Figures for 1900, 1929, 1949 are as follows:

TABLE 8–5.—*Debt ratio of major saver groups, 1900, 1929, 1949*

	Households	Business enterprises	Governments
1900	10.1	54.0	48.3
1929	12.7	55.0	63.6
1949	8.6	57.7	156.2

Sources: Ibid., p. 210.

CHAPTER 9. MORTGAGES, INSTALLMENT PAYMENTS, AND THE INFLATIONARY PROCESS

Mortgagees are in an especially good position to profit from inflation. As prices rise, they pay back interest and amortization in dollars of reduced purchasing power as inflation proceeds. In addition, their burden is reduced insofar as income rises with increased productivity; the burden is reduced insofar as each hour of work yields a larger number of dollars.

Nonfarm mortgages increased from $31 billion in 1929 to $45 billion in 1948 and $144 billion in 1958. The mortgagee gains insofar as more dollars are available, either because of increased productivity or inflation, in repaying a mortgage debt. But it must be remembered that others lose. According to the Federal Reserve Board in June 1959, there were $125 billion of nonfarm mortgages outstanding on one- to four-family houses, and $169 billion if we include multifamily and commercial properties. Farm mortgages were $12 billion additional in June 1959.

Against the gains of the mortgagee are the losses of the mortgagor. Of all mortgages of $181 billion, financial institutions accounted for $138 billion, roughly three-quarters. The holdings in June 1959 of all residential mortgages were commercial banks, $19.6 billion; mutual savings banks, $21.7 billion; life insurance companies (nonfarm), $35 billion; saving and loan associations, $46 billion (in 1958).[70] This breakdown does suggest that at least some part of the gains made by the mortgages will be offset by losses suffered by them and others insofar as they own stakes in commercial banks, mutual savings banks, life insurance companies, and the like. In general, though, there probably is a transfer of income as prices rise from high income groups—lenders—to low income groups—borrowers—and especially on the all important residential real estate.

Savings accounts, inclusive of accounts in savings associations, mutual savings banks, commercial banks, postal savings and credit unions, and life insurance reserves, increased as a percentage of new residential construction from 39.7 percent in 1950, the year of the outbreak of the Korean war, to as high as 95 percent in 1957, an average of 74 percent in 1948–57, and an estimated increase to 82 percent in 1961–70. These savings accounts provided $105 billion in 1948–57 and an estimated $193 billion in 1961–70.

The nonfarm residential mortage debt, $120.5 billion in 1957, is estimated to rise to $154 billion by 1960, and $295 billion by 1970.

[70] Federal Reserve Bulletin, September 1959, pp. 1179–1181.