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HOW TO SAVE

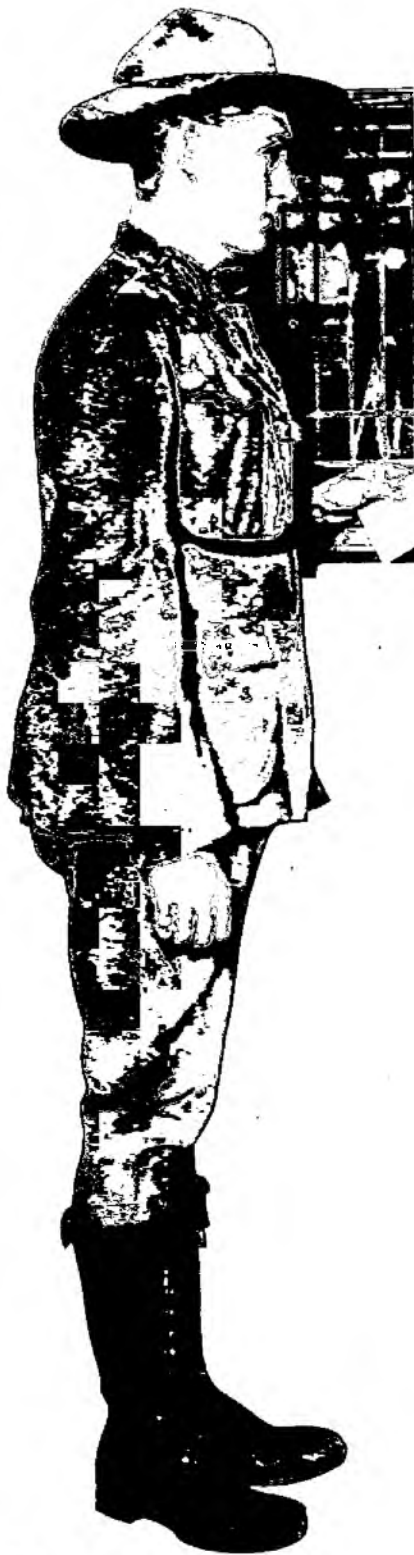
POSTAL THRIFT

By the Postmaster General

THE HOME BUDGET

By Helen Louise Johnson

MONDAY, MARCH TWENTY-NINTH, 1915



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SCOUT SAVINGS

THE proponents of the postal savings system, arguing in support of the enactment of postal savings legislation, asserted that it would encourage among the people the formation of habits of economy and thrift. This assertion, however, was too general, judging by the results achieved since the system was put into effect on January 3, 1911. After more than four years of actual operation the postal savings system has conclusively proved not only that it has encouraged habits of thrift, but that it has done so with-

POSTAL THRIFT

BY ALBERT SYDNEY BURLESON

POSTMASTER GENERAL OF THE UNITED STATES

out injury to the savings banks of the country. Inasmuch as these banks did not show during the first year, and have not shown since then, any decrease in deposits to account for the millions in the custody of the postal savings system, it may be taken for granted that practically all the savings taken in by the postal authorities consist of money that was not saved prior to 1911 or that had been kept hidden, or both.

Yet there is little doubt that today there may be \$50,000,000 more that could be added to the already stupendous total of approximately \$54,700,000 in the postal savings system October 31 last. The sum mentioned is kept beyond reach of the postal savings system by the provisions of the law which limit the amount that may be accepted from a depositor to \$100 in a calendar month and restrict his maximum deposit to \$500. In compliance with recommendations made by the Post Office Department and the President, Congress passed last spring a law increasing the maximum, but limiting the amount "on which interest shall be paid to \$1000." This law was vetoed by the President because of a Senate amendment which enabled state banks and trust companies to receive deposits of the postal savings system regardless of whether they were members of the Federal Reserve system or not. The President desires a law that can be coordinated with the provisions of the reserve law. The money which goes into the postal banks is at once deposited in the Government's depository banks and thus enters the channels of trade.

The \$500 limitation was essentially experimental and now has outlived its usefulness. Its retention will seriously impair the intended utility of the service, which is to restore to business uses a large amount of money sequestered by skeptical or ignorant foreigners.

The greater part of the segregated \$50,000,000—and this estimate is substantially correct, because it is based upon official reports—ought to

be in circulation to serve the purposes of liquid currency. It represents funds that will not find their way into the average bank, especially in the great cities, because many prospective depositors do not know its officials. This is true especially of foreign-born wage-earners, but there are many of our own citizens who are equally skeptical.

When the postal savings system was in its legislative stages there existed an apprehension in financial circles that the innovation would draw large sums of money from the channels of trade. Actual experience has shown that that apprehension was unfounded. The American Bankers' Association has officially gone on record in favor of the postal savings system, with the statement that "there has been no complaint anywhere tending to show that any considerable amount of money had been deposited with the Government that would have gone into the banks had the postal savings system not been in operation."

We must bear in mind that a considerable number of the wage-earners in this country are either foreign-born or of foreign citizenship. Very many of them, tho distrustful of banks, were familiar with the postal savings systems in Europe. It is natural for them to seek to deposit their earnings with the United States Government. They know that the Government will keep faith with them; but they cannot understand *why it will safeguard part of their savings and not all of them!* The testimony of postmasters is almost unanimous on the point that, when foreigners tender larger amounts than can be legally accepted at present, which are therefore refused, they usually decline to open an account at all. The result is that either such money goes back in hiding or is tendered at the money-order windows and sent to foreign postal banks.

Why permit this money to be returned to hiding and disuse?

I am convinced that the interest of the public will be best served by ultimately removing altogether the restrictions on the amount that may be accepted on deposit, but this condition should be approached gradually and as experience in administering

the system indicates that additional steps may be taken toward the desired goal. In my annual report I recommended that the maximum balance which may be accepted be increased, under certain conditions, to \$2000, but limiting the amount on which interest shall be paid to \$1000.

The war has brought out, more forcibly than ever, the usefulness of the postal savings system. It is a strong factor in quieting financial disturbances, and with the advent of the war deposits at the American post offices began to grow by leaps and bounds. According to the latest available statistics, upward of \$10,000,000 has been added since August to the total of deposits for reasons directly due to the war, and if the restrictions had not existed this sum might have been trebled.

Another interesting point is that every bank failure since 1912 has been followed by substantial increases in deposits at the postal savings stations in the respective neighborhoods. But again the postal savings system has suffered because of its restrictions. There is an instance in the official records which shows the withdrawal of a single account of \$9600 from a suspected savings bank. The depositor tendered the amount at the post office, and upon learning that only \$100 a month, and a similar sum for five months, could be accepted, he bought money orders on an Italian post office and made

his deposit in Italy. These cases are not the exception; they are the rule. Yet it is very likely that, inasmuch as the bank in question was solvent and had qualified as a depository, the very fund tendered by the panic-stricken Italian would have been returned to the very bank from which it had been hastily withdrawn.

Of course, the postal authorities are proud of the postal savings system. On October 31 last there were 9639 offices with more than 10,000 depositories (which includes branches and stations) in operation in the United States, Porto Rico and Hawaii. On that date there were about 475,000 depositors, and the amount on deposit was about \$54,700,000, which is exclusive of \$5,508,060 withdrawn by depositors for the purpose of buying postal savings bonds. The total represented an average of \$115 per depositor. In a year there had been a gain of more than 50,000 depositors.

The increase in October was about \$3,500,000 and is the second largest since the system began operation. New York City, with \$7,505,829, leads all offices, with an average daily receipt during that month of \$60,000.

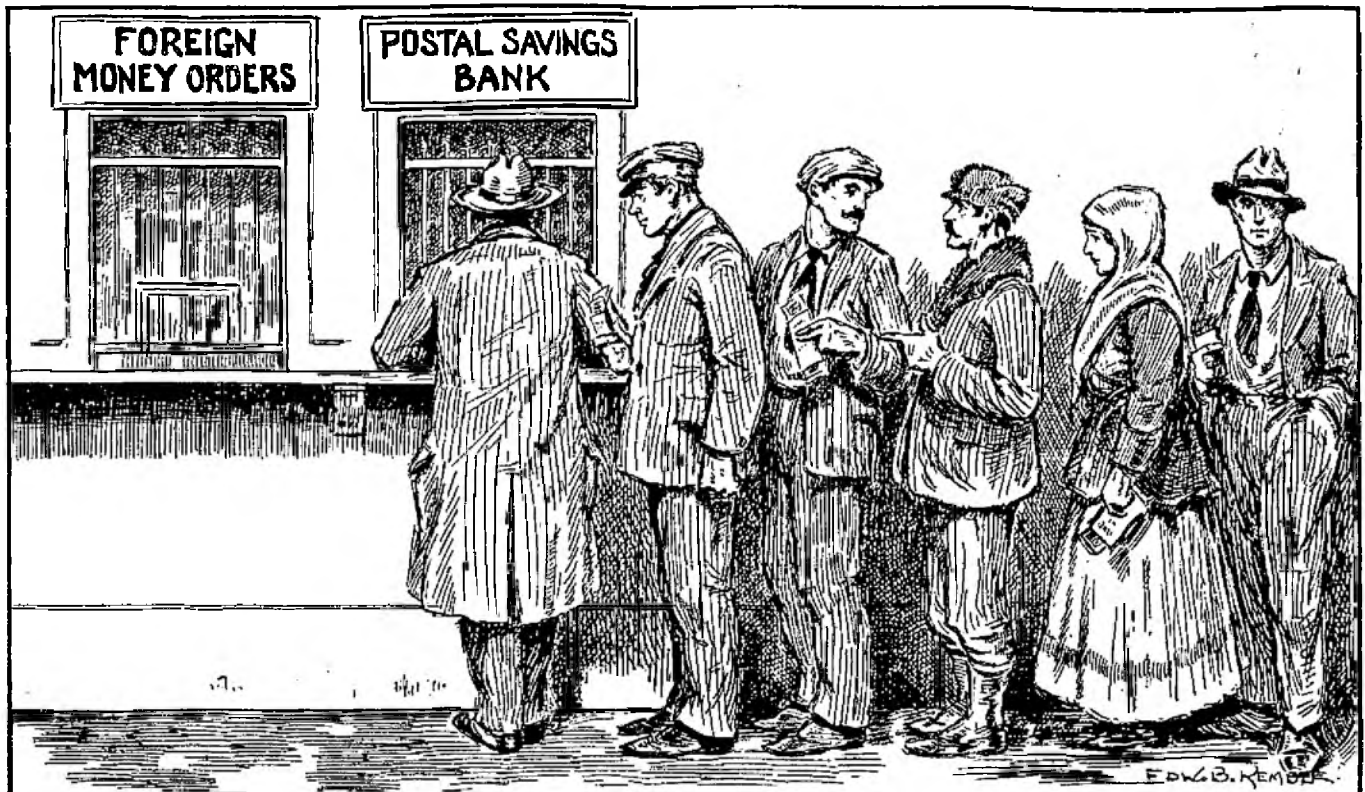
Some interesting sidelights on the working of the system are given by the statistical tables for the fiscal year ending June 30, 1914. New York leads in totals, but Chicago, second in the list, has an average principal

per depositor of \$130, against New York's average of \$98. Roslyn, Washington, has the highest individual average, of \$257, altho it is the forty-second in rank. Providence, Rhode Island, has the lowest average, with \$70, and is twenty-ninth in the list. Brooklyn, which is part of New York politically, has an average of \$80 per depositor, but is third in rank as a city.

By states, equally interesting facts are obtainable. New York is first in rank; South Carolina is last, with \$20,923 on deposit. Hawaii is next and the very lowest, with \$19,395. Texas, the largest state in the Union, is also at the bottom of the list with little more than \$500,000.

It would seem from statistics that the highest totals and the highest averages obtain in states and cities, respectively, where the foreign element is strongest. Agricultural communities do not show, on a given basis, as high an average or total as communities where industrial pursuits are the rule. Yet this does not signify that the agricultural population is less thrifty; because the postal savings facilities may not appeal to the rural population as they do to the city wage-earners, and also because there is a tendency on the part of agriculturists to buy farms on the deferred payment plan. Possible savings of cash, therefore, are turned into real estate.

Washington, D. C.



ONE EFFECT OF THE WAR

Since the war began, the foreign-born have been depositing their savings with Uncle Sam to the extent of several millions of dollars a month, and have largely ceased purchasing foreign money orders. This awakened confidence in our Government will be of lasting benefit to both them and our country.—A cartoon from "The American Leader," a magazine published in the interest of the foreign-born population

LIVING ON THE BUDGET PLAN

BY HELEN LOUISE JOHNSON

MOST men and women have a fixed income upon which to live. In many cases this cannot be increased by any amount of effort, because the margin of productiveness has been reached. The theory is that there is no limit to what a man can do. The condition which confronts most of us is that there is a fixed limit to the money we can earn, but no end to the increasing cost of living.

There has always been good reason for the actual study of household expenditures, but the present economic pressure forces the need of this upon our attention to an extreme degree. No woman has any right, in these days and months of war, to avoid the realization of her personal responsibility toward the prosperity of this country, as well as that of the dependence of her family upon her knowledge of values.

Prosperity can be increased only in one of three ways: by producing more efficiently, choosing more wisely, consuming more intelligently. All of these methods must now be used, but of the three the most necessary and effective is consuming more intelligently. Consumption means use. The happiness, the comfort, the welfare, the fortunes of any family depend more upon how its resources are used or consumed than they do upon the amount of these. And many of us believe that our resources can not be used to the best and greatest advantage without a study and use of the budget, a learning how to live on the budget plan.

WHAT THE BUDGET IS

A budget is but a prearranged scheme of expenditure with the purpose in view of getting the most out of one's resources, whether these be money, strength or time. Its fundamental basis consists of some old well-known rules, which have been pushed out of sight into a dusty corner of our mental attic. You cannot spend money, time or strength on this thing and still have it for that other one. If one has just money enough for ordinary living expenses, there is not enough for the extraordinary cost of an automobile. If one has so many belongings it takes all her time to dust them, there is no time for hearing, seeing or doing lovelier things. You cannot "eat your cake and have it too."

It all sounds very commonplace. Perhaps it is, but it is not commonplace to live on the budget plan. Too few people do it. Even being efficient is not remarkably commonplace yet, in spite of all the talking about it.

A budget is a plan. Efficient living, doing, working, is the result of the carrying out of a good plan. And it does not matter in the least whether it is a country, state, city, family or individual, the plan is the thing; some prearranged scheme of expenditure from which the best and happiest results may be secured.

BEGIN THIS WAY

To frame a budget means to take your pencil in hand and first put down your definite yearly or monthly income. Let us say, for the sake of illustration, that you are earning \$200 a month or \$2400 a year, the average good income of thousands of families of wage-earners all over the United States. Let us further say that you have been receiving this income for the last few years, but until today have omitted to ask the searching question, "What will this income buy?"

You have cheerfully or reluctantly handed over the money required by your wife for the food and clothing of your growing family. You have made an honest endeavor to save. You have preached economy and scolded at the cost of living. If you squarely face the situation, you will probably acknowledge that you have never really ascertained what \$200 a month will buy.

Your income must first buy shelter—some kind of a place in which to live. Then it must buy food, clothing and those items which make up operating expenses—the lighting, heating, laundry and so forth. It must pay carfare and water rent, doctor's bills and the dentist's, buy newspapers and magazines, take you on vacations or picnics, give you a seat in church, or at the theater, or the ball game. This sum must provide for every need and want you and your family have developed in the years of your well-planned or thoughtless life. And the strangest thing is that it mainly depends upon you and your wife how many of these things it will get.

If you have lived in the traditional way, as fast as your income grew your wants grew with it. When you earned \$75 a month you lived in a simple way, in a simple little house or flat, but when you began to earn \$125 a month you moved. The old house, the old ways, were discarded, and your prosperity did not increase with increased pay because you at once changed your standard of living. You had, or made, no real plan of life.

The question is, how may we get life out of mere living? The difficulty

is that it involves thought; some use of arithmetic, and the doing of that avoided thing, the keeping of household accounts. Above all else, it requires a virtue that is quite out of style in this century, one that has laid the bed rock of many a man's prosperity, namely, self-restraint.

Isn't it foolish to talk about self-restraint when a man's \$200 a month income will just suffice to get a poor house, sufficient food for a flock of lusty youngsters, some clothes on their backs and the hundreds of shoes they seem to require, with nothing left for that rainy day when measles or the whooping-cough arrives? Nevertheless, we repeat, self-restraint and self-control are the foundation of that success which is measured by material prosperity, and those who have steadily raised their standards of living have done so because they have exercised these traits.

THE BIG THING

We may, however, urge no person to practise these virtues until we give him a good reason for doing so. Into the lives of each family must be brought a Big Thing. Because there are so many Big Things of so many different kinds, students of the budget have named this division "higher life," a comprehensive, indeterminate term under which are grouped some evil as well as many good and beautiful things. For this higher life the other divisions of the budget exist. Rent or shelter, represented by actual payment of rent, or the money paid in taxes and repairs; the amount required for operating or running the house, food and clothes are primary needs. They may be amplified and extended, augmented and increased, but the money paid out for each of these may be easily grouped and accounted for. It is not so easy to plan for the division which is the real purpose of life.

Into "higher life" must come the doctor's and the dentist's bills; the pew rent, life insurance, all savings, all pleasures, money spent for education, books, magazines, music, lectures, the "movies," a trip to Coney Island, any seeming needs, or real wants, outside of the divisions already made.

A SPECIMEN FAMILY

Suppose we grant that Mr. and Mrs. Livewell have a family of three children and the \$200 income. That they reside where a sum of \$600, or \$50 a month, must be spent for adequate housing facilities for this family. This is twenty-five per cent of

\$2400, the yearly income. Let us agree that Mrs. Livewell, not being a trained housekeeper nor a good mathematician, altho considered a good wife and mother, cannot run that house for less than \$40 a month, or \$480 a year, twenty per cent of the income; nor buy the food with less than \$728 a year, \$2 a day, a little over thirty per cent of the total income, \$2400.

This means that over seventy-five per cent, or \$1800 of the \$2400, has been used in the first three divisions, leaving but \$600 for clothes and higher life. How much higher life can there be after clothes for five people have been purchased out of \$600? Perhaps this has never been put to Mr. and Mrs. Livewell in just this way before and consequently they have not seen where their trouble lies.

The percentages of the income which may properly be used for the various divisions of the budget differ in nearly every place. The budget is a very individual affair, naturally modified and affected by the conditions and circumstances surrounding each case. Yet there are certain guiding principles which should help in adjustment. In each case the plan probably will be revised and reformulated many times before the wisest and best basis of division is established. The grouping given here of rent, operating expenses, food, clothes and higher life is about the simplest division which can be made, needing explanation in some details, but capable of such subdivision and rearrangement as seems best for the particular family.

CROWDING THE BIG THING

One thing, however, is almost invariably true. Any extravagance in one or more of the first four divisions is usually subtracted from higher life. Certain other things should be plain to the one who figures it out. If your rent is too high it will probably also take too much to operate it. If you spend all your income for the first four divisions, it is obvious that you are spending yourself in getting a living in place of getting life out of the living. Your prosperity depends upon the wise and proper use of your income, and that primarily means a wise and prearranged plan.

Let us say that in Detroit, Michigan, Mr. and Mrs. Livewell and three

children can live comfortably as follows:

Rent, $17\frac{1}{2}\%$ or \$420; operating expenses, 10% or \$240; food, 25% or \$600; clothes, 17% or \$408 = \$1668, or $69\frac{1}{2}\%$ of \$2400, leaving $30\frac{1}{2}\%$, or \$732 for higher life.

This means \$35 a month for rent; \$20 a month for heat, light, soap, starch, matches, etc.; fifty dollars a month for food, and a possible proportionate expenditure for clothes, of \$75 for the father, \$150 for the mother, \$75, \$50 and \$63 for each child. Under many circumstances, this could easily be reduced and the margin applied to operating expenses. But suppose we leave it and claim this can be done with ease in the city mentioned. Then something happens and the family, accustomed to a measure of comfort, having lived in a decent house in a good street, move to Chicago.

For the standard of living to which they are accustomed, the surroundings in which they feel the children must be reared, they find they must now pay \$50 a month rent. Readjustment of the entire budget follows. They find that, as against seventeen and a half per cent, or \$420, they must pay twenty-five per cent, or \$600, for rent. This necessitates, in place of ten per cent, or \$240, fifteen per cent, or \$360, for operating expenses. Food remains twenty-five per cent, or \$600.

But these three items bring up the cost of living to \$1560, leaving but \$840 for clothes and higher life. If this family are the traditionary kind they will continue paying the \$408 for clothes, or even adding to this in their new environment, and take this amount from the \$722 they have been using for education, enjoyment and savings. Using the \$408, they have left but \$332, and this quickly goes

for insurance, newspapers, magazines and incidentals, leaving them nothing at the end of the year. They have begun to be poor on the income upon which they were once well-to-do. And the all too common custom of the day is to begin to abuse the Government, the party in power, the tariff or tinkering with it, the trusts or investigating them, the rich capitalist or the poor immigrant. Anything, everything, is to blame but one's self, when as a matter of sane and undisputed fact the blame lies almost wholly with ourselves and our mistaken ways of living.

THE RIGHT WAY TO DO IT

Let us grant that Mr. and Mrs. Livewell for proper, sanitary and educational reasons must pay the increase from \$35 to \$50 a month rent, and find \$360 a year a necessity to run that rent adequately and properly. Yet in place of permitting poverty and trouble to enter the door, they sit down together and look the future squarely in the face, realizing that the Big Thing for them must be the education, the proper upbringing of their three children. The decision is reached that twenty-five per cent or \$600, must be kept for "higher life." So that with twenty-five per cent for rent and fifteen per cent for operating expenses, sixty-five per cent is used, leaving thirty-five per cent, or \$840, for food and clothes. What will it cost properly to feed and clothe five people, two adults and three small children, in Chicago? What will \$840 buy? This is the problem, and it cannot be properly solved without learning and using its factors.

If Mrs. Livewell knows how, she will say to herself, "Twenty cents per day per person should purchase an adequate amount of nourishing food, provided I learn how to buy and use it well. This is a dollar a day, \$365 a year, and it leaves \$475 a year for clothes. Can I buy the clothes for the five of us while the children are little for \$325 a year? Surely I can try."

This is not all of living on the budget plan. It is merely a step in the knowledge of how and why to form a budget, that fundamental necessity for all men and women who assume family responsibilities. The budget is an economic necessity, but it is also an ethical ideal when it is rightly used. If efficiency is the power to produce an in-

INCOME \$2400—FAMILY 2 ADULTS, 3 CHILDREN

First Adjustment			
Rent	17½%		\$420
Operating expenses	10%		240
Food	25%		600
Clothes	17%		408
Higher life	30½%		732
			\$2400
Second Adjustment			
Rent	25%		\$600
Operating expenses	15%		360
Food	25%		600
Clothes	35%		840
Higher life			
			\$2400
Third Adjustment			
Rent	25%		\$600
Operating expenses	15%		360
Food	35%	{ 20% or \$480 } { 15% or \$360 }	840
Clothes			600
Higher life	25%		
			\$2400

tended effect, then the budget is the fundamental to efficient living.

Adjustment of the budget is invariably made with reference to the Big Thing. Countless people find just buying enough food and clothes and shelter to keep body and soul together all there is in life. Others establish wrong ideals because of a method of living for which a most expressive phrase was coined—"Keeping up with Lizzie." We know that two things persistently confront the majority of people, first, the minimum wage or income a man can probably earn. This is not fixed by ideals or needs and wants, by aspirations or

even education alone. It is limited by the economic laws of supply and demand; by one's physical or mental ability to produce, on the one side, and the opportunity presented to sell brain or brawn on the other. There are thousands of families whose income never can be more, and it is this fact which so presses upon us the extreme need of knowing how to use that income so that it may yield the utmost return in every line.

The second is that there is an expenditure required for the maintenance of life below which a man cannot go. This may not seem to affect the one whose monthly salary is

\$200, but it does if his family so squanders that amount that debt and consequent disaster stare him in the face.

It is all important to study the budget because it is the only safe and sure means of adjusting income and outgo so as to keep the family's finances on a solvent basis. You may argue that you know what you have and never exceed it. But the point is not there. To merely live within one's means is not to get the most out of those means, and to get the most one must make and keep to a plan, a budget plan, of life.

Watertown, New York

THE IRON CHANCELLOR

BORN APRIL 1, 1815

BY GEORGE SYLVESTER VIERECK

Above the grave where Bismarck sleeps
The ravens screeched with strange alarms.
The Saxon Forest in its deeps
Shook with the distant clash of arms.

The Iron Chancellor stirred. "'Tis war!
Give me my sword to lay them low
Who touch my work. Unbar the door
I passed an hundred years ago."

The angel guardian of the tomb
Spake of the law that binds all clay,
That neither rose nor oak may bloom
Betwixt the night and judgment day.

"For no man twice may pass this gate,"
He said. But Bismarck flashed his eyes:
"Nay, at the trumpet call of fate,
Like Barbarossa, I shall rise.

"In sight of all God's Seraphim
I'll place this helmet on my brow,
For lo! We Germans fear but Him,
And He, I know, is with us now."

The dead man stood up in his might,
The startled angel said no word.
Thru endless spheres of day and night
God in his Seventh Heaven heard.

And answered thus: "Shall man forget
My laws? They were not lightly made,
Nor writ for thee to break. And yet
I love thee. Thou art not afraid.

"Bismarck, from now till morrow's sun
Walk as a wraith amid the strife,
And if thou find thy work undone
Come back, and I shall give thee—life."

With stern salute the specter strode
Out of the dark into the dawn.
From Hamburg to the Caspian road
He saw a wall of iron drawn.

He saw young men go forth to die
Singing the martial songs of yore.
Boldly athwart the Flemish sky
He saw the German airmen soar.

A thousand spears in battle line
Had pierced the wayward heart of France.
But still above the German Rhine
The Walkyrs held their august dance.

He saw the sliding submarine
Wrest the green trident from the hold
Of her whose craven tradesmen lean
On yellow men and yellow gold.

In labyrinths of blood and sand
He watched ten Russian legions drown.
Unseen he shook the doughty hand
Of Hindenburg near Warsaw town.

The living felt his presence when
Paternal, blessing, he drew nigh,
And all the dead and dying men
Saluted him as he passed by.

But he rode back in silent thought,
And from his great heart burst a sigh
Of thanks. "The Master Craftsman wrought
This mighty edifice, not I.

"No hostile hoof shall ever fall
Upon my country's sacred sod;
Tho seven whirlwinds lash its wall,
It stands erect, a rock of God.

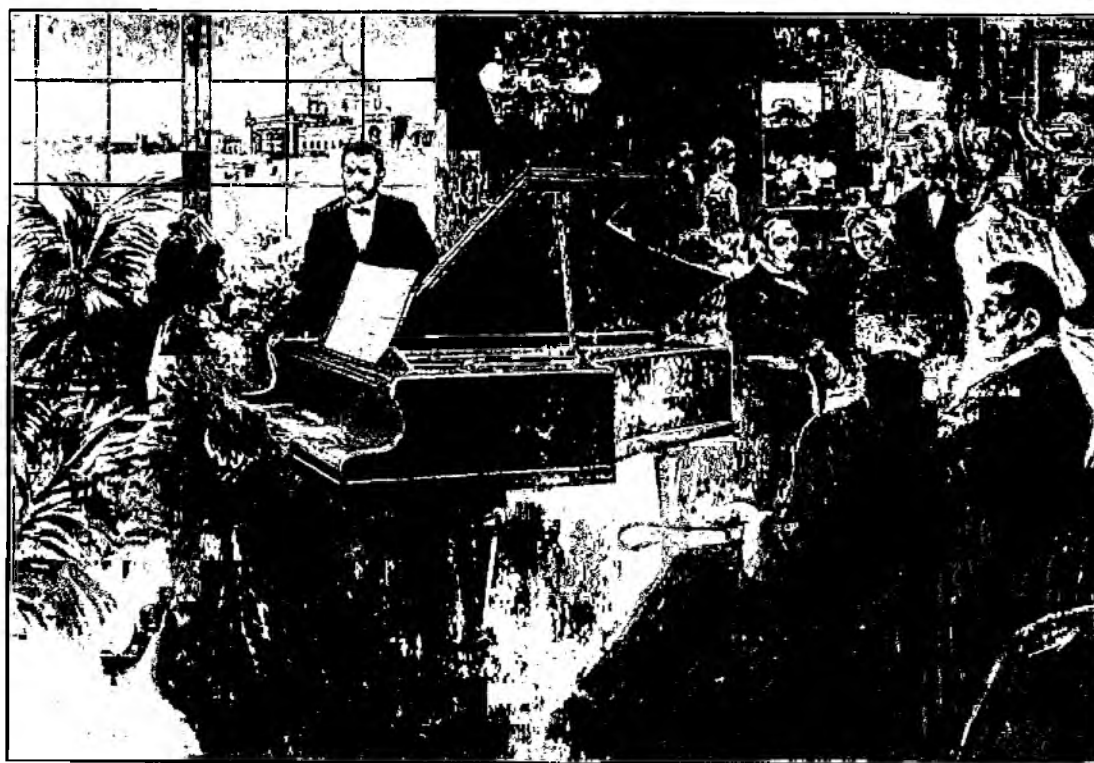
"I shall return unto my bed,
Nor ask of life a second lease.
My spirit lives, tho I be dead,
My aching bones may rest in peace."

Up to his chin he drew the shroud,
To wait God's judgment patiently,
While high above a blood-red cloud
Two eagles screamed of victory.

1838

Schomacker PIANO

1915



AT THE END OF THE WAR

President Grant turned to the golden music of the Schomacker Piano in his hours of leisure in the White House. His ears had been accustomed to booming of cannon and crackling of gun. With what infinite appreciation he must have listened to the soft singing tones of the great Schomacker!

AT THE END OF THE DAY

the business man has had enough of mental turmoil. He seeks respite from it. His mind needs re-creating for the business of tomorrow. How restful the limpid music of the Schomacker! And how unconsciously the inspiration of it re-vitalizes the whole system.

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