



Your Money's Worth

By SYLVIA PORTER
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ANSWER TO 'THE SECOND PROFIT SQUEEZE'

Nothing the U.S. Government can do will beat the profit squeeze which is strangling an increasing number of U.S. corporations today and is dangerously limiting the growth of our economy.

No foreseeable business upswing from here will solve the fundamental problem of declining corporation profit ratios, for the simple reason that today's profit squeeze is basically due to intense and bitter competition and this will persist into the indefinite future.

There is no gift from the gods in prospect to restore corporation profits to the levels of earlier post-World War II years, when U.S. industry prospered under the brilliant economic combination of huge pent-up demands for goods, a vast accumulation of savings to buy goods, an exploding growth of new families needing everything we could produce, no competition worth noting.

Today's profit squeeze is one of the roughest ever. It can be beaten, but only by businessmen taking bold, broad, imaginative, stern, unsentimental, realistic actions on their own to do so.

Right now, in every industry which overall is in a pinch a few companies are doing just this. Other companies which want to triumph in the environment of the 1960s will have to follow similar courses.

These, in brief, are on conclusions of a detailed, thought-provoking analysis of "The Second Squeeze on Profits" by J. Roger Morrison and Richard F. Neuschel, to be published in the July-August issue of the Harvard Business Review. Here's the heart of the study.

No matter what your sympathies or prejudices, the fact is that a profits squeeze does exist and the evidence is mounting that it has been retarding our growth. There is mounting concern that profits aren't high enough to finance the imperative replacement of our increasingly obsolete factories, much less to finance the enormous total of new plants needed to employ the additional 13 million workers entering our labor force before 1970.

This second squeeze differs from the first, in the 1950s, which was due primarily to the fact that rising costs outran rising prices on finished goods. This second squeeze is due to a declining rate of demand for established products and a slowing rate of demand for new products. It is due to the fact that many industries have substantial unused capacity, and this not only depresses prices but also sparks intense competition. It is due to skyrocketing foreign competition. It is due to the fact that prices have stabilized, and even in periods of sharp business upturn corporations can't hike their prices enough to absorb higher costs.

"No automatic relief is in sight" for this sort of squeeze, say Morrison and Neuschel.

"There are no broad economic forces now in prospect to bring profits" up to a "more satisfactory level." Yet, the fact that in each industry some companies are conquering the squeeze emphasizes that this pinch "is obviously sensitive to management action." Specifically:

(1) Cost reduction by decree - "arbitrary expense cutting" ranging from controlling use of paper clips to outlawing company planes. There are many instances where companies have slashed costs 10 to 25 per cent by this pressure - but it has to be "stern" and realistic.

(2) Review of all existing operations, to slash costs and to increase income. The president of one \$1 billion corporation requested each vice president to study over a five-year period every activity under his responsibility to find profit improvement opportunities. In the first year, savings ranged from 20 to 25 per cent on each activity studied and profits were hiked by tens of millions.

(3) Search for fundamental changes, for the forces behind the second profit squeeze "have generated many profit opportunities in scope and size than those whittled away by the relentless erosion of competition." Rethink every policy, re-examine every facility and organization structure, don't hesitate to undertake drastic surgery. As one company president puts it, "It is like starting out all over again in business."

"The real answer to the second profit squeeze" lies in "the combination of sound management of each function with bold and broad evaluation of new profit opportunities," conclude Morrison and Neuschel. In one of the nation's most respected business publications, the challenge to business has been coldly and unsentimentally flung down.

Suggestions Offered for Young People Entering Labor Market

By DAVID NYDICK
UPI Education Specialist

Each June thousands of young people go out into the labor market to look for permanent jobs. Most are graduates. Others, for reasons of their own, have no intention of continuing school.

If you belong to either group, here are some things you should keep in mind in looking for a job.

First, analyze the type of work appropriate for your interests and abilities. This may be obvious or may require professional help. If you can't make up your mind, make use of available school services (guidance counselor, testing, etc.). You may find it necessary to go to a vocational guidance organization. This is available privately or through some civil employment services. A relatively small fee and a little time may be repaid many times in happiness and compensation.

Many Sources

Once the type of job is decided, where do you start looking? There are many sources such as newspapers, public or private employment agencies, personnel departments (usually in large organizations), etc. Do not overlook public service. Chuck with your local, state, or federal Civil Service office.

In many cases you may need a resume. Yours may be short, but it still is important. You must get the interview if you are going to sell yourself. There are many examples for preparing a good resume and interview in your school or local library. Take the time to check on these.

In general, be straight and be yourself. Be straight forward, but not overly aggressive. The employer knows the type of person he wants.

A good interview goes both ways. Don't be afraid to ask questions. Show your interest and knowledge of the job. Be honest. It may be advisable to admit some lack of knowledge and emphasize your willingness to learn. Show self-confidence but not conceit.

Future Not Decided

Your first job does not decide your future. You will find it exciting and valuable to get out and work. This experience will give you some background for deciding the field best suited to your interests.

You do not have to forget about continuing your formal education because you are out working. An ambitious young

UNDERGROUND TEST

Washington-AP-The Atomic Energy commission Thursday conducted the 40th announced underground nuclear test at its Nevada Proving Grounds since the current series started last September.

man can improve himself and gain an advantage over his competitors by taking evening courses. It is possible to obtain a high school diploma or to specialize in a specific field. Many positions begin with well organized training programs. Keep these possibilities in mind.

It is not necessary to take the first position you are offered but don't set impossible standards. Your entire outlook might change considerably after your first experience. Therefore, seek a position commensurate with your present abilities but with various avenues for growth.

Slain Man's Auto Found in Seattle

Vancouver, Wash.-AP-An automobile belonging to one of two men found slain near Battle Ground, Wash., Sunday turned up in a Seattle parking lot Thursday, Clark County Sheriff Clarence McKay said.

The 1960 model car belonged to Charles S. Hale, 71, of Battle Ground. He and his 67-year-old brother-in-law, Lester McCollum, were found

dead on their farm Sunday. Reports from relatives and neighbors indicated they had died about three days earlier. Hale had been shot in the head and McCollum had been strangled.

Seattle police reported they did not know how long the car had been in the parking lot, which is used by a medical clinic. A caretaker said he had not noticed it before Thursday.

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