Personal Savings in Northern Ireland 1950/51 to 1959/60[1]

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Introduction

It is sometimes contended that the growth of Northern Ireland's economy has been hampered, at least partially, by two related tendencies. The first is for her citizens to save "too high" a proportion of their incomes, and the second is for a large part of these savings to be lost to the Province altogether by being drained abroad, particularly to Great Britain.

It may help to clarify the argument if it is expressed in more precise economic terms. Let us assume that in Great Britain there is a high and stable level of employment and that the rate of saving out of incomes is lower there than in Northern Ireland This situation could affect Ulster's economy adversely in two ways. Firstly, the high volume of savings would leave a smaller share of income than in Britain available for buying consumers' goods at home Ulster firms, anticipating from this insufficient demand a low rate of return on any investment they decided to carry out, would be discouraged from making plans for expansion at home and in their export plans would be hampered by the absence of a strong domestic market. Real investment would therefore tend to be too small to keep Northern Ireland's economy at a full employment level.

The second adverse effect arises from the free movement of capital: the strong pull of Great Britain's prosperity—reflected in the normally much higher return on capital—may cause Ulster's personal savings to find an outlet there. For that reason those industrialists who did wish to expand (in the hopes of obtaining a return which was adequate for them but was modest compared with similar returns in Britain) might find themselves unable to raise the required funds, at least on acceptable terms. Thus, the argument runs, a high rate of saving here not merely fails to benefit Ulster but instead benefits Great Britain, where with the aid of these funds, firms may be enabled to intensify their competition with Ulster firms, even in the Ulster market itself.

[1]My thanks are due to Professor S. R. Dennison and to my colleagues, who read earlier drafts of this paper and discussed points arising out of it, and also to Professor C. F. Carter for one or two stimulating ideas. I am particularly indebted to Mr. N. Cuthbert, both for his pioneering studies of this and other topics, published in *An Economic Survey of Northern Ireland* (1957) and for generously putting his work-sheets at my disposal. The officials of the Estate Duty Office, Belfast, have been very helpful in communicating to me the results of two sample surveys and in answering many queries. None of the above bears any responsibility for the contents of this paper.

In order to see whether this argument has any validity, it seems worth while to investigate recent savings experience here. Our first task will be to try to establish what proportion of personal incomes in Northern Ireland have been put aside as savings in the 1950s, and whether this proportion was in fact higher than in Great Britain and the Irish Republic Secondly, the main channels into which these net savings have gone will be identified so far as the data permit; in particular, we shall see how far they have been used for real investment, and how far to acquire financial assets such as national savings or alternatively to run down financial liabilities such as Hire Purchase debt or building society mortgages. Thirdly, these identified savings will be split into those which appear to have been used inside Northern Ireland and those used outside. In the final section we shall return to the argument outlined at the beginning of this paper, and see how far it accords with the facts of the case.

Aggregate personal savings

Unfortunately our estimates of total savings by persons in Northern Ireland are at present gravely defective. The two principal methods of calculation both arrive at total savings as a residual, firstly by subtracting personal expenditure from personal incomes; however, expenditure cannot be estimated for Northern Ireland alone, for lack of data. Secondly, personal savings are equivalent to total investment —which broadly equals total savings—less savings in the other two sectors of the economy, namely the Government and company sectors, to which sum has to be added personal savings from outside the Province. This method is equally impracticable for our needs, as we do not know the volume of company or outside savings.

The problem is not peculiar to Northern Ireland. Most countries, including the United Kingdom, regard their estimates of personal savings as the least reliable of all the main constituents of national income, for these estimates tend to fluctuate widely from year to year—no constant propensity to save over time seems to be found—and are subject to repeated and often substantial revisions in successive editions of the accounts. As far as Northern Ireland is concerned—and it is even more precarious to estimate such figures for a region within a country—the only solution seems to be to discover how far personal assets here have grown over the relevant period, 1950/51 to 1959/60 Estimates of this growth in assets can be made from the statistics published annually of all estates coming under the view of the Estate Duty Office for Northern Ireland.

The technique is fairly well known, whereby these estates, grouped according to the ages of their deceased owners, are treated as samples of all estates belonging to people in the same age-group. The gross values relating to each group are then multiplied by the appropriate ratio between the living and the dead for that year, to provide an estimate of all such estates.

The final figure of the estimated growth in personal assets over the period will now show exactly the accumulation of net personal savings, for in a time of generally rising prices, both real and financial assets tend to appreciate—or more rarely, to depreciate—in value, without affecting peoples' incomes. Adjustments have therefore to be made to allow for such capital appreciation, and also for estates that fall below the exemption limit for estate duty, which between 1946 and 1954 was £2,000 net and is now £3,000 net The figures, so adjusted, reveal that in the ten years of this period personal assets (net of any capital gains or losses) rose by about £156 millions [2] This includes all the traceable wealth held abroad by Northern Ireland residents, as well as that accruing inside the Province to non-residents, for our figures below will include, for instance, both the purchase of a National Savings Certificate by a person domiciled here and that of an Ulster Savings Certificate by a non-resident

In our present state of knowledge, the allocation of this £156 millions to specific years presents great difficulty The Estate Duty Office statistics are for the present purpose unreliable from one year to the other as the sample for Northern Ireland is very small, and also because delays occur both in the assessment of estates and in the payment of duty, on which the annual capital values are based Nevertheless, the total figure does tell us that between 1950/51 and 1959/60 the percentage saved out of peoples' disposable incomes—that is, their incomes less direct taxes and national insurance and health contributions—was on average 5 6% This compares with 4·8% in Great Britain and 6 5% in the Irish Republic.

For reasons that are discussed in Appendix II, this percentage for Northern Ireland may be too low, but it does happen to come exactly half-way between the other two in value It also happens that in each year except 1955/56 and 1957/58, the percentages for Great Britain have tended to vary in exactly the same direction—although not with such amplitude—as those for the Irish Republic As Northern

TABLE I.—SAVINGS AS PERCENTAGES OF PERSONAL INCOMES (*a*)

Year	Great Britain % 1	Irish Republic % 2	N I Computed Savings Ratio % 3	Northern Ireland Personal(*a*) Incomes (£mns) 4	Northern Ireland Personal Savings (£mns) 5
1950/51	s1 1	s2 8	s2 0	199	s4·0
1951/52	s2 0	s3·7	s2 8	221	s6 2
1952/53	s3 9	s8·4	s6 1	239	s14·6
1953/54	s4 0	s9·3	s6·6	256	s16 9
1954/55	s3·8	s7·0	s5 4	260	s14·0
1955/56	s5 4	s5 9	s5 7	281	s16·0
1956/57	s6 7	s7 0	s6 9	308	s21·3
1957/58	s6·1	s7 4	s6·8	325	s22·1
1958/59	s5 4	s5·2	s5 3	339	s18 0
1959/60	s6 6	s7 6	s7·1	357	s25·3

(*a*) disposable incomes, i e incomes less direct taxes and (in Great Britain and in Northern Ireland) national insurance and health contributions

Column 3=half-way between columns 1 and 2 Column 5=column 3× column 4

Sources . Great Britain—U K. National Income Blue Book 1961, less (computed) Northern Ireland figures
Irish Republic—Statistical Abstract of Ireland 1960 Figures adjusted from calendar to financial years

[2]The calculations involved here are further explained in Appendix II to the present paper

TABLE II.—PERSONAL SAVINGS IN NORTHERN IRELAND 1950/51—1959/60 (£000s)

1 *Total Personal Savings*	1950/51	1951/52	1952/53	1953/54	1954/55	1955/56	1956/57	1957/58	1958/59	1959/60
Savings (before depreciation and stock appreciation)	4,000	6,200	14,600	16,900	14,000	16,000	21,300	22,100	18,000	25,300
+ Housing subsidies	740	696	785	552	668	794	679	508	514	527
— Death duties	—2,227	—2,267	—2,155	—1,357	—1,998	—1,182	—1,157	—1,268	—1,469	—1,500
— Stock appreciation	—1,000	—1,000	—	—	—	—1,000	—1,000	—	—	—
Miscellaneous	165	181	167	189	152	160	195	170	200	200
Net Increase in Assets of Personal Sector	1,678	3,810	13,397	16,284	12,822	14,772	20,017	22,510	17,245	24,527
2 *Savings Outlets*										
(a) *Direct Real Investment Gross Fixed Capital Formation at Home*										
Farms	5,220	5,100	4,420	4,100	4,140	4,130	4,180	4,450	5,300	6,850
New private dwellings	5,000	5,200	4,100	3,400	3,100	2,900	4,100	4,200	4,500	5,500
Total	10,220	10,300	8,520	7,500	7,240	7,030	8,280	8,650	9,800	12,350
(b) *Acquisition of Financial Assets*										
National savings	1,783	543	457	1,676	3,197	1,262	4,277	3,514	6,601	8,207
Life Assurance: employers' contributions	2,010	2,090	2,200	2,435	2,480	2,730	2,970	3,150	3,775	3,950
employees' contributions (net)	4,187	5,004	5,679	6,426	7,052	6,997	7,026	7,553	8,312	9,544
Building societies. net increase in shares, etc.	212	418	485	995	1,200	1,347	1,563	1,422	1,515	2,153
net advances on mortgage	—2,192	—1,858	—1,198	—936	—1,119	—898	—651	—415	—315	—769
Commercial banks: net increase in deposits	—500	—4,200	3,200	2,400	—1,200	900	1,500	2,600	—200	—200
Miscellaneous	—44	—41	—56	153	43	38	19	131	88	183
Total	5,456	1,956	10,767	13,149	11,653	12,376	16,704	17,955	19,776	23,468
3 *Summary of Savings Outlets*										
(a) Direct Real Investment	10,220	10,300	8,520	7,500	7,240	7,030	8,280	8,650	9,800	12,350
(b) Acquisition of Financial Assets	5,456	1,956	10,767	13,149	11,653	12,376	16,704	17,953	19,776	23,468
(c) Unidentified Items	—13,998	—8,446	—5,890	—4,365	—6,071	—4,634	—4,967	—4,095	—12,331	—11,291
Net Increase in Assets of Personal Sector	1,678	3,810	13,397	16,284	12,822	14,772	20,017	22,510	17,245	24,527

Ireland's economy has affinities with that of both its neighbours, it seems fair to assume that its own savings have tended to move in the same way. Moreover, the most variable source of savings seems to be the farming community, who tend to put money aside when they have a good year and will curtail their savings in a poor year. In the Irish Republic, for instance, the volume of savings and of agricultural incomes seem to fluctuate together ; similarly, agricultural incomes in both the North and the South of Ireland usually tend to move in the same direction. As a first approximation, therefore, Northern Ireland's savings have been allocated year by year on a percentage basis half-way between those of Great Britain and those of the Irish Republic, as has been done in Table I.

In Table II the major outlets of personal savings in Northern Ireland are set out, in so far as they can be identified. Perhaps the most important point which the table brings out is the need to attempt the exercise carried out in the last section, of estimating the total of savings each year, for there are a number of savings outlets that are omitted for lack of data. These will be specifically referred to below, but the problem as a whole requires a brief mention at this stage.

As Table II shows, for every year of the period, identified savings have exceeded the calculated figure of aggregate savings. This phenomenon occurs also in the United Kingdom, the excess being particularly large—as for Northern Ireland—in 1950, 1951, 1958 and 1959 Indeed, Northern Ireland has proportionately smaller unidentified items, according to the following table.

Year	United Kingdom		Northern Ireland (a)	
	Personal Total Savings	Unidentified items	Personal Total Savings	Unidentified items
		£ mns.		
1950	104	—579	4 0	—14 0
1951	134	—661	6 2	— 8·4
1958	831	—705	18 0	—12 3
1959	1,005	—854	25 3	—11·3

(a) Years 1950/51, etc
Sources . U.K. National Income Blue Book 1961 Table 25, and for Northern Ireland, Table II above

However, in contrast to the highly variable aggregate savings figures, most of the identifiable outlets have tended to follow a fairly consistent pattern in relation to economic trends. If we look first at real investment—or gross fixed capital formation—, investment in farms and new private houses showed a dip in the middle 1950s but recovered at the end of the period, when farmers began to benefit from the capital grants available under the small farms scheme. Information regarding investment by unincorporated businesses is unfortunately lacking, and not even a notional figure could be included here.

The acquisition of financial assets may take two forms, either contractual or residual savings. (So-called " compulsory " savings, such as national insurance contributions, are excluded from this survey as being a direct tax rather than genuine savings) Contractual savings occur when the saver enters into a regular commitment, of which the main type is life assurance and superannuation contributions. As might be expected, these have risen steadily, more than doubling in value during the 1950s Employers' contributions to superannuation schemes are allocated to the personal sector as the assets of these schemes are regarded as the collective property of their beneficiaries; payments on this account at the end of the period averaged about half employers' contributions each year under the National Insurance scheme, and the estimate here has therefore been made on this basis throughout.

The rate of increase in net indebtedness of house purchasers to the building societies diminished sensibly during this period, partly because advances did not in later years exceed the 1950/51 level until 1959/60, but mainly because mortgage repayments have been steadily mounting, as the following figures show

	Building Societies (£mns)		
	Total Advances	Total Repayments	Net Dissaving
1950/51	4 1	1 9	2 2
1959/60	5 1	4 2	0 8

Source Annual reports of N I Registrar of Friendly Societies

The total number of houses erected by private builders fell from 2,900 in 1950/51 to 1,600 in 1953/54 but climbed again to nearly 2,500 in 1959/60 This fluctuation in turn is due partly to the working out of the post-war backlog of demand for private houses, and partly to reduced housing subsidies and the need for building societies in more recent years to ration loans and to charge high interest rates

Unlike contractual savings, residual savings have tended to vary quite substantially from year to year. The biggest item in this category is national savings, which include net deposits in the Post Office and Trustee Savings Banks. These were at comparatively low levels in 1951/52 and 1952/53 and like building society deposits, have responded to the very high—some would say, too high—rates of interest offered from about 1956 onwards. It is interesting to note, however, that while over the whole period the citizens of Northern Ireland have been tending to save about 20% more per head in the form of net national savings than those of the United Kingdom as a whole, since 1959 the United Kingdom has been outstripping the Province. This can be seen in Table III

Unidentified items

What might have been some of the most interesting savings outlets cannot be specified in Table II. In particular, as explained above, the amount of real investment by unincorporated businesses is not known, nor is the extent to which personal holdings of company shares or deposits in Hire Purchase finance houses have risen. Cash in the hands of the public—which is savings in that it represents an interest-free loan to the Government—has also risen, but by an unknown amount. On the dissaving side, no information is available on the volume of

TABLE III.—NATIONAL SAVINGS PER HEAD OF POPULATION 1950–60.
(£)

	United Kingdom	Northern Ireland (b)
1950	—(a)	1·3
1951	—	0·4
1952	—(a)	0 3
1953	—(a)	1·2
1954	1·7	2·3
1955	0·8	0·9
1956	1 7	3·1
1957	1·4	2 5
1958	3·8	4 7
1959	7·6	5·9
1960	6·4	5 5
Yearly Average 1950–60	2 1	2 6

(a) net dissaving in these years.
(b) financial years 1950/51, etc.

persons' sales of Government Stocks—other than national savings—or on the increase in Hire Purchase debt. At a rough guess, based partly on the Household Expenditure Enquiry of 1953/54, which surveyed 419 households in Northern Ireland, debt owed both to finance houses and to household goods shops may have increased on average by £1—1½ millions a year during the 1950s, although the annual figures will have varied greatly because of changes in incomes and in Government control over Hire Purchase transactions. The only available basis of comparison is provided by the figures of increases in Hire Purchase debt in the Irish Republic, which between 1950 and 1960 averaged £1·7 millions per annum On balance, the unidentified items do not seem to go anywhere near bridging the gap between estimated aggregate savings and the total of outlets listed in Table II. The problem therefore remains unsolved ; however, it does seem very likely that the people of Northern Ireland save a higher proportion of their income than those of Great Britain. Whether this proportion is " too high " will be investigated in the final section, but it is first of all necessary to consider our second main question : how far savings are in fact drained abroad.

Allocation of savings between Northern Ireland and elsewhere

What proportion of personal savings has in this period been devoted to productive purposes in Northern Ireland, and what proportion has been channelled abroad ? On this topic, and referring to the early 1950s, Isles and Cuthbert, in their *Economic Survey of Northern Ireland*, p 162 ff , believed that the volume of capital belonging to Ulster people and companies but held outside the Province has been steadily rising over the years, and even at an increasing rate. Our object here is to see, for the personal sector alone, if this trend seems to have persisted throughout the decade.

There are two independent methods of investigation. The first is to take the identified savings in Table II for the whole period and to allocate them between Northern Ireland and " elsewhere ", which chiefly means Great Britain. The second method involves comparing personal holdings of the various forms of wealth during the period, as revealed by the Estate Duty Office statistics

Looking first at the identified savings, these will be divided into (i) savings wholly retained in Northern Ireland and (ii) those directly attributable to " elsewhere ".

TABLE IV —ALLOCATION OF IDENTIFIED SAVINGS 1950/51—1959/60

	(£000s)
RETAINED IN NORTHERN IRELAND	
Gross fixed capital formation at home . .	89,890
Life assurance with Northern Ireland companies (net)	—
Northern Ireland building societies—deposits *less* mortgage advances	264
Ulster Savings Certificates and Trustee Savings Banks	21,313
Banks—net personal deposits . ..	4,700
Co-operative society shareholdings .	1,515
Less Government and local authority loans for house purchase . .	—1,001
	117,682—52·5%
DIRECTLY ATTRIBUTABLE TO GREAT BRITAIN, ETC.	
Life assurance with British companies .. .	95,570
National savings (excluding Ulster Savings Certificates and Trustee Savings Banks) .. .	10,204
British building societies—deposits *less* mortgage advances	695
	106,469—47 5%
Total of Identified Items	224,151=100%

Source Derived from Table II.

As Table IV shows, retained savings amount to about 52½% of the whole There is some margin of error here, as the percentage might have to be increased if we knew the volume of unincorporated businesses' real investment, and also adjusted downwards by the amount of the increase in Hire Purchase debt—largely financed from Great Britain—less Northern Ireland citizens' deposits in finance houses

The most important item of retained savings was real investment in farms and new private houses, amounting to nearly £90 millions The remainder were all financial assets, of which investment in Ulster Savings Certificates and Trustee Savings Banks was the biggest, the increase in net personal deposits in commercial banks being also a substantial item

Of savings directly attributed to " elsewhere ", life assurance with British companies forms the main bulk, with national savings other than Ulster Savings Certificates and Trustee Savings Banks comprising another important outlet Although, as described in the previous section, British building societies were in the early 1950s net lenders of funds to Ulster for mortgages, since then the higher volume of deposits in and repayment of debt to these societies has led to a net flow of their funds out of Northern Ireland

The Estate Duty Office statistics, which permit a comparison in any year of personal assets belonging to residents here held inside the Province with those held outside, provide a check on the above calculations. The maximum percentage allocated to Northern Ireland, with the minima attributable to Great Britain and elsewhere, at the beginning and the end of the period are as follows.[3]

NORTHERN IRELAND RESIDENTS · PERCENTAGES OF PERSONAL ASSETS (%)

	Allocated to Northern Ireland	Allocated to Great Britain	Allocated elsewhere	(of which Irish Republic)
1950/51 (*a*)	58.1	38.9	3.0	(0.8)
1959/60 (*a*)	58.0	38.8	3.2	(0.6)

(*a*) Average of three years

Source Estate Duty Office statistics.

The 58% is a maximum percentage, as some of the other assets listed by the Estate Duty Office—such as money out on mortgage—may contain some items located outside Northern Ireland It compares with the percentage of 52·5% arrived at in Table IV, which is, however, a minimum, for in that table only identified savings are listed, and possibly the net of unidentified items retained in the Province (such as unincorporated businesses' capital formation) would be positive. Similarly the unidentified items "elsewhere" might represent negative savings, for instance the net rise in Hire Purchase debt and the net sales of Government bonds. Our conclusion about the disposition of Northern Ireland's personal savings in the 1950s is therefore that between 42% and 47½%—say 40%–50%—seems to have gone directly out of the Province.

Conclusions

In the light of the information presented in this paper, we must revert to the argument which was set out in the Introduction. First of all, personal savings, in relation to income, are almost certainly higher in Northern Ireland than in Great Britain; indeed, they may perhaps be as high as in the Irish Republic. This is not altogether surprising, in view of the qualities of thriftiness and self-reliance traditionally associated with the citizens of Northern Ireland, and to a certain extent, the larger relative numbers of farmers and the slightly greater disparities of income and wealth than are to be met in Great Britain. Secondly, it does seem to be true that personal savings are disposed of outside Northern Ireland to a considerable extent, so

[3]As explained in Isles and Cuthbert *Economic Survey of Northern Ireland*, p 461, the Estate Duty Office's allocation of property between Northern Ireland and elsewhere, being based on legal definitions, tends—from an economic point of view—to overestimate Northern Ireland's share by 10% or more. The procedure employed in the *Economic Survey* has therefore been adopted here, of extracting the categories of assets belonging to Northern Ireland residents that can definitely be allocated to " Great Britain " and " elsewhere ", and of treating the residual as the *maximum* belonging to Northern Ireland The latter will include the whole of real estate; the personalty figure is deflated by a fraction relating the value of personalty held in Great Britain and elsewhere by Northern Ireland residents to the value of personalty situated in Great Britain and elsewhere and liable to duty in Northern Ireland

that the tendency of a rising volume of capital held outside the Province, noted by Isles and Cuthbert, still seems to persist.

The question now to be discussed is whether these two factors, which the data seem to confirm, have of themselves tended to retard investment in Northern Ireland and thereby hamper her economic growth The theoretical justification for such a contention is the thesis of Keynes, that a high volume of intended savings in comparison with proposed investment is likely to exert a depressing influence on a country as a whole There is no evidence that the undoubtedly substantial personal savings of recent years have of themselves had this effect on Northern Ireland's economy It seems certain that a net inflow of capital by the company and the Government sectors has in recent years more than offset the net export of personal savings, thus making Northern Ireland on balance a capital-importing region

This being so, the role of personal savings, so far from depressing the economy, may after all have turned out to be a beneficial one Two reasons may be offered. The first is from the point of view of the United Kingdom economy as a whole. Voluntary personal savings have played an important part in reducing purchasing power and combating cost-induced inflation, and hence in keeping down the amount of taxation that has had to be imposed with this object The second reason, from the point of view of Northern Ireland alone, can perhaps best be explained with the aid of an example. Suppose that personal savings in a given year were £20 millions, and represented a higher percentage of disposable incomes than in Great Britain Let us further suppose that in the following year these savings fell to £15 millions although personal incomes remained unaltered: that is to say, that savings have declined to the same proportion of incomes as in Great Britain. The inhabitants of Northern Ireland must therefore have spent this extra £5 millions on consumption goods.

Would this extra spending stimulate industries in Northern Ireland ? This is unlikely, except on the highly unreal assumption that only goods and services wholly of Northern Ireland origin have been demanded In fact, the bulk of the extra demand will probably be concentrated on durable consumers' goods, practically all of which need to be imported from Great Britain. Northern Ireland's balance of trade with Britain would thereby have been worsened.

As the Province is an integral part of the United Kingdom, we are apt to overlook the fact that regions, as well as countries, have balance of payments problems. If a region suffers an excess of imports over exports, then in the absence of compensating capital movements from the creditor countries—which would "pay" for the excess imports—the effect would be to generate unemployment and depressed business conditions in order to pull the value of imports down to that of exports The fact that personal savings are relatively high, and thus help to economise on imports, is thus seen to be beneficial.

It would, of course, be of greater value to Northern Ireland's economy if business men in Ulster were to employ people's savings for the purpose of increased investment, and perhaps if the institutions for supplying capital at home were more adapted to industrialists' needs. Nevertheless, the number of institutions in Belfast that cater for business men's financial needs seems to have grown so dramatically in the last few years that this may no longer be the problem it had once been. The will to invest, not the will to keep savings at home, must remain the key to Ulster's economic problems.

Appendix I

Sources of Data in Table II

(*Note* N I Digest=Government of Northern Ireland Digest of Statistics. Issue No. 16 (September 1961) is referred to throughout.)

1. *Total personal savings*
Savings : From last column in Table I.
Housing subsidies : Ministry of Health and Local Government (privately built houses only).
Death duties : Northern Ireland Government—Financial Statement (annually)
Stock appreciation : Based on figures of " value of stocks and work in progress held by manufacturing industry " in N I. Digest Table 64, the relation of stock appreciation (in unincorporated businesses only) to the whole being assumed to be in the same proportions as in the U.K. Blue Book.
Miscellaneous=mainly capital grants to farmers, National Trust, etc.

2 (*a*). *Gross fixed capital formation*
Farms : N I Digest. Table 129. " Agriculture, forestry and fishing " (Converted to financial years)
New private dwellings : do. " Dwellings ", divided annually by proportion of houses erected by private builders to whole. Converted to financial years.

2 (*b*) *Acquisition of financial assets*
National savings N.I. Digest. Table 116, adjustments (chiefly to Post Office and Trustee Savings Banks) kindly provided by Ulster Savings Committee, 5% deducted for non-personal holdings (cf E V. Morgan : *Structure of Property Ownership in Great Britain* (1960) p. 75).
Life Assurance :
Employers' contributions · Assumed to be equal to half of employers' annual National Insurance contributions (N.I. Digest. Table 122).
Employees' contributions : Procedure outlined in Isles and Cuthbert : *Economic Survey*, p 491 ff The ratio of 195 : 100 relating insurance claims maturing before death to claims at death (*ibid.* p 493), from *The Insurance Directory and Year Book*, still holds good.
Building societies : Reports of N.I. Registrar of Friendly Societies, annually
Commercial banks. N.I. Digest. Table 127. Total deposits less advances and other accounts, deflated by U.K percentage of gross personal deposits less advances to gross deposits less advances (U.K National Income Blue Book 1961. Table 25)
Miscellaneous : Co-operative society shareholdings (Registrar of Friendly Societies reports) and local authority and state loans for house purchase.

Appendix II

Growth of Personal Capital in Northern Ireland 1950/51 to 1959/60

As in any year the sample of estates in Northern Ireland coming liable to duty numbers less than 2,000 estates and rarely contains more than a dozen estates valued at more than £100,000 net, the accident of death may bring about the inclusion of a very few large estates which are not representative of the whole. This drawback is overcome by the means used by Isles and Cuthbert (*Economic Survey of Northern Ireland*, p 157), of taking the mean values for three years ; that is, of treating 1950/51 as the average of the years 1949/50, 1950/51 and 1951/52

Using this method, in 1950/51 personal capital in Northern Ireland works out at £613 millions, and in 1959/60 at £835 millions, a rise of £222 millions * However, from this figure must be deducted the capital gains made by persons, which have no counterpart in the national income accounts. These capital gains include the appreciation in value of real property—chiefly houses and land—and of stocks and shares. Allowing £46 millions for real property and £20 millions for share values (net of losses on personal holdings of Government stocks), a figure of £156 millions, which represents true savings, is reached

The author hopes subsequently to make available in some detail the estimates of personal wealth in Northern Ireland, on which the above figures are based This will be in a form to allow comparison with the data for 1960 of the " wealth of individuals " in Great Britain, published in the Inland Revenue Report for 1960/61 (Cmnd. 1598, January 1962) and those for 1953/54 of the Irish Republic, in E.T Nevin *The Ownership of Personal Property in Ireland* (Economic Research Institute Paper No 1, Dublin, October 1961)

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*One reason why the 1959/60 estimate should perhaps be higher than £835 millions is that personal income (less tax) in Northern Ireland for that year was equivalent to 42 8% of personal wealth, compared to 32 5% in 1950/51. In Great Britain, on the other hand, there was only a marginal rise in the same percentage, from 28·0% in 1950/51 to 30 1% in 1960 If Northern Ireland's percentage had in fact risen marginally from 32 5% to (say) 35 0%, this would have brought the Province's wealth in 1959/60 to at least £1,000, which is unlikely. However, the correct figure may be between £900 and £925 millions, which would give a gross increase in wealth of some £300 millions and perhaps a rise in savings of £220–240 millions—i e , about 8 3% of personal incomes on average, or nearly 2% higher than in the Irish Republic

DISCUSSION

Mr. Faulkner of Ulster Savings Committee congratulated the speaker on the lucid manner in which he had given his paper. It was a complicated subject, and an enormous amount of time had been spent in preparing it He had dealt with it in a comprehensive way. It was satisfactory to learn his opinion that the high rate of savings had not a depressing influence on the Northern Ireland economy. The lack of statistical information in Northern Ireland was a handicap and he agreed with the speaker it was very necessary that much more detailed information be made available to get a clear picture of savings and investments of Northern Ireland people. He was delighted to propose a vote of thanks to Mr Corley.

Dr. William Black congratulated the speaker on his most interesting paper and had much pleasure in seconding the vote of thanks He was doubtful about the conclusions which the speaker had arrived at, and the actual technique employed Dr Black referred to Table 2, where housing subsidies and stock appreciation were added to get a figure for personal savings There was some difficulty involved in this procedure. Estimates from the U K. Blue Book were included, and he was not sure about the adjustment made to get personal savings items Dr Black thought that the percentage of savings of 5·6 per cent. was not strictly the rate of personal savings to income He thought that the procedure to get the personal savings would have been the reverse of what Mr. Corley had done. Nevertheless, the paper read was well worth further study, and he congratulated Mr. Corley on it.

Mr Tyrrell said that in recent years there had been a great increase in employment, in savings and in expenditure He suggested that there had been an increase in home produced goods. He referred to the question of lending money deposited with the Savings Bank Their ordinary funds were transferred to the National Debt Commissioners at 3 per cent , but if the Northern Ireland Government wanted to this money could be lent to Stormont. It was as simple as that The Savings Bank lent as much money from their Special Department to local authorities as they could The Bank had found that there was less savings when employment was high than when employment was low.

Mr. Park referred to the difficulty of getting statistics and said the Ministry of Finance were looking into this question and would like to get more co-operation in getting them.

Mr Corley said that in view of the lack of statistics, he realised that further research was necessary but the paper was presented to stimulate discussion and its conclusions were not definite.

Other speakers were *Mr. Bristow* and *Mr. Simpson.*

Dr. R D. C. Black expressed appreciation of the excellent paper presented and thanked all the speakers who had joined in the discussion.