Chapter XVI

SELLING ABROAD AND WORLD PEACE

REFERENCE has already been made to our going abroad to learn what we could of the Law of Action and Reaction as first promulgated by Sir Isaac Newton in the year 1687. Our trips were exceedingly interesting and marked the beginning of our collection of Newtoniana. Mrs. Babson now has one of the most valuable collections of Sir Isaac Newton's books in this country. We had at last reached a point where we could live on our income and, being free from debt, were not obliged to take orders from either creditors or clients. We resolved to devote the rest of our lives to rendering protection and making this a safer, as well as a better, world in which people might live. We went to Europe in the same spirit that physicians, surgeons, artists, and musicians travel abroad.

For our first trip we sailed from Boston, March 20, 1906, on the Cunarder *Ivernia,* landing in Liverpool. On this trip we visited points of interest in England and on the Continent much as tourists did. It laid the foundation for the other trips that followed. For our second trip, we left October 6, 1908, again sailing from Boston on the Cunarder *Ivernia* for Liverpool. This trip was devoted wholly to work in London, Paris, Amsterdam, and Berlin. For our third trip, we sailed from New York, February 16, 1910, for Naples, on the White Star vessel *Adriatic,* and arrived in Naples March 1. This was a hurried trip, because we wanted to get home to help at the office. For the fourth trip, we sailed from New York on November 30, 1912, for Naples, and returned home the following January. We have been abroad many times since on *Babson's Reports* work.

FOREIGN BUSINESS

On my first trip I found that one needed introductions to make the proper contacts abroad. Therefore, preparatory to the second trip, I secured a large number of introductions from New York firms. I systematically made a list of the English and European firms which I desired to visit. These I wrote to ascertain who were their New York correspondents, knowing that these correspondents were probably clients of our organization. I then wrote these New York clients of my contemplated trip and asked them for a letter of introduc-

tion to their London, Paris, and Berlin correspondents. The plan worked wonderfully, especially in England, where all spoke English. I am proud of those days, as I did some remarkable selling. *Babson's Reports* then consisted of the Babsonchart and bulletins; our Supervised Lists were just beginning to develop. I personally sold this new service to the best of these foreign firms. How I did it is beyond explanation. Shoe leather and doorbell-ringing were, however, important factors.

I shall never forget my discovery that it was necessary to dress up and wear a silk hat when calling in London at "the City," which was the part of London where these banking houses were located. I thereupon purchased a silk hat, together with a Prince Albert coat, and masqueraded in these from nine in the morning until six at night. Those were great days. I worked hard and was perhaps too insistent, but returned on each trip with a mass of orders. When the war broke out in 1914, twenty per cent of our clientele was in London, Paris, and Berlin. On my last trip, I arranged for definite agencies in these three cities. Our London office was at 54 Threadneedle Street; the Paris office at 22 rue de la Banque; and the German office in a large building on Unter den Linden Strasse. For the two years preceding the war, *Babson's Reports* were cabled to London, from which city the European service was mailed. This enabled our clients in England and on the Continent to receive our reports on Monday morning, as did the clients in this country. During the war many of these foreign clients were killed, and others were ruined financially. As a result our foreign business rapidly declined during and after the war.

ENGLISH BANKERS

England was a wonderful country in those days. Her financial leaders were men of fine character, great physique, and indomitable courage. My New York banking friends had made a lot of money since 1898, when I first became acquainted with them, but they had no such background as had these English bankers. The New Yorker often is like the proverbial rocket, which goes up with a flare and comes down as a stick. The Englishman may be compared to the sturdy oak, which grows slowly but persistently. Their banking buildings were obsolete, their offices dingy, and the furniture simple; but on the walls were the oil paintings of three or four generations who had always stood for integrity and courage.

These banking offices were heated only by open fireplaces, which were also used for heating water for afternoon tea. There were few typewriters and almost no adding-machines. Quill pens were still being used, and speaking-tubes instead of interior telephones. These English bankers, however, were hungry for knowledge, and listened earnestly to my explanation of our service. Their initiative and courage especially impressed me. They believed in free trade and

free speech, and in the survival of the fittest under all conditions. This was illustrated by their willingness to allow socialists, communists, and even anarchists, freedom to speak at Hyde Park every day of the week. I loved the England of those days. If America had not entered the war, I would have gone over and given them a lift myself, enlisting in the British army.

ENGLISH COUNTRY LIFE

Although these Englishmen had shabby business offices, their homes were quite different. They all had dignified homes or apartments in London, and most of them also owned beautiful country estates. Often an old castle would form the nucleus of such an estate, and each estate would run from five thousand acres up. Mrs. Babson and I were invited to spend week-ends at these country places. I especially remember the visit to the country estate of Robert Fleming, a London banker who reorganized our own Atchison, Topeka & Santa Fé Railroad when neither New York nor Boston bankers had the courage to do so. We took a train out from London to a little station, where we were met by Mr. Fleming's motor-car, in which we rode to the gates of his estate. Those were some gates! On each side of the entrance was a large stone tower. Upon our arrival, guards dressed in a red uniform ran down each tower, opened the great iron gates, and saluted as we passed through. Then they blew trumpets to notify any who might be walking in the private roadway. Those English people were all great walkers. We followed this private roadway through the woods for two or three miles before we reached the great brick mansion where we were to spend Sunday.

Upon our arrival our bags were snatched from us and we went into the great living-room. Suddenly in came Mr. Fleming's daughter, with twelve massive dogs. I shall never forget her and those dogs. After going upstairs, we were much disgusted to find that our bags had all been opened and everything taken out and put in places where we could not find them. My indignation was further aroused when a valet came up and said he had instructions to give me a scrubbing! It was not one of those old country mansions with forty chambers and only one bathroom, and that in the next county! However, Robert Fleming had a great time on week-ends serving as a country squire, with his fields, gardens, cattle, hogs, chickens, and literally hundreds of servants. Sunday afternoon we went for a motor ride, and I was greatly impressed by his excusing himself and leaving us in order that he could walk home alone and get his daily exercise. The Englishmen of that generation were natural fighters. They fought for integrity; they fought for physical strength; and they fought for business. They enjoyed their work at the City, and they surely enjoyed their week-ends in the country.

FRENCH BANKERS

The Paris bankers made an entirely different impression on me. They were courteous, but they had neither the mental background nor the breeding of the English bankers. Their offices were far more elaborate and their country houses were more beautifully furnished, although they did not have such large estates as the English bankers owned. It was evident that the French were interested primarily in a quick turn, while the English played for the long pull. The French were kind to us and invited me to give an address on my work at the University of Paris. This I did, reading in wretched French a paper which I had prepared with the help of a translator. I remember attending a banquet on one of these trips at which I sat next to the Chinese ambassador to Great Britain. I was introduced to him as "comes from America." He asked from what city, and I replied, "Boston." Apparently he had never heard of Boston, for he asked, "Is Boston anywhere near Wellesley?" As I was living in Wellesley and had only mentioned Boston thinking he had never heard of Wellesley, this was very interesting. It turned out that he had a daughter at Wellesley College!

Even in those days the French had an inferiority complex. They were fearful and entirely lacked the courage which was so manifest in England. Their birth rate then was falling off sharply. I tried to show them by charts what the results of this would be. They merely smiled and shrugged their shoulders. Of course I was handicapped by inability to speak French well, but I finally got an interpreter, and we closed a lot of business. Whether or not France learned a fundamental lesson from her wars I do not know. The fact that she is devoting so much time to politics, rather than to her birth rate, makes me feel that she has not learned her lesson. Security comes only through courage, sacrifice, and eternal vigilance. The French people are too soft. Action and reaction!

CONTINENTAL BANKERS

I had no trouble in doing business in Amsterdam. There were not many firms, and they all gave me a good reception. In Amsterdam it was then the custom for a banker to live in the same building with, but above, his banking offices. Thus he was available at all times of day or night. I could do a lot of calling there in a short space of time. My greatest difficulty came when attempting to sell the Germans in Berlin, Hamburg, and Frankfort. They surely were a cocky crowd. They argued with me and attempted to ridicule me. I secured some business in Germany, but my trips ultimately resulted in certain Germans taking my ideas and starting services of their own. The German banker was different from either the English or the French banker. He had a custom, for instance, of making me wait for about an hour in an anteroom without a

window. This surely used to annoy me; for both in London and Paris I was immediately received as soon as my introductions were presented.

The German bankers were haughty, self-important, and certainly thought that they knew all there was to be known. To think of what has since happened to those bankers, and in fact to the entire nation, makes me shudder! I certainly hope it will be a lesson to Russia, which today apparently looks upon the rest of the world as Germany did in 1913. I instinctively felt during those days that Germany could not be trusted. I hope that she has since learned her lesson that real prosperity must have character as a foundation. Those German bankers felt that the world is ruled by statistics, when, in fact, it is ruled by feelings. The German people believed that money, machines, and powder could do anything. What they think now I really do not know. In a general way, I found the same spirit in Austria, Italy, and most of the Continent.

TACKLING SOUTH AMERICA

After the war broke out, Mrs. Babson and I turned to South America. We had already visited Cuba, the West Indies, and had touched at Colombia, South America. In 1915, however, we took a real South American trip. We went down the east coast of the United States and through the Canal, down the west coast of South America, around the Horn, and up the east coast of South America. We had some excellent letters of introduction, and were received as guests by the presidents of most of those South American republics. We were lavishly entertained and secured a large amount of information. With me the Paramont Company sent a complete movie-camera installation and a special operator.

In 1916, I was sent to Central America by the United States Government, or specifically by the Secretary of the Treasury, William G. McAdoo. While there, Mrs. Babson and I purchased a large property in Guatemala City to start a school for training the sons of our clients in Latin-American trade. Those were the days when I had courage and ambition! Fortunately, before we got the school in operation, an earthquake came and razed it to the ground. Surely I could write a book on our experiences in Central America and, in fact, in all Latin-America. That southern continent is rich in natural resources, but weak in manhood. There is now no middle-class south of the Panama Canal; and in those days there was none south of our Rio Grande River. Everyone was rich or poor.

Our clients owe much to these trips, because they prevented us from recommending a Latin-American bond preceding the 1929 crash. Although pressure was put upon our organization during the post-war period to recommend these Latin-American securities, we consistently refused. Our organization, in fact, stands almost alone in having then recommended no foreign bonds, with the exception of the Dawes and the Young German loans. These,

however, we sold clients out of at a profit, although later both of these issues defaulted. As long as so many opportunities for security and income exist in the United States, I see no possible reason for American investors sending money out of the country. These various European and South American trips did result in my forming the Society to Eliminate Economic Causes of War, the story of which I will now tell.

CAUSES OF WAR

In the fall of 1914 a few members of the Wellesley Club, when coming out from Boston in the train after a monthly meeting, discussed the economic causes of war. From this discussion there resulted an invitation to those in Wellesley who were interested to meet and talk over plans for world peace. Two preliminary meetings were held. Finally, on January 9, 1915, a Statement of Principles was adopted and the Society to Eliminate Economic Causes of War was organized with a membership of about forty. The president was Mr. Isaac Sprague, president of Harris, Forbes & Company, of Boston, a Wellesley resident interested in every activity for the good of the world. I was elected secretary, and the board of nine directors included Miss Pendleton, president of Wellesley College, and Miss Orvis, head of the History Department of Wellesley College.

As this group would not be classified as a "peace society," considerable tact was necessary to carry on its work without creating jealousy or appearing to duplicate the praiseworthy actions of others. Naturally, the first move was to get the Principles before the public. Accordingly, a drive for members was instituted. These members were urged to distribute, with their regular correspondence, slips on which the Statement of Principles was printed. The response was good, and thousands of slips were sent out in this way, resulting in many inquiries and much interest. This Statement was also copied in numerous papers and was, to a great extent, incorporated in the Peace Platform of the Massachusetts Federation of Churches. Here is our Statement. Although it was not published until January, 1915, it is substantially what I wrote out in Lausanne, Switzerland, two years previous, or *before* the World War broke out.

PREDICTING THE LEAGUE

The surest way to prevent war is to remove the temptation to war. This can best be done by providing the means by which nations can secure and retain peacefully, through some representative organization, the ends which they would otherwise seek to secure through war. Although the world cannot remain *in statu quo*, there must be a more efficient means of bringing about changes than by resort to war.

It is generally agreed that the causes of war in modern times are largely matters of territory, immigration, and trade. If some method can be found by which international trade routes shall become neutral, and further unfair legislation by one

METROPOLITAN
432 FOURTH AVENUE NEW YORK

Office of
Theodore Roosevelt

July 12, 1917.

My dear Mr. Babson:

To answer your questions in full would mean not a letter, but a book! If you will get from the Library my books "Fear God and Take Your Own Part", and "America and the World War", and if you will also do me the honor of looking up the articles I have written for the last year in the Metropolitan, I think you will find all those questions answered. But of course the sinking of the Lusitania alone not merely justified but demanded instant action on our part; it was both base and cowardly not to act.

With great regard,

Faithfully yours,

Theodore Roosevelt

Mr. Roger W. Babson, Secy.,
Society to Eliminate Economic Causes of War,
Wellesley Hills, Mass.

Letter received from Theodore Roosevelt on the subject of world peace. I had the pleasure of mentioning this letter to his widow in Brooklyn, Connecticut, on July 28, 1935.

nation against another shall cease, a long step toward the elimination of wars will have been taken.

A league or association of nations should provide security and opportunity for all, eliminate the necessity for the control of immigration, trade, and other barriers by any one power, and the opposition to such control by any other. It would provide an incentive to states to combine. Commercial alliance appeals where political alliance does not.

This may involve the yielding of some so-called sovereign rights; but this is more than offset by an ultimate advantage of almost incalculable value. Unless nations are willing to join in a movement for international protection, they must continue to compete in expenditures for national defense. There is no half way ground.

Directly after the formation of the society, I conceived the idea of bringing about a constructive international conference of manufacturers, bankers, and other business men, to discuss the possibility of some sort of league of nations. The first conference was held in Independence Hall, Philadelphia. After a trip by me to Philadelphia to see the Hon. Rudolph Blankenburg, then mayor of Philadelphia, who heartily favored the plan, it was decided to confine the conference to commercial interests of the Western Hemisphere. We determined to have this gathering follow the Commerical and Financial South American Conference to be held in Washington on May 10, 1915.

At Independence Hall, on the morning of June 1, 1915, delegates from thirteen American nations met in the simple Declaration Chamber of this historic building, one hundred and thirty-nine years after our Declaration of Independence was signed in that very room. Mayor Blankenburg's address was an appeal for a league of nations for which the Society to Eliminate Economic Causes was working. The conference adopted a Declaration of Independence that we, with the help of George Horace Lorimer, then editor of the *Saturday Evening Post,* prepared.

DECLARATION OF INDEPENDENCE HALL

Considering that it was adopted long before the Versailles Treaty, I am truly proud of this document. Here it is:

At various times in the course of human events it has become necessary for men to combine for mutual protection and welfare. Thus far such movements have been within nations; but it has long been felt that the time would come when all the nations must unite for one grand purpose.

We hold these truths to be self-evident: that all nations are endowed with certain inalienable rights; that among these is the right to protect and develop the life, liberty, and happiness of their peoples; that to secure these rights customs have become established among nations, deriving their sanction from the consent of the nations. Such customs are intended to enable the nations of the earth to carry on international affairs and commerce in harmony. When, however, existing customs fail to accomplish these ends, it is the right of the nations to alter or to abolish them, and to institute an inter-nation, shaping its powers in such form as shall seem to them most likely to effect their safety, happiness, and prosperity.

Customs long established should not be changed for light and transient causes. Accordingly, all experience has shown that mankind are more disposed to endure while evils are endurable, than to right themselves by abolishing the forms to which they have been accustomed. But when established usage has failed to preserve harmony among the nations, to secure them from assault by their neighbors, and to afford full opportunity to all nations for human and material development, then it is the duty of the nations to organize a representative inter-nation, with power to make and to enforce international law.

We, therefore, citizens of many nations, assembled without representative authority but as men and brethren, declare that the same principles of co-operation and democ-

racy which prompted our brethren to meet in Philadelphia one hundred thirty-nine years ago, are fundamental and should be applied to dealings between nations as at that time to dealings within a single nation; that the same spirit which then enabled thirteen separate colonies with independent armies, tariffs, postage and other sovereign functions to form a political union, will now enable thirteen or more nations to inaugurate a new form of friendship.

We repudiate both the spirit of forceful aggression and the *status quo* doctrine. We declare our belief that the happiness of one people cannot be founded on the unhappiness of another, nor can the prosperity of a nation be built on the ruins of a weaker state. We hold that there must be equality of opportunity for nations as for individuals, and that the seas must be free for all interests. We recommend, as a first step towards attaining this end, the establishment and use of an international trading flag. We most earnestly hope that the head of some great government will soon call the nations together to decide what purposes and forms of activities can immediately be protected by such a flag. We believe the need is so great at this tragic time that all peoples will unitedly respond.

This declaration was received enthusiastically by the delegates, and it was voted that the document be transmitted to the governments of all the nations represented. This was done. Before my descendants ever go to war, I trust they will read this Declaration and make a study of birth control. The chief economic cause of war is needlessly excess births and lack of power. Hence my constant interest in the harnessing of gravity which would assure sufficient food, clothing and shelter to everyone everywhere.

After the meeting in Independence Hall, the whole party went to the Betsy Ross House. In the back room where Betsy Ross is said to have made the first American flag, there was presented to the Hon. Andrew J. Peters, Assistant Secretary of the Treasury, a beautiful white silk banner, with one large blue star in the center, and bordered with gold fringe—a proposed flag for this league of nations alluded to in the Declaration just adopted. This flag was made and presented by Miss Sarah Wilson, a great-granddaughter of Betsy Ross. Smaller silk flags, and little pins, exact copies of the large flag, were given to the delegates. At our banquet in the evening addresses were made by prominent men on Internationl Trade, on An Inter-Nation Bank, and on The New Flag.

As Secretary for the Independence Hall meeting, I sent to the different Latin-American governments certified copies, in Spanish, of this Declaration of Independence Hall. Several governments at once took official action and others did so later. Had it not been for the fact that the war swallowed up all other interests, probably there would have been more endorsers. At any rate, I am proud of this contribution which—during the heat of World War I—we made for real peace. Although, at many times since, the dream has almost vanished, I know it will some day come about.

AGGRESSIVE CAMPAIGNS

In the summer of 1915, a committee of ten Supporting Advisers was secured by me, and a campaign of publicity through extensive advertising and public speaking was instituted. The workers in this campaign became convinced that the Statement of Principles of the society presented a point of view comparatively new to most people, but that, when understood, these ideas appealed. At the time, however, the terrible conflict in Europe was raging. Most business men were interested only in war and preparedness therefor. Hence our campaign was reduced to preparing the way for intelligent discussion of peace terms when hostilities should cease, and in sending out literature in the effort to interest people in the principles embodied in the society's Statement.

One year after the formation of the society, a three days' conference was held. The annual meeting, with dinner at the Wellesley Inn, occurred on January 8, 1916, with the usual business and discussion. Sunday afternoon, January 9, in Wellesley Hills, there was held an open meeting at which President Sprague presided. Interesting letters were read from the Presidents of several South American nations officially indorsing the Declaration of Independence Hall. The principal address of the afternoon was by the Hon. Salvador Martinez de Alva, of Mexico, on "The Attitude of a Latin-American toward the Proposed Inter-Nation Trade Flag." The third session of the conference was held in Faneuil Hall, Boston, on January 10. There was an audience of between three and four hundred, including members of the state legislature and the Boston Chamber of Commerce, and other prominent business men. The subject of the meeting was "The Economic Effects of the European War." Addresses were along the same lines as those given in Philadelphia. All of these meetings were the result of my personal endeavors, assisted by Miss Julia Orvis, of Wellesley College, and my sister-in-law, Miss C. J. Knight.

MONTHLY BULLETINS

The campaign for publicity and members was continued. In August, 1916, the society issued its first bulletin, entitled "Principles Which Must Guide Nations." These bulletins were sent out every month for some years, and among the contributors may be found many names nationally and internationally prominent. The membership of the society had by this time increased to many thousands. With each monthly bulletin was sent a slip which read: "Members may aid in the work by here writing the names and addresses of persons to whom we may send a copy of this bulletin." Many members responded to this request and the names thus obtained formed a valuable list for circularizing, and added new names to the membership. Also, many members were still

continuing the practice of sending the Statement of Principles with their regular mail.

During the same summer, 1916, the society unofficially, under the name of "A Group of Wellesley Citizens," issued a prospectus regarding the use of stories in schools, from which the following is quoted: "This plan has been devised by a group of Wellesley citizens who are interested in the rational development of sound character in the public schools. It is based on what they term the 'Wellesley Idea,' which is this: *That Sir Isaac Newton's Law of Action and Reaction operates in the phenomena of human life precisely as it does in the phenomena of natural science.* Thus, every sentiment and emotion develops reactions which ultimately result in war or in peace." These stories were used in a number of schools, but our entrance into the war so dominated thought and feeling that the use of them was not pressed after the first year.

MESSAGES TO SOLDIERS

In the summer of 1917 I prepared, with the approval of President Wilson and the sanction of the Department of War, a little booklet containing the President's views on "How to Make the World Safe for Democracy." This booklet was entitled *Why Are We Fighting?* and was distributed to soldiers at all the large camps. Subsequently, these booklets were distributed officially by the government, through the regimental and company officials. So far as I know, this was the only society granted such a privilege by the United States Government.

Upon the signing of the Armistice, by the advice of the Secretary of War, the society compiled a list of the various societies interested in internationalism and prepared a symposium of their latent power and possibilities. This report showed that there were twenty-one societies, some called peace societies and others by other names, most of which had, in their printed principles, a declaration in favor of a League of Nations. Some of these societies had been in existence for fifty years. All together, they represented a large number of people who must have exerted considerable influence. With a few exceptions, however, they were dormant. Letters were written to these societies with the idea of having a joint meeting and combining the efforts of all in a united campaign to interest the American people in the League of Nations. This campaign consisted of congresses in the various cities from the Atlantic to the Pacific. Our society cooperated with this movement in an effective way.

END OF OUR WORK

Since those days my activity along such lines has largely ceased. Other "peace" associations gradually adopted our ideas. Most members of our Society to Eliminate Economic Causes of War became interested in these newer so-

cieties, which, in many cases, were endowed. Another reason for my giving up the work should perhaps be mentioned. My group was not made up of preachers or many college professors, but mostly of hard-headed, practical business men. These business men recognized clearly that the principles of our little society were sound. They knew that the ideas of most pacifists were both impractical and dangerous. Therefore they rallied to my international program as they had rallied twenty years before to my economic program. Unfortunately, however, the business of most of these men was definitely dependent upon tariffs, immigration restrictions, control of trade routes, and various other things which we knew must be broken down before the world would ever enjoy peace. In their libraries they were whole-hearted members of our little society, but in their business they were unconsciously traitors to our principles.

How long the world must continue along selfish, nationalistic lines I do not know. Statistics, however, do teach that world peace will never be brought about by great armies, more battleships, or even huge fleets of airplanes. World peace will be brought about only by extending equal opportunities to the peoples of all nations who meet a certain character test and observe certain rules. My townspeople probably look back upon this experiment in internationalism as one of my follies, but I am not licked yet. If the plan does not win during my lifetime, I hope my children and grandchildren will "carry on."

A CONFESSION

In connection with the story of this society, I must acknowledge my indebtedness to Mr. Isaac Sprague, who was then both president of the society and chairman of the board of the banking firm of Harris, Forbes & Company. There was a period during World War I, before our country entered, when the German ambassador to the United States made a very effective drive to get control of our little society. He did this through the owner of a large newspaper which had always been friendly to me and which I later learned was probably owned indirectly by the German Government. The German ambassador had sense enough to know that no amount of money would directly purchase our group, but I was employed to write articles by a newspaper syndicate at a high price, which later I felt to be a form of bribe. Other members of the society also came near being misled through business contacts and subtle movements by the German Embassy.

One morning about four o'clock, when I was staying at the Bellevue-Stratford in Philadelphia, I had a telephone call from Isaac Sprague, who was keen enough to see through the whole scheme. He had the courage abruptly to cut off all negotiations. Although Mr. Sprague and I in later years differed on several problems, I shall eternally feel grateful to him for then saving me from that nefarious German net. This experience greatly shocked me and was proba-

bly another reason why I hesitated actively to push the work. Looking back thereon, I wonder how many other good causes are bought or checked by such methods. Moreover, so long as such unprincipled people are so powerful, how can a League of Nations or a United Nations really function? World peace will come only as the Spirit of Jesus grows in the hearts of man and as the principles of birth control are taught to overcrowded nations and the latent power of gravity is used as freely as air, water and sunlight.

In 1938 Mrs. Babson and I went again to Europe and I was in Munich the famous day when Hitler and Chamberlain met. In 1939 we went to the Orient, visiting Japan, China, and the Philippines.

Chapter XVII

EXPERIENCE WITH INDUSTRIAL DEMOCRACY

MY FATHER often said: "The chief difference between a man and a boy is the expense of his toys." Although Mrs. Babson and I have been economical in our living, we have had a few expensive "toys." Among them may be mentioned our three educational institutions, our winter home at Mountain Lake, Florida, and our experiment with industrial democracy. This last we tried in our business from January 1, 1916, to December 31, 1924. Without doubt, most of the money passed out on those Christmas Eves did a large amount of good. It bought furniture and, in some cases, houses; it paid overhanging doctors' bills and even mortgages on homes. From this point of view, the distribution of those sums of money did much good. Hence I am glad that we tried the experiment notwithstanding its unfortunate ending.

As for increasing efficiency, our experiment in industrial democracy was a flat failure. It may also be said that the plan created much hard feeling. Mrs. Babson and I made more enemies and fewer friends by it than we would have made if it had not been started, although this should be no excuse for giving it up. I often wonder what the employes themselves thought of it. Did they think it a success or a failure? Did they think us a Santa Claus or a fool? Whatever they thought, we know that no one of them would himself have "wasted money" in this way. At any rate, it is one of the outstanding failures of my life. Although operated with the best intentions, it was a complete flop. The community was not ready for it. I would not tell of it except for my desire to help other employers who may have similar good intentions. Perhaps "industrial democracy" will some day become general; but the workers must be better prepared for it than they were when Mrs. Babson and I tried it during those nine hectic years.

WELL-MEANING PLANS

This plan of industrial democracy consisted of far more than the mere distribution of money. It was based on a sort of an employe control of the business by the employes. (I use the word *sort* because if it had been *real*, the entire business would have gone to smash.)

The organization was "governed" by the following three groups:

The *Cabinet*, which met daily at 11 A.M., to discuss current matters. This

Cabinet consisted of the officials of the organization and the heads of the Personnel Department and of the Service Department.

The *Senate*, which was composed of the heads of all departments, and the officials. This Senate met once a week, or at the call of the secretary, to discuss any matters desired.

The *House*, which was composed of all employes who had been with us two calendar years. This House met approximately every two weeks, on Wednesdays at 11 A.M., in the auditorium of the Babson Community Building. This was known as the "Co-operator's Meeting." All employes were referred to as "the crew."

The above was supplemented by a Sick Bay Committee. Concerning this I now quote from the "Constitution" as follows:

> This Committee is composed of one representative from each department in the Organization. A chairman is elected by the Committee and holds office for six months. At the expiration of that time, the chairman automatically retires from the Committee and a new member is chosen from the department, together with a new chairman for the Sick Bay Committee.
>
> This Committee takes action in the matter of whether or not pay shall go on for members of the Crew who have been absent more than two weeks, but who are up and convalescing. Careful study is to be given to all the facts of the situation, including loyalty to the department, record in upholding and carrying out the policies of the Organization, willingness to perform necessary overtime work, essential character of position, and other considerations.
>
> To the Sick Bay Committee is also entrusted the important mission of remembering those who are ill and letting them know that the Crew is thinking of them and wishing them a speedy recovery.

In addition to the above, we operated a free hospital under the direction of Miss Nona M. Dougherty and Miss Alice Cavanaugh, both of whom were registered M. G. H. graduate nurses. We also operated a free dental clinic under an experienced dental hygienist; and a free eye clinic for the fitting and adjusting of eyeglasses under Dr. Frank Bliss. We were pioneers in getting necessary legislation to permit this work to be carried on outside of a registered doctor's office.

We also had a system of examinations which we tried to use as a sieve so as to employ only worth-while people. In view of the large sums being "given away" as salary bonuses, we were stampeded by people wishing to leave other employers in order to come with us. (In this way the plan was unfair to other employers who were just as efficient but who had not been so lucky as we had been.) Incidentally, the only person who ever passed one of these examinations with a one hundred per cent mark was Oscar S. Pulman, who in August, 1934, became the president of Babson's Reports, Inc. These examinations were supplemented with daily report cards.

SYSTEM OF EXAMINATIONS

To tell you about our examinations, let me again quote from the "Constitution" as follows:

The Cabinet feels that the distribution under the Babson Plan is becoming too important a matter to treat lightly. We cannot afford to accept anyone as a full member without knowing him or her thoroughly. Thousands of dollars are distributed annually and only the most worthy and loyal should share in this distribution. Therefore, the following system has been evolved: Once in two months the depart-

REPORT ON

Month of

1. Integrity
2. Industry
3. Intelligence
4. Initiative
5. Interest
6. Intensity
7. Punctuality
8. Neat Work
9. Reliability
10. System
11. Efficiency
12. Accuracy
13. Improvement

REMARKS:

.....

Department Head

ment heads will make a written report to the Cabinet on the individual work of every apprentice. These reports will be similar to those made by teachers relative to their students in schools. They will take into consideration the loyalty and interest shown, the grade of work done, punctuality, and attendance. Thus, during the two years of apprenticeship, it will be possible to eliminate those who have not the requisite ability, spirit, and sense of loyalty to the Organization.

Those who do not do good work, and do not try to give the very best that is in them to the Organization, can also be dropped. Preceding graduation a written examination is given on the history, rules, etc., of the Organization, as well as on general subjects. In this way, at graduation time, when a class is taken into full membership, it will mean much more to everyone and to the Organization than the mere distribution of a sum of money. It will mean that these new members have passed real tests, that they have done good work in the eyes of the entire Crew, and that their spirit of loyalty and interest is unquestioned. Graduation will then be a real honor.

If the work of any member, whether apprentice or graduate, seems in need of attention, his or her name is placed on the observation list and every effort is made

to bring about the necessary improvement. To avoid abruptly discharging employes when their work is unsatisfactory, the Senate has instituted this "observation list."

1. The employes will be put on this list by the Senate for a certain definite period.
2. The list will not be published.
3. The period during which "profit-sharers" are on this list will not be counted for them in their yearly bonuses. A deduction in proportion to this period will be made.
4. The period during which "non-profit-sharers" are on this list will not be counted toward the time of service necessary for graduation.

The above was good in theory; but it did not work. Friendship and relationship were placed before efficiency. The Crew and their representatives lacked the courage to do much necessary elimination.

FAMOUS QUESTION BOX

In addition to the above, we had many other features. Among these were dormitories for the unmarried people who were living away from home. The charge at these dormitories was two dollars per week per person, two in a room. We also operated a movie theater and a restaurant, in the Community Building which we erected. This contained an elaborately furnished reception and writing room, a small dance-hall and other conveniences. Those were great days! Money came easy and it went easy. Truly every man has a toy! Of all the features, the most troublesome was the "Question Box." The "Constitution" refers to this blankety-blank box as follows:

> There is a locked box in the hall of the Executive Building, on the counter by the switchboard, where all written unsigned suggestions, for increasing the efficiency of our work, *and also unsigned criticisms,* may be deposited. The box is opened before each Co-operation Meeting and the suggestions are read to the Cabinet. They are studied carefully and faithfully by the Cabinet. All questions which do not involve personalities are read by the chairman of the Co-operator's meeting, at 11 o'clock. These suggestions may be discussed fully by all graduates. All suggestions and criticisms which are deposited in the box are later recorded in a book and kept by the secretary, together with the answers.

I believe in *suggestion* boxes operated to develop new ideas. But our mistake was accepting and *publicly reading unsigned questions.* There is a vast difference between questions and suggestions. Due to our lack of experience, I felt we should not require either suggestions or questions signed. I thought we could get a freer expression by such a system. We succeeding in getting a freer expression, all right! The sad fact is that "free expression" was the main thing which this industrial democracy did bring about. In time, the employes stampeded one another to see who could ask the silliest and sauciest questions. However, I took my medicine. I tried to help them by fearlessly answering every question those employes asked. Of course, I may be old fashioned; but I

believe until there is a real change in human nature a business cannot successfully be run by the employes.

Accepting unsigned criticisms was a great mistake. Any employer who thinks he will not get suggestions if he requires signing, simply needs to give a few prizes (from five to ten dollars) each month for the best suggestions. Then they will come in okay with the signatures. If I had had sense enough to do this, it would have saved me from a vast amount of grief. Such signed suggestions, with prizes, would have also given us some valuable ideas. Whether or not the signing requirement would limit the number of questions is immaterial.

If space permitted, I should like to tell of other features of this famous "industrial democracy," including the pensions, socials, plays, desk discipline, and fifteen-minute recesses. Every morning and afternoon the windows were opened and calisthenic exercises were introduced. We also once had a simplified spelling bug which I had caught from Melvin Dewey of Lake Placid, New York.

MARRIED WOMEN AND SPECULATION

Our method of treating married women was rather unique. This is described by the following quotation from the "Constitution":

> With the same thought in mind, it is unfair for a girl who gets married to expect to share in the profits equally with the girl who is devoting all her time and attention to the Organization. Moreover, our records show that the average period of service of our married girls is much shorter than that of the unmarried. Our success depends upon the continuous service of a large majority of our workers. It has therefore been decided that when a girl in the Organization gets married, she waives her right to participate in the "profit-sharing" and should plan to resign. This, however, does not affect those of the Organization who were already married and entitled to bonuses when this rule went into effect.

We also had a strict rule designed to prevent executives and employes from speculating. It may have worked so far as it applied to those on our payrolls, but it did not prevent their wives, brothers, and sisters from trying to beat our clients. This provision of the "Constitution" read:

> All members of the Organization are prohibited from buying stocks or bonds on a margin. Infringement of this rule will be grounds for dismissal. Any member, before buying or selling a stock or bond, must obtain an approval of this purchase or sale from Miss Marie Adams in the Accounting Department. This record, of course, is confidential and open only to the Cabinet. The purpose of this regulation is to avoid possible conflicts with the interests of subscribers to the "Speculative Bulletin" or the "Investment Bulletin."

Every year there was graduated a class of apprentices, who received their diplomas and became graduate co-operators. To be eligible for graduation, the

apprentices must meet three requirements: (1) two full calendar years with the Organization; (2) satisfactory work during this period, as indicated by the regular report cards which are marked every two months by the department heads in cooperation with the Personnel Department; (3) satisfactory work on the examination to which I have already referred.

THE "GRADUATIONS'

The graduation exercises were originally held in the small assembly-hall; but this soon became outgrown. It was then necessary to use a large auditorium to accommodate the audience of relatives and friends, which often amounted to more than five hundred. It was the custom to invite to these graduation exercises guests of honor, representing banks and business organizations. People who attended these graduations remarked on the impressiveness of the exercises and the evident appreciation of the graduating class. Some seemed to believe that the occasion marked an upward and forward step in the careers of the graduates, but I wonder if it did. It was, however, an interesting event in the social activities of the Organization, with the accompanying music, flowers, graduation dresses, and all the other features. It also seems like a useless dream as I now look back upon it. It was too early for such an experiment and ahead of the times.

THE MONEY FEATURE

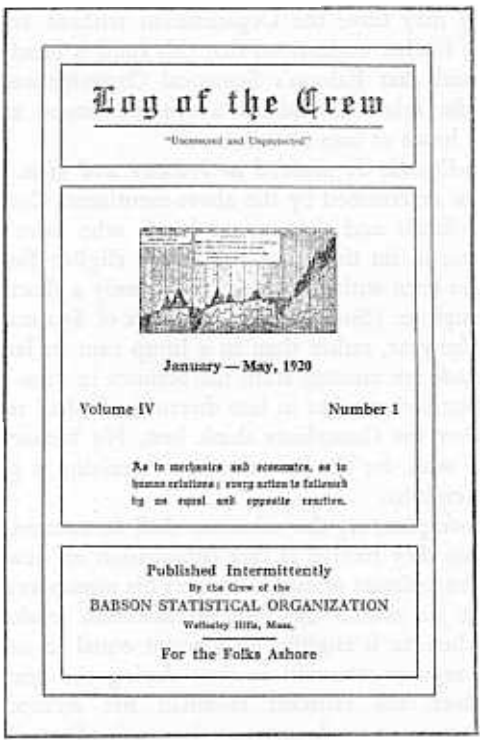
This brings me to the famous Bonus System of the plan. Most of the "Constitution" was a hodge-podge affair published in the *Log-of-the-Crew*, our monthly magazine. I, however, had the good sense to insist that the bonus feature of this document be prepared by an efficient firm of lawyers. This act saved the ship. These attorneys made the point that, although such a plan may read finely and be suggestive, yet *it must promise nothing definite and be for only one year at a time*. This last is important. To avoid tax difficulties, we were told never to use the words "profit-sharing," but only "additional salaries and bonuses." This was so that the money paid out could be charged to expenses. Here is the plan as it was finally published. This was before the name was changed to Babson's Reports Incorporated.

The employes who have been with Babson's Statistical Organization, Incorporated, two full calendar years, in addition to their fixed salaries, may receive one or more additional payments which shall be charged to the salary account. Said additional payments shall be determined as follows, and shall be paid, except to members of the Senate, in monthly or quarterly installments during the year as the Senate may determine.

1. The "Base Line" shall be $12,671.16. The money represented by this so-called "Base Line" shall be a first charge on the net earnings and go directly to the stock-

holders. In determining what are these "Net Earnings" the decision of the Directors shall be final.

2. As a second charge, before the earnings for said year above this base line are divided, donations shall be made to the Babson Institute and any other corporation, association, individual or interest which the Directors desire to help. Reserves shall also be set aside, the amounts and purpose of each to be determined by the President.



Outside cover of *Log of the Crew*, the monthly magazine which was issued in connection with my profit-sharing experiment. It is from this magazine that the quotations in this chapter have been taken.

3. The remaining money shall then be divided into two equal portions, one-half for the stockholders, and one-half for certain employes and other helpers. The latter one-half shall be turned over to the Cabinet, consisting of the President, Vice-President, Sales Manager, Secretary, and Assistant-Treasurer, who shall serve as Custodians of this money. *These Custodians shall, after December 31, of said year, distribute this money according to their discretion.* A plan somewhat like the following is suggested for consideration:

(a) *That Five-Eighths be divided among all* (from President to the lowest-paid employe) *who have been with the Organization for the two calendar years directly preceding February 1, of same year.* This division of the fund may be proportional to income which each of the above-mentioned employes receives from the Organization, with the understanding that it shall not apply

to that portion—if any—of one's income from the business exceeding $14,000 per annum, or such other maximum as the above-mentioned Custodians may deem advisable.

(b) *That One-Eighth be set aside as a Protective Fund* to be drawn upon by certain retired employes after reaching a certain age, and having fulfilled other requirements. It, however, is distinctly understood that no one has any claim upon any portion of this fund because he or she has contributed toward it, and that many may leave the Organization without receiving any benefits therefrom. It is further understood that this fund is handled for the employes by Trustees, and that Babson's Statistical Organization, Incorporated, Mr. Babson, and the other Custodians above mentioned are not in any way responsible for losses or uses of this fund.

(c) *That the Two-Eighths be divided as bonuses and gifts.* How these shall be allotted shall be determined by the above-mentioned Custodians; but all persons (except officials and department heads who have been with us long enough to come in on the five-eighths) are eligible for such, even though any of them has been with the Organization only a short while, or, in fact, is not a direct employe. (Such bonuses in excess of $50 may be distributed pro rata through the year, rather than in a lump sum in January.) Officials and department heads are omitted from the bonuses in view of the fact that they recommend distributions; but in lieu thereof each shall receive a flat bonus of 7%, or whatever the Custodians think best. No bonuses, however, shall be given to those who, for the first time, are receiving a portion of the above-mentioned six-eighths.

In the above plan, regular salesmen shall be entered as having "income" equal to what they receive as face commission on new business, plus their monthlies. An assistant salesman receives his money as follows: 1. The regular salesman for whom the assistant salesman works, pays the assistant salesman, when he is eligible, an amount equal to one-half of the money which said regular salesman receives during the year from this plan on business which the assistant salesman has secured. Neither Babson's Statistical Organization, Incorporated, nor the Custodians pay any portion of said money to assistant salesmen. 2. The bonus for an assistant salesman is recommended by the regular salesman and the Sales Manager and is paid 50-50 by the Custodians and the regular salesman.

Others in the field than assistant salesmen, such as office help, are paid on the amount of income received by those individuals from Babson's Statistical Organization, Incorporated. The bonus for office help is paid entirely by the Custodians.

4. Anyone accepting pay from other interests than the said Organization without turning the same over to the said Organization, and anyone who does not first use his or her yearly share to pay, so far as possible, his or her outstanding bills, may, by vote of the Custodians, not be entitled to any or all of the benefits of this plan.

5. Anyone leaving (this means voluntarily or involuntarily) the employ of the said Organization during said year, as well as women employes who marry, shall forfeit *all claim* to any of the above funds.

6. If any question arises as to the interpretation or application of any feature of the Plan, the decision of the President shall be final.

7. Later the year may be changed so that it will be from July 1 to July 1, instead of from February 1 to February 1; and the Cabinet reserves the right to extend that date for a period not exceeding 30 days.

8. The date of distribution, the method of distribution, and all details are wholly subject to the discretion of the Directors, who will announce the same on December 31, when the books are closed. Moreover, this plan is only for the next year. Whether there will be any plan in years to follow, or what such a plan may be, if any, will be announced from year to year.

OVER ONE MILLION DOLLARS

The following is a record of what we "gave away" during those years of experimentation. This division was only of that surplus remaining over and above the "Base Line" so called. This base line of $12,671.16 was the average of the net earnings for 1913, 1914, and 1915, after paying all officials and employes, including Mrs. Babson and myself, good salaries and setting aside liberally for depreciation and contingencies. This latter figure sometimes amounted to $120,000 a year. These sums during these nine years totaled $1,241,179.11.

To show what these figures totaled to certain single individuals, I will say that only one of our boys—one who came to work from high school in 1907 at ten dollars a week—received the following from 1913 to 1925. These sums totaled $227,305.33 for those twelve years to this *one* member of the "Democracy." Pretty good for a business started in a kitchen only a few years before!

	1914	1915	1916	1917
Salary and Commissions	$3,007.46	4,708.15	7,207.35	10,850.03
Additional			2,548.51	2,913.23
Totals	$3,007.46	4,708.15	9,755.86	13,763.26

	1918	1919	1920	1921
Salary and Commissions	$4,181.52	13,132.30	24,726.18	30,345.25
Additional	left for war	5,669.51	5,805.00	5,222.00
Totals	$4,181.52	18,801.81	30,531.18	35,567.25

	1922	1923	1924	1925
Salary and Commissions	$29,843.00	31,974.09	21,805.76	8,363.09
Additional	5,086.70	4,792.00	4,107.20	19.00
Totals	$35,929.70	36,766.09	25,912.96	8,382.09

THE EXPERIMENT ENDS

I give these figures partly in order to show the falling off in 1925. The trouble with "profit-sharing" is that it "works" only when it works one way. As long as profits go up, the employer is a good fellow and all goes finely; but when the tide turns and there is *one* bad year, then an organization is shot to pieces by dissatisfaction. I do not blame my employes. They had begun to count definitely on about so much annual bonus money. (It amounted to over fifty per cent of their salaries one year.) They planned their living and made their expenditures on this inflated basis. Hence, when this bonus money failed to come,

they were panic-stricken. During the first year of falling off, they borrowed at some local bank or of some tradesman. Then when the following lean years came, they were completely swamped. They then blamed me for "leading them on," as they said.

Finally, the entire Industrial Democracy was given up in 1926. As a result we lost most of those older employes who had enjoyed its "dividends" and "privileges." Very few of these older employes are now as well off as if they had remained; but I can understand how they felt. They were a fine group, nevertheless, and I have a soft spot in my heart for every one, including the dental nurse who sued us for not properly including her! This case we fought through the Supreme Court of Massachusetts. It was the first "profit-sharing" case to come up in any supreme court. The decision should be read by all employers.

As I write this story, we have left only the hospital, the dental clinic and the pensions. This later is now even becoming a sore spot. All of us will be glad when it can be merged with some compulsory state pension plan. This, then, is the history of our "toy." We, of course, should have spent this money in reducing the price of *Babson's Reports*, instead of taking the money either for the stockholders or for the employes. Although we still have an excellent business, I know that we all—stockholders and wage-makers—would be far better off today if we had thought more of our clientele and less of our stockholders' dividends or of our "industrial democracy." In short, I believe in the goal of industrial democracy but I am sure that the nation is not yet prepared for it.

Chapter XVIII

BECOMING A WRITER AND SPEAKER

EARLY in my business career I had a desire to do some writing, but never received any encouragement. As I lacked the money to purchase advertising space, I finally determined to get into the reading section of some magazines and newspapers. Although I have since spent millions on paid advertising, none of it has equaled the efficiency of the space which has been given freely to me. In fact, for much of this writing I have been paid well.

Let me relate how my literary "career" started. My first article for which I ever received pay was entitled, "Mistakes of Investors," with special reference to business cycles. It showed that there are years when investors should buy and years when they should not buy; and that the country at that special time was probably in such a latter period. I sent the article to a little magazine in New York known as *The Ticker*, which was edited by an acquaintance of mine, the late Richard D. Wycoff. He sent back the article, with a letter explaining that, although what I said was true, he could not afford to use the article. He believed that his advertisers would not stand for it! When the postman brought me Mr. Wycoff's letter, I was sitting on the piazza at my summer home in Annisquam, Massachusetts, reading an editorial in the *Saturday Evening Post* along the same general lines. With a moment's thought, I took out my pencil and wrote on the letter which I had received from Mr. Wycoff these words:

To the Editor of the *Saturday Evening Post*: Enclosed is an article which you will see has been refused by a small financial magazine in New York. In view of an editorial which appears in this week's *Saturday Evening Post,* you may be interested in publishing my article.

I heard nothing from the *Saturday Evening Post* until one day a man walked up on to my piazza and introduced himself as Mr. Churchill Williams. He had been sent to see me by the editor of the *Saturday Evening Post,* Mr. George Horace Lorimer. He asked me a lot of questions, with the idea of checking up as to my character, experience, and whether or not I was the *bona fide* writer of the article. He courteously thanked me for the time I had given him, and said that I would soon hear from Mr. Lorimer.

DISCOVERING A GOLD MINE

Within a few days I received a formal letter from George Horace Lorimer, stating that the article had been accepted for publication October 22, 1910, and "a check will be mailed on the following Tuesday." On Wednesday of that following week I received a check for four hundred dollars from the *Saturday Evening Post* for an article which I had offered to give freely to a little magazine in New York City! The article created so much interest among the readers of the *Saturday Evening Post* that it was necessary to ship by express the letters which had been addressed to me personally, in care of Mr. Lorimer, and which letters Mr. Lorimer asked me to answer. This experience developed an entirely new chapter in my life which turned out to be a little gold mine. The next month I went to Philadelphia and met Mr. Lorimer, Mr. Williams, Mr. Bigelow, Mr. Collins, and Mr. Lorimer's faithful secretary, Miss A. W. Neall. They were a great bunch of people, and this visit marked the beginning of a happy and profitable friendship.

Mr. Lorimer finally purchased from me every other week a general article under my own name; and in addition I had a weekly column under the title of "How's Business and Why?" I was with Mr. Lorimer when Mr. Cyrus K. Curtis came in one day and told us that he had purchased the *Country Gentleman*, and that we were to prepare the "next copy." Mr. Lorimer gave me an opportunity to help on this, and I gladly accepted. He continued to pile work on me, but always paid well for my time. During the year 1915, for my material sent to the Curtis Publishing Company, I received checks aggregating over twenty thousand dollars. Surely this should give encouragement to young writers; for I had no literary training whatsoever. I was practically "taken out of the gutter" by Mr. Lorimer and *made* a writer. But this is not the end of the story! For good reasons, Mr. Lorimer was just as courageous and sudden in dropping me in 1923 after I had been writing for him for about thirteen years. Although we always remained good friends, and I seldom went to Philadelphia without visiting at his home, yet he never accepted an article from me after that fatal year when I was discharged. It may interest readers to know that all of this writing was done "out-of-doors" whatever the temperature.

WRITING FOR NEWSPAPERS

Naturally, I turned to new sources, and found that other doors were then opened to me. Every publication had respect for men whose articles were accepted by George Horace Lorimer. My first feature work was with the Scripps Syndicate, and I wrote articles for their Sunday papers. Although they did not pay so much as the Curtis Publishing Company paid, I formed a friendship with that wonderful old gentleman, E. W. Scripps, who then lived in

southern California. He was a great man, combining a keen sense of business with a social vision far ahead of his day. I worked with Roy Howard, who later became one of the most powerful men in the newspaper world. I became good friends with Earl Martin, who headed the *Cleveland Press*, and with other managers of Scripps papers.

In connection with this work for the Scripps Syndicate, Mrs. Babson and I traveled extensively over the United States. We visited the lumber camps of the Northwest, the cattle ranches of Texas, and the great farming regions of the Central West. This work was all supplemental to our own business, of which I was the executive head and which was a man's work by itself. Fortunately, my sickness had taught me to take care of myself physically. I continued to sleep out-of-doors, eat carefully, and take an hour for rest and devotion after lunch. If it had not been for my experiences in Washington later, my relations with these newspapers might have developed into something more important. Yet necessary entangling alliances with advertisers would probably have so complicated the situation as to make a financial connection impracticable.

FORECASTING THE WORLD WAR

One of my most interesting literary experiences was in connection with the *New York Times*. One day I received a letter from W. C. Reich, who was then managing editor of that newspaper. He asked me to come to New York to see him, which I did. He thereupon offered to purchase from me a series of full-page articles for his Sunday papers. After securing Mr. Lorimer's permission, I accepted the offer. He certainly featured me in a most friendly and spectacular manner. Later, Mr. Reich became managing editor of the *New York Sun*, and I had very friendly relations with the *Sun* until it changed hands. Mr. Reich gave me many assignments, but the most interesting was in connection with a trip to Europe in 1913. With headquarters at Lausanne, Switzerland, I interviewed famous statesmen from England, France, Germany, Italy, and especially the Balkan States.

I think the *New York Times* was the first large American newspaper in which any writer forecasted the coming World War. In the files of this paper will be found my series of Sunday articles which appeared in the spring of 1913. In these articles I clearly forecast the coming European war and its origin in the Balkan States. Mr. Reich also arranged for me an interview with Kaiser Wilhelm, but I was unable to get to Berlin in time. I was in Italy during its war with Tripoli, traveling with the late J. P. Morgan, Sr. I had during those months numerous interesting and unique experiences. The writing and selling of articles, however, was like the manufacture and sale of any merchandise. As long as the goods are wanted, very well; but when the demand ceases, you are like a boat on the beach, with the tide out! Worse than this, I was always

dependent upon the whims of some one man. This I did not like. Finally, in 1923, I started a newspaper syndicate of my own, known as the *Publishers Financial Bureau.* This began with a few papers and grew to some four hundred and twenty papers and is still going strong. Although there has never been much of an income in this syndicate, owing to the expense of operation, yet I am no longer under the thumb of one publisher. In making this change I applied the law of averages and the principle of diversification to the sale of my writings.

BECOMING A SPEAKER

My breaking into the field of speaking was as sudden as into the field of writing. I had never given a talk since my old Christian Endeavor days in Gloucester during the years preceding 1895, until one day in 1909, when I received a certain letter from New York. This letter told of a series of lectures that was being given in the Cooper Institute in connection with the American Institute of Banking, an association newly organized to give extension education to bank clerks. I received a tremendous thrill from this invitation, as up to that time speaking had never occurred to me. I carefully prepared the lecture and went to New York and delivered it extemporaneously. Let me add right here to young readers: *Do not read an address.* If you believe wholeheartedly in what you are going to say, you can give a good extemporaneous talk with only a few notes. This Cooper Institute address resulted in an invitation to address the American Statistical Association at their annual meeting in St. Louis during Christmas week, 1910. At that time, my acquaintance began with Woodrow Wilson, who later became President of the United States. On December 29, 1912, I read in Washington a paper entitled: "Ascertaining and Forecasting Business Conditions."

My first invitation to speak before a Chamber of Commerce came through the Cleveland Ad Club in 1912 and was followed by a similar invitation from Chicago. Invitations then began to come in from Chambers of Commerce all over the country. I enjoyed speaking at these gatherings. I fearlessly told the audiences what I thought. They always appreciated my frankness, although many of them disagreed with me. These addresses were all based on the business cycle which was more or less a new idea to business men at that time, although most of them have since become familiar enough with it through sad experience. Invitations then began to come in from various colleges. I have since addressed the students of most of the large universities. For many years I gave a talk each May to the students in the course on business administration at the Massachusetts Institute of Technology.

These talks, despite the fact that I greatly enjoyed giving them, pulled me down physically. When working at my regular business, or when writing an

article, my time is my own, as I am the boss. If I feel well, I work; if I do not, I rest, or take a day off in the woods. When, however, I was signed up weeks in advance to address a thousand men at a banquet of the Chicago Chamber of Commerce, I was obliged to be there, whether I felt like it or not. If obliged to speak when I was feeling tired or had a cold, it so sapped my vitality that I was compelled to curtail public addresses. I should love to accept invitations for addresses now, if it were not necessary to decide on a definite date in advance. As a practical matter, this cannot be done; hence, to my great regret, I now am obliged to refuse most invitations to speak—especially at evening affairs.

CLIENTS' CONFERENCES

As a result of these meetings a demand developed on the part of clients that our organization hold conferences once a year, one in each of the country's largest cities. To meet this demand, Mr. Ernest H. Gaunt organized the first clients' conference in September, 1914 at Wellesley Hills, Massachusetts. These conferences continue to be an annual event. They start with a series of meetings at Babson Park, Massachusetts, in September, and end with meetings at Babson Park, Florida, during the following February. Many are held in the ballrooms of the leading hotels, and are often accompanied by mass meetings at some large auditorium to which the public is invited.

These field conferences were born of a desire to spread sound economic doctrines not only to our clients, but to business and financial men throughout the United States. A larger factor in their genesis, however, was our desire to serve society by disseminating reliable information as to the causes of depressions and the remedies therefor. They provide opportunity for personal contacts between those who prepare and stand behind *Babson's Reports* and the thousands of clients who receive them. They not only give business and financial men an opportunity to hear brief addresses by experts, but also to present their individual problems to these experts through the question-and-answer method. These question periods often last for hours and cover questions on every phase of business and finance, politics and foreign situations, commodities and general business conditions.

From their inception up to the present, clients' conferences have been held in practically every large city in the United States and Canada. Speakers from the Organization have also often made special trips to those cities where conferences have not been held. It may, therefore, safely be said that every city of any prominence whatsoever in the United States and Canada has either had a conference or has heard the sound economic doctrines of the Babson Organization. Below is a list of some of the more important cities in which conferences have been held. At these meetings three or four members of our Organization have spoken to groups ranging from one hundred to fifteen hundred.

Atlanta	Dayton	Montreal	St. Louis
Baltimore	Denver	New Haven	St. Paul
Boston	Detroit	New York	San Francisco
Buffalo	Hartford	Ottawa	Seattle
Chicago	Kansas City	Philadelphia	Springfield, Mass.
Cincinnati	Los Angeles	Pittsburgh	Springfield, Ohio
Cleveland	Milwaukee	Providence	Syracuse
Columbus	Minneapolis	Rochester	Toronto
			Washington

NATURE OF THE MEETINGS

For a number of years these field conferences consisted of two meetings in each city—first, a service conference for clients only; and second, a mass meeting for business men and investors. The mass meetings were usually held under the auspices of some of the leading business organizations; but sometimes they took the form of a noonday luncheon before one or more of the city's business organizations. Where mass meetings were held, the clients' conferences usually convened at 10 A.M. and the mass meeting at 4 P.M. To make sure that those for whom the meetings were intended—business men and investors—could gain entrance, admission to the mass meetings was by ticket. Other than at the Clients' conference, my only public appearance in a city I made at the mass meeting. This field work I did at considerable cost in physical energy. My associates, however, did everything within their power to arrange the details, so that I had only to come on the platform at the given time, deliver my address on the general business and financial outlook, and answer questions as long as I was physically able to do so.

The first mass meeting was held in Symphony Hall, Boston, on December 1, 1920. The entire seating capacity (2,621) of the Hall was filled, with hundreds standing and hundreds turned away. The largest mass meeting, however, was that held at the Chicago Colosseum on January 9, 1921. This hall, which has a seating capacity of 10,000 people, was filled to overflowing. I recall one meeting held in Tremont Temple in Boston, on January 4, 1922, to which, for some unknown reason, some two or three thousand more people came than the hall possibly could hold. It was a bad night, snowing and half raining. I mention this to show the great effort which we made to develop the business which followed. I believe similar opportunities exist today in other fields for those willing to plow, plant, and nurture the growing crop as we then did. Other large mass meetings were held in Cooper Union in New York, the Metropolitan Opera House in Philadelphia, Gray's Armory in Cleveland, the Pitt Theatre in Pittsburgh, Moolah Temple in St. Louis, the Armory in Detroit, the Pabst Theatre in Milwaukee, the Auditorium in Minneapolis, the Music Hall in Cincinnati, and the Calvary Baptist Church in Washington.

At all these mass meetings, the halls were filled to capacity. I remember speaking at a meeting in the Chicago Opera House when it was necessary for our Mr. Ralph B. Wilson to hold an overflowing meeting in a theater a few blocks down the street. Some idea of the popularity of these conferences may be had from the fact that in 1922 the total attendance at the conferences, the mass meetings, and the luncheon meetings was 49,865, excluding the 4,200 who were turned away. Considering the fact that our field conferences and mass meetings have been held since 1919, it would be safe to estimate that over 300,000 business men and investors throughout the United States and Canada have been reached by me personally through these field conference methods.

WRITING BOOKS

In recent years I have had the honor to do some work for the *American Magazine, Collier's Weekly,* and other national magazines. In connection with this work, I have especially been impressed by the attention given by their editorial staffs to making corrections and revisions, and by their insistence upon rewriting and improving the articles. Some of these articles have been returned to me three or four times for changes. Either I am slipping and becoming more careless, or else editorial offices are improving and becoming more careful.

Publishers who had read my articles or heard me speak began to ask me to write books. Although the permanency of a book appeals greatly to me, yet the writing of the book and the correcting of the proof have always been a drudgery. When writing an article or making a speech, the enthusiasm of the moment carries it along, and the effort becomes a joy. Sometimes it seems absolutely necessary that I either write an article or make a speech, or burst! When it comes to rehashing, my interest is in something else and I do not enjoy the work. This is probably why my books have never amounted to much. This autobiography is my last book. These books contain probably two million words, and each word has drained me of nervous energy.

The books on which I have worked the hardest have been the poorest sellers; while those on which I worked the least have been the best sellers. Some of these books on which I have worked for months have brought me little return; while others which I have dictated in a few hours have been profitable. A list of these books follows:

1907 *Investment Stocks. What and When to Buy*
1909 *Business Barometers*
1912 *Stocks and Bonds*
1912 *Commercial Paper*
1913 *The Future of the Working Class*
1914 *The Future of the Churches*
1914 *The Future of the Nations*
1914 *The Future Method of Investing Money*

1914 *The Future of the Railroads*
1914 *Prosperity and How It Must Come*
1915 *The Future of Us Boys*
1915 *The Future of South America*
1915 *The Future of World Peace*
1919 *W. B. Wilson and the Department of Labor*
1920 *A Central American Journey*
1920 *Cox the Man*
1920 *Fundamentals of Prosperity*
1920 *Religion and Business*
1921 *Making Good in Business*
1922 *New Tasks for Old Churches*
1923 *Business Fundamentals*
1923 *Enduring Investments*
1923 *What Is Success?*
1924 *Recent Labor Progress*
1927 *A Continuous Working Plan for Your Money*
1927 *Instincts and Emotions*
1928 *A Business Man's Creed*
1929 *Storing Up Triple Reserves*
1930 *Easy Street*
1930 *New Ways to Make Money*
1930 *Invest Fundamentals*
1932 *Cheer Up*
1932 *Fighting Business Depressions*
1932 *Washington and the Depression*
1933 *Finding a Job*
1934 *Washington and the Revolutionists*
1934 *The New Dilemma*
1935 *What About God?*
1935 *Actions and Reactions*
1936 *Increasing Church Attendance*
1938 *Coalition or Chaos*
1939 *If Inflation Comes*
1941 *Campaign for the Presidency*
1942 *Looking Ahead Fifty Years*
1943 *Before Making Important Decisions*
1945 *Can These Bones Live?*
1949 *Roger W. Babson's Autobiography*

I do not read novels, but prefer biographies and books on economic and social questions. I read rapidly and make marginal notes as I go, underscoring the essentials. In history, the past is projected to me as a beam to illuminate the future. Poetry arouses my emotions, and usually these are my best emotions. My primary interest in reading, however, is to learn more of human nature. Business men need to know more about people—how they live, what they desire, how they slip into ruts, build nests for themselves, depend upon push-

buttons instead of push, and coast on past performances. The reading of history tends to develop honesty, fairness, and good judgment. It is well, however, to shun gossip and stories which pull down instead of build up. I like to read a book that arouses in me desires to be a better man. One gets many new ideas from reading the news and stories; this applies also to the reading of advertisements. Continued success depends on continually learning new ways "to skin the cat." Mr. Lorimer tried to teach me to use simple words and short sentences, with many illustrations. He astonished me once by explaining how the greatest event in history—the crucifixion of Jesus Christ—was related by Matthew and the other Apostles in only about four hundred and twenty words.

One should be positive when writing, rather than negative, in his point of view. I found that people like mottoes and mementoes of earlier days. In the long run, however, successful writing depends, like everything else, upon a proper mixture of industry and emotion. Sick or well, afoot or on horseback, a good writer must always be up to something—talking, reading, dictating, planning, praying. As for sleeping, that should be made a business, like work. When it is time to go to sleep, I want to sleep; but when it is time to wake, I want to wake. Some can write only at night, but I am just the opposite. Most good ideas come to me while I am shaving in the morning. I can work at sixty miles an hour from 7 A.M. to 1 P.M., but I drop into low gear after lunch. When attempting to sell a man something, I always go at it in the morning; but when some one wants to sell me something, I always insist that he call in the afternoon. We dine at 7.30 P.M. and go to bed early. I am never any good in the evening except quietly to read by myself on a couch.

BE KIND TO REPORTERS

Practically all of my writings have been dictated. It is my custom to have a file of envelopes on different subjects. Into these envelopes I will from time to time put clippings. When the call comes for an article or book on a certain subject, I go to the respective envelopes and run through these clippings while I dictate the story. I revise the first draft and try never to see it again. My revisions are always in longhand, which I can hardly read myself the next day. I have done many interviews; these have included Presidents, great captains of industry, and scientists.

While once interviewing Thomas A. Edison for the *Saturday Evening Post*, I formed a friendship with him which lasted until his death. Readers will be interested to know that these appointments with Mr. Edison were always between 11 P.M. and 1 A.M. at his home at Orange, New Jersey. Whew! but he was a worker, if there ever was one. Anyone who followed in his footsteps would never be looking for a job.

I have been misquoted a great many times, but have found that it is im-

practicable to make denials. A lie travels so fast that it is impossible to catch up with it. Besides, it is much better to be friendly with all, especially with the reporters, who are working hard to earn a living and have far more troubles than I have. Reporters can render a great service to those who will help them. I remember once a reporter for a small newspaper, with a circulation of only ten thousand, coming to see me. I was tired and busy, and sent word out to him that I could not give him any time. This reply came back from him: "Mr. Babson, if you were informed that ten thousand people were assembled in your front yard, asking you to speak to them, would you not drop everything and do your best to comply? Well, my newspaper has ten thousand subscribers." Of course I went out and saw that reporter, and from that day to this I have always received courteously and thankfully every reporter who took pains to call on me.

I was once sitting in the library of Princeton University, waiting to talk with the then president of that institution. Two well-known professors were sitting by the fireplace, and one of them was reading an article by me which appeared in that week's *Saturday Evening Post.* Said he to the other professor: "What do you think of this man Babson?" The other professor replied: "I think he writes interestingly and is probably doing a lot of good, but I would rather have him write these articles than write them myself. They carry an atmosphere that is lacking in dignity." This professor was serious. He would have said the same thing had he known that I had received as much money for that short series of articles, written in a few days, as he received as an entire year's salary.

TIPS TO AUTHORS

Looking back over my life, I feel that my teaching of simple economics through books, magazines, and the press has been my greatest contribution in a literary way. I have tried to take great subjects, heretofore treated only in scientific papers, and present them so that the man on the street may understand and enjoy them. Furthermore, this is important because, unless such men get correct ideas of economics, this country is doomed. It is said that I set an entirely new style in the writing of financial news and editorials. Brisbane, the greatest newspaper man America has thus far produced, has often complimented me for getting away from the stilted jargon intelligible only to the financial and economic writers who have produced it. I have also never been afraid to forecast either prosperity or depression. Yet before my day the subject of business forecasting had been tabooed by the financial press.

All successful writers must observe, analyze, preserve, and apply. The community where you live, and the people with whom you are associating, are abounding in resources and material for books and articles. If you will fearlessly

and truthfully write about them, in simple words, your articles will be accepted. Remember the importance of emotion. Never dicker with a publisher as to price. Gold is good only for filling teeth and gilding picture frames. The fun is in the striving and not in the arriving. Money earned is of no use until it is usefully invested or given away. Yet, being able to produce marketable goods—whether merchandise or literary articles—at a profit, is thus far one of the best barometers of their worthiness. I shall probably live to write some more material which will be *printed on paper*, but I am taking no chances. I am now engaged in writing a book where the words are being carved in stone; that is, on the boulders of Dogtown Common, Gloucester, Massachusetts.