

Babson Reports:

Adviser Counsels 'Plan for Tomorrow'

By ROGER BABSON
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BABSON PARK, Mass.—If you should lose your job tomorrow, how much of a financial hardship would you and your family suffer? Are you up to your neck in installment payments? Have you borrowed too heavily on your insurance? What if serious illness should strike your family?

MANY ARE GETTING OVEREXTENDED

A thirty-year-old world of a small New England machine-tool producer was laid off the other day. He had been making \$96.00 a week. That is \$416 a month before taxes. He has fixed monthly installment commitments: \$68 (interest and mortgage) on his new house; \$61.25 on a 1953 automobile; \$13 on a set of encyclopedias; \$18.75 on a TV; \$32 on a trip to Bermuda for his wife; \$19.90 on a food-freezer, that I know about. In addition, he has several hundred dollars outstanding with department stores. He owes a winter fuel bill of \$135. He is behind in his telephone and light payments. The local grocer, dry cleaner, milkman and other merchants whom he owes have put him on a cash basis. He has borrowed \$250 on an insurance policy, and now finds he cannot pay the quarterly premium due.

Perhaps this young man is an exception and not typical of most young workers. But I believe he is more typical than many of us want to believe. He could get along, and might even work himself out of his financial difficulties, if he could keep fully employed and not get involved in strikes. But he has seriously overextended himself. What if he could not quickly get back to work?

WAGEWORKERS' DEBTS MAY PREVENT STRIKES

This man is a product of our postwar wave of prosperity. In a way I cannot blame him. He has been encouraged—yes, even bullied—by radio, magazine, and TV salesmen, to overload. This young man had more money to spend than ever before. What has happened to him might happen to you. Here is why.

Right after the war, in 1946, people were spending only about 45 per cent of their incomes for life's necessities, leaving about 55 per cent for whatever took their fancy. Since 1946, fixed charges such as rent, food, and installment commitments have been taking a larger share of the income. Last year, 53 per cent of the average consumer's income was spent for fixed charges, leaving 47 per cent for discretionary buying—8 per cent less than in 1946. As long as business booms, there is little need to worry. But should strikes this summer, or overproduction or layoffs, catch up with us, the heavy load of fixed charges which many consumers are carrying could be serious. When labor leaders realize this situation, they may not call strikes this summer.

SAVINGS ACCOUNTS GOOD INSURANCE

I am concerned about this because I know that major cycles of prosperity and depression will always be with us as a result of the unforeseeable and inevitable vagaries of human judgment. I am concerned about the present degree of installment buying. For example, on February 28 total consumer credit outstanding was \$29.5 billion—the highest February on record, and almost \$1.5 billion higher than in February 1954. Most people are unable to spend their money wisely; many undervalue it and spend it carelessly. In times of prosperity, just as a matter of good financial common sense, one ought to take advantage of the times and increase financial reserves. Savings accounts should be built up, careful investments made.

This period of prosperity is by all means the time to build protection for future unemployment. Certainly in a period of great prosperity one ought not to go into needless debt. I will be the first to admit that money in the bank is not doing much good, except as insurance; but this kind of insurance is as important as any other. Pride of ownership in a house, the satisfaction of a new car, the comfort of air conditioning, the joy of TV—all of these things bring satisfaction and contentment. But what will happen to that contentment if tomorrow the pawnbroker moves in? It takes intelligence, courage, and will power to plan for tomorrow as well as to spend for today; but every reader—whether landlord, employer, or wageworker should now plan for tomorrow.

Wheat Prices Show Increase

CHICAGO (U.S.)—A brisk short covering movement in May wheat which eventually spread to deferred months, left the bread grain with fairly substantial advances on the Board of Trade Thursday.

Wheat closed 1 1/2-2 1/2 higher, corn 1/4-1/2 lower; oats unchanged to 1/4 higher, rye 1/4 lower to 1/4 higher, soybeans 1/4 lower to 1/4 higher and lard 5 to 15 cents a hundred pounds lower.

Onion Futures

CHICAGO (U.S.)—Onions: Open-High Low Close
Nov. 1.60 1.63 1.59 1.59
Jan. 1.82 1.84 1.80 1.80
Sales: Nov. 56; Nov. 18.

Portland Grain

PORTLAND (U.S.)—No coarse grains.
Wheat (bld) to arrive market, basis No. 1 bulk, delivered coast: Soft White 2.38; Soft White (excl. Rex) 2.38; White Club 2.38. Hard Red Winter: Ordinary 2.38; 10 per cent 2.38.

Portland Livestock

PORTLAND (U.S.)—Cattle: salable 125; largely cows, market moderately active; one lot choice, 1,140 lb fed steers 23.75, utility-lb commercial cows 13.50-16.00, canners and cutters 10.00-13.00; few commercial bulls 17.50; compared Thursday last week, fed steers strong 25 higher, canner and cutter cows fully 25 higher, some late sales as much as 50 higher, other slaughter classes about steady.

Calves salable 25; vealers scarce, market about steady; few utility-good vealers 16.00-22.00, no choice offered; compared Thursday last week, vealers and slaughter calves weak 50 lower.

Hogs salable 100; market fully steady; choice 180-235 lb barrows and gilts 20.00-20.50; choice No. 2-3 butchers 19.00-19.50, few 240 lb 18.00; choice 330-500 lb sows 14.00-15.25; compared Thursday last week, barrows and gilts largely steady, sows 25 or more lower.

Sheep salable 850; supply includes four carloads Washington shorn old crop lambs; market not established, early undertone about steady; compared Thursday last week, spring lambs about steady, old crop weak.

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Hogs—Lean blockers, 26-27; light sows, 22-23.
Lambs—Good springers, 38-40; yearlings, 33-35.
Mutton—Best, 10-12.
Fresh Produce
Potatoes—Ore. local Burbanks, 100 lb, 4.75-5.00; Central Ore. Russets, No. 1A, 100 lb, 5.50-6.00; 5 oz min, 6.00-25, 12 oz min, 6.50-7.00, 25 lb paper 1.25-50; 10 lb paper 48-50; 10 lb window, 53-55; 10 lb film 53-55, 10 lb mesh 50-55; No. 25, 100 lb, 4.25-50, 50 lb 2.00-25; Idaho Russets, No. 1A, 100 lb 6.50-50.**

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New York Stock Markets

BY THE ASSOCIATED PRESS			
Admiral Corporation	26 1/4	Transamerica Corp.	40 1/4
Allied Chemical	106	Twentieth Century Fox	38 3/4
Allis Chalmers	72 1/2	Union Oil Company	50 1/4
Aluminum Co. America	11 1/2	Union Pacific	169
American Airlines	26 1/2	United Airlines	43 1/2
American Motors	10 1/2	United Aircraft	67 1/2
American Tel. & Tel.	182 1/4	United Corporation	6 1/2
American Tobacco	70 1/4	United States Plywood	37 1/2
Anacosta Copper	59 1/4	United States Steel	82
Atchafalpa Railroad	143 1/4	Warner Pictures	—
Bethlehem Steel	129 1/2	Western Union Tel.	102 1/2
Boeing Airplane Co.	56 1/2	Westinghouse Air Brake	25 1/2
Borg Warner	44 1/2	Westinghouse Electric	69 1/2
Burroughs Adding Machine	28 1/2	Woolworth Company	46 1/4