BEING BROKE IN HEARTLESS CITY

When Face to Face With Situation, Thinks of Building Association.

If you were broke in a large city what would you do?

"It is said to be a kind-hearted city," I said to a friend who was broke. One has in mind the fanciful tales written about the great throbbing heart of the city. It throbs all right, and to some purpose, when the need is well advertised. The neediest cases are always well cared for at Christmas time. But for the individual who is broke?

"I've been broke for a year," said my friend. "I have never had more than $15.00 at a time and often I didn't have a nickel."

This man is an old friend of mine and I know his story is true. He had failed in his prosperous days to lay aside a portion of his income in a Building and Loan association. He was prosperous then, and was acquainted with all the directors and the secretary of his local association.

His wife loved him. A serious illness threatened her life and it became necessary to send her away.

"I was with her day and night. Time after time I vainly wished that I had saved my money long since gone in reckless spending."

He had been an outdoor man. Tall, stalwart, handsome, an adventurer at heart, who had never tried to save much money. He had argued there would always be time. On the verge of a breakdown himself, he had his wife sent to a charitable sanitarium to save her life, using his last pennies to send her there.

He took a room and looked for a job. But the strain had been too much.

"Something in my appearance," he said. "No one wanted me."

His landlady turned him out. Not her fault, poor woman, because he could not pay his rent. All during the summer he slept in the parks. An educated likable, energetic, honest man. And brave, too. He never gave up, although he could not save.

At first he was able to take only rough outdoor work. By the time he had regained complete control, his clothes had deteriorated and he was too proud to ask his friends for aid.

But he persevered.

"Many a morning I wakened without a cent and hustled until mid-afternoon before I got a bite to eat. How often did I wish I had put my money in that building association."

He did not beg, although he was tempted at times. Such was the reward of his spendthrift days.

"If I had been sent away my wife would have been left alone. She does not know her case is incurable."

He began to write and sell stories of the west and seems definitely on his way back to financial success. Some day he will write the drama of his unwise year, but now it is too near. He has a paid-up room and if his clothes are a bit frayed they are clean now and pressed. He always has courage, now, more so, for the beginnings of a small account in a building association nearby gives him the confidence he needs.

BUILDING, LOAN ASSOCIATION PLAYS IMPORTANT PART

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it by borrowing from another lender on the same security a similar sum with which the amount due the first lender is repaid. Either of these processes leaves the borrower in the same position as before, if not in a poorer position. For the debt is still hanging over his head, and though he is paying the interest, he is hardly keeping pace with the debt because, as the property becomes older, its value probably declines. As a result, the lender prefers to renew the mortgage for a smaller amount, since he wishes the market value of the property to be continually greater than the amount of the loan; or if he is willing to advance the same sum on the renewal, he or his agent may ask a higher commission for placing the loan. In either event there will be an additional cost to the borrower.

Amortization avoids such difficulties. When an amortized loan is rranged for, the length of time which the loan has to run is determined by the number of installment payments or "dues" required to cancel the amount borrowed. Thus, the borrower may know in advance exactly where he will stand if he repays his loan according to contract.

The term of the loan made by building and loan associatons is somewhat shortened because, in addition to the dues which the borrower pays, he is credited with profits earned by the association from lending its dues to himself and other borrowers. When this additional sum is added to his principal, the amount of his loan is paid off much more quickly. As a result, the borrower succeeds in getting himself out of debt with little more trouble than is involved in the payment of interest under a "straight" loan contract. "As money must be borrowed, the monthly repayment loan is the cheapest and best, and the most certain of being paid, and each payment makes the security better for the association while month by month the borrower is accruing a greater interest in his property."

Definition of a Building and Loan association.—The success of the building and loan plan appears to rest on the fact that, more than any other financial institution in the United States, it has enabled borrowers on homes to get out of debt. It happens that associations have no uniform methods of accomplishing this. This lack of uniformity does not obscure the work that they do, but it does make it difficult to define the term "building and loan association" briefly and accurately. It may be said that a building and loan association is that form of cooperative savings institution the funds of which are invested primarily in long-time amortized loans on real-estate security. Most of them are mutual savings institutions. Most of them loan only on homes. It is perhaps easier to define them by reciting their functions, purpose, and methods, and this is the method which has been used by most writers on the subject. Rosenthals definition is as follows:

"A building association is a mutual cooperative financial institution usually operating under articles of incorporation issued by the state, and composed of members who have thus associated themselves together for their mutual benefit and financial advantage.

OUR BUSINESS

Business is not to worry about arriving. Our business is to travel hopefully. Our business is to meet our obligations as faithfully as we can and not to worry and fret about results.

The Chinese have a proverb, very brief, very simple, it is this:

"The legs of the duck are short. The legs of the stork are long. We can not make the legs of the duck long, or the legs of the stork short."

Robert Louis Stevenson, sick, tired, discouraged, wrote in the great essay on "Eldorado." "It is better to travel hopefully than to arrive, and the true happiness is in labor."

If we have made peace with ourselves, if we have taken forever to our hearts the philosophy of thrift, if we are doing the best we know, the circumstances are not important.

We shall be faced in this year with all sorts of circumstances not of our own choosing or making. We are not responsible for them—but we are responsible for our adjustments to these circumstances.

Moral: Join the Building and Loan association, and you will travel with happy thoughts thereafter.

Loan Company From Moral And Spiritual Angle

Building and Loan associations have their uses, as every one knows. If well conducted, these uses are many. But the average citizen thinks of them as dwelling on an economic plane, with pretty solid foundations. It remains for Roger Babson to enumerate their moral and spiritual contributions to society.

"When a new home is erected the community is better off both spiritually and financially. The character of a community can be best measured by the percentage of home owners. The higher percentage of home owners, the better a community is spiritually, educationally and attractively. Hence, investors are rendering the highest possible service with their money when purchasing shares in a Building and Loan association."

Which is just as true as the facts that home-building puts more money into circulation in any community and helps everybody along directly or indirectly.—Delaware, Ohio, Gazette.

Big Earner, Like Small One, Needs Investment Guide

By Elwood Lloyd
Financial Editor of Los Angeles Evening Herald.

Exponents of thrift mostly spend their time telling the person of small incomes how to conserve their resources. Seldom do we find any warning held out to the big earners. But the big earners have most reason to be concerned about the proverbial rainy day, according to E. E. Quentrell, vice president of Halsey Stuart & Company, in an address he delivered during thrift week.

The big earner, says Mr. Quantrell, builds up from year to year an increasingly elaborate standard of living. Retrenchment from this standard would prove difficult and embarrassing. Yet the big earner frequently neglects to establish an investment reserve with which to meet emergencies caused by diminution of earning capacity.

"And, unfortunately, this type is about the hardest in the world to convince of the insecurity of his position," Mr. Quantrell said. "It is an American characteristic, nowhere more prevalent than in this class—and, perhaps, not altogether unwarranted considering the astonishing strides of all classes in improved standards of living—to believe that tomorrow will find each of us better off than today. Nevertheless, it is a dangerous belief to bank on too confidently.

"Today we find comparatively young men earning large incomes in executive positions, in professions, or in businesses which they have rapidly built up. Alert, keen minded, buoyant and full of hope, these men are often less concerned about their financial future than they should be. They live well, they play freely; they are but mildly concerned about capital reserves, because of their present seemingly strong position. Their sporadic attempts at investment are apt to be of a speculative character.

"The inclination of this group, in short, is to live pretty well up to current earnings, feeling that future income will be better than present, and that there will be time enough later for building up a surplus.

"This is distinctly an American point of view, natural in a rich and developing country. In older countries more emphasis is placer on what wealth will yield in income than on what it will buy. The English estimate a man's wealth on a basis of income rather than principal.

"In reckoning, as we do, a man's wealth in terms of total available capital, we obscure the important consideration of how much wealth his should be counted upon to produce in income, year after year, independent of his active earning power, which is always subject to impairment frof one cause or another.

"It is in the period of 30 to 50 that the business man should be especially certain that he is making provision for tomorrow as well as today. Until he is 35 the average young man is establishing himself in a business way and acquiring family responsibilities. But, even if his income is growing, he cannot go on expanding his standard of living indefinitely. He must know where to stabilize it—at a point where he can be reasonably sure of maintaining it.

"A man should begin no later than 39 to work toward a financial objective and he should have a financial policy aiming to stabilize his expenditures and increase his surplus with all reasonable progress.

"And here is the most important fact to consider—what the financial objective should be depends upon circumstances, but in a general way it should be an amount of income earning assets sufficient to enable an individual to maintain permanently a satisfying standard of living Without such adequate provisions, he must eventually begin consuming what he has accumulated, or revise his standard of living to perhaps an embarrassing extent, when his personal earning power diminishes.

"It is during the period of from 30 to 50—the age of surplus earnings—that there is the fullest opportunity to lay a solid foundation for the rest of one's lifetime."

POSTPONING FINANCIAL HAPPINESS

Do not postpone your happiness. Everyone of us can be happy if one only has sense enough to save from his income.

The secret of happiness, or rather the secrets, are two—first, the practice of systematic saving, and second, thrift.

Nobody is a bigger fool than the man who is miserable every day with the idea that because of a spending orgy he is going to be happy. Now is the time to be happy.

The best preparation for business is thrift.

We do not realize the vast amount of pleasure that is in the possession of each one of us. The normal functioning of every bodily power is accomplished with pleasure which is based on a secured financial standing afforded by building and loan associations. The normal operation of our minds, whether in memory or imagination, is pleasurable. The normal condition of the soul that has reached any sort of basic truth about the universe is one of joy.

Besides this the whole world of nature about us is an inexhaustible reservoir of joy.

Be happy! And today's the day. This does not mean be foolish, nor silly nor financially reckless. It means that with thrift and systematic savings in a building and loan association and with merely the equipment of health and intelligence you can be happy.

Save now.

THE HUMAN EQUATION

Samuel Butler, the author of "The Way of All Flesh," wrote in his "notebooks" this observation:

"No matter what cunning system of checks we devise, we must in the end trust someone whom we do not check, but whom we give unreserved confidence."

"All safeguards end in the human equation. No system of surveillance or checks or records or safeguards can be depended upon where men are unreliable. No walled town or barred citadel is secure unless those inside are loyal. An "inside job" is not visible until seen too late.

The ultimate basis of business security is the trustworthiness of human nature. In the end human integrity can be relied upon.

THE LESSONS OF THE PAST

The misery of the past, the struggles of the present, and the duty of the future, demand that no effort be left untried, that all energy be exercised, and opportunity taken advantage of, to organize the savers of our country under the kindly guidance of the building-loan and savings associations. The dim, dismal past, with all its pain and travail, must give way to the better and brighter future for which the savers have borne the burdens and made the sacrafices so that they and their dependents, financially independent, for all time, may be truly free.

Inclement Tibet

The natives of Tibet, in southern Asia, lay the bad condition and the loss of their teeth to the cold and extremely sharp winds of their high mountain land. This idea seems to have some basis in fact. A traveler named Saunders, who visited the country in the interests of science, testifies that the Tibetan blasts peeled off almost all the skin of his and his comrade's faces.

Pretty Idea for Clock

To suggest the gathering of sweets in which he specializes, a French confectioner has devised a clock that suggests bees passing from flower to flower. The dial is of parchment, the hands are in the form of large bees and the hour markings are different flowers. At each hour both bees alight on a bloom.

Future of Coal

Henceforth coal must be regarded not only as a fuel for direct combustion in the generation of light, heat and power, but also as a chemical raw material which will be transformed to an increasing extent into other fuels of higher form value and a variety of synthetic organic chemicals.—W. H. Fulweiler in Gas Progress.