT OUR LINES OF NEW FALL MERCHANDISE

You Will Find Everything Needed By the Entire Family at Right Prices.

J. C. Blanchard & Co., Inc.

"Blanchard's" Since 1832

BEST WISHES to the Hertford Banking Co. UPON THE ERECTION OF ITS New Modern Building

We are pleased to join others of this community in congratulating THE HERTFORD BANKING COMPANY in bringing its fine building to our town and county.

WE TAKE PLEASURE IN SERVING OUR FRIENDS AND CUSTOMERS WITH THE BEST IN

Hardware - Paints - Evinrude Motors
Boats and Sporting Equipment

Pitt Farm Equipment Co.

Hertford, North Carolina