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On Making Ends Meet

IT SEEMS absurd that in days of relative prosperity we should find trouble in making ends meet. Family budgetary difficulties were commonplace in depression days, but surely, we think, with wages so high we should be living on easy street.

The answer, of course, lies in the fact that although we have reached a new level of living the basic impulses of human nature have not changed.

Our desires for luxuries and extravagances seem to increase more rapidly than our earnings. Our wants grow into needs. When we earn \$100 a month we complain that we are barely breaking even; a few years later, if we are making \$300 a month, we will still have the same complaint. When our table is laden with delicious things we go and cry before Mother Hubbard's cupboard.

Whatever high plateau of living standard we reach, the principle of wise use of money still applies: we need to plan so as to get the best use of every dollar.

While the standard of living in many parts of the world is mere subsistence, the explosion in Canada's industrial development has given her a level of living among the two or three highest in the world.

It has happened so fast that we are not yet accustomed to it. In the past hundred years we have developed into a country where it is possible for men to get enough to eat without having to stumble out of bed at five to milk the cow and crawl back in again after dark. The change has taken place here in a couple of generations, instead of being spread, as in other countries, over centuries.

Between 1926 and 1956 personal income in Canada climbed from \$4,092 million to \$21,706 million, an increase of 430 per cent. This meant an addition of more than \$560 per person per year in buying power, even allowing for the higher cost of living. In the same period, cash income from the sale of farm products went up from \$966 million to \$2,662 million.

Look at the increase in our possessions in less than one generation:

	<i>Twenty years ago</i>	<i>Latest count</i>
automobiles registered	1,279,536	3,187,099
owned homes	1,459,357	2,685,000
electric vacuum cleaners	624,178	2,199,000
telephones	1,037,298	2,930,000
radios	2,002,889	3,817,000
mechanical refrigerators	538,535	3,186,000
electric or gas stoves	1,019,421	2,619,000
furnace heating	997,588	2,266,000
bath tub or shower	1,169,760	2,656,000
running water	1,558,586	3,249,000
flush toilets	1,342,198	2,906,000
powered washing machines		3,344,000

What is the problem?

Yet, in view of all this earning and buying, despite the fact that high-fashion clothing is worn universally by women, that we are the biggest smokers in the Western world, and that the size of our factory parking lots is used by visitors as a measure of our prosperity — in spite of all this varied evidence of welfare we find difficulty in making ends meet. We are always striving for something new.

Much of the service we have come to take for granted is of a ceremonial character. We feel discomfort in its absence, not because its absence causes us physical distress, but just because we have become accustomed to having it.

We have become spendthrifts in the necessities of life. It has been said that what is thrown out of our kitchens would support a frugal people in almost any country of Europe.

We are, in short, in danger of becoming so carried away by material prosperity, so absorbed in enjoying things, that we lose touch with that sense of the real-

ities our pioneer great-grandfathers knew so well, a sense that made us a well-rounded people. In the words of the cartoon caption: "What does Grandpa know about hardships? He only did without things . . . he never had to pay for them!"

What we need is to take a balanced attitude toward our needs, desires and income, and to so plan that we get the utmost in real satisfaction. This is not penny-pinching. It does not demand austere living. It does not involve losing face socially. All it means is getting value for every earned dollar. It is a rather exciting venture, much more interesting than spending money at will.

By making savings in everyday household management we can provide for satisfaction of other needs and desires. The struggle in this country is not for subsistence but to attain and maintain certain standards. We desire cultural participation according to the customs of the community where we live and in keeping with the standards we have set up for ourselves.

What do you want?

This is one of life's important questions. A Greek philosopher taught that the chief good is freedom from wants, and Leonardo said "He is poor whose wants are many."

We have a limited cluster of needs in order to survive, but our potential of wants is unlimited. What we call our "needs" will always grow to match our income unless we take care. Then we have nothing left with which to satisfy our desires, and we find ourselves "unable to make ends meet."

When we, nevertheless, indulge a desire, we have to take the price of it out of a need, and that is where the hurt occurs. Even petty prodigalities can run away with a lot of money, but little savings mount up too. While saving half pennies on the kitchen bills will not pay them, the half pennies may buy something to make kitchen work easier.

The obvious device to ensure getting what you want is a budget. It helps you to be master of your spending destiny by enabling you to make your money go where it will do you the most good. A good budget will not only make ends meet but will even add some cake to the plain fare it provides.

The purpose of your budget is not to save for the sake of saving. A budget will, indeed, help you to cope with the cost of your raised standard of living without dangerous guessing. But on the positive side it will conserve your buying power for the satisfaction of your important desires.

Even if you are impatient of detail you need not be discouraged, because the best budget is a simple budget. Here are the steps: (1) determine as well as

you can what your income will be during the budget period, which should be not less than a year; (2) figure out what your necessary running expenses are, using receipted bills, memos, and other records to refresh your memory; (3) write down your needs and wants, so that you know what you are aiming at; (4) consult all members of your family as to their needs and wants; (5) apportion the money you will have to these various needs and wants in proportion to their importance as you see it; (6) check your progress periodically to see that your money is going where you want it to go and that your spending is reasonably in line with your life plan.

Keep your budget simple. No double-entry book-keeping or anything of that sort is necessary. This bank will give you, free, a ready-made budget book with a ruled page for every month, a place wherein to summarize your year's experience, detailed directions for all operations needed, and a sample month's entries. All you need do is ask at any branch or write to head office.

One word of caution may save you from disappointment: you can't cheat a budget. You need to face facts and recognize the demands that will be made upon your income. You don't get far toward a solution by ignoring awkward evidence.

Should you save?

Saving money means that you refrain from spending now in order to have something you want more later on. It is deferred spending.

A miser saves for the sake of accumulating money, but misers are notoriously unhappy people. When you save for specific future expenditures it helps toward happiness. First, you have a feeling of security as your savings accumulate, and then you have the pleasure derived from buying and possessing the article you saved for.

We may save for other things besides purchases. We may wish to provide a sum that will be like the icing on the cake of our retirement allowance. For example, the young man who starts in his early twenties to put aside \$250 a year will assure himself a bonus retirement allowance of about \$1,000 a year.

There is no secret or mystery about compound interest, though most of us shy away from it because of the difficulty of calculating it. But it is an important feature in saving money. Through it, the \$10 you put into your savings account this month will have grown at present bank rates to \$11.46 by Christmas 1962. And, of course, the amount will be available all through the years, with proportionate interest added, to meet emergencies should they arise.

Our Canadian banks have introduced a system that makes saving easier than before. They have two sorts of account available to everyone: a savings account and a personal chequing account.

Everyone knows the temptation he suffers when he is trying to save for something in the same account he uses for current budget expenditures. It is like having loose cash burning a hole in your pocket. The banks provide an account specially for savings, earning compound interest now at the rate of $2\frac{3}{4}$ per cent. For paying bills, there is the other account — you obtain from the bank a book of ten or twenty cheques, you pay your accounts by writing cheques, and every quarter the bank sends you a statement, together with your paid cheques which provide proof of payment.

Keeping records

In addition to the records which the bank keeps for you, you will need to mark things down in your budget book if you are to keep your hands firmly on the steering wheel. There is no use in plotting a course, however detailed the map, unless you make sure that you are following it.

It is the checking of performance against your plans and estimates that establishes budgetary control.

Even the best managers have uninspired moments. Caught off guard, or acting in a fit of perversity, or counting a bonus prematurely, they make an outlay that was not provided for in the budget. The fact of having to record it in the budget book may seem like an act of penance, but it has its usefulness in that it reveals the amount of correction needed to bring you back upon your course.

Just because of an incident like that, you should not give up. Getting back into line will show you the possibility of using your budget to redeem an error without all the heart-burning that might result if you were faced with a similar crisis without a plan. Every such experience will give you a brisk injection of confidence.

A family affair

It has been said over and over, but it cannot be said too often, that family budgeting is a family affair. Only through co-operative planning and carrying out can you make your ideals and your hopes of family happiness come true.

Before discussing this aspect of budgeting further, it should be said that the dictum applies not only when money is short but in times of relative affluence. Much money, poorly handled, can be more damaging to family bliss than little money if the little is jointly and wisely handled.

This judgment is not based on hearsay, but on the evidence of statistics. The records show that divorce rates shot up in the United States to 16 for every hundred marriages during the jazz-age prosperity after World War I. In the depression years they declined to 13. With easing of conditions they took another spurt, reaching 21 to every 100 by 1940, and climbing to a new high in 1954 of 25, or one divorce in every four marriages.

What uses are there in a combined family budgetary plan? It means a united effort to avoid debt, to avoid neglect of essentials, to avoid worry, to assure fair treatment of all family interests, and to make provision for future responsibilities and eventualities.

In comparison with the united approach to handling family finances, there is little good to be said for the dictatorial or autocratic handling of finances by either the husband or the wife.

Let us look at a few examples of budget problems in which family co-operative discussion will be helpful. Take first the wife's desire to reach a standard of living beyond her husband's capacity to provide. How deadly to family hopes that can be! An example is the case of the executive military officer who was top man in his camp; whose wife, therefore, was top woman. At the war's end he returned to civilian life, where his earnings are not so big, his perquisites not so liberal. His wife is disappointed; she may try to drive him into greater effort. The result will be, if not broken health, a life of unhappy squabbling.

Women must not fail to see that while love of them will inspire a man to try to become president of his company he may not have the natural ability to win out. We recall the tormented Willy Loman in *Death of a Salesman*.

Another example might be the man who has an overwhelming ambition. He deprives his family of comfort, education, and culture now so that he may set them on a pinnacle at some future time.

Or the family may have demanding children, depriving their parents, it may be thoughtlessly, of the material rewards to which their long life of devoted service may have entitled them.

These, and other, inequities in family living can be tackled through the practice of family budgeting. When everyone sits around the dining-room table to wrestle with the question: "How can we make this amount of income work to the best advantage of all of us?" then there can be great hope of an honourable and happy outcome.

A family standard

The first thing to be determined in family planning is the standard of living that is to be maintained. When

this has been arrived at, the proper administration of finances can be attended to without great difficulty, and with the great blessing of family solidarity.

There should be succeeding conferences periodically, and provision should be made for emergency talks. If problems are discussed immediately, they will be much easier to solve than if they are allowed to build up into crises. Even if there should be a dispute over some point, it is better to have one good fight than months of resentment, worry, or covering up.

Most families will find, after frank discussion, that there are things they desire that are worth more to them than "keeping up with the Joneses". Some spending should be for those things that will advance and promote the self-improvement of every member of the family. Perhaps the father could improve his business position by taking a correspondence or university extension course; perhaps the mother has a talent for writing and should have a typewriter; perhaps daughter can draw or paint, and should have materials and lessons; perhaps a son has mechanical aptitude and needs tools for self-expression.

A budget run along these lines will not be a strait-jacket but a plan for mutual benefit and advancement, a balance between spending freely for present pleasures and apportioning the available income for deep satisfactions and individual realizations.

Value for your money

It takes as much ingenuity to spend money well as to make it and budget it. The chief aim of the sound buyer is to get the most value for the money spent.

There are no hard and fast rules by which the value of any purchase may be measured, because buying must be tailored to fit individual needs. A basic principle is that a thing is worth precisely what it can do for you, not what you choose to pay for it.

Usually, when we talk about the price of a thing we mean the amount of money it exchanges for. That price may not be the value. For example, it is not necessary to buy the highest priced commodity if one of lower price will fill your need equally well. No person requires the highest quality in everything that is bought.

This is not to say that budgeting money means going in for shoddy merchandise, but only that we should decide the quality we need and then find the article which promises to satisfy our requirements most exactly within our resources.

It has been estimated that the woman who knows what she wants, the sources of supply, and how much she should pay for the quality she desires, will be able to get up to 30 per cent more for her money than the woman who buys haphazardly, carelessly, or with the idea of getting such-and-such because so-and-so has it.

We have available to us many helps. There are publications put out by government agencies, articles in magazines and newspapers, booklets sent out by commercial and financial firms, pamphlets distributed by the Better Business Bureau, and periodicals produced for the information of consumers.

Whatever we buy, we should be careful not to buy too much. The continued gratification of any want leads to satiety, than which nothing can be more boring. It is a rule in economics that every addition to our supply of anything gives us smaller satisfaction than the previous addition. This is the law of diminishing utility.

The budget maker must know when to stop even a good thing. Four pieces of cake will not be four times as gratifying as one to junior. A month's vacation will not be twice as pleasurable as one of a fortnight: in fact, the last two weeks may be positively tiresome. Our nerve cells lose their energy for continuous keen response to the same stimuli. Said Prince Rasselas in Samuel Johnson's romance: "I have already enjoyed too much: give me something to desire."

Summing up

It is probably true to say that for all practical purposes the family standard of living will be determined by the amount of money available, what kind of living that money will buy, and the good judgment used in spending it.

When the whole family participates in reaching the necessary decisions, intense unhappiness may be avoided, because there will be neither selfish extravagant spending nor miserly control. When everyone in the family knows the limiting factors there will be less likelihood of the development of financial crises due to unwise spending. The children will learn not to aim at too much too soon, and their elders will learn not to plan for too little, too late.

One good bonus to come out of budgeting is the experience that much ingenuity with a little money is vastly more profitable and amusing than much money without ingenuity. There is a sort of triumph in working things out, in mastering a situation, in progressing toward a goal.

As a Vedda cave-dweller, surely on one of the lowest subsistence levels, said to an explorer: "It is pleasant for us to feel the rain beating on our shoulders, and good to go out and dig yams, and come home wet and see the fire burning in the cave, and sit round it."

Today's budgeteer, like the cave-people, may even feel a little sorry for the bridal pair so richly endowed with presents that they have only to write thank-you notes instead of saving up and acquiring their furnishings piece by piece.