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Investing for profits

Herbert Lee Barber

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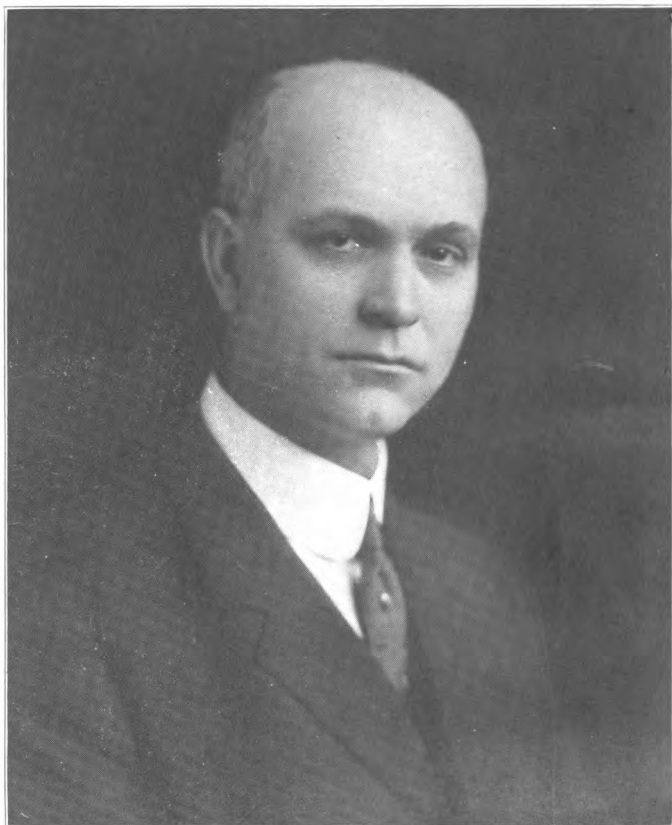
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INVESTING FOR PROFITS

**A GUIDE IN MAKING MONEY
THROUGH INVESTMENTS**



Sincerely,
H. L. Barber,

Investing for Profits

**A Guide in Making Money
Through Investments**

**By H. L. BARBER
Economist and Financial Writer**

**Author of "Making Money Make Money,"
"Story of the Automobile," etc.**

**One Good Investment Is Worth
a Lifetime of Toil**

**CHICAGO
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1920**

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PREFACE.

My former readers have caused this book to be prepared and published. Issuing it is not the result of premeditation on my part. On the contrary, I should have preferred to have avoided the work of preparing it.

When I prepared my former book, "Making Money Make Money," on this division of the subject of economics, I thought I covered the subject, as expressed in the title of that book, so completely as to give a readily intelligible guide in the business of putting money at work under the most favorable conditions for the largest returns.

That book has had what I may modestly say is a phenomenally large sale for a book that deals with a practical subject; and now, after having been in the market during a period of four years, its sale continues to increase steadily from month to month.

So far I have received several thousand letters from readers of the book, thanking me for having given them the information it contains, and in many instances requesting me to continue the discussion of the subject with a view more particularly of elucidating the science of investing for profits, and especially to make clear the way to invest for the greatest consistent profits.

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INVESTING FOR PROFITS.

The result is this book.

That there may be no misapprehension about the contents of this book, I will explain that some financiers and financial writers loosely maintain that there are two ways to invest for profits.

I disagree with them. There is only one way.

They say that if you buy shares of capital stock in the market when the price is low and hold them until the price goes up and then sell, you will be investing for profits.

You will be doing nothing of the kind. In the first place, you will not be investing. You will be speculating; at best, merchandising. This form of speculation is so akin to gambling that, so far as results are concerned, it is difficult to distinguish between them.

I have never engaged in such transactions, nor have I advised others to do so; and I will not begin doing either at this time.

Investing means to put money at work permanently, or at least with the idea of permanency. You may transfer the ownership of the interest in the industry represented by the money you put at work when investing, but the money will remain in the enterprise and will keep on working as long as the enterprise continues.

Investing for profits means to put money in an enterprise at a time when it will have an opportunity to create wealth—profit—in addi-

PREFACE

tion to the dividends that will be distributed normally.

It is this feature of investing with which this book deals.

The idea may be explained with a somewhat homely illustration.

The pioneers in the Mississippi Valley and on the great agricultural plains west of the Mississippi River filed on homesteads or bought land from the Government at \$1.25 an acre.

Complying with the homestead law or paying the little amount for the land was their original investment.

As they developed the land and sowed and reaped, the crops paid them for their work, as well as dividends on their investment.

As the community became settled and the land improved, the value of the land increased.

Then came railroads and towns and the conveniences of modern civilization, and increased the value of the land still more. These increases in value were profits.

Today much of this land is worth from \$300 to \$400 an acre. Most of this is accretive value—profits. Those men invested for profits.

The same condition prevails in the corporation. There is a beginning, and then, if successful, a period of growth during which accretive wealth is accumulated in addition to the earnings that are distributed as dividends.

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It follows that to give money its greatest earning power it must be invested for profits—which includes income—in contradistinction to investing for income only.

In this book I try to show how and when to invest for profits, as I have learned the subject from practical experience.

I have purposely striven to write in a simple and direct way, at times using more words in a sentence and restating facts in ways that are not permissible by the rules of rhetoric. My object has been to make the book easy to read and easy to understand, regardless of rhetorical violations. Read this book for the practical help it will give you. You will find millions of books in the libraries in which you may read rounded sentences and rhetorical periods.

In the hope that the information contained in the following pages will be as helpful to you as it has been to me, I now turn the book over to you.

H. L. BARBER.

Wheaton, Ill., March 1, 1920.

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INTRODUCTION.

Investing for profits is the fundamental process, in one form and another, by which men become rich. It is the process by which those who have acquired their wealth, not inherited it, have become rich. It is the process that you must use if you desire to build a fortune or acquire a competency.

At the close of 1917 we had in round numbers 27,000 millionaires and multimillionaires in this country, over 7,000 having been added to the list in the preceding two years.

Considering our population as being at that time 110,000,000 people, we had also about 5,500,000 persons who were called rich, and we had nearly 104,500,000 whose pecuniary condition was all the way from one that did not justify serious worry down to one of direst poverty.

In other words, 5 per cent of our people are rich, and 95 per cent are poor. Of the rich some are beastly rich, and of the poor some are abjectly poor.

One of our keenest experts, whose business it is to know this subject, said:

"I don't believe it is putting it too strongly to say that 90 per cent of the American people are only a year away from the poorhouse, and

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50 per cent of them are not more than a week away from it."

President Wilson added testimony to this proposition when he said a friend who had investigated the pecuniary condition of the people in an industrial community reported that "they could not eat tomorrow if they did not work today."

In this land of unbounded opportunities the overwhelming majority get no more than a scanty living, while many of the rich get much more than they can use, much more than they need and much more than they can possibly want.

This condition is so contradictory that it may be called a paradox. And if it continues to increase as it has in the last decade or two it is liable to become a common menace, as it already is to a majority of the members of our social body.

It is not long since the wealth of the United States was estimated at \$250,000,000,000. At this writing it is undoubtedly considerably more, as values have been increasing steadily since that estimate was made.

Shortly before we entered the war our wealth was estimated to be about \$180,000,000,000. At the same time the annual earnings of our people were put at \$40,000,000,000. At that rate the present earnings would be over \$55,000,000,000 a year, much of which is added to the nation's wealth.

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Joseph E. Davies, a recognized high authority on industrial statistics, said a very few years ago:

“There are 305,000 corporations in the United States. Of these 296,000 have a capital, surplus and undivided profits of one million dollars or less. Only 1,600 corporations are capitalized at five million or over. But while the number of big businesses is so small, out of the 1,600 one hundred own one-seventh of the total property value of the nation.

“In other words, while 95 per cent of the business interests of the country is relatively small, the power of the few is so relatively great that if it is used unscrupulously, it menaces the opportunity of the greater number.”

That one hundred corporations each owns an average of over \$357,000,000 of wealth is a stupendous fact. Of course, there are a few that each own several times that amount.

And the 5 per cent of our people who are the millionaires and the otherwise rich own the corporations, or so nearly so that any additional ownership is so small that it may be considered as negligible.

The most surprising fact in connection with all this is that with the exception of a few cases of inheritance the millionaires and otherwise rich persons of today have acquired their wealth. They began with nothing and climbed to where they now are. And those who are rich

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by inheritance got their wealth from those who began with nothing and succeeded in building fortunes.

Do these conditions suggest anything?

Do they not suggest that there must be some definite process, some formula, some rule, known by the few and unknown by the masses, by which men become rich?

We all know that the instances in which men become rich by chance or circumstance are altogether too rare and too few to yield a crop of 27,000 millionaires and 5,500,000 otherwise rich out of a population of 110,000,000.

Yes, there is a definite process by which men become rich. If you will trace the careers of the rich with the purpose of learning how they acquired their wealth you will find that almost invariably they employed the same process.

This process is that which has come to be known as investing for profits, putting money at work in the creation of wealth under conditions where it will have its best opportunity to create the greatest amount.

It is commonly conceded by economists that only about one-tenth of the ready wealth of this country has so far been developed, and that after ten times the present amount has been developed much additional wealth will be developed by a somewhat slower and more irksome process.

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This leads us to the conclusion that there are ten times as many opportunities today for getting rich as those that have already been taken advantage of.

Under these conditions it is reasonable to assume that as our population increases through the coming years our rich will become more and more numerous, until they will number ten times those of the present.

We have become so inured to present economic conditions that many persons have come to believe that millionaires and multimillionaires are necessary cogs in the industrial wheel. This is not true. We do not need them. No decently-living person really needs a million dollars, nor the wealth represented by that number of dollars. But we need millionaire institutions to create wealth.

It would be infinitely better for our people as a whole if the wealth of our 27,000 millionaires was distributed among 27,000,000 or more persons. The wealth would do more good. It would give us a stronger people.

It needs no argument to support the proposition that it would be much better for our people if the one-seventh of our national wealth owned by one hundred corporations, that in turn are owned principally by our millionaires, was owned in smaller blocks by a great number of people.

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Federal Judge Grosseup had this thought in mind when he said:

“I should like to see well managed industrial corporations popularized through the ownership of their securities by great numbers of people with small means, so that savings banks will decline in popularity and their deposits dwindle.”

The chance of this and future generations to acquire wealth through investing for profits will be in the corporations that are being organized and that will be organized from time to time to create and build the wealth yet to be, the ten times greater wealth than the present.

In these new corporations the people of the days from now forward will have their opportunity to share in the wonderful wealth productivity of this country, as those of the past and present have shared and are sharing in the corporations already organized and working.

Those of the past and present who are rich invested for profits. Those of the present and future who desire to become rich or gain competencies must do likewise when opportunities come.

To invest for profits requires an understanding of what investing for profits is. No one can do what he does not understand. Knowledge must precede action.

The fundamental principles of investing for profits are set forth in this book, in what is

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believed to be so simple and lucid a manner as to enable anyone to learn them for practical use.

While creating wealth through the corporation is co-operation of the most practical kind, investing for profits has the advantage of being individualistic participation in such co-operation.

Therefore, when you learn how to invest for profit you can go ahead and build your fortune without the aid of anyone. Opportunities for participating in the production and acquirement of wealth in accordance with the science of investing for profits are always at hand for the circumspsect; and, as we have seen, these opportunities are bound to increase in number as the years come.

If you have not given this subject of investing to create wealth thoughtful attention, read this book carefully. Reread it and reread it again and again if necessary to an intimate understanding of its subject matter.

Then when your opportunities come, as come they will if you learn to see them, use what you have learned. Build your fortune as well as you can, knowing that in investing for profits you will harm no one, taking nothing from anyone else, but will create additional wealth for your direct benefit and the common good of the community.

And if you learn that the principle of invest-

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ing for profits is sound and good, pass your knowledge on to your fellowmen.

In the creation of wealth there is room for all, and in the creation of it as here explained there is a brotherhood of man.

Help it along. Don't hide your candle under a bushel. Your brother may need light.

DISCOURSE I.

EARNING POWER OF MONEY.

Money is stored labor.

Money is valuable only because labor was necessary to get it. Money, therefore, measures the value of labor.

And labor is the most valuable thing in the world. Without the application of labor, everything else would be practically valueless.

Since money is stored labor, money can work as labor works—and it does when given a chance.

Labor has an EARNING POWER. So has money.

Money has its greatest earning power when it is put at work as capital in industrial enterprises, under conditions where it returns to its owner ALL that it earns.

It has a rental value when it is loaned to another, who puts it at work to give it an earning power.

The earning power is necessarily much greater than the rental value, because the one who borrows the money and puts it at work must make it earn so much that after paying the rent for its use a profit will remain for him.

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While the earning power is commonly very much greater than the rental value, it varies with the circumstances under which money is put at work, becoming exceedingly great under some conditions and moderate under others.

Assuming these premises to be true, it follows that he who wants to build a fortune or acquire a competency must give his money an earning power; and if he wants to do either in the quickest time, he must give his money the greatest possible earning power.

To give your money an earning power you must put it at work as capital in productive enterprises. This you can do in three ways: engage in business by yourself, form a partnership to engage in business, or buy an interest in a corporation that either is engaged or is about to engage in business.

If you have enough money to start a business of your own and carry it forward to the point of satisfactory profit production, and you have such training in the proposed line as to give assurance of success, this is the best way to put your money at work to give it an earning power.

Commercial reports indicate that about 95 per cent of business ventures fail sooner or later, and that most of these failures are on the part of those who engage in business prematurely; that is, without sufficient capital or training.

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Persons with a few hundred or a few thousand dollars, and frequently without any training or experience, engage in trade or manufacture, and before they realize what has happened expenses have eaten the vitals out of the enterprises, and they are forced to retire or be thrown out by the sheriff.

If persons knew that having enough money to start an enterprise is not all that is required to found a business, if they knew that frequently more capital is required to carry the business until profit production is reached than was necessary to start it, they would very likely not be so enthusiastic in assuming the responsibility of individual business ventures, and there would not be so many commercial failures.

Giving money an earning power by putting it at work in a partnership has the advantage of bringing into the business the combined capital, training and experience of all the partners. But it has the disadvantage of a possible disruption of the business through dissension between the partners. The most serious objection to a partnership is that the act of one partner binds the others. Should one or all of your partners go wrong, as the saying goes, and you alone be financially responsible, you would be held to make good the obligations of the partnership.

Obligations incurred in business, conducted either as an individual or as a partnership, may

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be put in such form as to follow you for a term of years, and even be extended from time to time until paid, unless you should be fortunate enough to be relieved by a bankruptcy court.

To overcome the disadvantages in personal and partnership business enterprises, and to give advantages that can not be had in these forms, the corporation form of doing business was arranged. This has long been and is the most popular vehicle for putting money at work to give it an earning power.

In planning a business enterprise in corporate form, the amount of capital estimated necessary to found and build the business to the stage of profit production is divided into shares, usually of equal par value, and sold to persons having money to put at work. In this way the person who has but little money can give it the same earning power, dollar for dollar, as can the one who has much money.

Shares in a corporation usually do not carry any liability. When you have paid for your shares, that is all there is to it. No matter what happens, there is no further claim on you.

This feature is desirable, but it is rather inconsequential in a corporation, because, in comparison with the number of failures in enterprises conducted by individuals and partnerships, the number of corporations that fail is so small that it is not worthy of serious consideration.

DISCOURSE I.

Corporations are more commonly successful than individuals and partnerships, because, in the first place, the organizers plan in advance for sufficient capital to do successfully what the corporation is organized to do; and in the second place, the general manager of a corporation, whether he is one of the officers or hired by them, is invariably a highly trained person in that line of business. Thus, with sufficient capital and a management of the greatest ability, the corporation's success is as assured as anything can be.

True, there may be a longer or shorter period following the organization of a corporation in which it does not pay dividends. This is the period during which its business is being built. But while it may not pay dividends during this period, it is, if conducted successfully, earning money for its shareholders in the form of assets back of their shares which they can cash in, as we shall see later.

During the last half-century, and particularly during the last two or three decades, the most popular way to put money at work has been to invest it in the shares of corporations. This plan has been so generally adopted that today it is difficult to find an enterprise of any size conducted otherwise than as a corporation.

This plan gives the man with much money an opportunity to own an interest in and draw profits from many lines of industry. It is not

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uncommon, for instance, to find a man at the head of a corporation in which he is a heavy shareholder to be also the holder of large blocks of shares in dozens, yes, hundreds, of corporations with whose management he has nothing to do except as a shareholder.

Such a man puts his money at work in accordance with the law of averages. He knows that all industries, and all corporations in a given industry, are not and will not become equally profitable; but by spreading his money over several industries and several corporations in each industry he is certain to find himself in so many of the most profitable companies that the general average will be splendid, and possibly much better than if he had put all his money into one company. The latter would be particularly true if he should have happened to select one of the lesser profitable companies.

Since the worth while business of the country is conducted in corporate form, and since the best business men and wealthy men put their money at work by buying shares in corporations, we may conclude that this is the best way for us to put our money at work, whether the amount we have is great or small.

Buying shares in a corporation is investing money, because you put your money at work permanently, or until such time as you may see fit to dispose of your interest in the corporation by selling your shares to someone else.

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You may invest in this way **TO MAKE MONEY**, to create wealth, to build your fortune, to acquire a competency, or you may invest **TO GET AN INCOME** only.

If you are interested in making your money make money, it will be well for you right now to get these two purposes of investing fixed clearly in your mind.

If you have but little money, or have only the little you can save from month to month, and want to acquire wealth, it is manifest that what you must do is to invest so that your money will have a chance to earn as much for you as it possibly can under the most favorable circumstances.

Your money will have this chance only when invested in new or comparatively new companies engaged in founding and building profitable industrial enterprises under competent management.

All that is required to put your money at work successfully in this way is to exercise common sense in considering opportunities and men, and then invest according to the law of averages. Anyway, that is the way that most men have made and are making money, and the plan that is successful with the overwhelming majority is a good one to adopt.

If, however, you have so much money that all you need is a modest rate of income on it, there is no reason why you should use it in the crea-

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tion of wealth, unless you want to be hoggish and gobble all you can, regardless of whether you need it. If you have that much, you will naturally prefer to invest to get an income only, unless you prefer the bother of lending your money for its rental value.

By investing money as original capital in new companies it will be employed in a CREATIVE capacity, giving it its greatest earning power.

The business your money helps to build will become more and more valuable year after year as it progresses successfully. This increasing value becomes assets back of the shares, making them correspondingly more valuable. This is accretive value which the investor acquires in addition to the dividends that he may receive.

Should you put your money at work by buying shares in an established or old company you would have to pay so much for your shares that the income on your investment would be but little, if any, more than the interest you would receive if you should lend it. And as you would very likely have to buy your shares from someone who bought them originally from the company, a considerable part of what you would pay for them would go to him as profit. The part representing the part that he paid for the shares would be your investment in the company, your contribution to its working capital, and the remainder would be his profit.

DISCOURSE I.

For instance, those who bought shares in the United Verde Extension Mining Company a few years ago got them for as low as 15 cents each. Had you bought some of these shares from a shareholder about a year ago you would have had to pay as high as \$46 each. Of this, \$45.85 would have represented profit for the shareholder of whom you bought.

Let us carry this illustration a little further while we are at it, to clear up the subject matter.

The par value of the shares in this company is 50 cents. The company has paid 50 cents a month in dividends, making \$6 a year. The person who paid 15 cents for his shares has an income of 4,000 per cent a year on his money. Had you bought at \$46, the income on your money would have been only 13 per cent a year.

This shows clearly what I mean when I tell you to buy shares in corporations when the original working capital is being raised. That is the only time when you can give your money its greatest earning power, when a little money has the opportunity to earn a great deal of money, when you have the chance to acquire wealth in the quickest way.

Some corporations have two kinds of shares, preferred and common. Buying preferred shares is a form of lending, in that the holder of such shares receives only a fixed rate of income, which is usually 7 or 8 per cent. Beyond this little income he does not share in the profits.

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If that is the rate on his shares, that is all he gets, even though the corporation may earn a thousand per cent. All that it earns above the 7 or 8 per cent on the preferred shares goes to the holders of the common shares.

If the common shares in such a corporation have not been given as a bonus to the buyers of the preferred shares, but are being sold out of the company's treasury, buying such common shares is a good way to give money an earning power.

The sensible way to organize a corporation, for an all around square deal for everyone connected with it, is to have but one kind of shares, and they, of course, will be common. In such a company each share has an equal standing with every other share. Each has back of it its proportional part of the assets of the company, and participates equally with all the others in the profits.

To gain riches you must give your money an earning power. To gain riches quickly you must give it the greatest possible earning power.

If you have but little money and want to build a fortune or acquire a competency, you cannot do it by buying into OLD companies. You have but one course before you, and that is to buy into NEW companies—into companies that are raising capital to build their business.

In such companies you have the opportunity

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to give your money its greatest possible earning power. In such companies the value of your shares increases as the business grows, so that in addition to dividends you acquire this ACCRETIVE wealth.

In the mining company referred to a share that cost 15 cents draws a dividend of \$6 a year, and about a year ago it had acquired an accretive value of \$45.85.

In many industries money has a much greater earning power than labor. If this was not true men could not become immensely rich. Wages alone never made anyone rich.

To illustrate: Assume that \$1,000,000 is put at work to establish an industry giving employment to 100 persons at an average wage of \$18 a week. Then assume that the industry earns \$500,000 a year to be distributed on this basis among labor and money. This gives labor \$93,600 and money \$406,400 for the year's work.

One man may own the \$1,000,000 put into the industry and give his time to manage it. If, because of his greater ability, we allow him a wage ten times greater than the average wage of the other workers, he will get \$9,360 a year for this work, while his money will get \$397,040 for its work in the same time.

Now assume that the hundred workers had each furnished \$10,000 of the capital and that they managed the business and did the work at an average wage of \$18 a week. Each would

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get \$936 a year for his work, and his money would earn him \$4,064 in that time.

Omitting fractions, if 434 persons had each contributed \$2,304 to the \$1,000,000 of capital, this small sum would be earning its owner \$936 a year, or as much as the average yearly wage of one of the workers in the industry.

And this illustration of the ratio between the earning power of labor and that of money is not far-fetched or fanciful.

The official census of production taken in the United States and in the United Kingdom of Great Britain in the years of 1907 and 1909 showed that in ten lines of manufactured goods of common everyday consumption the value of the average annual production of an American worker was \$2,697.12, and that of the United Kingdom worker was \$1,323.36.

The ten industries referred to are those in which men, women and children are employed somewhat promiscuously. At that time the average annual wage of the workers, counting men, women and children, did not reach \$400 in this country.

The margin of profit in these industries is low, because the products are of common consumption and competition is keen. Nevertheless, we find that in these industries American labor got less than \$400 a year and money got \$2,297.12 a year.

In other words, American workers, counting

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men, women and children, each produced an average of \$2,297.12 or more a year of which they got nothing.

This was in industries of small profits. In specialized industries, in which the profits are large, the ratio between the earnings of labor and those of money would, of course, be correspondingly greater.

In the ten industries referred to the ratio is greater now, because the price of labor has not advanced to correspond with the advanced prices of the products of these industries.

If you have but little money and want to make money, the only course open to you is to invest what you have so as to give it its greatest possible earning power under the most favorable conditions you can find.

In considering the matter of putting your money at work, bear in mind that no matter how well you may study the subject, how much information you may gather, how well you may have looked into the proposition, and how well convinced you may be, there still remains the possibility of your being mistaken. The chances are in favor of your being absolutely right—but to err is human. To guard against any possible chance against you, I give you this old advice: "Don't carry all your eggs in one basket." That is, don't invest all your money in one company—divide it between two or more.

In the affairs of men, there is no guide as safe

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as the law of averages. It operates with immutable accuracy. Use this law intelligently and you can not go wrong. If you have \$1,000 more or less, to put at work, distribute it among two or more companies, and select each as carefully as if you were to put all your money into it.

In observing this rule, should the company into which you considered putting all your money prove to be the poorer earner, the other company in which, under this law, you would also have an interest might prove so big an earner that the average would be highly profitable.

In a land of opportunities such as ours there is no valid reason why more people should not be financially comfortable. The bulk of created wealth is in the hands of a comparatively few, the ones who have been guided by Franklin's law of financial success, in which he said:

"Money makes money, and the money that money makes makes more money."

Savings deposits in this country aggregate approximately \$6,000,000,000. This vast sum is owned by over 11,000,000 persons who either do not know how to put their money at work or who are afraid to take a business chance with it.

How much better would not the material condition of these persons be if their money was

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to work in good growing companies engaged in profitable industries? How much better off would they not be if they had half of their money so engaged?

If you want to make money, study this subject of the earning power of money; think out the details of the application of Franklin's great law as I have here indicated it to you, and I believe you will see your way clear, as others have done, to apply it in your affairs to your material welfare.

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DISCOURSE II.

RENTAL VALUE OF MONEY.

In the preceding discourse we found that money has an earning power and that there are degrees of this power.

Money also has a rental value.

These two are the only ways in which money can increase or multiply itself legitimately. If we have money to which we desire to give recreative activity we can take our choice of these two ways in giving it such activity.

Giving money a rental value is to lend it to someone else in exchange for a fixed small income called interest—to let the other fellow have it to put it at work where it will have an earning power and where he will receive all that it earns, out of which he will pay you your little interest and pocket the remainder as his profit in the transaction, and as his reward for his greater intelligence, courage and enterprise.

The rental value of money is necessarily much less than the earning power of money, because the rent must be paid out of the earnings and leave a balance as profit for the one who borrowed the money and supervised it while it was at work.

The rental value is small, and limited to a definite and stated amount—no more, no less.

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The earning power is great, and limited only by the profit possibilities of the industry in which it is put at work.

In lending money, you allow the borrower to use it during a specified period in exchange for a consideration called interest, which is usually paid at intervals during the period of the loan. At the expiration of the period the money is returned to you—if the borrower is then able or willing to pay it back to you, or if you can compel him to do so.

The rate of interest is usually so low that it does not amount to anything in the way of making money with your money.

Lending money is only for two classes—those who have so much money that they do not need to acquire more than the little that interest yields, and those who are too timid to engage in business with their money, to set their money at work in the creation of wealth.

The more common modern way to lend money is to buy bonds. A bond is an instrument issued by a corporation as evidence of indebtedness, and is usually a combination of the features of a promissory note and a mortgage. It draws interest at stated intervals and the principal is made payable at a stated time. In this way it is a promissory note. A bond is also a lien on the assets of the corporation issuing it, or such assets as may be specified. In this way it is a mortgage.

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Government and municipal bonds are liens on the taxing power of the body issuing them, and are considered the best forms of bonds.

Buying bonds is not an investment. It is lending.

When you invest you become an owner of the property your money represents, and you receive all the profits that it earns. And you continue an owner until you sell your interest to someone else.

When you buy a bond you do not become an owner of any part of the assets of the corporation issuing the bond. You simply become a lien holder, a mortgagee. You do not receive the profits that your money earns, simply the interest. No matter how much your money earns, you get only your little interest. The shareholders in the corporation that issued the bond get the profit. In other words, in this financial grist you get the bran and the shareholders get the flour. You hold the wabby end of the bag.

If you have enough money so that by lending it you will have as big an income as you desire, buying certain classes of bonds will be good enough for you. But if you have your competency to acquire, you must travel by the investing-for-profit route.

A further word about government bonds.

There are times, as recently, when the government needs money to conduct affairs for

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the common good and must issue bonds to get it, when it becomes the duty of every citizen to lend what money he can on such bonds. To do so is to perform a patriotic duty, rather than to make an effort to acquire wealth.

When we are young and vigorous and robust, we work and strive and struggle to accomplish something. When we get along in years and have accomplished what we set out to do, we retire and take things easy, leaving the field for younger men.

When we have but little money and want to make more, we put our money at work, invest it to give it an earning power—give it its greatest possible earning power. When we have made what money we want and need, we usually retire it from the activities of work and give it a rental value by lending it on proper securities.

At such times the rental value, or interest, is all we need or care for. We give up the earning power because we no longer need it and because we do not care to be bothered to look after our money at work, and we accept the rental value because it is all we need and because of the greater security that we have.

Work for the young, retirement for the aged—a very sensible life rule.

Earning power of money for him who has his fortune to make, rental value for him who has made his fortune—a very sensible business rule.

Much of the business of this country is now

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being done with money that corporations have borrowed on bonds. This is possible because we now have a large number of persons who have made so much money through investing for profits that all they care for is an income in the form of interest that they receive on bonds.

It is easy to see why a corporation that has built its business to a point of solidity and security prefers to borrow money on bonds rather than to increase its capitalization and sell shares to get additional working capital for an expansion of its business.

To illustrate this we will say that the company is capitalized for \$10,000,000, that its assets are \$20,000,000, and that it is earning, say, 20 per cent a year on its capital.

But conditions have risen under which it can easily double its business, and thereby more than double its profits because of the lesser overhead expense on the new business.

To double its business we will assume that it needs \$5,000,000 of additional working capital. With its capital, assets and earning power it can readily borrow this amount on a bond issue bearing, say, 6 per cent.

Assuming the profit on the new business to be no more than on the old, we find that \$5,000,000 of new working capital will earn \$2,000,000 a year.

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Deducting the 6 per cent interest, there remains \$1,700,000 a year net profit on the loan.

Now assume that \$500,000 is set aside each year with which to pay the bonds at maturity. In ten years the bonds and interest will be paid and there will remain \$12,000,000 as further profit for the shareholders.

In other words, instead of getting 20 per cent a year, as they did before the loan was made, the shareholders will get 32 per cent a year during the ten years with a chance of much more after the ten years, because then they will not have to pay maturing bonds and interest.

In this case 6 per cent interest on the bonds is all right for those who have so much money that they don't need or care for more, but he who needs all he can get to acquire a competency, if he has any business sense, naturally prefers the 32 per cent or more as a shareholder.

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WALL STREET'S FINANCIAL CONSPIRACY.

The organized large financial and industrial interests of America center in Wall Street. That is the base from which they operate.

The period of great wealth creation began in this country shortly after the close of the Civil War.

The foundations of most of the great American fortunes of today were laid in the early days of that period. In other words, nearly all of our rich have become so since the close of that war.

Only 5 per cent of our people are rich, and only a few of these are beastly rich. The other 95 per cent are poor, and will die poor unless they change their financial habits.

The vast fortunes of today have been made more or less directly from our natural resources. The process of their making is interesting, if there is such a thing as the punished child being interested in learning how he was spanked.

To turn natural resources, the raw materials, into usable wealth required money, lots of it. This the fortune builders did not have; at least, not enough. Most of it was scattered among the 95 per cent—a little here, a little there.

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In this process of fortune building the first problem for solution was, manifestly, to get working tools—money. This must be gotten from those who had it—the 95 per cent.

The common sense and humanitarian business way—the just way—to get it would have been for those who had the raw materials and the opportunities to have taken the 95 per cent into partnership, on condition that the latter furnish the required additional money.

The 95 per cent were induced, cajoled and fooled into furnishing the money, all right; but they were not taken into partnership; oh, no. We will see the reason as we proceed.

And the way that that was done, and is being done, constitutes the great American financial conspiracy.

The operation of this conspiracy holds the 95 per cent in financial serfdom to the 5 per cent—keeps the 95 per cent slaving away for barely enough to hold body and soul together that they may slave the more, while the surplus of their labor goes to make the 5 per cent richer and richer—beastly rich, like hogs wallowing in their food, while the little pigs stand by squealing for a mite to appease their hunger.

Had the 95 per cent been taken into partnership, we would not have the beastly rich today; but we would have many with good fortunes, and millions and millions of families enjoying competencies.

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We would not have, on the one hand, such beastly fortunes as to require large executive boards of experts to dispose of the incomes from them; and, on the other, 95 per cent of our people dying poor and 66 per cent dying penniless.

We would not have the bulk of our \$250,000,000,000 in the hands of, or controlled by, two small cliques of financial pirates, and 11,285,834 of our people with \$4,997,706,013 in savings banks, and with nearly 90,000,000 of them with not even a cent in a savings bank.

No, sir; say what you will.

The conspiracy consisted of devising a set of schemes to get the use of the people's money at a low interest, and then put it at work in industries to earn big profits for those who used it.

The schemes were:

1. To induce the people to deposit their money in savings banks at 3 to 4 per cent interest, so the exploiting 5 per cent class could borrow it from the banks, either direct or by selling them bonds, and use it to make big profits for themselves.

2. To induce the people to insure their lives and continue paying a big life insurance premium each year as long as they lived, that the exploiting 5 per cent class could borrow the money from the life insurance companies by selling them bonds, and use the money to earn big profits for themselves.

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3. To induce the people to buy bonds drawing a low rate of interest, instead of investing their money in shares of companies having only common shares in which they would receive all that their money earned.

4. To induce the people to buy preferred shares drawing low dividends, thus leaving the bulk of the profits to be paid on the common shares which the exploiting 5 per cent class kept for themselves.

To put through this conspiracy, made up of these four diabolical financial schemes, several things had to be done.

Savings banks had to be organized in every community in which there were enough money earners to make it pay to maintain such an institution.

Life insurance companies of every shade and color, with different kinds of policies that the people might be fooled by the complexion of competition, had to be organized.

The passage of laws had to be secured, making it seem compulsory for savings banks and life insurance companies to invest their funds in bonds.

A variety of the deceitful preferred share had to be devised.

A multiplicity of bonds to cover every possible proposition and every conjectured contingency had to be invented.

The holding company had to be arranged.

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And finally the trust python had to be given birth.

And first, last and all the time the people had to be made to believe in these monstrous things, to put their money into them, to stand by them to the extent that they were willing almost to swear that money at work could not earn more than from 3 to 8 per cent, and that if anyone denied this heresy to believe that he was a "get-rich-quick" charlatan who had designs on their purses.

To this end the bankers and brokers and financiers and their servants were diligently drilled plausibly to present fancied facts to the people that money could earn only from 3 to 8 per cent with safety, and that if it earned more it was so unsafe, such a risk, that the dear people could not afford to take the chance.

Of course, to the person given to using his thinking machinery, this argument was ludicrous in the extreme, clownish. He knew that the money was earning infinitely more all the time, that it was the people's money that was earning the infinitely more; and, also, that if there was any risk attached to the money earning more than from 3 to 8 per cent, it was the people's money that was taking the risk, taking every bit of it.

If the money—the people's money—was lost at any time in these operations, as it was, who bore the loss? Did the men who used the money

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bear the loss? When failure came did the people get back their money—did the bankers and brokers and promoters and managers go down in their pockets and give the people back their money?

When a bank failed, as lots of them did, did the officers and managers go down in their pockets and make good to the depositors—to the shareholders? If there was anything left from the wreckage after the receiver had feed it to death, the depositors got it—otherwise not. And did you ever hear of a shareholder in a wrecked bank ever getting back any of his money?

When a life insurance company failed, and many of them did, did the managers go down in their pockets and pay back the premiums to the policyholders? Did they give the shareholders back their money? Ask the millions and millions who were policyholders and others who were shareholders in the many companies that were, but are not.

When a company failed to pay interest on a bond, or the bond at maturity, did the managers make good to the bondholders? Ask the millions who are holding such bonds, now worth only the price of the paper at so much a pound.

When dividends on preferred shares were not paid, or when the company went to smash, what “preference” had the holders of preferred shares? Did they get their money? Oh, no. Ask them, if you don’t believe it. There are

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lots of them. Of course, they couldn't get their money, because a company doesn't go to smash until there isn't enough to pay the creditors. How, then, can there be anything to pay the holders of shares, either "preferred" or common?

Of course, the companies that were organized for the primary purpose of doing business made good, and usually in a very big way. Otherwise the fortunes referred to could not have been made. But through the intricacies of the holding company and the trust, many companies were made into nothing but vehicles to carry tremendous loads of securities—securities on securities, with no assets back of the duplicate securities. These stocks and bonds were unloaded on the people and the money received for them disposed of so cleverly that usually when the smashes came it was impossible to find where it had gone. This was the most damaging form in which the conspiracy operated.

Ordinarily you wouldn't believe that this conspiracy could have been foisted on the people as successfully as it was. You won't believe it now until you realize that 95 per cent of our people are wrong all the time—until you realize that 95 per cent of our people really don't think—that 95 per cent of them rarely think further than from breakfast to dinner, and if they have a good breakfast they don't think that far.

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This is demonstrated in our national elections. If the voter sits down to a plentiful breakfast election day morning, he invariably goes to the polls and votes as he did before. If he had no breakfast, or a scanty one, he votes the opposite way. Thought? He doesn't know the meaning of the word. Horrible indictment, but it's true. It is not idle speculation—it is the statement of fact.

Do you remember the Credit Mobilier—one of the earlier products of the great conspiracy? Did the people get their money back in that?

Do you remember any or all of the gigantic collapses and smashes from the days of the Credit Mobilier to the present day of the New Haven and the Rock Island? Did the people get their money back—are they getting their money back?

And don't lose sight of the squirrel. Remember, that all this money was the people's money, gotten from them through the operation of the great conspiracy by means of the savings bank, the life insurance company, the bond, and the preferred share—these four, no more.

To get the people to fall for this game a comprehensive system of public education was necessary, and this was established and maintained very effectually. It is in full force today. Undoubtedly you who may be reading this article have been inoculated with its virus to the extent that by now you are calling these

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statements "bunk." Very well. Remember the incontrovertible fact that 95 per cent of the people are wrong all the time—wrong, dead wrong. Are you of the 5 per cent? Can you prove it?

This case is a little different from that of the actor who, after "partaking" in a considerable degree with some friends, said:

"Boys, I'm the greatest actor in the world."

"Good," they replied, "but can you prove it?"

"Prove it? I don't have to prove it—I admit it."

That the youth who would be the coming men of affairs might be properly trained in the doctrine of the conspiracy, the conspirators endowed colleges and professorships and even founded colleges and universities, in which the teaching of political economy was distorted from facts to conform to the principles of the conspiracy. And woe to any instructor who dared attempt to be true to science, as many learned to their sorrow.

You know how, for as long as you can remember, the country has been filled—every little nook and corner covered almost continuously—by sleek-tongued, oily-worded salesmen of life insurance, bonds, stocks, and savings bank service. For nearly half a century these emissaries of the operators of the conspiracy have buttonholed our people and dinned their arguments at them.

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“Constant dripping wears away stones,” and the persistent insidiousness of these leeches has had a great effect in moulding the mentality of the people into harmony with the operation of the conspiracy.

But the most effective whip used in lashing the people into line was the press. People will read more or less, even though they will not think at all. And the conspirators did not want the people to think, simply wanted to lead them like sheep into the pens of the conspiracy.

In one way and another, the managers of this stupendous misleading of the people arranged to control and direct the policy of the financial and industrial information printed in the newspapers and magazines worth while in our country.

In some instances this was done through the distribution of fat advertising contracts. In others, by giving the publishers profitable “inside” interests in companies. In others, by lending needed money to the publishers. In others, by buying an interest in the publication. In others, by buying the publications. And in extreme instances, by starting new ones.

In the more important newspapers “financial pages” were started, and in magazines of a similar class “financial departments” were opened and conducted regularly. In some of the more brazen of these “pages” and “departments” were included “financial advice”

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departments to which readers could write for advice on any particular investment proposition and be certain either to have their letters answered or their inquiry with the answer printed in the department.

To those who understand the game the "advice" given in these departments is usually the most ridiculous and misleading stuff that appears in American print. Nevertheless, the people swallow it—gobble it—the 95 per cent do.

The men put in charge of these pages and departments were frequently on the pay rolls of branches of the conspiracy organization, or they were selected and trained by it; and they were well trained to do the work of the organization in the most insidiously effective manner.

The best and most intense of this work has been done, but it is being continued in quite an effective way. Pick up any of the large daily newspapers and any one of the more important weeklies and magazines, and you will find it spread before you in the most delectable style that the money trust can desire.

Throughout the years and continuing, the burden of this song has been and is—and song it must be called, because it is intended to soothe, and some wise man said that music soothes, even the savage breast—that money can not safely earn more than 6 per cent, preferably 3; that bonds and preferred shares are the only things in which to "invest"—note the

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damnably clever misuse of the word “invest”—that it is folly even to think of using one’s money to start money-making industries; that anyone undertaking to start an industry is a fake, a fool, a fraud; that if he asks the public to join him in such an undertaking, on an absolutely equal basis of profit and responsibility—no bonds and no preferred shares—he is a “get-rich-quick” artist that the public should shun as it would yellow fever.

The reason for all this buncombe on the part of the conspirator’s hirelings is obvious. If the public uses its money to build industries of its own, it will not use that money to buy bonds and preferred shares of the conspirators—will not let that money lay in savings banks or put it into the life insurance mirage.

And the public has believed this bunk, does believe it, as they have believed and believe similarly erroneous doctrines.

For a long time the people believed that they could not govern themselves, that the ability to run governments was specially given by some mysterious and unseen being to specially appointed beings called kings. The bulk of the people believe this rubbish yet. You see, 95 per cent of the people are wrong all the time—don’t think.

Again, the bulk of the people believe that an existence after this life, and especially the condition of that existence depends on their believ-

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ing certain well-defined things, holding certain tenets. Again, you see, 95 per cent of the people are wrong all the time—don't think. No, they don't.

It wouldn't be very surprising if you, who are now reading this, believe some of these things—don't think, are among those who are wrong all the time.

How about it? 'Fess up! Be honest with yourself.

If you find you are one of them, don't say a word. Just begin trying to do a little real thinking and see how good it feels—see how much better you will get along, how much happier you will be. No joke!

Now, let us see briefly how the results of this conspiracy benefited those who operated it.

Here is a great natural resource to be developed that will yield hundreds, yes, thousands of per cent of profit yearly on the money actually invested.

Here is a railroad to be built into a new section that will yield tremendous profits to the railroad.

Here is a manufacturing industry based on a patent or process, or here is a public service monopoly, or a merchandizing scheme, all of which carry such assurance of great wealth as to make even Croesus sit up and take notice.

Very well, we, the conspirators, will manage the development of this resource, the building

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of this railroad, the manufacturing of this commodity, the establishing of this public utility, and so on.

It requires a million dollars to develop this resource. We will organize a company having \$1,000,000 of preferred shares to draw 7 per cent, and \$9,000,000 of common shares. We will sell the preferred shares to the public, and keep the common shares for ourselves as pay for arranging all this. The public will buy the preferred shares because we have taught it and will tell it that the dividends on the million dollars of preferred shares must be paid before anything can be paid on the common shares. In a company having a capital of \$10,000,000 it can be made to appear as a moral certainty that 7 per cent can easily be paid on one-tenth of it. Also, we will explain to the proposed buyers of preferred shares that if the company goes to smash, the preferred shares take assets in the amount of the preferred shares before the common shares can get anything. Of course, we know that if the company goes to smash there will be no assets for any of the shares; but the public doesn't know; hence, it will buy.

Very well. The company pays 100 per cent a year on its entire capitalization. The holders of the preferred shares get 7 per cent of this, and we, the holders of the common shares, get 93 per cent.

The holders of the preferred shares put up

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the money and get 7 per cent. We furnished the brains—did the thinking—and get 93 per cent.

But 100 per cent is too high a rate of dividend. We must cut it down at least to 10 per cent, or a portion of the public will think we are robbing it.

To do this we will increase the capital ten times and distribute the additional shares as a stock dividend. Instead of drawing \$93 profit a year on one share, we will now draw it on ten shares.

Or, if we prefer, we can sell some of our shares, and in this way "cash in" still further on our thinking.

But we find that by using another million dollars we can double our output and our profits.

Shall we take a million dollars of the profits and use in extending operations?

Oh, no! What are we in this game for—glory or money?

We will issue a million dollars' worth of bonds, drawing 6 per cent, and sell them to get the money to extend operations.

The public will buy these. Haven't we taught the public that bonds and preferred shares are the only safe things in which to invest?

The money we get for these bonds will earn us 100 per cent a year. We pay the bondholders 6 per cent of it. This leaves 94 per cent for us. Of this we will set aside a little each year

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with which to pay the bonds when they mature, and the remainder we will put in our pockets as extra dividend profits.

Such, dear reader, is the operation of the great American financial conspiracy in its most common form. The public furnishes the capital at an interest rate, and the conspirators take the profit.

If the company goes to smash, who loses? The ones who have put money into it; the public, of course. The others haven't any money in it; hence, can't lose.

And if the company goes to smash those who furnished the money lose, whether they are preferred shareholders or bondholders; because as long as the company has enough to satisfy its obligations it won't go to smash in the natural course of things. If it goes to smash, it hasn't that much. If it hasn't that much, it certainly can not have anything to give the preferred shareholders and the bondholders. Then, don't they lose? Where is the "safety" prattled about by the puttering hirelings who scribble financial "advice" in the "kept press." Where?

This is a frightful condition, you say?

Yes, it is.

It is responsible for the gathering together into the hands of a few—into the hands of the 5 per cent—of the bulk of our \$250,000,000,000 of national wealth.

It is responsible for 95 per cent of our people dying poor, and 66 per cent dying penniless.

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How can it be remedied?

It can't be, entirely.

You suggest, naturally, legislative, and consequently, also judicial action.

It can't be done that way, friend. Remember, that the 5 per cent that are responsible for the condition do the thinking for the 100 per cent, and that the 5 per cent absolutely control the governing and judicial powers in various insidious, if not altogether direct, ways.

Remember, that the 95 per cent do not think, and consequently are wrong all the time. If they don't think they can't be made, or enough of them can't be made, to see this condition so that they will rouse themselves to change it.

To change it as you suggest requires a **THINKING** vote by the 95 per cent. That, manifestly, can't be had.

Therefore, you can't change it in that way.

The only way relief can be had is for the few who get their eyes opened to an understanding of the condition and the remedy, first, to refuse to let the 5 per cent have the use of their money; and, secondly, to use their own money in organizing and capitalizing companies to build meritorious money-making industries for themselves in which they will receive all the profits, justly distributed among them according to their several interests—companies in which the shares are all **COMMON**, in which there are no preferred shares and bond hocus pocus jumbles to confuse and defraud.

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The country is as full of opportunities as it ever was, or practically so—anyway, there are enough.

Whenever enough of the 95 per cent have gotten their eyes opened to do so, they can seize one of these opportunities, capitalize it and develop it for their profit.

Let's not wait until it is too late. Let's not be like the little boy's pups.

He asked his father to buy him some pups. His father brought him a couple, so young that their eyes had not opened.

Each morning for several days the boy went to the shed to see if their eyes had opened. Finally he became disgusted with their apparent indifference to his desire and told them that if they didn't open their eyes by the next morning that he would do away with them.

The next morning their eyes were still closed. Seizing one in each hand, he dashed their heads against the threshold, scattering their brains on the step, and also—opening their eyes!

He looked at them thoughtfully, then commented:

"This is a pretty time to get your eyes opened, after your brains are knocked out!"

Let's get our eyes opened before our brains are entirely knocked out.

When we do, we will depart from the famine of the 3 to 8 per cent financial Egypt and enter the land of milk and honey.

Speed the day for Americans!

DISCOURSE IV

BUILDING YOUR FORTUNE.

All wealth has its origin in natural resources.

If you can imagine the condition of the earth before human beings grew on it, you will have before you a mental picture of the original source of wealth.

That was wealth in its raw state, raw materials. In that condition very little of it was useful. And as a thing is not wealth unless it is useful, labor had to be applied to the raw materials to convert them into useful things, or wealth.

In the production of wealth, then, labor became as important as the raw materials; and with the passing of serfdom and slavery, labor gradually began receiving, in the form of wages, a part of the wealth that it had created.

We see, therefore, that wealth is created; and that if we want to acquire it honestly and fairly, we must create it.

To create wealth requires labor, and labor requires money, the representative of wealth. The process of creating wealth becomes, therefore, what may be called an endless chain, beginning and ending in wealth.

Gradually in the evolution of the world's industries, their development became so exten-

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sive and complex that the man who needed to create wealth for himself did not have enough money to engage in the process on a scale sufficiently large to compete successfully with others. Or he might have enough to start the enterprise in a modest way, but was unwilling to venture all his money on one proposition.

To overcome these difficulties the corporate form of doing business was devised. This has proved so satisfactory that today the greater part of the business in this country is being done in this form.

In the corporation many persons—frequently thousands and tens of thousands—may contribute to the working capital, each comparatively little, or much, as he may desire, and receive his just part of the profits in the ratio of his contribution to the entire capital.

Such excellent rules and regulations in the form of statute laws have been prescribed for the governing of corporations, that this form of doing business is now commonly conceded to be the safest and most effectual. If it was not, all of the largest and strongest enterprises in the country would not be conducted under this form.

You and I want wealth, at least enough to make us and those dependent on us reasonably comfortable.

To get wealth we must create it. We can not take it away from someone else.

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If we have some wealth we can set it at work to create more. This we can do by engaging in business, or we can invest our money in well managed corporations carrying potentialities of good profits.

If we have no wealth, we must work for others who have. But this will not get us enough to be called wealth. However, by saving what we can from month to month and putting the savings at work for us under conditions where they will have their greatest earning power, we may gradually acquire a competency, if not a fortune.

Nearly every man who has acquired great wealth began in this way. Rockefeller was a grocer's clerk, Carnegie an office boy, Vanderbilt a deck hand, Gould a surveyor's helper, Marshall Field a dry goods clerk, Pullman a house mover's helper, McCormick a farm hand, Hearst a miner, and so on down the line.

When these men started in life they had only the ability to do a day's work, the same as you and I. They saw, as you and I have seen, that this in and of itself would not get them wealth. They had the self-denial to save some of their earnings, and the courage to set their earnings at work for them.

Experience teaches us that it is wise to follow a good example. You and I have before us today just as good opportunities as these men had. The only question that remains is, have

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we the self-denial and courage to make use of them ?

In setting out to acquire wealth it is necessary to understand the two fundamental uses of money in the work of creating wealth.

These are its **EARNING POWER** and its **RENTAL VALUE**.

To give it an earning power it must be invested, put at work where it will return to its owner all that it earns.

The amount that it may earn when so put at work necessarily differs, as the nature and possibilities of the industry in which it is put at work differ.

To give money a chance to reach its greatest earning power it must be invested as working capital in the common shares of corporations engaged in building their enterprises.

If it is invested in the common shares of corporations that have built their businesses to the extent that they are distributing profits to their shareholders, it will have an earning power, but not its greatest earning power.

The reason for the latter is that when a corporation engaged in a business of substantial and permanent nature gets a dividend paying record, the value of its shares in the market is based on an earning power of from about 5 to 8 per cent, and in buying such shares from shareholders you would have to pay so much

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for them that the income on your money would be about that rate.

For instance, suppose the dividend rate should be 32 per cent and the par value of the shares \$100, and the shares be offered to yield an income of 8 per cent. In this case you would have to pay \$400 for a share to make your money yield you an income of 8 per cent, as 32 per cent on \$100 is the same as 8 per cent on \$400.

By giving a little thought, a little study, to the subject of selecting companies that are raising working capital, you will soon become sufficiently expert to make the greater part, perhaps all, of your selections from those that will grow to good successes.

Then if you will invest your money or your savings in the companies so selected, and do this according to the law of averages, you are bound to win.

Suppose that from time to time in ten years you should distribute \$1,000 as an investment equally among ten companies. Then suppose that five of them should fail altogether—an improbable hypothesis if you use any judgment in selecting your companies—and of the remaining five, four should make good in only a moderate degree, and the other one should prove to be the big opportunity.

The supposition here is, of course, that you are investing in new companies, contributing to

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the original working capital, the condition under which money has its best and, in fact, its only chance to return large profits.

Then suppose that the four companies earn you only a modest amount each year, and the one company grows and expands so that through cash and stock dividends it earns you upwards of a thousand per cent a year. Is it necessary for you to worry about the extreme case of half of your companies failing?

In a short time you will have back the money that you invested in all the companies, and you will be receiving a yearly income of more than you invested in all of them—more than the average man gets for a year's work.

Therefore, we may say that one good investment, even though it be small, is worth a lifetime of toil.

If you have not had occasion to observe and study how this works out, a practical illustration will make it clear in the quickest way.

Suppose that a process for manufacturing a new food product for common consumption has been worked out, and that \$500,000 is required to take it over in corporate form and begin manufacturing and marketing it on a profitable basis.

Of course, you and I know that \$500,000 is not enough capital to manufacture such a product on a sufficiently large scale to put it on sale throughout this big country, to say nothing

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of the cost of putting it on sale and to compensate the man who invented the process.

But \$500,000 may be enough to take over the process and begin manufacturing and selling it on such a basis of profit that the profit will pay for its further introduction until the country has been covered.

We will now assume that the organizers of this enterprise desire to observe the usual custom of selling the shares at below par, that those who contribute to the original working capital will have the advantage of the extra value that their investments will have when the company begins paying dividends, and that they decide that the shares shall be sold to bring an average of half of the par value.

In that case they will incorporate the company with an authorized capital of \$1,000,000, and use the capitalization so that in taking over the process and raising the working capital the average price of the shares will bring the company \$500,000, including the process and cash.

When this has been done and the capital has been raised, these shares have a value of 50 cents on the dollar of the par value. It doesn't matter what the par value of the share is, but to insure simplicity in carrying this illustration to a conclusion we will assume that in this instance it is \$1.

We will now assume that the company earns

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\$250,000 the first year, and that it uses this in a further extension of the business.

We had \$500,000 back of these shares. At the close of the first year we have \$750,000. This gives the shares a quite tangible value of 75 cents each.

Continuing the approximate ratio of earnings, we will assume that the profits are \$500,000 the second year, and that this amount is put back into the business to build a still larger trade.

This gives the shares an approximate value of \$1.25 each, or 25 per cent above par.

On the same basis, the company should earn \$1,000,000 the third year. We will assume that by this time the business has been built to such an extent that half of the year's profits may be distributed as a dividend.

This will give \$500,000 for a 50 per cent dividend, and leave \$500,000 as further assets to be used in building the business still bigger.

Now the assets are equal to \$1.75 a share. Hence those who bought them at 50 cents have \$1.75 back of their investment of 50 cents—a profit of 250 per cent. In addition to this, they have received a dividend of 50 per cent, which, being declared on the par value, gives them 50 cents on each share, the average price paid for the shares.

When a share attains a record of a continu-

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ous dividend rate of 6 per cent, it is usually worth par or more in the market.

If it is indicated that the rate of earning in this company will be continued, and possibly be increased from year to year, these shares are now easily worth \$5 or more in the market. Should the holder of them wish to cash in his investment, he could now sell them for about this amount, which would be his profit on an investment of 50 cents for these years, because he has already received a dividend equal to what he paid for the shares.

But he would be foolish to sell his shares at this time. With a food product of somewhat common consumption, this company has but fairly begun to grow.

I have made this illustration typical of the actual facts that exist in a large number of big companies.

We see, then, that it is only through investment that we can give money an earning power, and that if we want it to earn to the limit of its power, we must put it at work in a creative capacity, which can be done only by investing it in new companies engaged in building industrial enterprises.

There are abundant opportunities to do this, but these are for the courageous. Most persons are too timid to take an ordinary business risk, even when the success of the enterprise is as self-evidently assured as anything can be.

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Were it not so we would not have so many poor persons and so many multimillionaires. Wealth would be more evenly distributed than it is.

Investment brings fruit from dizzy heights, or difficult places, where the many fear to tread—immense profits from the ones who would rather surrender their daily pittance for these fruits, than with fortitude and courage pluck them for themselves.

Well may Herbert Kauffman, the business philosopher, say:

“The best way to GET a CHANCE is to TAKE one. When you strike a CERTAINTY you strike LIMITATIONS. The MAKING of PROFITS almost always means the TAKING OF RISKS.”

Had the rich men of today been content to toil and save and lend their savings, they would very likely not be known outside of their own block or township. Neither would we have the gigantic industrial and commercial institutions that serve and minister to our wants. Civilization would be way back there where they found it.

Whatever may be said of these men, and of the industries they created, and of the resources they cultivated, they have, by their works, been world builders—greater than Napoleons; for aside from their fortunes, the benefits they have endowed upon humanity have created for them enduring riches in history which time or

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calumny—not even corruption and abuse of privileges—can efface. Their good actions will live, even after the injustices arising from abused wealth have been rectified and forgotten.

They were brave souls who, seeing a chance, took a chance, thereby rising to affluence and ease and enriching their country for the common good.

Federal Judge Grosscup recognized the importance of this principle in fortune building when he said:

“I should like to see well managed industrial corporations popularized through ownership of their securities by great numbers of people with small means, so that savings banks will decline in popularity and their deposits dwindle.”

If you want to acquire a competency or build a fortune you have but one course open for you, and that is, as herein outlined, to put your money and savings at work in companies organized to build industrial enterprises.

When our people learn the significance between the earning power of money and its rental value, and act on that knowledge, a new era will dawn in our economic history. The oft-repeated admonition of the money trust: “Slave and save that you may lend to us,” will go unheeded. Instead of lending their billions of hard-earned savings to the beneficiaries of the money trust, they will put their money at work for themselves, and the tremendous

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profits and unlimited power now enjoyed by the few will be shared in by all, the real owners.

Then the reign of the royal rulers of the empire of capital will cease, for no longer will they be able to manipulate the people's billions to perpetuate the people's bondage.

Use your money to build your own fortune, not that of others.

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HOW IT WORKS OUT.

“One good investment is worth a lifetime of labor.”

And it is not necessary that the investment should be a very large one. It may easily be such a modest sum as to come within the possibilities of every average active person.

This makes this subject of interest to every ambitious person; because it may be assumed that however much such a person wants to toil, he wants as many of the comforts in life as possible.

“It is true that twenty years ago I bought 100 shares of United Verde for \$100—also that I refused \$35,000 for the stock, and, too, that it is giving me a comfortable income. The most I have ever received has been \$150 a month.”

So wrote, a short time ago, Mrs. F. H. Chase, of Bangor, Maine, to the editor of *Business and Finance*, in reply to an inquiry if the rumor to this effect was true.

In this instance an investment of \$100 proved to be about as good as a lifetime of labor.

Mrs. Chase did not say that she had received \$150 every month, but she must have received an average of very near that amount, because the property has been a steady and quite uni-

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form producer. And now, with the high price of copper, it is likely that she is receiving more.

Neither has the average worker received \$150 a month during the time since this investment was made. A third of that amount has been nearer the income of the average worker in that period.

I will refer to but one more mining enterprise, although the reports teem with them. And I will select the lowest grade gold ore mining property in the country that is under steady production, the value of the ore being from \$3 to \$4 a ton.

The Homestake Mining Company was organized in 1877 with a working capital of \$200,000. It is clear that no further investment has been made, profits having built the property. The company's capitalization is now \$25,116,000, and at the beginning of this year it had paid \$44,145,996 in dividends.

An original investment of \$100 would today equal \$25,116 of the capital stock, and up to the beginning of this year would have earned in cash dividends \$22,072.94, an average of \$551.82 a year from the date of the company's organization.

For a long time, until a few months ago, each \$100 share drew 65 cents a month, or \$7.80 a year. During that time the original investment of \$100, now grown to \$25,116, drew \$1,954.04 a year in dividends.

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War conditions have made gold mining less profitable. Now each share in this company draws 50 cents a month. At this rate the original investment of \$100, now grown to \$25,116, draws \$1,506.96 a year. And the end is not in sight.

Truly, one good investment is worth a lifetime of labor.

The Singer Manufacturing Company was organized in 1864 with a capital of \$500,000. Stock dividends increased the capitalization so that in 1910 it reached \$60,000,000. An original investment of \$100 at par has, therefore, grown to \$12,000 of the present capital.

During its earlier years this company paid from 50 to 100 per cent a year in dividends. Then as the capital increased the dividend rate decreased, but the income on the original investment became greater.

During the last few years the dividend rate has been constant, and in that time the original investment of \$100 has drawn \$960 a year.

In 1913, the last year of a variable dividend rate, the \$100 drew \$1,920; in 1912, \$1,560; in 1911, \$1,440; in 1910, \$2,280; in 1909, \$3,600; in 1908, \$1,800; in 1907, \$1,320; in 1906, \$960; in 1905, \$1,560; in 1904, \$3,720, and so on back through the years, until in the earlier years it drew from \$50 to \$100 a year.

In addition to these dividend payments, the company had a cash surplus of \$41,121,000 at

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the close of its 1915 fiscal year, and other assets to make the whole \$125,471,000, equal to over \$209 for each share of its present capitalization.

One good investment is equal to a lifetime of labor.

In 1904 the Reo Motor Car Company was organized at Lansing with a capital of \$500,000.

“Billy” Grove, then clerk of the Downey House, invested \$1,000 of his savings in the company. It paid several stock dividends ranging from 33 1-3 to 100 per cent, so that when the last stock dividend of 100 per cent was distributed in 1916, “Billy” found himself in possession of \$119,050 of the company’s increased capital.

Considering for the present illustration only \$100 of the investment of \$1,000, we find that here \$100 grew in twelve years to \$11,905, which has since yielded Mr. Grove a yearly income of \$1,190.50. During the twelve years he also received cash dividends regularly ranging from 10 to 80 per cent, most of them from 30 to 80 per cent.

During the last few years “Billy” has been manager of the Downey House, perhaps the most famous hostelry in Michigan.

Again, one good investment is worth a lifetime of labor.

In 1895 C. W. Post, with a capital of \$750, began making cereal package foods in a little

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barn in Battle Creek. He died a few years ago, and in the settlement of his estate it was made of record that he died worth \$33,000,000.

In 1896 he organized the Postum Cereal Company with a capital of \$5,000,000 to conduct the business. Some of the capital stock was offered for subscription.

I have information about a person who invested \$1,000 in the company at that time. At the close of 1914 he had received \$32,975 in dividends, an average of \$1,831.94 a year for eighteen years.

On an earning basis of 8 per cent this made each \$100 of his investment worth \$2,287.42, besides having paid an average of over 183 per cent a year for eighteen years.

During that time much of the profits were necessarily used in expanding manufacturing facilities and in paying the expense of the tremendous advertising campaign to popularize the products. It may safely be assumed that much greater profits are in store for the investor, now that such expense has been largely overcome.

One good investment is worth a lifetime of labor.

J. C. Hoagland had a similar experience. Some years ago, with a capital equal to about a modest month's salary, he began making and selling baking powder in Fort Wayne.

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He had a little dingy shop in a back street. He manufactured at night and sold during the day. It was not long until the town began taking notice of the young man and his business. And it was not so very long until the entire country was taking notice and buying this man's product. Finally he found himself in mahogany furnished offices in New York City.

One day a few big business men called on him and told him they would give him a million dollars a word for the name Royal Baking Powder.

"I think not," he replied. "I consider the article worth just about a million dollars a letter."

The result was that the Royal Baking Powder Company was organized with a capital of \$20,000,000. Since then it has paid an average of about \$2,000,000 a year in dividends.

From an original investment of possibly less than \$100 to a yearly income of about \$2,000,000 is a pretty good investment.

One good investment is worth a lifetime of labor.

The Pullman Company was organized in 1867 with a capital of \$1,250,000. It is clear that, with so small an exception as to make it negligible in this illustration, the capital has been increased through stock dividends until it now is \$120,000,000.

On this basis an original investment of \$100 in this company has grown to \$9,600 at par,

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which, before the recent slump in the prices of securities, could have been sold in the market for \$15,360.

The dividend rate is 8 per cent. Here, then, the originally invested \$100, now grown to \$9,600, is yielding a yearly income of about \$768.

Not so much, but not so bad.

One good investment is worth a lifetime of labor.

As an illustration of this, the information available from various sources is to the effect that the Gillette Safety Razor Company was originally capitalized at \$25,000, and that through stock dividends the capital was raised to \$13,000,000, drawing 7 per cent dividends.

Had you invested \$100 at par when the original capital stock was raised, it is now indicated that you would have stock in the amount of \$52,000, bringing you an annual income of \$3,640.

During the greater part of the time since this company was organized, you would have received, as indicated, all the way from 100 per cent to 3,640 per cent a year on your hundred dollars.

Take the Quaker Oats Company. This was organized less than two decades ago with a capitalization of \$300,000. Today its capital is \$30,000,000, most of which has been increased through stock dividends.

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Had you bought 100 shares in this company in 1902, when \$100 shares could have been picked up in the market at \$35.75 a share, you would have received so much in cash and stock dividends up to the beginning of this year, and could have sold your shares at such an advance in price, that your investment of \$3,575 would have brought you a return of \$71,445, or a profit of \$67,870 in fourteen years.

Or you could continue holding your shares and draw a princely income each year in dividends.

By investing in this way you must bear in mind that you are helping to build industrial enterprises, and that it invariably requires some time to build and expand the business to the point of profit distribution.

The instances cited are fair examples of substantially successful companies in different industrial lines.

It would not be fair for the present purpose to include for consideration such exceptional instances as the Bell Telephone Company, in which \$100 of originally invested capital grew in a very few years to \$2,000,000; or the Ford Motor Company, in which, up to about two years ago, \$100 had grown to \$50,000 and had returned \$47,000 in cash dividends in a dozen years.

Now, let's get our bearings that we may see at what these illustrations point.

DISCOURSE V.

There are two kinds of investments, one for income and the other for profit.

To invest for income is to buy shares of shareholders in old dividend-paying companies. The price of such shares is usually so high that the rate of income on the money invested is rarely more than 5 to 8 per cent.

There is a form of so-called investing that is frequently spoken of as investing for profit.

This is buying shares in old companies when, because of financial conditions, the price is so low that the buyer expects it to advance considerably in a short time that he may sell at a profit.

In such an instance the buyer is not concerned about an income from dividends. He is after the profit that comes from selling at the higher price. He is merchandising, not investing. In other words, he is a "speculator," as that word is understood on the stock exchanges.

To invest for profit in the full meaning of the term is to buy treasury shares, that is, to buy shares from the company, either direct or through its fiscal agent, when they are offered to raise the company's working capital with which to found or build its business.

This form of investing gives you an opportunity to get both profit and income. The profit comes in the enhancing value of your shares as the business grows and through possible stock dividends, and your income comes from cash

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dividends when the company reaches the dividend-paying period.

This form of investing is the only one in which you can give your money an opportunity to work in this dual capacity. It is founding and building a business, from which you will receive your proportional share of all that it earns.

In the illustrations at the beginning of this discourse you noticed one condition that was present in all of them. This was the condition that made it possible for \$100 to earn the large accretive values and yearly incomes in the companies referred to.

This condition was expressed in the words "originally invested capital."

This means that in each instance the hundred dollars was invested in the company at the beginning when it was raising its working capital with which to build the business.

It is not necessary to point out that you cannot now put \$100 into one of these companies and make it earn such profits.

These tremendous profits were and are for the ones who had the vision to see the possibilities in these companies and the courage to take advantage of them when they were offered, that is, when the working capitals were being raised.

If you want a chance at such profits and such yearly earnings you must seek investments in

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companies that are now being financed and that have similarly promising futures.

Then, as the companies in which you invest grow and expand, your shares grow in corresponding value, or you are given more shares in the form of stock dividends, which in turn will grow in value as the company's business continues to grow. Then, in addition, when the company begins paying dividends you will begin receiving your yearly income.

But before illustrating any further let's have it clearly understood that the shareholders own the company and all the property and rights that it acquires. Their title to all that the company has is represented by their shares of stock. For instance, if the company is capitalized with 1,000,000 shares, each of a par value of \$1, and it is worth \$10,000,000, each share carries title to \$10 of the company's value. That is, there is that much value back of each share.

And while the property value back of the shares is only \$10, the shares may be worth very much more in the market because of the large dividends the company may be paying.

This was well illustrated recently in the settlement of the estate of George Borup, in which one and a half shares of the Allcock Manufacturing Company, making porous plasters, were valued at \$45,000, or \$30,000 a share. On an earning basis of 6 per cent on the investment,

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one of these shares would have drawn a yearly dividend of \$1,800.

That one good investment is worth a lifetime of labor is not idle talk. Its verity has been proved in the experience of hundreds and hundreds of thousands of our people. It will be proved further in the lives of other hundreds of thousands, as our population grows and our great country becomes developed and studded with additional industries.

And the day of inventions and discoveries has not ceased. It is safe to say that we are practically no nearer the limit of the mind today than we were a century ago when we had scarcely any of the things that we consider indispensable today.

I would not go on record as saying that we have fathomed all of nature's secrets, or learned all applications that may be made of mechanical laws.

On the other hand, I believe that the future will be as prolific in its way in discoveries and inventions as the past has been in its way.

These discoveries and inventions will form bases for new opportunities for wealth creation, in addition to the opportunities that will come in the expansion of our present industries which must follow the growth of our population.

These things are going on right now. Companies are formed from time to time to commer-

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cialize inventions and discoveries. Others are formed to expand old industries.

If you want to acquire wealth through investing for profit, these are your opportunities, as the profitable companies of today were the opportunities yesterday of those who have since become and are becoming rich.

Learn to see opportunities. Learn to select the best. To learn this, train yourself in analyzing the possibilities and profits in industrial enterprises. A little reading, a little questioning and some thinking will do it.

Then when your opportunity comes, don't be a financial coward. Have the courage to act.

When your reason tells you to join a company at the right time to make a good investment equal to a lifetime of labor, obey your reason.

But don't plunge. Remember that the best guide is the law of averages. Therefore, spread your investment over several companies. In this way you may miss having all your money in the company that eventually turns out to be the best, but you will also miss having it all in the company that turns out the worst.

By getting one good investment you can well afford to get several poor ones, because one good investment is worth a lifetime of labor.

DISCOURSE VI

SELECTING INVESTMENTS.

I imagine that you are already mentally commenting that to select investments is a difficult thing to do.

Not at all, so don't get scared.

To do anything, however simple, seems difficult if we don't know how.

To divide one fraction by another would seem difficult if we hadn't learned arithmetic. But to the mathematician it is as easy as sipping his morning coffee.

To select an investment opportunity that is worthy of one's money is as easy to the one who has trained himself to do it as is dividing fractions to the mathematician.

But as the mathematician does not live who at some time has not "gotten the wrong answer," so I believe that the expert financier or investor does not live who has not selected some investment opportunity that did not come up to expectations.

In the events of mankind, the only thing that I have found that is certain is death. Taxes are also commonly included, but I have found instances in which they are variables.

Nature is supposed to be perfect, but even she produces freaks.

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Perfection is only relative. The higher the perfection percentage, the greater the success.

And while it is true that absolute perfection can not be attained, it is equally true that those who have trained themselves to do a thing well are successful so often, and fail so seldom, that the result is a great success.

And such a degree of success is all any of us can hope to attain. That is good enough.

It goes without saying that when you are considering using your money to build a fortune or acquire a competency, it may be implied that you have but comparatively little money, or only what you can save from month to month.

To gain your end, therefore, you must not only give your money an earning power but you must give it the greatest possible earning power, that a little money may be given a chance to do what a great deal of money might do under other conditions.

It is not for you to consider a rental value for your money. That will not get you anywhere. After you have acquired a great deal of money, so that its rental value will be all you need, and you wish to withdraw from the turmoil of creative activity, it will be time for you to consider rental value.

To give your money the earning power you need you must put it at work in a creative capacity, where, by helping to develop industries, it will create a good accretive value for

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you in addition to earning you a large yearly income.

To do this you must put it at work building industrial enterprises where the value back of your money will increase as the industry grows.

You can not put your money at work in old and well established companies, because here you will have to pay so much for the interest that you may buy that the income on your money will rarely be more than a modest rental value.

In such companies the capital stock has usually been watered by increases and issues of stock dividends to the holders of the original shares, so that the income on the present capitalization is only a moderate rate of interest.

In seeking companies engaged in building their enterprises in which to invest to give your money its greatest earning power, you will find opportunities that carry varying degrees of value to you.

Some will be all that you can possibly ask for, some will be quite good but not good enough for you, and others will not be worthy of your serious consideration.

Companies are very much like men. Some men are exceedingly strong, some are quite vigorous but weak in comparison with the strong, and some are tottering weaklings. You can tell the difference between men. You can

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learn to distinguish between companies in the same way.

Here are three principal points on which your information about the company must be satisfactory to you, as will be explained later :

1. The profit in each unit of the company's product and the reasonably expected market for it to indicate the yearly profit on the company's capital.

2. The ability, integrity and aggressiveness of the men who constitute the management of the company to conduct its business successfully.

3. The financing of the company; that is, the raising of the working capital estimated necessary to build the business to profit production.

The company's success depends on these three things being right. I have put profits first, because if there is not the possibility of large profits the company can not serve your purpose, and it is useless to consider it further. The management must be competent, or, no matter how big the profit possibility is, one can not expect the business to be conducted so as to produce the greatest profits. And without assurance of the required capital nothing can be done, no matter how big the profit possibility or how good the management may be.

Profit must be considered from two stand-points—the amount on each article or unit, and

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the number that can be sold yearly. I say yearly, because the unit of time used in figuring profits in a corporation is a year.

In considering yearly sales, and, consequently, profits, you must consider whether the product is one of quick consumption, as a food, so that re-orders will be frequent and the working capital turned over many times during the year.

The company may have a patented machine on which the profit is \$2,000—seemingly very large. But if the market is limited to 500 machines, and no more can be sold until these are worn out, say ten years later, the money-making opportunity is too limited to make it desirable for you. Here the profits for the ten years will be only \$1,000,000, or \$100,000 a year. If any considerable investment is required to start such a company, it is manifestly one that you can't join to make money as you want to make it.

You must also consider that the patent will expire in a few years, when anyone can make and sell the machine at a lower price, and thus not only reduce the sales of your company, but also lessen the profits on the sales it may make.

If, on the other hand, the market for the patented article is extensive or quite common, and the article will wear out in a short time so it will be bought again and again, the company, having the other requisites for success, is

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exactly what you want, even though the profit on each article may not be very large.

Our stores are full of simple little patented articles, selling for a few cents, that have made and are making millionaires. Inventive genius, stimulated by the possibility of patent protection, is at work all the time. Now and then a self-evident money making article is brought out, to market which capital is required. Watch for such opportunities. They are among those that you need.

An article or product that may be trademarked and that carries the possibility of large sales forms an ideal business proposition. Such an article will remain the exclusive property of the company as long as it continues to make and sell it in its regular way of doing business.

Such an article will usually grow in popularity through personal recommendation, thereby increasing the profits without a relative selling expense.

If it is an article that most families will consume quite regularly and frequently, the profit on each package may be relatively small and still produce a very large annual profit to the company.

For illustration, we have approximately 20,000,000 families in this country. If an article can be sold at the rate of an average of one a week to each family, and at a profit of only 5

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cents each, the yearly profit to the company will be about \$52,000,000.

On the other hand, if the article carries a profit of \$1, and it can be sold only once a year to one in a hundred families, the yearly profit will be only \$200,000.

Here, then, we have the suggestion to look for a company having an article that carries the possibility of extensive and frequent sales, even though the profit on each unit may be small, rather than for one having an article on which the profit is very large, but for which the selling possibility is small.

In this connection we should also bear in mind that it does not require as great expertness or ability to market an article that nearly everybody needs and wants as one which only a few can use. Success is, therefore, more likely to come to the company having the popular article. This factor is worth taking into consideration also.

The greatest sources of quick wealth are in our natural resources, such as oil and minerals, and investments in them are available practically all the time.

Individuals and small companies have made fortunes in oil overnight, as it were—and many have lost.

As the oil industry grows it seems to be better and better indicated that producing oil is the big man's business, the man or concern that

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has millions available to take advantage of the law of averages.

The individual or small company may have enough capital to sink one or two wells. If oil is not struck successfully, that is the end—failure.

The big man may sink fifty or a hundred wells. Half of them may be failures, but the remainder may be so good in the aggregate as to make the investment in all highly profitable.

In considering an oil investment for the greatest assurance of success, the important thing is to have land in a highly productive field. The next important thing is to have the land proved as well as it can be, by having it so far surrounded by near-by producing wells as to indicate that the oil pool extends under your land. Even then failure may come through water troubles and strata formations to make it impossible to get producing wells.

In making an investment in the oil industry one should do so with the willingness to assume the risk that it invariably carries.

Mining methods have now been developed and perfected so that this is the most certain of the industries depending on natural resources.

In considering an investment in this industry you should learn to distinguish prospecting from mining.

If you engage in prospecting you will be taking all the chances and assuming all the risks

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in the industry. You may find profitable ore, or you may not.

After enough prospecting has been done in a property to show that it contains substantial ore bodies of such richness as to make mining them profitable, mining engineers can form a fairly accurate estimate of the probabilities of profits in the property.

If you invest in the mining industry at such a time, and the company has competent management and is being financed by someone to insure the necessary capital, you will have before you a splendid opportunity to make money.

The average mining property in that condition can be gotten on profit production with comparatively little capital, usually with from a hundred thousand to three hundred thousand dollars—sometimes less. When profit production has been reached the mine will build itself until the dividend period is ushered in.

In making a mining investment you should look for these conditions:

The property should be situated in a mining district that has a profitable production record.

It should be opened to such an extent as to show the presence of profitable ore to warrant a competent mining engineer to conclude that it will be profitable to expend the required money to begin producing profits.

The management of the company should be in the hands of a competent mining man, whose

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record both as to ability and integrity is clean.

You should have a report on the property by a competent mining engineer who is not interested in the company, and this report should give detailed facts on which the engineer recommends the investment of the money necessary to put the property on profit production.

If all these conditions are favorable, you are justified in taking a reasonable interest in the company, and you have as good assurance of making a lot of money on your investment as you can have in this highly profitable industry.

Of course, you can wait until the profits begin coming, or are ready to come. But if you do, you can't make big money on your investment.

In investing in the mining industry, invest with mining men of good records, and you can not go wrong very often. Have nothing to do with novices. You can't afford the experiment. When you become so rich that you can afford to make such experiments, the chances are you will withdraw from industrial activity.

It follows without saying that the men who form the management of the company should have clear records of honesty and ability, and you should see to it that their qualifications are testified to by men who are in a position to know and whose standing is such that you may rely on their statements.

The more extensive training the men of the management have had in the industry in which

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the company is to engage, or in a similar industry, the more assured you may be of their success in handling the company's business.

While it is true that usually a well trained business man can adapt himself readily to a new line of business, yet, if he has had some training in the line, he is to be preferred to one who has not had such training.

Many honest and sincere persons have made great successes in lines in which they had no training, but many have failed.

Everything else being equal, it is well to look for the trained man in the management when considering an investment.

Many persons recognize this condition as so important that they invest in a company largely on the successful record of the man who is to be at the head of it. When Mr. Schwab founded Bethlehem Steel he had no difficulty in getting the many millions of capital that were required. His record in the United States Steel Corporation was the investors' assurance that he would make good.

Corporations recognize the value of a well trained management, because usually when a company gains a footing to enable it to do so it seeks and engages the best trained man to be obtained as general manager.

Look, then, for a record of honesty, training and aggressiveness.

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And now we come to the financing of the company, raising the working capital.

While I have left this as the last to be considered, it is really the most important of all.

The company may have the best wealth potentiality in the world, but if it has not or can not get the money necessary to make it productive the potentiality isn't worth a cent to it.

Furthermore, if it can't get all the money necessary to make the potentiality productive, it is as bad off as if it had none—in fact, worse, because the money it has used would be wasted.

In considering an investment you should consider this point. You should learn whether the company's fiscal agent has a record, not only of successful work, but of completing every contract he enters into—a record of doing all that he undertakes to do.

If he has such a record you will have as good assurance as it is possible for you to have that the money will be raised in full to do what the company sets out to do, and you are warranted in taking shares in it, providing the other conditions are favorable.

Raising capital for companies is a work that is not child's play. In a way, it requires as much training as do some of the professions, and infinitely more than does banking or brokerage.

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Raising capital for new companies is particularly a strenuous work, so much so that there are only a few men and concerns in the country who may be relied on absolutely to do exactly what they undertake to do.

It follows that these men have the pick of the best propositions to be launched, as it follows that they will not undertake to finance a business enterprise, unless, from every conceivable angle, it promises to become a substantial success. These men can't afford to ally themselves with a proposition that carries any doubtful points. They don't have to. There are enough good ones. The country is big, and opportunities are plentiful.

If you learn who these men are you can quite confidently take at least a modest interest in any company they undertake to finance, if it is engaged in an industry that appeals to you.

But as there are a few such men on whom you may rely, there are also quite a good many quacks, who, like bees, flit from flower to flower, gathering the most easily obtained nectar from each, finishing nothing, standing by nothing until success comes. Beware of such.

From the foregoing you may infer that it is well for you to beware of companies that try to finance themselves. A company may be honest and sincere in its effort to raise its own capital, but if the management has not had successful

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training in this work, the chances are that it will not succeed in raising it.

If the financing is in the hands of a fiscal agent who completes his contracts, which means that he doesn't enter into a contract unless he knows that he can and will perform it, you have assurance of responsibility back of the financing, which means that the company will get the money necessary to do what it sets out to do.

We come to the conclusion, then, that if the company has a wealth potentiality in an industry that appeals to you from the standpoint of profit, market and permanency, and an honest, sincere and well trained management, and a fiscal agent who has a record of doing promptly and efficiently what he contracts to do, you are warranted in taking as many shares in it as your circumstances permit, always keeping in mind to work according to the law of averages.

In considering such an investment you come in contact and deal with the company's fiscal agent. If he is one of those to whom I have referred as doing what they undertake to do, you may also rest assured that he will not lead you astray. He can't afford to, neither does a person of that standing want to do so. He will lay before you verified facts, so that you will be in a position to use your own intelligence in passing judgment on the merits of the proposition, and decide for yourself whether he is right in his recommendation of the investment.

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In selecting investments in new companies you should also look into the manner in which the company is organized; that is, how its shares are arranged, whether common or common and preferred.

The ideal way to organize a company is to make all the shares common. Then each share has exactly the same standing as every other share. Each share has a shareholder's vote in the management of the company, and draws the same dividend or profit as every other share; and should the shareholders at any time decide to discontinue business and wind up the affairs of the company, each share will participate equally in the assets.

Preferred shares, as indicated by their name, have such preference over the common shares as may be provided for. The most common of these preferences are that the rate of dividend provided for must be paid before a dividend may be paid on the common shares, and in case the company is dissolved the money paid for the preferred shares is to be returned to the preferred shareholders out of the assets before anything can be returned to the holders of the common shares.

Unless for some specific purpose of decided advantage to the common shareholders, I do not favor the creation of preferred shares in new companies.

If at any time you should feel inclined to buy

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common shares in a company having also preferred shares not issued for some specific purpose other than to raise capital, you should acquaint yourself with the terms of the preferred shares and see to it that they do not contain extraordinary provisions that are disadvantageous to the common shareholders.

In companies having both preferred and common shares a practice prevails quite generally to make buyers of preferred shares a present of common shares. When you find a company doing this, don't you put any of your money into the common shares. If you do, you will simply be pulling someone's chestnuts out of the fire.

The better rule for you to observe is to confine yourself to companies having only common shares, unless, as I have indicated, some preferred shares are to be issued for some distinct purpose aside from raising capital and of special advantage to the common shareholders.

Keep in mind always that no matter how good and substantial the basket may be, don't put all your eggs in it.

The following list of questions will suggest some of the information that will help you to decide whether the company is one in which you will want to invest. This list was originally prepared by Mr. Thomas Conyngton for use in investigating investments for his clients, and later printed in Mr. Francis Cooper's work,

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“Financing an Enterprise.” It is reprinted here by the permission of the Ronald Press Company, New York, publishers of Mr. Cooper’s work.

I. NATURE OF ENTERPRISE.

1. Is the basis of the enterprise sound?
2. Is the business or undertaking profitable elsewhere?
3. What competition or opposition will be met?
4. What peculiar advantages does it enjoy over these others?
5. Can it be conducted profitably under existing conditions? If so, why?

II. PLAN OF ORGANIZATION.

1. In what state organized?
2. What is the capitalization?
3. Is the capitalization reasonable? If so, why?
4. Has the stock been issued in whole or in part, and if so, for what?
5. Is the stock offered for sale full-paid and non-assessable?
6. Has any of the stock preferences? If so, why?
7. Is any stock unissued or held in the treasury?
8. Who has stock control?
9. Are the rights of smaller stockholders protected? If so, how?
10. Are there any unusual features in charter or by-laws? If so, what?

III. PRESENT CONDITIONS OF ENTERPRISE.

As to Property.

1. What properties or rights are controlled?
2. What is their value and how estimated?
3. Are these properties or rights owned, or held under lease, license, grant, option or otherwise?
4. If owned, are titles perfect?
5. Are there any incumbrances on the properties or rights? If so, what?
6. If not owned, are the holding papers in due form?
7. If not owned, are the terms of holding reasonable, satisfactory and safe?

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8. In event of liquidation, what would be the worth of the property?

As to Operation.

1. What operations have been or are now carried on?
2. What have been the results?
3. What difficulties, if any, have been encountered?
4. What is the demand for the product or operation of the enterprise?
5. What is present status of the enterprise?
6. Are proper books kept?

As to Finance.

1. What are the present assets and their actual value?
2. What debts, claims, fees, rents, royalties or other payments or obligations are now due or are to be met and carried?
3. From what resources are these to be met?
4. Who handle the moneys and under what safeguards?
5. What are or will be the running expenses, salaries, etc.?

IV. MANAGEMENT.

Directors.

1. How many members in the board?
2. Who are these members?
3. What is their past record and present business status?
4. Who are the active members of the board?
5. Who, if any, are inactive?
6. Are meetings regularly held and attended?
7. Who compose the executive committee, if any, and what are its powers?
8. Are the directors stockholders to a material amount?

Officers.

1. Who are the officers?
2. What are their previous records?
3. What are their special present qualifications?
4. Are they able to work together without friction?
5. What compensation do they receive or are they to receive?
6. Are they interested in the enterprise beyond their salaries?

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V. PLAN OF OPERATION.

1. What is the general plan of operation?
2. What special reasons, if any, led to its adoption?

VI. THE PROPOSITION.

1. Is the general proposition a fair one? If so, why?
2. Is the price of stock or bonds reasonable?
3. How do these prices compare with any former prices?
4. If common stock is offered, do preferred stock, bonds or other profit-sharing obligations take precedence and to what amount?
5. What reserve of profits will be retained before dividends are to be declared?
6. If preferred stock is offered, is it cumulative, does it vote, when is it redeemable and are any peculiar provisions attached? Do any bonds or other obligations take precedence of the preferred stock?
7. If bonds are offered, what interest is paid, and when and where; upon what property are they secured, and when and how paid; is the trustee or trust company of repute; under what conditions are the bonds fore-closable; and when and how are they or may they be redeemed; are there any other securities taking precedence, and are there any peculiar provisions in deed or trust?

VII. GENERAL.

1. What is the previous history of the enterprise or the property or undertaking on which it is based?
2. If inventions enter prominently, what is the previous record of the inventor?
3. Are there any contracts or obligations, not now effective, by which the enterprise will subsequently be affected?

A few years ago we had 305,000 corporations in this country, most of which had surpluses in their treasuries.

Can you grasp the tremendous amount of wealth controlled by these corporations?

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Our national wealth is now close to \$250,000,000,000—may be more, as it has grown prodigiously during the last couple of years.

One hundred of our corporations own fully one-seventh of our wealth, or over \$35,000,000,000, giving each an average of \$35,000,000.

The bulk of the remainder of our wealth is owned by the remaining 304,900 corporations, leaving comparatively little for individual holding.

Ninety-five per cent of our people die poor, and 5 per cent die rich.

Ninety per cent of our people are only a year away from the poorhouse, and 50 per cent of them are only a week away from it.

Nasty facts, aren't they?

What do they suggest?

Our corporations own the bulk of our wealth.

Five per cent of our people are rich.

"Things equal to the same thing are equal to each other," we learned in school.

The conclusion is that the rich own the corporations, which in turn own the bulk of our wealth.

The way to wealth in this country, therefore, must be through the ownership of shares in corporations.

The way to greatest wealth that you and I know is by securing shares in new corporations, when the industries are being founded and built.

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And the day of new companies is by no means a thing of the past. Watch the financial news columns and you will see new ones forming nearly every week. You will also see companies coming into the dividend paying column nearly every week. The latter were the new companies of yesterday.

Our country is so large, so beastly rich in undeveloped resources, so full of money making opportunities, and our people are so inventive, ambitious and commercially aggressive that opportunities to furnish capital to found new, worthy industrial enterprises will continue as long as you and I need them, and long after you and I have been laid in our eternal rest.

Then don't be a coward. Don't be business-afraid. Plan boldly and execute courageously. Take your place in the ranks of the men who do things with their money, be the amount great or small.

When the opportunity comes to join a new company that qualifies under the conclusions I have here presented, take some of its shares.

Don't let fear of loss possess you. Fear of loss will make you a weakling. Let your mind be at ease that your intellect may throw the light of reason on the business opportunity, and then observe the law of averages, and you are bound to get along pretty well.

A man in Detroit had the opportunity to put a few thousand dollars, which he had saved, into

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the Ford Motor Company when it was being capitalized.

He went home and talked it over with his wife. They concluded not to take the risk.

A neighbor took the chance and put up the money.

Today the neighbor is a multimillionaire. The one who drove away opportunity still has his few thousand dollars—only that—from which he gets no comforts, no pleasures, because he is afraid to use them for any purpose whatever.

Don't be a business coward.

On the other hand, don't be reckless.

There isn't much comfort in knowing that one belongs to the 95 per cent class that I mentioned.

Neither is there any happiness in knowing that one is only a year or a week away from the poorhouse. The fact that one may never actually get there doesn't relieve the feeling much, either.

Plan boldly. Act courageously—and intelligently.

The arena is large enough for all.

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ADVICE OF THE MONEY TRUST'S PRESS.

Almost daily I am asked why a large number of magazines and newspapers speak disparagingly of many forms of investments.

Stated briefly, the answer is that the money trust of America in one way and another CONTROLS these magazines and newspapers and that it DOES NOT control the investments that are being condemned.

Also, that the money trust does not want the people to put their money into any investment that is not controlled by the money trust, but wants them to put their money into the things that it does control.

To induce the people to do these things the money trust began many years ago to acquire control, directly and indirectly, of all the important newspapers and magazines in which it has since maintained regular financial departments in which the news and advice have been colored in favor of the money trust operations.

Many of these publications are owned directly by members of the money trust. Others are controlled through loans made to them by the money trust or by members of the money trust controlling the advertising business that goes to them. In either case the result amounts to

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the same thing. Things that are equal to the same thing are equal to each other. In return the money trust dictates the policy of the financial departments, and in most instances picks out its Wall Street trained men to edit these departments.

With these departments organized in this way, one should not expect anything to appear in them except what will reflect credit on the operations of the money trust.

The money trust has been shown repeatedly, by much more competent men than I can ever hope to become, to be the most insidious evil in our business life. It is not a corporation operating in the open where it may be attacked in a fair fight, but exists by virtue of "gentlemen's agreements."

It is like the proverbial flea, in that you cannot put your thumb on it, no matter how keenly you feel its bite.

The avenues through which the public comes in contact with the money trust are the stock exchanges, boards of trade, financial institutions and life insurance companies.

These are all respectable, you say?

Yes, and that is the irony of the proposition. The money trust has succeeded in educating you, through the public prints referred to, into believing that, as long as these institutions do not violate some technical rule of the laws that they have been instrumental in making for

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their own benefit, they are not only respectable but public benefactors.

The gist of the instruction that you receive from this source is that your money cannot possibly earn for you more than from 3 per cent to 6 per cent, with now and then a possibility of as much as 8 per cent when put into preferred stocks.

The purpose of such instruction is to get you to give your money to the money trust for the things that it offers you at those rates of income to YOU.

Anyone who knows no more even than the first letter of the alphabet of the language of investment knows that when your dollar is put to work at the right time in the industries of this country it earns many times the rates of income suggested by the money trust as the limit of its earning capacity for you.

The difference between that suggested limit and the amount the dollar actually earns is big. This difference the money trust receives as its reward for its efforts to educate you to think and act as it wants you to think and act.

This difference is what makes millionaires out of those who sow not and spin not, yet who live in a splendor that surpasses the reported glories of Solomon.

If the members of the money trust get this difference, you don't get it. If this difference makes them millionaires and twentieth century

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Solomons, you can't become one of that class, but must remain in poverty. That's the result.

In dealing with the public the money trust deals only in so-called listed securities. These securities represent mostly "water," in that the real earning power has been squeezed out of them through the system of "watering" which is over-capitalization.

"Water" is cheap—costs practically nothing. If the money trust can educate you into believing that these "seasoned" listed securities are the only ones you can buy with safety, and thereby get you to buy them and pay a price that a real profit earning security brings, you can readily see that it has accomplished its purpose of making the big profit represented by the difference between the cost of "water" and the price it gets, namely the price that a real profit earning security commands.

Do you wonder that the members of the money trust become millionaires?

Do you begin to see why the money trust controlled publications condemn all investments except the listed securities?

Investment means to put money at work permanently where the owner of the money will receive all that his money earns.

You cannot get this condition by putting your money into a listed "water" security.

The only form of investment that appeals to a clear-thinking, sensible person is to put one's

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money at work to help develop an industrial enterprise, under honest and competent management, that has large profit-earning possibilities before it in well defined form, and where every dollar put into it will share equally with every other dollar.

The money trust's publications call such an enterprise "speculative," and condemn it as an investment opportunity.

Let us see what a "speculative" investment is.

Investments are divided into two general classes. One is for profit, the other for income.

In the vernacular of financial writers, an investment for profit is called "speculative" and one for income is called "seasoned."

A "speculative" investment, or an investment for profit, is one made in a company engaged in building and developing its business.

A "seasoned" investment, or one for income, is one made in the company after it has built its business as far as it can be built, or when the business has reached its full growth.

Every industrial enterprise must be designated as speculative until it has reached its full growth, so that its final earning power may be measured.

No matter how much profit the enterprise may earn from year to year up to that time, the fact that it has before it a self-evident field for earning still greater profits yearly puts it in the

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growing class, and makes it impossible to say with certainty how large the final annual profits will be.

Because of the odium that has become attached to the word "speculation" as applied to "bull" and "bear" and "margin" transactions on the board of trade and on the stock exchange, many persons thoughtlessly attach the same odious meaning to the word "speculative," when used to describe an investment.

The meanings of the words are not the same when used as here indicated. Neither are they synonymous, although derived from the same Latin root.

Because of this misunderstanding of the meaning of the word "speculative," many persons believe that a so-called speculative investment is a bad investment, and that to make such an investment is to take undue chances with one's money.

Such an interpretation of a speculative investment is wrong. It may be a bad investment, but it is not bad because it is speculative. On the other hand, when the elements that constitute a favorable investment are present, it is a good investment largely because it is speculative.

To say that an investment is speculative does not mean that the investment is not or will not become profitable. It simply means that the enterprise has not been carried forward to full

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fruition so that the amount of yearly profits have been fixed. It is speculative as to how large the profits will be when the enterprise has gained its full growth.

Every investment is speculative before it becomes a seasoned investment.

We have over 300,000 corporations in this country, most of which are now seasoned. Every one of these was speculative at the beginning. No one could tell at the beginning how profitable each of these would become. Finally they reached their approximate full growth and began earning quite regular yearly profits. That put their securities in the seasoned class.

When the Pullman Company was formed an investment in its shares was a speculative investment.

The sleeping car idea had been tested, so that a market for the service that the company was going to render was known to exist. But no one could tell with certainty how extensive the market would become. It was known that the enterprise would become profitable if competently managed, but no one could tell how great the profits would become.

For many years the Pullman Company has operated on nearly all the railroads in the country. It may be said to have attained its growth, with the exception of the additional business that will come as our population increases.

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An investment in the shares of this company at this time would be a seasoned investment. The rate of income on its shares has become definitely known. It is 8 per cent a year. This rate is likely to continue indefinitely. Hence, it can not be said that there is any speculative element in what the investor will receive.

This company is also a good illustration of the difference in value to the investor in a speculative and in a seasoned investment.

The original capital of the Pullman Company was \$1,250,000. That was the par value of the shares that were sold to raise the original working capital to start the business going. There is no record of any further investment having been made to increase the working capital.

Today the capitalization is \$120,000,000, and, counting the value of the company's franchises and patents, is worth very much more than the amount of its capital.

With so small an exception that it is not worth considering, the added capital has been issued as stock dividends.

A person who bought shares of the original \$1,250,000 capital got a speculative investment. That did not mean that he got a bad investment, because he knew there was a highly profitable market for the company's service, but he could not tell how large the market and profits would become. His investment was speculative because the amount of the yearly profit was undetermined.

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If he bought \$100 of the original capital he has since received stock dividends so that he now holds approximately 96 shares of a par value of \$9,600, on which he is receiving a yearly cash dividend of 8 per cent, equal to \$768.

That is what a "speculative" investment in this company has done and is doing.

Now let us see what a "seasoned" investment in this company would do at this time.

Until the recent slump in securities, market shares in the Pullman Company brought about \$160 each. The par value is \$100.

Had you paid a shareholder \$160 for a share, you would receive an income of \$8 a year on your \$160. That would be an income of 5 per cent on your money.

The person who put \$100 in the speculative investment is receiving \$768 a year, or 768 per cent on his money.

On your seasoned investment of \$100 you would be receiving \$5 a year, or 5 per cent.

There is some difference between \$768 a year and \$5 a year as an income on \$100.

The former is a speculative investment, or an investment for profit; the latter is a seasoned investment, or an investment for income.

The former is an investment for profit because the money was put at work to build an industry and create wealth. In addition to returning good yearly cash dividends, the

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investment of \$100 has grown to \$9,600 par, which recently could have been sold for about \$15,360.

You may say that the person who invested in the Pullman Company at the beginning assumed a business risk.

He assumed no more risk than all the business people of the world assume in starting and running business enterprises.

When men of mature judgment and experience organize a company to engage in an enterprise with which they are familiar and in which they know their bearings, and conduct it honestly, the business risk in it is so small that it is not worthy of serious consideration.

To make money you must invest for profit, that is, at the beginning of the enterprise, so that your money may be set at work to create wealth in addition to earning dividends.

To invest for profit you must seek speculative investments, because every investment for profit is a speculative investment.

When you have acquired so much wealth that you do not need investments for profit, speculative investments, the investment for income, the seasoned investment, will begin to appeal to you.

If you want to make money, don't let the somewhat commonly and erroneously applied meaning of the word "speculative" scare you.

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In that case, speculative investments are exactly what you must have.

But choose your speculative investments with care and discretion. See to it that the company's proposed industry has a field and a chance in that field. See to it that the men of the management are competent, honest and sincere. See to it that the financing of the company is being done by someone who has the ability to raise the capital required.

Having determined these things, make your investments according to the law of averages. Don't put all your money in one company, no matter how good it may seem. Distribute it among two or more. Then if one should not become as profitable as you expected, the others may become so much more profitable as to give you a splendid income on all your investments.

Don't be afraid of speculation as applied to investing in this way, but beware of speculation as conducted on the board of trade and stock exchange.

The money trust does not develop industries or enterprises of any kind—simply preys on them after they are developed, if it can then get hold of them.

Were the advice of the money trust to be followed there would be no industries developed, no enterprises established. The world would not only stand still, but would begin to retrograde.

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WHY YOU ARE OFFERED SHARES.

If you are an average person who has saved a little money, either from work or a small business, but have not learned to invest your savings, the chances are that if you are given an opportunity to buy shares in a company you will ask yourself these questions:

“If this is so good a thing, why are shares offered in it?”

“If this is so good, why am I offered shares in it?”

“If this is so good, why don't the rich grab all of the shares in it?”

If you have not familiarized yourself with the history of the financing of American industries, as well as with the actual money resources of our people, it is natural for you to ask these questions at such a time.

Most people believe that big business is owned almost exclusively by big men—that only big men are shareholders to any considerable extent in corporations.

The contrary comes nearer being the truth. Big men are usually shareholders in both big and small corporations, but they rarely own as much as controlling interests.

The railroad industry is a good illustration

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of this because it is one of our largest industries as well as highly profitable. The fact that some of our richest families have most of their wealth in it is proof of its profitability.

Investments in this industry are so extensive and scattered that years ago investors in it formed the National Association of Owners of Railroad Securities for mutual benefits. Recently this association gave out some interesting statistics on the ownership of American railroads.

These statistics show that the capitalization of American railroads is about 17,000,000,000, approximately one-twentieth of our national wealth.

About 1,000,000 persons hold \$10,000,000,000 of this capitalization, an average of \$10,000 each.

Life insurance companies with 46,000,000 policies in force own \$1,550,000,000 of it.

Savings banks with over 10,000,000 depositors own \$847,000,000 of it.

Fire and marine insurance companies and casualty and security companies own \$649,000,000 of it.

Benevolent associations, colleges, charitable institutions and similar organizations own \$350,000,000 of it.

Banks and trust companies own \$865,000,000 of it.

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The remainder is scattered among other corporations.

The New York, New Haven and Hartford Railroad Company is fairly typical of the railroad industry. At the close of the 1916 fiscal year this company had 25,769 shareholders. Of these, 11,142 were men, 10,358 were women, 3,331 were trustees and guardianships, and 938 were insurance companies and other corporations.

A further interesting fact in this connection is that 11,915 shareholders held only from 1 to 10 shares each, 9,375 held from 11 to 50 shares each, 2,324 held from 51 to 100 shares each, 1,788 held from 101 to 500 shares each, 203 held from 501 to 1,000 shares each, and 164 held over 1,000 shares each.

The Delaware and Hudson Company has about a fourth as extensive a railroad property as that of the New York, New Haven and Hartford Railroad Company. Yet it has over 8,000 shareholders. The ratio of shareholders to capital is about the same in both companies.

The latest available report gave the Pennsylvania railway system 84,244 shareholders, nearly half of whom are women.

Nineteen leading railways have 322,344 shareholders, an average of 16,965 for each.

And the railroad companies are not the only corporations that have many and comparatively small shareholders.

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The United States Steel Corporation is the world's largest industrial corporation. It was organized by the biggest financial and industrial men in the country, and it is engaged in one of the fundamental industries. One might expect, therefore, that its shares would be in the hands of a comparatively few rich men. It is not long since it had over 124,000 shareholders.

A recent compilation of the facts on this subject in 327 of our largest miscellaneous corporations gave them a total capital of \$12,871,327,400, divided into 128,713,274 shares. These shares were distributed among 1,251,468 shareholders, giving each an average of a little over 102 shares.

We see, therefore, that while a hundred corporations own one-seventh of our national wealth, and while a few very rich men are heavy shareholders in our corporations, the overwhelming big bulk of the shares in America's corporations is held by small or comparatively small shareholders.

In the first place, when a new company offers shares it does so to raise a working capital with which to build and conduct the business that it was organized to carry on.

When the men who organize a company have enough available capital to furnish the working capital, you are rarely given a chance to get any of the shares.

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But usually it is only in cases where only a little working capital is required that this condition prevails.

Of the more than 300,000 successful corporations in this country there are tens of thousands of companies in which the shares are held by a few persons. These are known as close corporations.

Whenever an enterprise of considerable magnitude is undertaken more capital is usually required than the men who organize the company have available. In such a case the additional capital must be obtained by letting go of some of the shares in the company.

Then, again, the mover in the organizing of the company may be a poor but brainy man who has made a valuable invention, or discovered some process that will form the basis of a highly profitable industry, or acquired a valuable natural resource. He must get capital from somewhere to commercialize his opportunity.

Many of the most profitable companies of to-day were organized under such conditions.

Today the telegraph and the telephone are tremendous profit producers. Yet, it is not so long ago that Morse and Bell were seeking a little capital from the public with which to commercialize these inventions. Those who accepted the opportunities have since become more than rich.

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And so, when the organizers of the company have a good money-making opportunity, but have not the capital to commercialize it, they are forced to go to the public for the capital in exchange for an equitable interest in the company.

If you are offered shares in the company it is because by some chance you happened to be in the cycle of a possible 20,000,000 men to whom the management could offer its shares, and you received the offer.

The rich have their money at work. They have it invested, or loaned, or both, according to their individual status on the ladder of wealth.

They rarely have on hand very much ready cash. They keep it at work. That is how they became rich.

As they receive profits from time to time they invest or lend their surplus, but they cannot capitalize all new companies, no matter how promising they may be.

Then the older companies in which they are shareholders, in which they came in as original investors and in which they have made their wealth, frequently require additional capital for expansion, and it is only natural that the shareholders in them should invest in their own companies any surplus cash they may have.

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Then, again, the rich don't need these new money-making opportunities. They have enough so they can sit back and take things easy. It isn't necessary for them to go out and help to build industrial enterprises. They did that in the years gone by. That is why they are rich.

But if you are not rich and desire to become so, you need these opportunities, as those who have become rich needed them once. If you want to get anywhere, you cannot sit back and take things easy. You must hustle, and you must make your dollars hustle.

If you have something to sell, you seek as a buyer a person who needs exactly what you have to sell. At least, to do so is good salesmanship.

If you have a company to finance, you will naturally offer its shares to persons who need just such an investment, such a money-making opportunity.

Now let's see who are the persons who have the money that is really available for investment.

Before the recent influx of money to this country because of the war we had a little over \$3,500,000,000 in money.

At the same time 11,285,934 persons had \$4,997,706,013 deposited in savings banks. Each one of a little over 11 per cent of our people,

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counting men, women and children, had an average of about \$442.83 in a savings bank.

At the close of 1918 savings deposits had increased so that 11,367,013 persons had \$5,418,022,274 in savings banks, an average of \$476.64 for each depositor.

This huge sum, nearly all our money, was not at work for its owners—only drawing savings interest, mostly 3 per cent.

Most of this money was available for profitable investment. How much better off would not its owners be if it was at work for them in profitable industries.

At the same time there was approximately \$14,000,000,000 on deposit in our banks, subject to checking. This money was being used as tools in the work of conducting business. It was at work. It was not available for investment.

But the \$5,418,022,274 was not at work for its owners. It was available for investment, and as a matter of good business its owners should have put much of it at work in profitable industrial enterprises.

Since the beginning of the war our money has increased until we now have approximately \$6,000,000,000, and savings and checking deposits have increased accordingly.

We see, therefore, that the bulk of the money that is available for investment is owned by savings bank depositors, and those who can

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save a little from time to time. These are not of the class that are known as the rich.

You own some of this available money, or should own some of it.

Your neighbor owns, or should own, some of it.

Therefore, you and your neighbor are offered opportunities to buy shares in companies having enterprises in which you and your neighbor **SHOULD** be part owners—in which you and your neighbor **MUST** become part owners if you desire to acquire wealth.

The sources of ready money on short notice were well indicated in the subscriptions to the recent Liberty Loans.

Many rich persons subscribed to these loans, of course; but in many instances the rich had to throw other securities on the market at low prices to do so. This they did gladly as a patriotic duty, but it may be assumed that they will not sacrifice well selected securities, as they did in these instances, to engage as part owners in industrial enterprises that they do not need.

The third Liberty Loan was subscribed to by 17,000,000 persons, most of whom were not of the rich but of those who had available money, money that was in savings banks or that was being hoarded.

How have the rich in this country become so?
Look up the financial history of our approx-

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imately 27,000 millionaires and you will find that nearly all of them built their fortunes from a beginning of practically nothing. A few are descendants and heirs of millionaires, but their number is negligible.

Almost invariably you will find that these men made their wealth by securing ownership interests in NEW industrial enterprises, by securing shares in industrial companies when they were being financed.

And the millionaires who have acquired their wealth in this way constitute but a comparatively small fractional part of the multitude of Americans who have acquired competencies and become comfortably rich by becoming shareholders in companies at the right time.

In all ages experience has been considered the best teacher. In fact, all that we know, all that we have classified as knowledge and sciences, has been acquired by experience.

Therefore, when we have had it proved to us that those who have acquired wealth have done so by becoming part owners of companies at the inception of their industries, the logical deduction is that if we desire to acquire wealth we should do as they did. There is no better example to follow than the one that has proved successful.

We now have over 300,000 corporations in this country. The rich and the near rich are shareholders in these. These are enough for

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them, and they will find enough avenues for most of their incomes in the further financing of these companies for expansion purposes as our population increases and gives a wider field for the activities of these companies.

Each year brings the founding of new companies. This will continue until our country reaches its approximate growth in population and industrial development.

Compared with the rich countries of the old world, our country has attained but about a tenth of its growth. Our tillable area, when brought under the intense cultivation practiced in the old world, will support a population of a billion.

It is clear, therefore, that the present number of corporations will be increased many times as the years come.

These new corporations will have to be financed, and we have seen that conditions are such that most of their financing will have to be done by the masses who are not of the so-called rich, will have to be done by the thrifty, frugal, ambitious workers among Lincoln's common people, from whom will come further crops of millionaires, rich and near rich, according as they are thrifty and courageous.

So when you are offered shares in a company, don't be surprised that you are given the opportunity, don't conclude that the company

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isn't any good because you are offered an interest in it.

Look into it. See if the industry in which it is to operate has a good field, if it carries such profits as will make it desirable as an investment, if it has reasonable assurance of success, if it has a properly trained and competent management.

If you find these conditions right, don't condemn it either because it is a new company or because you are given an opportunity to secure shares in it.

Of such opportunities is the kingdom of millionaires.

It may be your opportunity.

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CAN YOU RECOGNIZE OPPORTUNITY?

He who has reached mature years without acquiring wealth usually gives as the excuse for his condition that he has been handicapped by a lack of opportunity.

The average person is quick to see what the other fellow has done, but somehow he fails to see what he can do for himself.

He is a living proof of the truthfulness of the Welsh proverb which says, "The fat always looks richer in the other fellow's pot."

The trouble has been that his mental attitude has been wrong. He has failed to look deep enough into his own pot. He has not learned to recognize opportunity, or, if he has, he has not had the courage to form a partnership with the dame.

Opportunity is a generous coquette, quite indiscriminating. She plays no favorites, and abhors handicaps. He who sees her hedged about with handicaps has something the matter with his vision. He needs the services of an oculist.

There are instances, of course, in which persons are so isolated from the affairs of life and whose environments are so seclusive as not to give them the usual opportunities to acquire

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wealth, but these are so rare as not to be worthy of serious consideration.

The Master said, "Seek and ye shall find." This injunction referred to spiritual things, of course, but it applies with marvelous aptness to the subject under discussion.

The person who will put himself in a mental attitude to see opportunities will find more right at hand than he can possibly accept.

The United States has made wonderful strides in the creation of wealth, the greatest progress in the history of the world. At the beginning of the European war our national wealth was, in round numbers, \$187,000,000,000. The next richest nation was the British Empire, which, with all its possessions, including India and Canada, had only \$130,000,000,000. Next was Germany with \$80,000,000,000, and France with \$50,000,000,000.

Ours is the richest nation, and yet, compared with the older nations, we have but fairly begun to create wealth. Economists concede that our future wealth production will be much greater than it has been in the past.

And conditions with us favor this proposition in every way. In comparison with the older nations that have practically reached their limit in wealth production, we have a tremendous area of good soil and natural resources to each person of our population. All our land in the United States proper is in lati-

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tudes that make it productive, and our mountain districts are so rich in minerals that they will very likely add more to our wealth than they would if they were the best agricultural lands.

A little comparison with some of the European nations will illustrate this point clearly.

For more than four years Germany and Austria-Hungary were at war with nearly all of the remainder of Europe and colonists from other continents.

It is interesting to note how these two nations compare with the United States in those things that go to make opportunities for acquiring wealth.

Germany has an area of 208,830 square miles, and Austria-Hungary 261,035 square miles, making 469,865 square miles for the two.

Before the war Germany had a population of 64,903,423, and Austria-Hungary 49,418,596, or 114,332,019 for both.

The area of the United States is 3,616,484 square miles, and its population at the same time was about 103,000,000, not counting the area and population of our island possessions.

The two countries have a combined area of 469,865 square miles. The United States has 3,616,480 square miles, or nearly eight times as great as the combined area of the other two.

The two countries had a combined popula-

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tion of 114,332,019. The United States had 103,000,000.

With nearly eight times the area of equally good land, and in many instances much better, and with greater mineral resources, area for area, and a lesser population, it does not require much learning in the science of economics to form a fairly accurate conclusion as to what the future wealth production will be in this country, compared with that in Germany and Austria-Hungary, or in any of the other old world nations.

This condition shows that the opportunities for wealth production in the United States are greater now than they have been, and that they will continue, although in a somewhat decreasing scale, for a hundred years or more.

The fact is that what has so far been done in the creation of wealth in this country has, in a large measure, served only to get the country opened for activities on a large scale. These activities are now under way, and will continue for years and years to come.

The soil is the foundation of all wealth. Back of all industrial activity is agriculture. People must have bread before they can have anything else. In our country we have empires of the world's most fertile land whose virginity has not been broken. We have other empires in which the surface has but been scratched.

Can you imagine the comparative result in

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wealth when all these vast areas have been brought under cultivation; and not only under cultivation, but under intense cultivation by irrigation and subsoil working and other processes that our agricultural experts are perfecting?

In comparison with the countries of the old world, we will be able to take good care of a billion people and more.

Can you see any possible opportunities to acquire wealth in supplying the wants of such a nation?

A part of these opportunities are of the past. They have been seized by those of keen vision and business courage, and have been cashed in for these brave and venturesome souls to the extent that the Department of Commerce recently reported that our national wealth had reached the stupendous amount of \$250,000,000,000. Another part of these opportunities are here now. Other parts will be here tomorrow, the day after, and so on. Each year, each generation, will have its own.

You have noticed that as a town grows, it gradually gets more grocery stores, more clothing stores, more drug stores and so on. These new stores are established to fill the wants of the increasing population of the town. As the town grows, it would be folly for one store to try to fill the demand for groceries. It wouldn't be able to give the service required. Hence the

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opportunity comes to establish additional grocery stores, and those who have keen vision to see the opportunity and courage to take advantage of it establish these stores.

The nation is but the town on a larger scale. As the people multiply, their wants become greater; and as they become wealthier, their wants become more diversified, thus opening opportunities for new lines of industry. To illustrate this it is but necessary to refer to the establishing in comparatively recent years of such industries as the telegraph, the telephone, the electric light and power, the automobile, the moving pictures, and so on.

A few years ago we did not have these industries. Can you imagine what our social and economic condition would be if we were suddenly deprived of them?

Can you imagine the tremendous wealth that these industries have created for those who had trained themselves to see the possibilities in them, and who had the courage to take advantage of the opportunities when they came, by helping to furnish the capital required to commercialize their potentialities?

Can you imagine the wealth that these industries are creating every day, every year, for these persons, and that they will continue to create?

Not only have they created wealth for the pioneers who engaged in them, but they offer

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constant opportunities for others in that the established companies require additional capital from time to time for extensions, and new companies are formed to supply the demand of our increasing population, as we found that new grocery stores were needed as the town grew.

Opportunities? Lots of them.

If you who are reading this have grown to somewhat mature years, you have had an abundance of opportunities to secure profitable interests in these new industries.

Have you secured them? Are you a shareholder in companies engaged in these industries? If not, why not?

Perhaps you have been of the 95 per cent of our people who are wrong all the time, whose mental attitude on this subject is not right, who haven't given the subject of creating wealth any thought, who haven't tried to help themselves by learning how to do it, who have simply stood idly by envying their more energetic neighbors? How about it?

This is a good time to decide this question. Remember that it is very likely that the race has not finished discovering and inventing. Nature seems to have an abundance of possibilities for us. New things are being brought forth constantly. Trained men are working in laboratory and shop, unraveling nature's secrets and classifying them for our use. From

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time to time these will be made the foundation of new industries to contribute to the comfort and happiness of the people. These industries will offer opportunities for wealth to those who are sufficiently alert mentally to comprehend their significance and courageous enough to engage in them.

Then don't become a fossil and think that everything worth while is of the past. Don't assume the mental attitude of the man who resigned his position in the patent office because he believed that everything had been invented, and that there would be no more work for him. Since he resigned the great inventions referred to in the preceding paragraphs have been made, as well as several hundred thousand simpler ones.

It doesn't require a great or complex invention to form the basis of a profitable industry. If the thing fills a common demand, the trick is turned. There are several instances of record in which so simple a thing as a little twist in a wire has created millions of profits.

But opportunities are not all that is required to make our people financially comfortable. You may be hungry with food before you. Unless you partake of it, you will continue hungry. And if you do not recognize it as food, you will not partake of it and appease your hunger.

It is a hard thing to say, but it is a fact that 95 per cent of our people do not recognize op-

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portunities or, if they do, they are afraid to take advantage of them. Seemingly they prefer financial starvation.

A financial axiom says that one dollar is as good as any other dollar. The attitude of the 95 per cent class contradicts this axiom. The members of this class act as if they believe that their dollars are not as good as the dollars of the remaining 5 per cent class. Apparently, they overlook the fact that a dollar will work just as hard, no matter who owns it. All the dollar asks is to be put on the job. It doesn't worry about who is its boss, who is its owner.

Those of the 5 per cent class see opportunities and take advantage of them. Those of the 95 per cent class do neither. The 5 per cent class keep their dollars at work on good jobs. The 95 per cent class do not. The 5 per cent class own nearly all the productive wealth of our country. The 95 per cent class own, in comparison, next to nothing. What is the conclusion?

Here is another thought worth pondering.

While the 5 per cent class own nearly all the tangible wealth in the country, the 95 per cent class own the available dollars. What do you make of that?

For 1915 the comptroller of the currency reported that 11,285,834 persons of the 95 per cent class had \$4,997,706,013 on deposit in savings banks. This money was owned by these

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persons. It wasn't borrowed money, or owed money, as is the bulk of the commercial deposits in banks. It was owned money, and it was owned by a part of the 95 per cent class.

At the same time the total circulation of money in this country was \$3,585,140,626. These persons, therefore owned \$1,415,565,387 more than all the money that our country had. This sounds like an absurdity, and it would be an impossibility if the 5 per cent class did not borrow this money from the banks and put it at work on good jobs to earn profits, where the 95 per cent class are at work earning wages from which they save and deposit in savings banks again and again.

We see, then, that the 95 per cent class who have not trained themselves to see and take advantage of money making opportunities own the money of the country.

We see also that the 5 per cent class who have so trained themselves own the money making property of the country and use the money owned by the 95 per cent class in operating the property to the enrichment of the 5 per cent class.

Manifestly, then, what the 95 per cent class should do is to train themselves to see wealth opportunities and muster sufficient courage to take advantage of them.

They should become owners, not lenders; should become investors, not mere savers.

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Can you imagine the prosperous condition of our people if they had an ownership interest, even a small one, in our wealth creating industries?

How different would it not be if the 5 per cent class owned only a reasonable interest in these industries, and the 95 per cent class had the greater interest distributed among them. This suggests a condition that is Utopian, of course. It is also impossible, because we may strive until doomsday to educate all of the 95 per cent class to do what is best for them, without accomplishing our purpose. The greater part of humanity can not yet be made to think beyond a rather low level.

But a considerable part of our people are thinkers, serious thinkers. For these there is not only hope, but financial salvation. There is no reason why these should sit hungry at the industrial and financial table. The opportunities for wealth are before them, and they have the means with which to partake.

Let those who have climbed the ladder of financial intelligence far enough to become savers of money learn to become users of this money for their own profit, and the day of greater prosperity among the people will be ushered in.

DISCOURSE X.

START SOMETHING NEW.

A little over four centuries ago the United States was a wilderness. The average person approaching it from the sea would have said it wasn't worth a cent.

Today this country is valued at more than \$250,000,000,000, and the yearly income from this property is over \$60,000,000,000.

The value has grown at the rate of about \$62,000,000,000 each century, and the yearly income at the rate of about \$15,000,000,000 each century.

You will find that to develop this great property to the point of yielding this tremendous yearly income is the greatest stroke of business of which there is any record in the history of the race.

All of this business was built by starting something new. It was built by men who had vision to see opportunity and courage to take a business chance with money and work wherever opportunity was found.

From the day of the landing of the Jamestown colonists to that of the landing of the latest peasant emigrant, the men who have come to this country have been men of red blood who sought and could see opportunity and were wil-

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ling and ready to take a chance in starting something new.

For four centuries these men have transmitted this quality to their descendants, with the result that Americans have been and are the most inventive, the most venturesome, the most energetic and the most successful of the peoples of the world.

Most of the things that make our life comfortable today originated here. At one time they were new ideas—new inventions and processes.

Much, if not most, of our present wealth has come from these new things. Had no one been willing to start something new—to take business chances—we would not have these comforts and conveniences, nor would we be, as we are, the richest people in the world.

The men who started these things were men of red blood.

The royalty and nobility of the old world are said to have blue blood. The members of these classes are products of a long line of ancestors that for ages have intermarried, and it is a well-known physiological fact that a too close mingling of blood in time produces degeneracy and even insanity.

Anatomy teaches that red blood is pure, and blue blood vitiated. The arteries carry red blood to build up tissue. After the red blood has deposited its tissue-building properties it

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absorbs the waste from broken tissue and passes into the veins as vitiated blood to be carried to the heart and lungs for purification.

The men who built this country, who started something new, who took business chances, were men of red blood in contradistinction to the loafing louts of royalty and nobility with their blue blood.

But we have some blue blooded fellows in this country. You will find them in the capitalistic class. Most of them are descendants from men who started things in the earlier days of our country. These blue bloods have inherited their wealth, and simply live to enjoy it. They do not start anything new. Now and then you will find one among them who started something new and made his wealth, but not very often.

These blue bloods are interested only in getting interest or dividends from old and well established industries. They do not want to be bothered by the activity of starting something new, of building industries.

Manifestly it is to their interest to discourage new enterprises. They own the old ones, or the old ones are their debtors. They do not want competition.

So we hear them talking in and out of season against starting anything new, against multiplying enterprises. Listening to them, one would think that the world has been perfected,

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that the human race has ceased multiplying, that an end has come to progress, that the world is now at a standstill.

We have a very large class who cannot be said to be either red blooded or blue blooded. This class is made up of those who have not acquired riches, but who are in a position to do so, at least, to a reasonable extent, if they train themselves to think and act rightly.

Many of these hear the inane prattle of the blue bloods against starting anything new, and are thereby kept from joining the red blooded class in the creation of wealth.

If we compare our area, population and natural resources with those of similarly progressive countries of the old world, we find that we have a country capable of maintaining a population ten times greater than what we have at present.

This indicates that so far we have developed about one-tenth of our wealth possibilities, and that we may expect our country eventually to reach a value of \$2,500,000,000,000.

At the present rate of income, such increased wealth will give our people a yearly income of about \$600,000,000,000.

From a mathematical standpoint these figures are correct, but they will hardly be realized in practice, because the more densely populated a country becomes the lesser is its proportionate increase in wealth.

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However, natural conditions here are such that what we have done in the development of wealth is so little in comparison with what we may do that it may be said that we have but fairly started the process of developing wealth.

So far we have not begun intensified farming throughout our great agricultural areas. Most of our soil is so rich that our farmers have not found it necessary to do much more than scratch it a little to produce good crops.

We have over 200,000,000 acres of the richest kind of soil, ready for the plow, awaiting settlement. In addition we have an equal area of timber lands of which much may be brought under cultivation.

Of the lands that have been settled only a part has been put under cultivation. Even in the older settled communities nearly every farm includes greater or lesser areas that have not been brought under cultivation.

When all of these lands have been brought under intense cultivation, similar to that practiced in the countries of the old world, this country will easily produce food to feed the greater population referred to in the foregoing.

Human activity is divided into two principal classes, agriculture and business. About 40 per cent of our people are directly dependent on agriculture, and 60 per cent on business.

As population and agriculture increase, business must expand to keep pace with the former.

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It is a well conceded fact that, person for person, business produces more wealth than does agriculture, and that the quickest way to wealth is to acquire as big an interest in business as possible.

A few years ago Joseph E. Davis pointed out that we had 305,000 corporations that were doing practically all the worth while business in this country. One hundred of these, he said, owned one-seventh of the total property value of the nation.

Mr. Davis has long been considered an authority on this subject, so his statement may be taken as accurate.

If with a property value of \$250,000,000,000 and a yearly income of \$60,000,000,000 we have 305,000 corporations, with a final property value of \$2,500,000,000,000 and a yearly income of \$600,000,000,000 we would have 3,050,000 corporations, or 2,745,000 additional corporations.

It is in the establishing of these additional corporations, whatever their number may eventually be, that the further great wealth of this country will be made. Those who are bright enough to see this, and courageous enough to profit by their vision, will in due time find themselves among the rich.

The corporations that already are established and operating successfully will, of course, share in the prosperity that will come from further development of wealth. This in-

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crease will go largely to the shareholders who are now in them. An outsider cannot hope to acquire what may be called wealth by acquiring shares now in these corporations.

It is almost invariably true that the original capital in these older and successful corporations was very small compared with the present capital. The increase has usually been distributed in stock dividends, so that the holder of an original share now has many shares.

This is well illustrated in the Pullman Company. The original capital in this company was \$1,250,000. Now it is \$120,000,000. So nearly all of the additional capital has been issued in stock dividends that it is not worth while to make any distinction in this illustration.

The person who acquired an original share in this company, the par value of which is \$100, now has approximately 96 shares. The dividend rate is 8 per cent, which, applied to 96 shares, gives a yearly income of \$768.

This person, then, who invested \$100 in an original share in this company gets a yearly income of \$768 on his \$100.

It is not long since these shares sold for more than \$160 each. Should you have bought one of this person's shares at \$160 it would bring you an income of \$8 a year, or 5 per cent on the money you paid for the share.

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The original investor gets an income of \$768 a year on his \$100. You would get \$5 a year on your \$100.

This shows as clearly as I can indicate what I mean when I say that an outsider cannot hope to acquire what may be called wealth by buying shares in these old corporations.

Corporations are the great wealth creators in this country. This is proved by the fact that the aggregate original capital of all our corporations was infinitesimal in comparison with their assets at this time. In addition to their present assets they have made almost countless shareholders wealthy through dividends. The fact is that corporations now own most of the wealth in this country, and most of this wealth they have created.

To create wealth in any considerable degree requires capital. This the comparatively poor man does not possess. He is, therefore, practically barred from creating wealth alone and by himself.

To overcome this, the corporation was created. Here he can join his more or less dollars with the more or less dollars of others similarly situated, until the capital is gathered together to do the thing for which the corporation was organized.

Manifestly the large capital thus secured can do more, dollar for dollar, than could the few dollars of any one of the shareholders working

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by themselves, and in the prosperity of this greater earning each shareholder will participate according to the amount of his contribution to the working capital.

Whether the time will ever come when 2,745,000 corporations will have been added to our present 305,000, neither you nor I nor anyone else can tell at this time. All we know is that the destiny of our country seems to be to reach that goal.

Nor is it necessary for you and me to make the setting of our financial sails contingent on the country reaching that goal. Whatever the number will finally be, there will be enough at all times to serve the purpose of each generation.

It is enough for our purpose to know that in our day new corporations destined to become great wealth creators are being organized and capitalized from week to week.

Enough for us to know that in these corporations we have our chance to share in the greater wealth creation that our country is destined to experience, as the shareholders in the old corporations had their chance when these corporations were organized and financed.

If you and I would share in the wealth that is to increase our \$250,000,000,000 to \$2,500,000,000,000 we must learn to recognize the fact that the way to share in this and the quickest and most pronounced way is to become sharehol-

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ders in new corporations, soundly organized and competently managed, to conduct profitable enterprises, and to become shareholders when the original working capital is being raised that we may give our money its best chance to create wealth.

We must learn to start something new—do something.

This does not necessarily mean that the corporation must be organized to commercialize an absolutely new idea, as a new patent or a new process, although these are frequently the greatest money-makers.

The corporation may be organized to engage in the expansion of the business of an idea that is already fairly well organized commercially, and make quite as much money as did the original corporation in that line.

Our population is increasing rapidly, and the buying power of our people is increasing still more rapidly. The buying power has nearly doubled in the last decade. This gives room for expanding old ideas.

About a quarter of a century ago some "cranks" were talking about horseless carriages. You and I remember when we thought this was a delusive idea—that it couldn't be made practical.

But the first thing you and I knew a company was organized to make and sell automobiles. And it prospered.

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People saw, wondered and wanted. The demand for automobiles grew. More companies were organized to expand the commercialization of this idea. Today we have about two hundred such corporations with millions of shareholders, and the industry is rated as third in the manufacturing world.

The earlier organized automobile companies have made and are making tremendous profits for their shareholders. Those organized recently are coming along at a still better rate, because they do not have the expense of experimenting and creating a market.

The same condition has prevailed and does prevail in motion pictures.

When the motion picture was invented people thought it only a scientific curiosity. Few if any thought that a big business could be built out of it. And yet today the motion picture is rated as our fifth industry in volume of business, with a long line of corporations engaged successfully in it.

Men broke into this industry less than a dozen years ago with, in many instances, only a handful of dollars, who today are in the millionaire class.

Rapidly as this industry has progressed, the field is nowhere nearly filled. There is ample room for many more corporations to engage in it.

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In offering the world a new idea, an invention, a process, one has to do, usually, much missionary work to get the world to accept and use it.

It took a long time to convince the housewives, and more especially the husbands, that the sewing machine was an economic household necessity. But when they finally saw it, see what a tremendous volume of business has been built in making and selling sewing machines. The result has been a long line of corporations engaged in this industry, and another crop of millionaires.

When the telephone was invented even the experts said it was a toy—that it was impractical from a business standpoint. Unnecessary to point out what it is today.

When the telegraph was invented it was offered to the government for \$100,000, and refused, because it was thought it could not be made to pay on such an investment.

And so it has been with nearly all of the great inventions and great ideas. The few who saw and had courage to act have become wealthy. Some of the corporations they formed to commercialize these things are now of the hundred corporations that own one-seventh of our national wealth.

Forty per cent of our people are directly dependent on agriculture. They own approximately 7,000,000 farms. It is a fair estimate

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that in the next quarter of a century this number will approach 10,000,000.

As a class our farmers are the most conservative of our people. They are slow to adopt new ideas and new methods.

Men who are trained in business and given to analyzing the economics of business affairs have lately come to realize that the greatest problem to be solved in American agriculture is that of power. The horse is too slow, too limited in capacity and too expensive.

These men have proved that tractor power is in every way the most economical for the farm, and have set about to supply it.

So far the farmers have been slow to adopt this form of power, but light is now beginning to break for them.

Farm tractors of many sizes and at many prices are being perfected and marketed. Soon, it is indicated, there will be a tractor available for any size farm and to fit any purse.

Some of the biggest captains of industry, those who see clearest and farthest, predict that the next big industry to grow in this country will be that of the farm tractor. It does not require much strength of vision to agree with them in this.

In the line of starting something new in the old industries the retail industry is today a good illustration.

The retail business of this country amounts

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to approximately \$20,000,000,000 a year, and, of course, yields a correspondingly good profit.

For centuries this business was conducted in a most cumbersome and expensive manner.

During the last quarter of a century improvements have gradually been made in the methods to the advantage of the buying public.

First came the department store in the larger centers. Then followed the mail order merchandising house for the benefit of those living on farms and in smaller towns. And still later came the chain stores. Now they are improving the latter by letting customers wait on themselves to reduce expense and make possible still lower prices.

All of these improvements in retail merchandising are new ideas, and putting them into practice is starting something new, although in a very old field—giving new fields for the profitable employment of capital.

A simple idea along this line frequently leads to great wealth. It is not very many years since a country boy doing chores in a store in a New York country town noticed a lot of old odds and ends laying around the store for which there did not seem to be any demand. He got permission to arrange two small counters, on one of which he put such of these things as could be sold for 5 cents and on the other those that could be sold for 10 cents.

The result is the great Woolworth business of

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today, and the innumerable 5 and 10 cent stores throughout the country.

Montgomery Ward was a clerk in a Chicago store that advertised in the local papers.

Now and then persons in the country ordered advertised articles by mail, sending the money with the order.

Young Ward was given those orders to fill.

From this he got the idea of a mail order merchandise catalogue, and the many big mail order merchandising houses of today, selling hundreds of millions of dollars' worth of merchandise yearly and making surprisingly large profits, are the results.

Yes, start something new, if you want to acquire wealth.

If you can't start something by yourself, become a shareholder in corporations organized to start something new. And, after all, this is the better way. Here your money will have the advantage of being a part of large capital to do big things in a big way under the best obtainable management. Such conditions invariably produce the biggest profits with the greatest security.

When a well organized and competently managed corporation is being financed to engage in a substantial and self-evidently profitable industry and you are given a chance to secure some of its original shares, you can't afford to let the opportunity pass you by.

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If you want to acquire wealth you must take shares in such corporations. You have no alternative worth while.

DISCOURSE XI.

DO YOU FEAR "SPECULATION"?

When we read the advice of the financial scribblers in the publications owned or controlled by the money trust, we are warned continuously against "speculation."

Analyzing the advice of these kept gentlemen, we find that their definition of "speculation" is to start something, to do something.

They warn us against putting our money into any new thing, against helping to build industries, against engaging in new enterprises.

On the other hand, they advise us to put our money into the listed shares and bonds of old companies.

They do this because such shares and bonds are offered for sale by those who hire and pay these writers to advise us.

Such stocks are invariably watered stocks, offered by those who have received the founders' profits in these companies, and such bonds have been issued by companies whose capitalizations have been watered.

Do you know what watered stock is? Here is an illustration:

Shares in watered companies usually draw from 5 to 8 per cent dividends—when they pay dividends.

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As an illustration, we will say a company has been capitalized for a million dollars to develop an industry. In a few years its business becomes so profitable that it earns a million a year in net profits. That is 100 per cent—so big that it arouses the suspicion of the public, and, possibly, of government bureaus.

A million dollars of profit is 10 per cent on a capital of \$10,000,000. The company can, therefore, raise its capital to \$10,000,000 and declare a stock dividend of \$9,000,000. For every dollar of stock you hold, you will then receive additional stock free in the amount of \$9.

Suppose you hold one share of original stock, par value \$100, you will receive additional stock of the par value of \$900. As this draws 10 per cent, you can sell this for about \$1,350, if you desire to "cash in." You will still have your original share, but now it draws only 10 per cent.

The question arises, would you rather put your \$100 in the original share before the watering took place; that is, contribute your \$100 to the founding of the industry, or would you rather put it into the watered stock?

The kept financial scribblers referred to advise you to put it into the watered stock, and scare you into doing it by yelling "speculation" at you if you are thinking of helping to build a company of your own.

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Watered stocks and bonds usually draw a reasonable interest rate of income, but, comparatively, they have so little back of them to make them secure, as not to make them attractive.

Is it worth while taking the risk, when we can do as the founders of the companies that issued these watered securities did, "speculate" a little ourselves by putting our money at work building companies and industries of our own, as these men did?

Would not the holders of the watered securities of the many companies that have gone on the financial rocks rather have their money at work building giant industries, destined to return real profits, in addition to the founders' accretive values? Ask them.

If the kept scribblers' advice was to be taken seriously, we would start nothing new, no matter how good it looked.

The big men of the past, who have made our country great by building big companies with the aggregate money of many investors to conduct useful industries for the benefit of humanity, would have done nothing, had they obeyed the instructions of those two-for-five hirelings of the money press.

Edison would not have invented the electric light and sent it on its way to serve humanity, and create almost untold wealth for those who dared to "speculate" a little.

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Armour would not have built the world's largest packing house with refrigerator lines to get good meat to people everywhere.

Carnegie would not have built the giant steel industry, developing the production of better steel and for additional purposes of common benefit.

Stephenson would not have invented what led to our giant railroad system, making possible speedy travel and a rapid interchange of commodities of comfort and necessity.

Morse would not have invented the telegraph to put us in instant communication with the entire world, and make it possible for us to read at our breakfast table what happened throughout the world while we slept a few hours before.

Bell would not have invented the telephone, so we can sit in our lounging chair and talk with our friends or business associates thousands of miles away.

Fulton would not have fooled with his steam-boat idea, developing it until now we can cross the ocean in less than a week, a feat that couldn't have been performed in any amount of time less than a thousand years ago.

And so on down the line.

Had the hootings of owls like these gentlemen been observed, humanity would still be living in caves.

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Do you know what is the greatest obstacle to the advance of human progress and happiness? The greatest hurdle in the path of the march of intelligence and prosperity? The stone wall built up to shut out peace and plenty?

It is man's opposition to belief. It is his resistance to suggestion. In a word, it is lack of faith.

Countless are the instances in the history of the race of the disposition of mankind to disbelieve, to doubt, to oppose its will to the acceptance of truths.

The world's development would be advanced a thousand fold if it was not a trait firmly implanted in human nature to believe that a thing CANNOT be done which has NOT been done.

If all the world was optimistic instead of pessimistic, the heights to which world progress would attain are incalculable.

Consider how this opposition, this resistance to belief, has permeated the progress of nations, the advance of Christianity, and the development of enterprise.

Democracy is today the crusader holding aloft the banner of progress.

Yet it has taken four-fifths of the world thousands of years to rally around that guidon. The other fifth is still in opposition to it.

In the development of industrial and commercial enterprise, no advance has ever been

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made save by the hurdling of successive barricades set up by man's doubts or refusal to believe.

The development of electricity required a century and a half dating from Franklin's day—retarded and delayed by man's incredulity.

The universal use of the automobile was hampered and hectored for an equal period by derision and ridicule—product of man's opposition to admitting possibilities.

Fortunately for the world's good, later years have brought a change for the better in this matter of men seeing possibilities in things which have not shown possibilities before.

So many times has the so-called impossible been done, so often has the doubter been "shown" and so startling have been the demonstrations given on land, in air and under the sea, that gradually this mental opposition of mankind has been worn down, until now, the circle of those who say, "I'll believe anything CAN happen, because so much HAS happened," is constantly widening.

And it is because the army of recruits under the banner labelled, "Be open to conviction," is swelling day by day, that the rate of progress now being made by the world is the greatest in its history.

Within the last few years this army of "believers" has been augmented by nearly six hundred millions—the hordes of China and the

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legions of Russia. And what it means to the world's increased industrial and commercial development to have these two giant territories aligned with the modern evangels of material progress, the future will disclose in all its richness.

The war may have its justification in the way it has demolished the Chinese wall set up by man's opposition to the acceptance of possible truths.

The tremendous detonations of the cannon's roar have jarred loose the concrete barriers man has laboriously constructed between himself and belief that things can happen.

Nothing which he could have conceived could have been more successful in causing him to stand in his own light than this barrier he erected between himself and belief in the believable.

It is this which has made the difference between the wise and the ignorant; between the Christian and the infidel; between the happy and the miserable; between the rich and the poor.

The wise are wise, because they believe; the ignorant are ignorant because they refuse to believe.

The Christian has faith; the infidel none.

The happy are so, because faith is a beacon lighting the way. Men who are miserable have lost faith in all mankind as well as in themselves.

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And when it comes to riches and poverty, one is rich because he did not refuse to believe he could acquire riches; another is poor because he resisted all attempts to lift him out of the slough of poverty—closed his ears to the call of opportunity—had no faith.

It is a cardinal principle of religion that without faith there is no salvation. The word salvation means "save."

It is true of acquiring money just as it is of religion, that without faith there is no "saving" grace.

At the outset man gets his first money from his own labor, physical or mental. He wouldn't produce a nickel if he didn't have faith in himself. The moment he doubts his ability to perform the task by doing which he derives his money, that moment he ceases to earn it.

When he lends his money for paltry interest, what but faith in the borrower permits him to do it?

If it requires faith to make a daily wage, a weekly stipend, or a month's pay, why should faith be withheld when it comes to investing that wage, that stipend or that pay in a laudable effort to make it **WORK** to increase itself?

If a census were taken of people who are poor, how many it would reveal who let their disbelief stand between them and competence.

How many had the opportunity presented to them to become independent, who flouted it?

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How many lost their chance because they wouldn't believe that it was offered in good faith?

The world is full of people who are poor just because they lacked imagination to see beyond their noses.

A man who had laboriously accumulated a few thousand dollars was asked why he didn't put his money into something that would make him an amount large enough to give an income on which he could live when he stopped work, which it was evident he would have to do soon.

He said he had thought about it, but was afraid he might lose it. For lack of courage this man forfeits any chance he might be offered to let his few thousand dollars work for him and make him a competence.

Fear goes hand in hand with incredulity, and the two combined keep men poor.

In almost every chronicle of successful ideas, inventions and companies, are to be found records of men who failed to believe in their possibilities.

As a consequence, metaphorically speaking, these men are sitting at the crossroads with their hats out, to receive the coins of the passerby.

The list of those who let opportunity knock and refused to open the door, is without visible end.

There is one thing about these thousands of

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cases of people who, because they are doubting Thomases, lose chances to escape poverty, which to a degree extenuates their lack of faith.

It is that they finally realize what they have missed, but when too late.

In this world of poverty-burdened down-and-outs it might truthfully be said that,

“Of all sad things, the saddest seen

Is the man who wails, ‘It might have been.’ ”

And yet there is a cure. No poison but has its antidote,

Instead of doubting, believe. Get into the habit of believing. Once the habit is contracted it comes easy. Then look up the facts on which you found your belief. And then act decisively.

Think of all those who believed and won.

Think of all those who doubted and lost.

If a man has only a little money, he couldn’t be so much worse off if he lost it all.

But he could be measurably better off if that money made money on any such basis as thousands of investments have made it.

If a man never believes, the door is forever shut to fortune. If he believes, he stands a chance to have it open to him.

Be a believer—not a doubter.

Build, don’t destroy. Produce, don’t consume. Do things. Render quid pro quo.

When the opportunity comes to join a new company engaged under honest and competent management to develop profitable industry, don’t be afraid to “speculate.”

DISCOURSE XII.

HAVE YOU QUIT YOUR JOB?

Have you quit your job?

An impertinent question, you say? Yes, but let's see.

Less than half a century ago a well paid man in the patent office quit his job.

As he had no other or better job in view, his fellow workers asked him why he quit.

"Because I don't want to be discharged," he replied. "Everything that man can think of has been invented, and soon there will be nothing for us to do here."

His successors have recorded the telephone, electric lights and motors, cables, motor cars, wireless telegraphy, flying machines, moving pictures, the phonograph, and a thousand useful things that now go to make our daily lives comfortable.

And the office is busier today than ever before.

Have you quit your job?

Be certain that you know.

What is your attitude towards new things?

Are you one of the fossils who believe that nothing new can be started, nothing further done—that the world now has all it needs, that

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nothing further can be added to the happiness and comfort of the race?

It may be well for you to inventory yourself on this subject.

Have YOU all you need—all you want?

If so, you are fortunate.

Has your neighbor all he needs—your friends and acquaintances all they need?

Perhaps neither you nor they are in need of necessities, even comforts and luxuries. But the chances are that your imagination can conjure pictures of comforts that you and they do not have.

It is very likely that our grandfathers and grandmothers, toiling amid the privations of pioneers, did not imagine the comforts, conveniences and pleasures that we have today.

It is very likely that we do not imagine what our grandchildren will have that we have not.

The human brain is fertile and the world moves.

As there has been one new thing after another in the past, so there is likely to be in the future.

Do you believe this?

If not, don't you think you better try to believe it?

But to speak of things that are not new.

Do you believe that we, the American people, are growing right now, year by year, as many potatoes as we will ever need to grow yearly? As much wheat?

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Do you believe that we will ever need to raise any more cattle yearly?

Do you believe we will never need to make any more shoes, hats, coats yearly?

Do you believe we will never need to make yearly any more of the thousand and one things that enter more or less into our daily lives?

Of course you don't believe it.

It is really silly to ask an intelligent person such questions. But there are intelligent persons in high positions who try to make US THINK that they believe such rot, as we will see before we get through with this subject.

Neither do you believe that new things won't be invented, that new processes won't be discovered, that new sources of comforts and conveniences won't be found.

If you believe that these things will be done, you know that someone will do them—will have to do them.

You know that new industries will have to be founded—new companies organized to make and supply the new things; and old industries will have to be multiplied—new companies organized to increase the output of the old things.

Every fundamentally new thing in the past founded an industry, was the origin of a line of new companies.

The invention of the steam engine became the

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basis of the industry of making steam engines for producing power.

The invention of the application of the steam engine to the steamboat and to the locomotive opened the industries of transportation by sea and land.

The invention of the telegraph and the telephone created the industries of making the mechanical appliances used in constructing the lines of these methods of communication, and established the industries of transmitting communications along wires.

The invention of the electric light and of the application of electricity as power established industries that are now spread like a fine meshed net over the civilized world.

The invention of the gasoline motor and its application as a vehicle propelling power gave us the automobile industry, now rated as the fourth in magnitude in this country.

The invention of the motion picture gave us an industry of a size nearly equal to that of the automobile.

These are some of the greater new things of comparatively recent times. There are hundreds of others, as important in their way, but not so colossal because the fields for them are not so extensive.

You will admit that the industries mentioned are important and valuable in our daily lives. You will admit that they furnish the means of

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livelihood to millions of very good people. You will admit that they produce prodigious profits for those who are fortunate enough to participate in their ownership.

Yes, people got along before they had all these things. But you couldn't get people to consent to get along without them now. We of today wouldn't think life worth living if we should have to get along without these agencies of service.

Think of our trying to get along without the steam engine, without the steamboat and the railroad, without the electric light and electric power, without the telephone and the telegraph, without the automobile and moving pictures, without a thousand things we have because someone invented them and started industries to produce them for us.

These things give a large percentage of our people employment and earn profits for their owners, all of whom in turn spend money with the rest of us who are engaged in other forms of service to keep the human race going as we go.

We see, therefore, that new things that create new industries are valuable and they are valuable to all of us.

The industries mentioned were new once, absolutely unknown. Before we could have the service that these industries give, someone had to found them. Someone had to form and

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finance companies to build these industries. Business won't grow out of nothing by itself. It won't spring out of the air.

Someone had to do it. Someone did it. If someone hadn't done this sort of thing in the past, we would still be cavemen, eating only when lucky enough to bring home a "kill."

If we want any more comforts and conveniences we will have to discover them, invent them. Then we will have to form and finance companies to conduct the business of supplying us with the additional comforts and conveniences.

This seems so simple that everyone should agree to it.

But the funny thing about it is that if anyone organizes a company today to do this very thing, or even to enlarge the production of something that is old, there is a class of men, apparently banded together, who make it their business through print and speech to say everything they dare say in an effort to prevent the company from being financed and put on the highway to success.

Another funny thing about it is that these same men are rich, and have gotten their riches out of new companies in the past.

They helped to found or finance the companies that today are the landmarks in the industrial world. They made their money by getting into these companies at the right time—at the beginning.

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Yet if we of today have a self-evident money making proposition and start to finance a company to handle it to produce profits, they set out to knock it, to misapply the word "speculation" to it, to call us "get-rich-quick" artists, and worse, in an effort to keep people from joining the company.

Their motive, of course, is so transparent that intelligent persons are not swayed by their misleading drivél.

The workers in our country—the small capitalists—have about \$5,000,000,000 deposited in savings banks. Most of this money is borrowed at a small rate of interest by the industries in which the "knockers" are owners. These industries use this money in making very much more money than they pay in interest for the use of it, and retain the difference as profit, of which the "knockers" get some.

If the people were to withdraw their money from the banks and put it at work to earn profits for themselves, the "knockers" would lose a source of revenue.

Another class of our people has loaned these giant industries still more money on bonds, on which these industries make profits in the same way.

If the people were to put their money at work earning profits for themselves, instead of buying bonds, the "knockers" would be deprived of another source of income.

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Almost invariably bankers are directly interested in these old industries. If not, they get the bulk of their banking business from them. The bankers, therefore, as a class are the most accomplished "knockers" of new things that our country has.

A considerable part of our press is a "kept" press. Another considerable part of it is altogether or partly owned by the element that controls the old industries. Another part is dependent for its sustenance on the patronage of the old industries. The price you pay for a newspaper or a magazine doesn't pay for the copy you get. That is only a nominal price. It cost more than what you pay to get the copy for you. This more comes from some other source.

The financial departments of such newspapers and magazines are edited very carefully to keep you from assisting in financing companies, to keep you from putting your money at work for your own profit.

Some of the writers of these departments are so "raw" in their work that they are nothing but financial "procurers" to the money trust.

The fortunes of America have almost invariably been made in our new industries—in the companies that founded and built our industrial enterprises.

They have been made by getting shares in

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these companies at the time of their formation, or shortly afterwards.

The further fortunes to be made will be made in the same way.

If you are not like the man who quit his job in the patent office, and want to make money, keep your eyes open for new companies having good, self-evident, money making propositions and honest and competently trained managements.

When you find such companies you will find your opportunities for wealth, as those who are now rich found theirs in the years gone by.

The patent office is still working overtime. Some of the things that will come from it will be money makers. Watch for them.

Scientific men are working early and late to perfect new processes. Some of these will be great money makers. Watch for them.

Other men are delving into the earth in search of nature's riches. Some will find them, and will need capital to bring them forth. Watch for them.

When all these things come, you will have your opportunities.

Don't put yourself in the position where people will have to ask you if you have quit your job.

Who wants to be a quitter?

DISCOURSE XIII.

WHERE DID LAST MONTH'S SALARY GO?

Where did it go—last month's salary?

Have you ever asked yourself that question, and if you have, were you able to answer it in a way that was satisfactory to you?

Of course, part of it was spent for food and clothing. But, was any of that part wasted? Are you sure that you did not spend part of that allotment for some refreshment or sweets that you could, in fact, might better, have refrained from? Did you buy some article of wearing apparel that you did not need?

Would you not be better off if such part of your salary was saved to you, and now working for you?

Then part of your last month's salary went for other things. Was it wisely spent? All of it? Could you not have refrained from at least one or perhaps two of the theater parties?

Would not your satisfaction be greater now if the price of one or two of the theater parties was saved to you and now working for you?

Then part of last month's salary is yet in your pocket. Don't you think you are apt to spend it, largely, for unnecessary things?

Think of it! Every month you have \$10, \$20 or even \$50 left in your pocket for which you

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have no particular or pressing need. You resolve not to spend any of it unnecessarily, but you keep it in your pocket, and before you realize it, the money is all gone. You are surprised, for you cannot think of where the money went, and you can see no value received for it.

Would not your satisfaction be greater if that "pocket money" was saved to you and now working for you?

There is no question about it; for nothing equals today's satisfaction in the thought that tomorrow is provided for.

You owe it to yourself to provide for your future; you should not put it off. A little self-denial, or rather, self-control, will do it. The first \$100 is always the hardest to save. Yet it is very simple. Spend less than you earn. No matter how small the salary or how hard it is earned, every person can spend less than he makes, at least a part of the time. The money thus saved, if kept and properly invested, becomes a consolation, inspiration, and source of joy to its owner. Gradually and in time it will earn quite as much as its owner's whole month's salary. Then it begins to earn more and more, and its thrifty owner's future is assured. It may be slow at the start, but it is certain and tremendously satisfying.

AND HERE IS SOMETHING WORTH THINKING ABOUT.

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From the ground to his shoulders, a man is worth an average of \$1.50 a day. From his shoulders up, he may be worth \$150, \$1,500 or \$15,000 a day.

From his shoulders up, the president of the United States is worth \$240 a day.

From his shoulders up, the president of Wilson & Co., one of the smaller Chicago packing houses, is worth \$320 a day.

From his shoulders up, the consulting engineer of the General Electric Company is worth \$320 a day.

At least, that is what these men get—the president of the United States, \$75,000 a year; the president of Wilson & Co., \$100,000 a year, and the engineer of the General Electric Company, \$100,000 a year.

These are mentioned here as types, one of public service, one of business management, and one of professional skill. In the business and professional worlds there are others who earn more, and hundreds of thousands who earn so much that their earning power is incomprehensible to the average plodder—the one who works mainly with what there is of him from the ground to his shoulders.

The three men mentioned began at the bottom and worked up. They weren't born with golden spoons in their mouths—some didn't even have pewter spoons. But they worked. They thought. They learned the why of things.

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They exercised and trained their brains. They forced continual changes in their nerve tissue. All this finally qualified them to think clearly and continuously, reason logically, and pass judgment accurately. Their minds assumed the initiative, became creative, productive, valuable, and they are now reaping their rewards.

The idea is that purely physical labor is poorly paid, because, in the first place, it isn't worth much; and, in the second place, it has much competition to get even the little it is worth.

When brain is mixed with brawn the pay becomes greater in proportion to the quantity of the brain ingredient. Even as little brain as the bricklayer mixes with his brawn brings him from two to three times as much as the hod-carrier gets.

It should be apparent that to get along well in the world you must train your brain to work.

And you must train it to do productive work, to initiate, to create. To train it simply to take care of business that creative brains have produced will never get you anywhere worth while. The woods are full of bubs who can do that.

And a college course is not necessary to train the brain to do creative work in the business world. It is helpful and very desirable, but not necessary. Many of our most successful business men never saw the inside of even a high school.

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The tendency of young men when they go to work is to do only as much as they estimate is necessary to hold their jobs. If they do any thinking, it is more frequently to see if they can do less work. The motion of the hands of the clock is of more interest to them than how the man above them does his work, how the business is brought into the house, how the creative methods may be made more productive, and so on. One could believe from observing them that thinking is painful.

This is why so many remain bubs until old age casts them in the scrap heap.

This is why 95 per cent of our people are wrong, dead wrong, all the time.

This is why 95 per cent of our people die poor, and why 60 per cent of them are never more than a week from the poorhouse.

When you trace the career of a man who has risen in his work, who has put himself in the 5 per cent class, you will find that thought did it. He trained his brain.

He didn't rise by loafing at street corners, by leaning half the nights on saloon bars, by lounging lazily at home.

No, sir. It was a different process.

He studied his work and learned more about it than perhaps his boss knew about it.

In the same way he studied the line of business in which he worked, read and thought about it early and late. He did the same thing

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about the business of others in the same line. Nor did he stop at this. He familiarized himself with other kinds of work, other lines of business.

All the time he was searching for ideas, methods and processes. All the time he was pomeling his brain to develop new ideas, better ways of doing things, better producing methods.

He made his brain his working pal, his playmate, his messmate, his bedmate. He got acquainted and remained on friendly, congenial terms with his real self—his brain.

He set the little rascals Why and How at playing tag among his brain cells, and so directed the game that it became well filled with catches.

And he saved his money.

And better still, he put his savings at work.

He had learned to work to the best possible advantage for himself. He put his money at work in the same way.

He learned early that to make his work highly productive for himself he must make it creative. Mere drudgery would never get him anywhere.

He learned that money has character as he had character; that money has creative power as he had creative power; that money is lazy or active, passive or creative, as he could be lazy or active, passive or creative.

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He chose to learn to be active and creative. In learning this he learned also how to make money be active and creative.

And so he put his money at work in a creative capacity. He didn't treat it any better than he treated himself. He invested it in building industries. He put it at work where it would work for him, not in part for someone else. The money was his. He made it work for himself only. He wanted and got all that it earned. He didn't put it in a savings bank, a mortgage, a bond, or a preferred share to bring him a little interest and let the real earnings go to the other fellow.

We have had in mind the career of the man who started at the bottom, worked his way up, and landed in the 5 per cent class.

He may have had a struggle, may have worked hard.

But it was a glorious fight. There was pleasure in the game. There was zest in his life.

He may have striven hard, but he lived well, enjoyed life's sensible pleasures, and raised a fine family in surroundings that were better than those in which he was raised. And that is quite a measure of pleasure.

Now in his declining years he is financially comfortable and an honored member of his community. He can sit complacently under his vine and fig tree and serenely enjoy the rays of his life's sun as they mellow in their sinking

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from the meridian height of his activity to the horizon that finally shall call him to the bosom of his fathers.

On entering his earning period, the young man should bear in mind that if he is permitted to live the ordinary lifetime, there will come a time when he will not be able to earn anything, and that before that time comes there will be a time when he will be able to earn but very little. If he is wise and prudent, he will, at the very beginning of his earning period, begin making provision for that time by saving a little each week, each month, and putting his savings at work to earn more for him.

Statistics and the mortality tables show that a man's business ability extends from the age of eighteen to fifty-five; that he is on his most rapid incline from the age of thirty to forty; that at the age of forty-five he reaches the height of his ability and that his powers remain about the same until he reaches the age of fifty-five, when he begins to decline.

In case of business failure after the age of fifty-five is reached, only one man in five thousand recovers. The others remain practically down and out.

So far as business ability is concerned, the average man should retire when he reaches sixty.

Ninety-seven per cent of all men are dependent financially when they reach the age of sixty-five.

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If the average man has not begun accumulating wealth when he reaches forty, the chances are that he will never acquire a competency.

Some years ago a great deal of discussion was aroused over the question raised by the famous Dr. Osler, as to whether a man might not as well be chloroformed at sixty, so far as his working value is concerned.

Possibly you may doubt the wisdom or humanity of this plan to get rid of old men. A large amount of nonsense has been written on the subject. but there can be no doubt about one part of Dr. Osler's contention, and that is, that the average man reaches the maximum of his efficiency before forty-five.

Between the ages of thirty and forty the human machine is running most smoothly and powerfully. Difficulties which seem insuperable to the inexperience of youth or the over-caution of age are easily overcome by the energy, good judgment and courage of middle life.

Perhaps the knowledge that the best productive years are so short causes a man to realize the necessity of making the most of them while they last. It ought to do so, at any rate.

How is it with you?

Have you reached that period, and can you say to yourself as you think of those dependent on you, "I am doing my duty by them"?

Have you prepared, or are you preparing for the future?

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Or does a feeling of sadness come over you as you look at the faces around your breakfast table, and think that you have not been able to provide adequately for the future of your loved ones?

If, in the years gone by, you have saved money and invested it wisely, you can approach middle life and declining powers without worry, even if your income never has been large. Just when you are about to lay down the severest burden of your work, your judiciously invested funds take it up for you, and from that time on you do less work and your capital does more.

Therefore, save money and invest your savings.

It is better to sacrifice a little now than to want much later.

DISCOURSE XIV.

SMALL INVESTOR'S CHANCE.

American industries have been built almost entirely by small investors.

That is a stupendous statement, but the records prove it true.

Look through Moody's Manual and Poor's Manual and you will find the proof.

You will also find another fact that may surprise you, and that is that nearly all the big money-making corporations of today were organized originally as small concerns.

Trace their histories and you will find that in about ninety-nine cases in a hundred these companies had difficulty in raising the necessary original capital, and that it came quite uniformly from the small investors—a few dollars from this one, a few hundred from that one, and so on.

Our big industries were built, therefore, by poor men.

In return, what have these industries done for these poor men?

America has more rich men who have made their wealth than has any other country—yes, than has the greater part of the remainder of the world.

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The 1916 crop of millionaires was the greatest in the history of the country.

Recently the internal revenue bureau made public the income tax tables for 1916. They showed that 7,925 new millionaires were added to the list during the tax year ended with December, 1916.

At the close of the tax year ended with December, 1915, the United States had a total of 14,771 millionaires and multimillionaires.

Therefore, at the close of 1916 our country had 22,696 millionaires of all classes, from the latest arrival in the munitions industry to John D. Rockefeller.

With the extensive and profitable industrial activity that has prevailed since then, it is reasonable to assume that the list will be found very much increased when the tax returns for the year are completed. Should the increase this year be only half as great as last year, we will have close to 27,000 millionaires with which to begin the new year.

Should these average only \$2,000,000 each, they will own over \$50,000,000,000 of our national wealth, or approximately a fifth of all the wealth in the United States, figured on the basis of the present enhanced values.

Phenomenal as this large number of millionaires appears, the stranger aspect of it is that most of these men began with nothing except

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a clear brain to think and a pair of sturdy hands to work. They used both as opportunity came, and they won and won big.

Another feature of the process by which most of these millionaires were made is that as they acquired a little money they put it at work in the creation of wealth. As wealth was created for them, they put the additional wealth at work in the same way. Finally they had so much wealth that they could handle big propositions, and the exceptional opportunities for profitable industrial activities of the last four or five years gave them their great opportunities.

All who strive may not become millionaires, but those who will use a little intelligence in working in accordance with the formula used by these men may easily acquire competencies.

The United States has more poor men who are laying the foundation of great wealth right now, and more who are climbing the ladder of wealth steadily and surely, than has any other country.

It never could be and cannot become otherwise for generations to come. We have a tremendous country with practically immeasurable natural resources. All we need is courage to apply the modern Aladdin lamp of initiative and action, and this great wealth is available for our comfort.

Few of us realize the immensity of our coun-

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try and the opportunities that it presents. Casually we think of Texas as our largest state, but without realizing what its size means. You may pick up Germany and drop her into Texas and have space left for nearly all of England and Wales. Germany has a population of about 65,000,000—or had before the war began—and an area of 208,700 square miles. Texas has a population of about 4,000,000 and an area of 265,780 square miles. England and Wales have a population of about 36,000,000 and an area of 58,575 square miles.

It is this immensity of area and the riches it contains that give the American poor man his great advantage over his European brother to acquire wealth.

But to return.

New enterprises are usually financed by small investors—by comparatively poor men. The rich are in the big and long established industries and have little time or inclination to give any attention to new things. They may be original investors in the industries in which they are, or they may have bought their interests later. We shall see how presently.

The history of all successful enterprises is that the founders' profits—the original investors' earnings—are the largest. The early investor usually buys his interest at a discount—gets a lot for his money—and his money goes

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to develop the industry to a profit-producing basis.

Suppose that \$50,000 is needed to manufacture and market a new invention, develop a mine, or establish any industry for profit.

And suppose a company is formed with a capital stock of \$100,000 and shares of a par value of \$1 are sold at half of the par value.

The man investing \$50 will get 100 shares and will own a one-thousandth interest in the company.

Then suppose the industry develops so that the profits are \$5,000,000 yearly—and this is not an impossible or even uncommon condition. That will be a yearly profit of \$50 on each share, or a profit of \$100 on each dollar originally invested at half of the par value. In other words, the man who bought 100 shares for \$50 will receive a yearly profit of \$5,000.

So far this has been the small investors' business. Now let's see what can happen.

An industrial stock is considered good and worth par if it draws a dividend of six or eight per cent a year. Usually such a stock sells at above par.

In the instance under consideration it draws a dividend of 5,000 per cent or 10,000 per cent on the original investment.

Five million dollars will pay a dividend of 10 per cent on a capitalization of \$50,000,000.

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Therefore those who own the \$100,000 of capital stock, drawing a 5,000 per cent dividend, own a \$50,000,000 business on the basis of a 10 per cent dividend.

The person who invested \$50 in 100 shares of the stock now owns 100 shares that are worth \$50,000 on a 10 per cent basis, and which, if the industry is of a permanent nature, he can sell readily at close to \$75,000.

The foregoing is a suppositive case, but it is based on numerous cases in fact where the figures vary, larger or smaller.

The small investor who invests at the beginning of an enterprise makes the big profit. The really big profits always go to the founders of the enterprise—the original investors.

The rich handle big things—the going industries. When an enterprise has been developed to the point of producing profits it attracts the attention of big investors who can invest thousands or millions, as the case may be, and who are looking for the certainty of an established industry with comparatively small profits rather than for an opportunity involving development and large profits. It is because of this that the small investor, if he desires, can sell his small investment to the rich investor at a price a hundredfold or a thousandfold greater than he paid for it.

The rich can well afford to buy such an investment, because in such instances they are

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looking for an opportunity to invest to get an income, not to make money by creating wealth.

But the poor man cannot afford to buy such an investment if he wants to make money. His \$50 to \$100 would not make him rich at from 5 to 10 per cent. He must make his few dollars go after the big founders' profits—he must put them where they will work in the development of a profitable industry for him. If he buys into an industry after it is fully developed, he simply gives his money as profit to an original investor and receives in turn but little more than what the banker pays him for the use of his money.

The industrial history of the United States teems with records of poor men raised to the pinnacle of fortune by some ingenious idea of a judicious investment at a time when the world, with mocking skepticism, classified the originator and his associates as dreamers.

The promoters of a new enterprise rarely gauge the possibilities latent in it if successful. Capitalizations range from \$100,000 to \$1,000,000—rarely more. Ten, twenty or thirty years afterwards we find these capitalizations increased until the figures run into many millions. The purchaser of one share, or five shares, of the original stock has, in the process of evolution, acquired in addition to other profits, hundreds of shares without further cost, and is thus being carried forward to wealth

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whether he will or not. He simply can't help himself. Riches are showered on him.

The original corporation, therefore, is the poor man's chance. Judgment to discern possibilities is an asset of enormous value. Possibilities—opportunities—are always at hand. A familiarity with the laws of the science of investment will enable one to pass judgment accurately in a large majority of instances. All possibilities will not materialize. Industrial history shows that as clearly as it shows that a large majority of them do materialize. Disappointments may ensue now and then. Calculations may even be rudely upset. Nevertheless one successful investment out of many poor ones will lift the investor beyond the necessity of a lifetime of toil.

The small investor should cultivate one quality—judgment. He may have been born poor, but his brain, intelligently trained, makes him equal—frequently superior—to the man of wealth. To pass judgment he must have facts. In considering any investment he should get the facts about it.

Brain work, judgment, initiative may and should mean more to you than the money of your richer brother. They give you, the poor man, an advantage by which you may overcome the handicap of the rich man's wealth, and give you an equal chance in the race.

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Wealth and brains are, of course, doubly desirable; but the poor man possessed of the latter may overtake and pass his wealthier brother in the span of life.

But to do so you must act.

You will never reach the end of your journey unless you start it.

Here are three axioms by great men:

A hundred dollars invested in the right place, at the right time, will earn as much as one man steadily employed.—Jay Gould.

The less money you have to invest, the greater the need to place it where it will work hard and permanently.—E. H. Harriman.

The trust companies will get rich by taking advantage of the lack of confidence other people have in their own judgment.—William Jennings Bryan.

DISCOURSE XV.

BE AN "INSIDER," NOT AN "OUTSIDER."

Almost every man is frightened when told that large earnings are probable in any special industrial enterprise. If 25 or 50 per cent is talked of as a result of an investment, he immediately shouts "get-rich-quick" scheme.

Many men feel that 5 per cent, coupled with safety of principal, is the limit of returns, and any promoter of a new enterprise—no matter how legitimate—is confronted with this widely believed error.

The logic for this belief appears to be principally from reference to the financial press stating the advices, tenets and chronicles of Wall Street. Apparent conditions, sophistical arguments, perverted and not wholly disinterested theories, ingenious deductions of the "interests," and all these would seem to justify this conclusion.

Should not, however, the ordinary man analyze the situation a little closer and judge for himself whether this really is correct or only apparently correct? Naturally, it is much easier to accept the deductions of others, follow out their line of argument and seem to arrive at the right conclusion.

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And because this course is so much easier, it is what most of us do. And for this very reason so many erroneous ideas are taken as self-evident facts.

To be sure, the things that are usually offered to the general public will net us only 5 per cent.

But through what processes have these things been put before they are offered to us?

The "insider" organizes, capitalizes and recapitalizes, until the amount of the capital is such that 5 per cent is the maximum it will pay. The dividends are not in ratio to the capital—on the contrary, the capital is increased in ratio to the dividends so as to net only 5 per cent maximum.

The real capital invested has nothing to do with it.

Who gets the benefit of these millions of increased capitalization? The insider.

Who is offered the increased capitalization netting 5 per cent? The outsider.

If 5 per cent be the highest safe reproductive power of each dollar, enterprises would stop, trade collapse and business crumble.

Tremendous amounts have flowed into Wall Street through this erroneous 5 per cent belief, but this has been greatly checked of late.

Millions of dollars are now piling up all over the United States seeking some outlet.

The public, grasping for truth and groping for some way to invest its money safely, has

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a vague idea that something is wrong, but doesn't know just what.

It may be briefly summed up in one phrase: They are "outsiders."

The solution may be as tersely written. Be an "insider" yourself. Get in at the start before all the cream of the enterprise is gone.

Authentic statistics show that 5 per cent of our people die rich and 95 per cent die poor; also that at any given time 90 per cent are only a year away from the poorhouse, and 50 per cent are only a week away from it.

If we go into the reasons for this condition we find that in the ultimate analysis it is mainly because most persons are timid about doing things—afraid to act when the time comes.

If the 42,000,000 earners or producers in this country were to testify truthfully, the chances are in favor of the proposition that nearly all who have reached the age of discretion would say that they had been afraid to take advantage of this or that opportunity that, if they had done so, would later have made them rich.

These persons dare not think beyond pennies and dimes. When dollars and aggregations of dollars are involved, fear seems to drive them out of the running.

They do not realize that it is as easy to learn to think dollars as pennies, thousands as hundreds, millions as thousands, and billions as millions.

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Thinking money and the amounts involved in transactions is very much like the thinking involved in ordering goods for a mercantile establishment.

The little retail merchant thinks pennies. He orders a case or half a case, a dozen or half a dozen.

The buyer for the large mail order merchandizing house thinks dollars. He orders a carload where the little merchant orders a case.

There is but little more effort for the large buyer to order carloads than for the little merchant to order cases. He has to use two or three more letters of the alphabet. That's all. The method of knowing what is required is very much the same in both instances. The only difference is in thinking in small or large figures.

It is the same in thinking money and profits. The 95 per cent think in pennies, the 5 per cent in millions. Both classes get what they think. The penny thinker is timid, afraid, and he gets nowhere. The million thinker is bold, courageous, and the reward is big accordingly.

Until somewhat recently the courageous among the American people thought in millions. Now they think in billions.

The first time our people thought of a billion dollars was when the annual appropriation of congress reached that amount. Someone com-

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plained to Tom Reed, who was speaker of the house of representatives, that the amount was too large. He justified the amount by answering:

“But you have a billion dollar country.”

With that statement Tom Reed put more “pep” into the American people than had ever been put into them in a business way by anything else.

The next time a billion was impressed on us was when Mr. Rockefeller was announced as the possessor of this amount.

That announcement put still more “pep” into those of red blood and corresponding courage.

Our people began doing things, doing things on a big scale, the result of which is that in a comparatively few years we have increased our national wealth from \$137,000,000,000 to about \$250,000,000,000, making us the richest nation.

A year ago we thought mostly in millions. This year we think in billions. At the rate we are going, and with the natural resources we possess and the avenues that are open to us for trade, many of those now living will see the day when Americans will think in trillions.

And the change from thinking millions to thinking billions does not seem to have wearied anyone. We seem to be doing quite nicely in billions, thank you.

The first Liberty Loan of two billions was

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promptly oversubscribed by more than half. The second loan of three billions was subscribed without a ripple in our affairs. So were the third and subsequent loans.

Thinking, talking and acting in billions seems to be quite the proper thing for Americans—to the 5 per cent and a few of the others who are not timid, and who have not yet “arrived” but are coming.

But most of the 95 per cent do not seem to take kindly to the process. They seem to be afraid that the additional business of billions with big profits is going to send the country to perdition.

The combined resources of our banks and trust companies now exceed the vast sum of \$37,000,000,000. This amount is more than twice as great as it was eleven years ago, and is about \$12,000,000,000 greater than it was a little over four years ago.

With such banking resources this country is in an excellent condition to carry on its industrial enterprises at a greater speed of production than ever before.

We have about 42,000,000 workers, earners, and producers in this country who will produce more than \$60,000,000,000 a year.

Agricultural production alone is estimated at \$21,000,000,000 a year. In 1916 it amounted to \$13,449,000,000.

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It is clearly indicated that our wealth, resources, earnings and incomes are ample for doing big things.

Yes, be an "insider."

This advice is perhaps easier to outline than to follow; but fundamentally it is correct.

If it were easy to follow, everyone would do it and the opportunity would not exist.

It requires good judgment, good courage, patient inquiry. With these three requisites every man can be an "insider."

The smaller investor is terrorized by the cry of "get-rich-quick" schemes. Continually is dinned into his ears the slogan that large earnings are impossible.

Why? So that the great capitalist may acquire the enterprise for, say, two millions, and when he finds that it pays 40 per cent on that amount, recapitalize it at sixteen millions and sell the extra fourteen millions to you and others on a 5 per cent basis.

Simple? Yes. Profitable? Yes.

Both simple and profitable to the "insider." The very reverse of 5 per cent reproductive capacity of money is absolutely true.

If you really think about it carefully you will see that it stands to reason that this 5 per cent business is but a blind to cover the insider's previous profits. Of course it is perfectly legitimate, but the vital question is: Did you get on the inside in these deals?

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Money must, however, be employed in a creative, not a passive capacity.

To be profitable it must be used where it is advancing an enterprise into dividend-paying profits. It must be employed in legitimate channels, fostering a theory, a patent, a trademark, or any new thought of genius toward a commercial success. The smaller industrial companies afford this opportunity. They are in their younger years or just starting, practically corporations of enterprising and honest men working toward one end, and that is the success of their own legitimate business.

Those who invest at the start of a profitable business are the "insiders." They acquire riches, success and independent fortunes.

Judgment and the courage to back up judgment are the keys that open the doors of opportunity beyond which lies great wealth.

The "insiders," the millionaires of this country, are millionaires simply because they realized these facts years ago.

Will you be an "insider" or an "outsider"?

There are more opportunities in this country now, at this present moment, than when Astor, Vanderbilt, Gould or Carnegie started.

It is a question of looking for the opportunity, investigating it carefully, and then selecting.

Choose something legitimate, something that has a future—something that is not too ab-

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struse, too problematical—something sane and reasonable—something that if possible appeals to the masses or is used by the masses like matches, automobiles, shoes, collars, meats, cereals, oil or anything of a similar nature, that has a steady demand, is consumed and used up.

Use judgment. Get in at the start. Investigate carefully.

But whatever you do, be clever enough to be an “insider.”

DISCOURSE XVI.

LEARN TO SEE IDEAS.

All that is necessary is an idea—a good idea—and the ability to put it into practice, and wealth is the result.

The idea is the primarily important thing. The next important thing is capital to put the idea into practice. Then comes management, the know how, to make the idea practical.

It is seldom that the one who has the idea has capital. To get it he must go to those who have money and give them an interest in the idea in exchange for the capital required to put it into practice.

Morse had a great and good idea in the telegraph, but he had no capital. He offered his idea to the government for \$100,000, and was turned down. The postmaster-general did not think the telegraph could be made self-supporting. They had doubting Thomases with no imagination even in those days. Capital came to Morse's aid, and today the earth is circled in every direction with telegraph wires, and almost countless persons have become rich from Morse's idea.

Bell had an almost similar experience with his telephone idea. Men, otherwise big, lacked sufficient imagination to see its possibilities,

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and refused financial aid. Some called it a toy and said it had no practical application. Former United States Senator Depew has testified that he was offered a sixth interest in the idea for \$10,000, but turned it down on the advice of one of the best telegraph engineers of the time. Uncle Joe Cannon treated it in a similar way, saying that he "would rather invest in some bee lines."

Bell went to small investors for the money required to demonstrate the value of his idea, and in a few years thereafter the investments of these had advanced in value so that 10 cents of the original investment brought \$2,000 in the market.

The temptation to print the following letter is too great to be overcome, and it is given here as one of the strongest sermons on the subject of sensible and scientific investing that has appeared in many a day:

"My dear Mr. Barber:—

"Have absorbed your 'sample,' and it agrees with my digestion.

"But you don't make half as good a story of 'Bell Telephone' as I can give you. I lived in Haverhill, Mass., in 1879-82, and knew well President Sanders of the Bell Co., and had the only telephone in the city for six months, and had the first newspaper to have telephone as part of its name, 'The Evening Telephone.' At that time telephone stock was taken by em-

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ployes and others who could not get cash from the company at 10 cents a share, which afterward sold for \$2,000 a share; some even refused to take it as a gift, saying they 'didn't care to bother with it.' The counsel of the company declined to take his \$3,000 fee in stock at 10 cents a share, preferring the cash. The \$3,000 cash would equal 30,000 shares at 10 cents, which at \$2,000 per share (the price it actually reached) would be \$60,000,000. That is 'gospel truth.' Also, the increase in value was due, more or less, to the favorable charter it obtained here. Too many I meet don't dare trust anything but banks paying 4 or 5 per cent.

"Yours truly,

"A. M. BRIDGMAN."

"Don't care to bother with it."

That sounds unbelievable now, doesn't it? Yet it was a fact, and remains a fact. The same condition prevails now in other things.

The spirit expressed in this statement holds more persons in the bondage of poverty and misery than do all other causes combined.

Opportunity is at hand in some form at all times, but we are too shiftless, indifferent or lazy to care to bother with it.

The telephone was a new thing. Many passed it by as an impossible, impractical or frivolous thing. They didn't want to be bothered with it. The fact is they didn't want to exert themselves to THINK, investigate.

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Those who thought, foresaw its utility. They knew the story of the telegraph, and compared the two. They thought, investigated, compared—invested and made money.

The New York American recently gave a column of space to a recital of the case of a woman in San Francisco who, in 1882, purchased sixty shares of stock in a private corporation.

She got “in at the start” to such good effect that she was “advised” that she had purchased “a lot of worthless securities,” and as she had paid only a few dollars for them she buried them in a trunk to conceal her mistake, as she considered it. An alert representative of a company seeking funds met her and was told:

“I don’t believe in these companies. I once bought stock for which I have never got a cent.”

The representative asked to see the stock. It proved to be that of the Bell Telephone Company, and worth nearly two million dollars!

In an address delivered on his eighty-first birthday, Chauncey M. Depew, formerly president of the New York Central lines and United States Senator, said:

“In 1887 I had an option on a sixth of the Bell Telephone for some days for \$10,000. I consulted the most famous telegraphic expert in the country and he advised me to drop it. ‘It is a toy and commercially a fake,’ he said. Had I followed my strong faith in the enter-

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prise I would today be a hundred millionaire. I have always lost money when following the advice of experts. They are governed by their data and lack imagination, and without imagination all things not demonstrated are to them worthless."

A few years ago wireless telegraphy was sprung on us. Many persons do not yet realize that this is practical or useful. They don't want to be bothered with thinking, and they are not among those who are drawing profits from wireless telegraphy. And yet, wireless telegraphy is now a big, profitable and useful industry that the world would not give up for any amount of money.

The telegraph, telephone and wireless telegraphy are big things. But your grandfather did not believe in the telegraph, your father in the telephone, nor you in wireless telegraphy. Nevertheless, they are facts, and they have made hundreds of thousands rich.

You meet almost similarly big things every day, things that carry with them money-making potentialities so big that they are spectacular. Do you see them—do you take advantage of them? If not, you are one of those who don't care to bother with them—who don't want to think.

The \$12-a-week employe of the Bell Company who was willing to be bothered—who was willing to think—and invested his week's wages in

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the telephone stock at 10 cents a share, received a few years later the snug sum of \$240,000 for his week's work.

That was worth being bothered with.

When young Westinghouse had perfected his idea of the air brake he offered it to Commodore Vanderbilt, at that time the most prominent railroad man. The commodore dismissed the matter very quickly with the statement that he had no time to waste on one who was fool enough to believe he could stop a train with air.

Westinghouse went to the public for capital, and today every train is forced by law to use his air brake for the protection of life and property, and his brake is a source of tremendous profits to its owners—George Westinghouse and those who invested with him.

When, a few years ago, it was announced that the Wright brothers had perfected a machine with which they could fly at will, the tendency of most persons was to bring into play the muscles that control the smile of derision.

The flying machine has since furnished the additional leverage to win the war and make the world a decent place to live in, instead of a Hun-ridden hell.

If the business of making airplanes has not already run into billions of dollars, it is likely to do so soon. Several large concerns in this country are now doing a tremendous business in this line.

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"Some people can't see a thing unless it is written in letters a mile high and then illustrated with a diagram."

That is what Henry Ford said when the first four-cylinder automobile he built, driven in a sensational race by Barney Oldfield in Detroit, won the race and convinced capitalists that in his gasoline car Ford had something there was money in.

It took two sensational victories by the Ford car in track races to "wake up" the men with money and make them see the possibilities in Henry Ford and his gasoline motor.

Having been "jolted" into recognition of its possibilities by these track victories of the Ford car over Alexander Winton's steam car and all other comers, the Detroit moneyed men "came across" with capital and formed with Ford a company to manufacture the Ford car.

"But almost immediately," says "Henry Ford's Own Story," a book by Rose Wilder Lane, "there was friction between Ford and the men who furnished the capital.

"They insisted on his designing not cheaper cars, but more luxurious ones. They demanded that his saving in reduced costs of production should be added to their profits, not deducted from the price of the car."

Henry Ford says: "The trouble was they couldn't see things my way. They could not understand that the thing that is best for the

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greatest number of people is bound to win in the end. There was an immediate profit of 200 per cent in selling a high-priced car; why take the risk of building forty cheap cars at 5 per cent profit?

“I thought the more people who had a good thing the better. My car was going to be cheap, so the man that needed it most could afford to buy it. I kept on designing cheaper cars. They objected. Finally it came to a point where I had to give up my idea or get out of the company. Of course I got out.

“Those men were right, according to their lights, I suppose, anyway, some of them are still building a fairly successful car in the \$3,000 to \$4,000 class.”

Ford organized another company to build his car which had proved its speed in winning races over all other automobiles. But he did not go to capitalists this time to get the money. It was gotten together from a half dozen acquaintances—\$34,500 altogether.

This was all that was paid in—\$34,500.

Now note from figures read in Congress by Representative Focht of Pennsylvania the other day, what this \$34,500 put to work by Henry Ford is now doing under the system by which money is used to make money, during the first fifteen years that this company operated.

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Mr. Focht based his figures on the Ford Motor Company's annual statement and on interviews with Henry Ford and other members of the Ford establishment.

The company made a profit for the year ended July 31, 1916, of \$59,994,118.01.

The total business done was \$206,867,347.46.

Cash on hand and in banks was \$52,550,771.92.

Value of materials on hand was \$31,895,434.69.

Number of cars made in Detroit, 1915-16, was 508,000.

Number employed at home plant, 34,489.

Number employed at home offices, 1,028.

Number employed at 74 branch plants, 14,355.

Total employes all plants, 49,870.

Total in Detroit plant receiving \$5 a day or more, 27,002.

Total employes receiving \$5 a day or more, 36,626.

The growth of the Ford Company's cash balance in the last four years was given by Representative Focht as follows:

Cash on hand and in banks:

1912.....	\$ 6,400,100
1913.....	13,225,710
1914.....	27,441,468
1915.....	43,788,151
1916.....	52,550,771

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Besides that, the company's materials on hand increased from \$6,629,553 to \$31,895,434, and its investment in buildings grew from \$2,596,115 to \$17,293,293.

Where the Ford company had \$15,625,748 in cash, in materials and in buildings in 1912, it had \$101,739,498 in these items in 1916.

If you take these figures of cash, materials and plant and add them to the \$60,000,000 in round figures of profits for 1916, you get \$161,739,498.

The original \$34,500 invested laid the foundation for that sum. That is plain. But this is not ALL the money which that \$34,500 was the basis of. It is only the balance sheet for ONE YEAR.

Henry Ford is no doubt worth \$100,000,000—maybe much more. Every cent of this fortune grew from that original \$34,500.

Those who invested with him fared equally well. Popular information has it that up to about three years ago an original investment of \$5,000 had returned \$2,500,000 in cash dividends.

At this rate the \$34,500 should have drawn up to that time \$17,250,000 in cash dividends.

And the really big earnings in this company have been since that time.

But that is not all. In court proceedings a little later it was made of record that the company was valued at \$400,000,000.

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Mr. Ford is supposed to hold 59 per cent of the stock. In that case, those who contributed the \$34,500 own 41 per cent of \$400,000,000, or \$164,000,000.

There are few industrial enterprises in the world that can show a very much better record.

The Ford Motor Company is a good illustration of the result of possessing vision to look into the future of an idea, and courage to act on what that vision discloses.

It is a monumental proof of the soundness of the doctrine that to make a little money make much money it must be put to work in building industrial enterprises—put to work in a creative capacity.

You can recall having had many money-making opportunities presented to you that you didn't accept. You didn't care to bother with them. Someone else did accept them and made money. Then you wondered at his "luck."

Bother "luck."

There is no such thing.

It is all a matter of thought and activity—of courage and action—of not being lazy.

Did you ever hear of the fellow who says he will attend to it tomorrow, next week, next month?

He has never been on sufficiently intimate terms with Opportunity to shake hands with the Old Dame—and never will.

"Didn't care to bother with it."

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Guess not. Good things are for the live ones.
Some times it is enough to make one lose the last vestige of faith in nine-tenths of humanity.

In the meantime the old world jogs along serenely, and those who are not afraid of a little bother, a little thinking—who have courage and activity—are making the big money that is being made.

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MISDIRECTED MONEY.

In 1915 there were 11,285,834 persons in the United States who had \$4,997,706,013 deposited in savings banks, being an average of \$442.83 for each depositor.

In 1917 there were 11,367,013 savings bank depositors with a total deposit of \$5,418,022,274, or an average of \$476.64 for each depositor.

In two years the number of depositors increased by 81,258, and the average deposit of all the savings bank depositors increased by \$33.71.

This is splendid evidence of thrift among our people, and it indicates that in spite of high prices the workers have shared in a considerable degree in the prosperity of the country's great industrial activity during that period.

And above all, it shows that America is the land of opportunity. In no other country does the average savings deposit approach that of the United States.

For instance, in New Zealand the average savings bank deposit is \$219.91; in Australia, \$191.09, and in Canada, \$262.22.

Opportunities are always greatest in new countries, and New Zealand, Australia and

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Canada are leaders among new countries outside of the United States.

Germany, France and the United Kingdom are taken as leaders among the old countries.

In Germany the average savings bank deposit in 1917 was \$204.30; in France, \$74.08, and in the United Kingdom, \$71.65.

In 1917 the average American savings bank deposit was \$256.73 greater than in New Zealand, \$285.55 greater than in Australia, \$214.42 greater than in Canada, \$272.34 greater than in Germany, \$402.56 greater than in France, and \$404.99 greater than in the United Kingdom.

A little over 11 per cent of our people are savers and leave their savings in savings banks. More than eleven of every hundred persons in this country, counting men, women and children, each has an average of \$476.65 in a savings bank drawing from 3 to 4 per cent, mostly 3 per cent.

This sounds good, but is it? Yes, as far as it goes.

In the ladder of financial success, the first step is to earn, the second to save, and the third to make the savings earn for their owner.

In the course of ordinary events, this is the only formula that will enable a person, starting with nothing but his ability to work, to acquire wealth.

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These savings bank depositors have learned the first and second steps, but they will not acquire wealth until they learn to take the third step. It is in taking this step that people become rich.

This vast amount of money—\$5,418,022,274—is at work in the third step of this financial formula, but it isn't working in this step for its owners. The owners leave it in the banks and get 3 or 4 per cent a year. Others borrow it from the banks and use it in work in the third step where it makes a great deal of money for the borrowers, out of which they pay the owners 3 or 4 per cent and pocket the balance as a reward for their greater sagacity and activity.

In this country of almost boundless areas of raw wealth, of natural resources, ideas, processes, inventions and innumerable opportunities, waiting for the magic touch of capital to convert them into marketable wealth, thereby multiplying the values tenfold, hundredfold, yes, thousandfold, in the form of profits for those who furnish the capital, we observe the ridiculous spectacle of 11,367,013 persons letting \$5,418,022,275 lay practically idle, so far as its great earning activity being of any use to them is concerned.

Government experts now put a value of \$250,000,000,000 on our national wealth, and they

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estimate that the people's yearly income from this wealth is \$60,000,000,000.

This is equal to an average income of 24 per cent a year on all the wealth in the country.

But much of our wealth is undeveloped, and consequently unproductive. For instance, we have over 200,000,000 acres of rich land, ready for the plow, that has not been scratched, and about as much more timber land that is not productive, except as a little timber is taken from some of it from time to time.

If the value of the unproductive wealth was deducted from the \$250,000,000,000 of value, the rate of income on the remainder would be considerably more than 24 per cent.

We find, then, that the average yearly income in all industries, counting good, bad and medium, counting industries that are successful and those that fail, and counting productive and unproductive wealth as the base of income, is 24 per cent.

This indicates that when put at work money should earn an average of 24 per cent at least.

We know, of course, that there are industries in which it does not earn as much as 24 per cent, but we know also that there are innumerable industries in which it earns vastly more than 24 per cent; yes, in instances a hundred, a thousand, and even more per cent.

If the latter condition was not true, it would be impossible for a poor man to become really

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rich in this country. He couldn't take a handful of dollars and become rich from an income of 24 per cent or less. Life is too short.

Men do become rich from practically nothing, and this proves the existence of the greater earnings. For instance, 7,925 men entered the millionaire class in 1916 alone, as shown by the report of the treasury department.

How much better off would not these 11,367,013 persons be if they had their \$5,418,022,274 at work for themselves in these industries, even though it earned only the average rate of 24 per cent.

In that case it would bring them a yearly income of \$1,400,325,345, instead of as now at 3 per cent it brings them only \$162,540,668. The average deposit of \$476.64 would then bring a yearly income of \$114.39, instead of the present income of \$14.29.

This indicates that the persons who take this money from the banks and use it make an average yearly profit on it for themselves of \$1,237,784,677. But the fact is that they make a much greater profit on it, otherwise we could not have an income of \$60,000,000,000 a year from our national wealth, as it requires money to create this income.

And the savings depositors furnish all the money used in doing this business. Don't forget that. Let's see how.

January 1, 1918, we had \$5,120,424,908 of

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money in circulation in this country. Savings bank depositors owned \$5,418,022,274. In other words, savings bank depositors owned \$297,597,366 more than all the money we had in circulation.

Savings bank depositors have an absolute "corner" on the money in circulation. To prove this, suppose the savings bank depositors should at one time draw out this money and put it into their pockets. They would be holding in their pockets not only the \$5,120,424,908 that is in circulation, but they would have \$297,597,366 of the \$1,135,773,363 that is not in circulation, leaving the rest of the country with only \$838,175,997, and that not in circulation.

Savings depositors have a corner on the money of the country, because they do not use their money. They put it into the banks and let it lay there, so far as they are concerned.

Then more ambitious persons borrow it from these banks and deposit it in commercial banks where it is borrowed and deposited again by others, and still by others, and so on, until now the bank deposits in this country aggregate about twenty-three billion dollars, while back of all these deposits we have only a little over five billion dollars in circulation.

It is clear, then, that the money in circulation is owned by savings bank depositors, and that they do not use it.

It is equally clear that others borrow this

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money for an interest pittance to the savings depositors, and by a system of bank credit expand the five billions into about eighteen billions, with which they produce a yearly income of \$60,000,000,000, much of which they receive.

Why should not the owners of the money use it and get more of the \$60,000,000,000 for themselves?

There is no reason, except that most of these savings depositors haven't learned or tried to learn to use their money, and the few who have learned have not the courage to use it.

Can you visualize the profit potentiality of the money used by these savings depositors if it was well invested in companies engaged in profitable industries?

And better still, can you visualize its tremendous profit potentiality if it was put at work as original working capital in well managed new companies engaged in building profitable industrial enterprises?

Many a company has been started on a successful and highly profitable career with a capital of a quarter of a million dollars, and less—frequently very much less.

On the basis of a working capital of \$250,000 in some instances and a little less in others, these savings depositors could organize and finance about 25,000 companies.

The profit possibilities in 25,000 companies, building various industrial enterprises, are

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such as to suggest at once to the mind a tremendous line of well-to-do persons as their owners.

The companies that were founded in the past created the rich of today.

We need more industrial companies today—will need more tomorrow. Our country is growing in population—its wants are becoming more varied and numerous. Industrial enterprises must be founded and built to supply these wants.

The enterprises that these savings depositors could found and build would increase the purchasing power of these depositors.

They would give additional products to be consumed by the additional purchasing power of their owners and others who would find employment in them.

They would return the wealth the money creates to those who rightfully should have it, the owners, and not, as now, to those who borrow it from the banks and use it to make themselves rich at the indirect expense of the owners.

They would cause a distribution of wealth among the many, giving each such an amount as he could use for the comfort of himself and family.

They would not create unnecessary wealth for millionaires.

And in a large country like ours, opportunities for creating wealth in this way are always at hand—will always be at hand.

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In addition to the expansion of old industrial lines, one new line after another springs up from time to time. The last quarter of a century has been surprisingly prolific in them.

In that time we have witnessed the development of such gigantic industries as the automobile, motion pictures, steel, oil, electricity, chemical, package foods, telephony, and so on, with tens of thousands of companies engaged profitably in them.

It is unnecessary to point out that these industries have created the greater part of our modern millionaires, besides a multitude of rich and near rich. Those who had the vision to see and the courage to accept the opportunities offered in these industries are today enjoying their reward.

Most of the savings bank depositors of today had those opportunities. All of them have others just as promising today.

These depositors had the opportunity to buy shares in many of these companies when a few dollars put into shares would have grown quickly into modest fortunes.

They have similar opportunities today. Experts estimate that some of these industries have not yet reached half of their possible growth in profits. This condition provides for a long line of additional companies to engage in them. These companies give and will give investors of today their opportunities in these industries.

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Then new inventions and processes are put forth from time to time that require capital for their commercialization. These give further opportunities for those who want to put money at work.

A remarkable feature of the Liberty Loans was the small effect it had on savings deposits. This indicates that either savings depositors did not buy bonds extensively or they bought on the plan of paying in installments.

Savings deposits throughout the country were reduced but very little as the result of the loans.

Most of these deposits draw only 3 per cent. The bonds draw more. One would think that at least a fourth of these deposits would have been transferred into Liberty Bonds. As it was, the loan decreased the savings deposits by only a little over 1 per cent.

It would, of course, be wrong to imply that these 11,367,013 savings depositors bought bonds in the amount of only \$60,000,000. Undoubtedly they bought considerably more, because nearly all of them had the opportunity to buy on weekly or monthly payments.

The point is that they did not draw out their savings to any considerable extent and invest them in bonds, which would have been the most natural thing for them to do.

Savings depositors look for safety. This was offered them in these bonds. There is nothing

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as safe as government bonds. If the government fails, nothing is good for much.

In addition to the highest degree of safety, these depositors were offered a higher income than they now receive.

Still they didn't use their money to buy bonds.

The incident illustrates forcefully the intense idea of possession that absolutely controls nearly all of these depositors and bars them from acquiring wealth.

Almost invariably the savings depositor dares not do anything with his money except to put it in the best bank he knows and let it lay there, so far as he is concerned. He is actuated by the fear that if he does anything else with it he may lose it.

He has usually acquired his little money painfully and slowly, frequently by making severe sacrifices. When he gets it into the bank he feels it is safe and where he can get it when he wants it. He is willing to sacrifice the acquiring of riches for this feeling of security for the pitiable few dollars he has.

Men who find it hard to get money grip it so hard when they get it that it cannot work. Those who find it easy to get money handle it easily and give it plenty of freedom to work. In this way they get more and more money until they become rich.

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In the fundamental processes of civilization 95 per cent of the people are found to be wrong in some process all of the time.

In a sense of possession of money it is not much out of the way to say that fully 95 per cent are wrong all of the time.

Only a little over 10 per cent of our people are savings depositors, but it is clearly indicated that so far as using their money for their own good is concerned they are wrong all the time.

For a bare pittance they are letting others make money with their money, when they might as well make the money for themselves.

During the last decade a gradual change has been taking place among the people in the use of their money. Government investigations of combinations controlling industries, and other means of popular education in financial and industrial affairs, have opened the eyes of many persons to see the earning power of money when actively employed, and these have gradually become investors instead of savings bank depositors.

But much as has been done along the line of teaching the people to use their money in the creation of wealth for themselves, still more remains to be done.

We still have 11,367,013 persons with \$5,418,022,274 deposited in savings banks that is earn-

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ing them from 3 to 4 per cent, while others are using this money to make themselves rich.

It must have been this condition that Federal Judge Grossup had in mind when he said:

“I should like to see well managed industrial corporations popularized through the ownership of their securities by great numbers of people with small means, so that savings banks will decline in popularity and their deposits dwindle.”

If you are a savings bank depositor and have not given this subject very thoughtful consideration, it may be good for you to do so.

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AS MANY FISH IN THE SEA.

There are as many fish in the sea as ever came out.

This is as true of the opportunities for making money through investment in new enterprises as it is of fish in the sea.

And why shouldn't this be so? The world is not at an end yet; the wheels of progress are going around faster than they ever did; brains are working more rapidly, for this is the age of speed; the edge of human wit is being made keen by the strop of competition. As the population increases ideas multiply.

Fields of endeavor will not be worked out until the human race ceases to exist. Just when we think the ultimate has been reached in some thing, somebody conceives a variant of it and it takes a new lease of life. When it appears to be breathing its last, the pulmotor, in the form of capital, brains or necessity, arrives, fills its lungs with air, and it gets up walks and then starts on the run. And it goes on for years afterward, hearty and hale.

Bessemer was at one time supposed to be the last word in steel fabrication, but tungsten was discovered and it and chrome and vanadium have furnished materials, which, when alloyed

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with steel, revolutionized that product. The automobile could not have been what it is today if these discoveries had not been made. They permitted the automobile to be built lighter, which enabled a saving of material, and the automobile could then be produced at a price within the reach of the average person. And it was the sale of the automobile in quantities that put it in common use.

When the acme appears to have been reached in the making and marketing of bread, somebody's brains conceived the idea of a new bread made of bran, and the new idea becomes a dividend payer. We imagine that the finite word has been reached in combinations of cereal foodstuffs, when lo and behold, the man with the idea proves that the field of cereal foods has room to spare for a financial success in so simple a thing as rice dressed in a new, palatable and salable form. And yet rice was an article of food when Moses was discovered in the bulrushes.

How many millions of dollars can we reckon the idea of QUANTITY PRODUCTION of automobiles will be worth? The idea was that of Thomas A. Edison. Henry Ford heard that Edison said, "If you want to make money, make quantity." The phrase never left Ford, waking or sleeping. When Ford put the idea into effect with automobiles, other men were making automobiles, and so far as the public

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could see they were making them the right way. The automobile at that time was not still a new thing. It was not the elemental idea that Ford had when he thought of quantity production. It was the supplementary idea—supplementary to the automobile itself, which was elemental.

Standardizing automobile parts was another supplementary idea, added to the elemental idea of the automobile itself, just as tungsten alloy was a supplemental idea to the elemental idea of steel. The self-starter for the automobile, the rubber tire, and the demountable rim were all, in their application to the automobile, supplementary ideas. There is money to be made in supplementary ideas. An increased use of petroleum was one result of the invention of the gasoline motor, and this increased use spells more profits from oil.

As time goes on there will be more and more money making opportunities for this reason, because one idea begets other ideas; the more elemental inventions there are, the more supplementary inventions there will be. The automobile has brought in its train an endless procession of accessories. Discovery of heat treatment and alloys for steel multiplied the uses for that product.

The field for investment is kept always fal-
low by the constantly growing population of the world with the consequent multiplication of human needs, and by the human brain, which is

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ever developing, ever active, and ever working out new thoughts. Until the world has arrived at perfection the ultimate invention and ideas that are profit-makers will not have been reached. As the greater the number of people, the greater the needs, so the greater the number of people, the greater the number of ideas that are bred.

It is not within the power of the human mind to foresee what may develop in the next few years in science, invention or the arts, and likewise we are unable to say what opportunities, now unthought of, may arise for the profitable investment of money, but a consideration of certain facts will enable us to gauge the reasonable possibilities which the future holds in store. A guide for the future of anything is the measure of the present and the past.

The needs of every kind that arise through the ratio of increase in population are constantly multiplying. Stop a moment and think what this ratio of increases is in the United States alone.

Do you know that the number of people in this country increased over twenty-five million in the last seventeen years? The increase was over 1,560,000 each year. Over one hundred million people in continental United States alone to be clothed fed, educated or amused. What a gigantic task to grow or raise the food, alone, which this horde consumes! What labor

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to produce the things they wear! What thought to provide their amusements!

The idea factory is kept working overtime to meet the wants of a hundred million people. When the idea factory has turned out its products, enters the man with money to put the idea into effect and use it, and his money to make more money for himself and others.

If population increased without proportionate increase in wealth, ideas might languish for want of money to develop them, but that is not the fact. Each unit in the population increase has a producing capacity, and adds to the wealth. Each unit in the population increase has also a consuming capacity, and this adds to the wealth, for the increase in population consumes articles on which others make a profit.

While the population of the United States in the last seventeen years was increasing twenty-five million, the wealth of the United States in the same time was increasing a hundred billion dollars. Can you grasp that? Can your imagination compass the needs that a hundred billion more dollars creates both in its production and consumption?

Population is increasing, wealth is increasing, but is production to supply the first and get the money of the second increasing? Production of the leading food commodities in the United States is keeping pace with our consumption in everything except meats and dairy

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products, but by a dangerously narrow margin, permitting no leeway for export trade. Production of meat has fallen from 248 to 219 pounds per capita of the population, and milk from 95 to 75 gallons per capita.

Meat and dairy products are 37 per cent and grain 31 per cent of the average diet. The other 32 per cent is fish, fruit and vegetables. In the leading food-stuffs—meat and dairy products—the United States is going back. But it cannot continue to go back. A way will be found to drive it ahead and in the process of full steam ahead lie possibilities for investing money to make money.

In grain the United States cannot continue merely to keep even with its own increase in population. Devastation of the fertile fields of Europe by red-handed war has imposed on this country an added burden to provide not only for our own, but for other nation's offspring.

It is in meeting this condition that great opportunities for profitable investment already show over the horizon. General production, other than agricultural, has increased three times faster than population. It is only agriculture that is crawling along at a snail's pace. Yet the new acreage brought under cultivation has increased 25 per cent. Why is it then that cereal production is barely holding its own?

Because the yields by the acre have not increased sufficiently, and because the cost of

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marketing is too high. Increased acreage and use of machinery, not increased acre yields, has enabled us barely to keep pace with our population gains. Increase in the yield by the acre and economy in marketing are the two things that will have to be done on the farm, and they are two things that are going to open an avenue for profitable investment, first in the tractor, and second in the motor truck .

And they will bring in their train many other chances for investors to make money. If they did no more than raise the level of farmers' profits they would open out an endless vista of investment possibilities by elevating the standards of farm life with the consequent demands of bettered standards of living.

To the economist who knows the task that lies before the farmer to make each acre of ground yield more, to produce at a maximum of volume on a minimum of cost, and to keep down his marketing expense so that his profits will be added to and the stimulation to till the soil thereby kept alive, there are no inventions that hold out greater promise of profit for investors than farm tractors and farm motor trucks.

In the last census decade, acreage in cereal crops increased 3.5 per cent, but crop production only 1.7 per cent. This fixes conclusively the responsibility for farm production shortage of cereals on low acreage yield—no yields holding their own, much less “keeping pace,”

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all meaning that cost of food is to be still higher if we do not increase our acre yields and cut down the costs of marketing. An instance of low acreage yield was given recently when we fell short 1,230,816,712 bushels of cereals and vegetables over the year before.

Farm tractors and farm motor trucks for hauling have an economic superiority over horse power. They not only do more work but they consume less and therefore cost less to keep. The money the farmer will save in the future by using gasoline or kerosene instead of horseflesh can go into increasing the yield of each acre of land. Then, and then only, will grain production forge ahead in its ratio of increase, proportioned to the increase in population. Then, and then only, can we send grain to Europe without making it scarce in this country and consequently high priced.

And when we have raised the level of production on each acre of 478,000,000 acres we now have in cultivation, we can talk of breaking up the two hundred million more that have never felt a plow, and when that time comes, then indeed will there be need for a now incalculable number of tractors.

No, there are as many fish in the sea as ever came out. There are more chances for profitable investment now opening up in the world which is only beginning to develop at a real, live gait, than even the rich past has contained,

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for we have to take into account the cumulative principle—that principle represented by the compounding of interest on money.

In 1900 the wealth of the United States was eighty-eight billion dollars. The business of the country done in the last seventeen years, with all the great store of earnings it has produced, was based on that as a foundation.

The wealth of the country in 1917 is over one hundred and ninety-six billion dollars, and therefore earnings for the next seventeen years will have as a foundation to base on over twice as much national wealth as the earnings of the last seventeen years had.

You who may be disposed to think all the best fish have been taken out of the sea in the investment net, ponder the foregoing facts. And here is another one that may help: Consider that in this broad, and far from fully developed land, there are only sixteen persons peopling, on the average, one square mile of its surface, while in Asia there are fifty, and in Europe one hundred and twenty. No wonder, you are apt to say, they are killing them off in Europe. Africa, Australasia and South America are the only countries in the world which have less inhabitants to the square mile than the United States has.

And from this you can see that the work cut out for the United States is very far from fin-

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ished, and the more work we have to do, the more money we can make.

“It is a grave mistake,” says Charles M. Schwab, “to think that all the great American fortunes have been made; that all the country’s resources have been developed. Men make opportunity. Every great industrial achievement has been the result of individual effort—the practical development of a dream in the mind of an individual.”

DISCOURSE XIX.

WHERE DO YOU STAND?

Speaking in general terms, 95 per cent of our people die poor, and 5 per cent die rich. Ninety per cent are only a year away from the poor-house, and 50 per cent only a week away from it.

Speaking in detail, the savings bank section of the American Bankers' Association made an exhaustive investigation of the financial achievements of our people, gathering its data from probate courts and institutions having to do with a man's affairs after death, and made a detailed report from which the following facts are taken:

Of every hundred men who die, three leave estates of \$10,000 or more; 15 leave estates of \$2,000 or more, and 82 leave no estates whatever.

These figures include results of legacies that they received and life insurance that was not payable until after death.

Of every hundred widows, assuming there is one in each case, only 18 are left in comfortable circumstances for the moment. Of the others, 47 go to work at once, and 35 are left in absolute want.

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Of the hundred men, 60 leave barely enough—usually some form of insurance—to bury them after obligations are paid, and 32 do not leave enough for that.

Now let's see how this comes about.

From the records of courts, banks, insurance companies, credit departments of corporations, poor farms and charity organizations an exhaustive report was made on the financial achievements of men throughout the different periods of life.

Taking 100 men as a unit starting at the age of 25 years to achieve, this report shows:

Ten years later, or at the age of 35 years, 10 of them are independent as a result of marriages, legacies or fortunate personal efforts; 10 are in good circumstances; 40 have moderate resources; 35 have not improved at all, and 5 are dead.

At the end of the second period, or at the age of 45, seven of the 10 who were independent at 35 have lost their accumulations and the remaining 3 are wealthy; 65 are self-supporting, but have no resources; 15 have ceased to be self-supporting and depend on relatives or charity, and 5 more are dead.

At the end of the third period, or at the age of 55, 3 are wealthy—1 who was wealthy at 45 has lost his money, but 1 of the others has become wealthy in the meantime; 3 have reached good circumstances; 46 are still working, but

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have no other resources; 28 are not self-supporting, but depend on relatives or other charities, and 10 more are dead.

Eighty are left of the hundred. Of these, 28 might as well be dead, in fact, from an economical standpoint they had better be dead.

Of the remaining 52 who are active, 46 are liable to fall by the wayside as soon as their ability to work ceases, leaving 3 who are wealthy and 3 in good circumstances. Carrying the report a little further, we find that one of these 6 will fall out of the group in a few years, leaving 5 to finish life in wealth.

Hence, we get the average of 5 per cent dying rich, and 95 per cent dying poor.

Quod erat demonstrandum.

Bankers and men in similarly observing positions say that as a general proposition if a person has not acquired the habit of accumulating and begun the foundation of a competency when he reaches the age of 40, the chances are in the majority that he will not become wealthy after that age. A lifetime is a short space, and early habits are sticklers. If the early years are given to frugality and wise using of earnings, the gray of age is very likely to be crowned with a golden halo. Conversely, prodigality in youth makes the poorhouse loom near in old age.

Those of the 5 per cent who die rich do not seem to come from a favored class. They come

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from all walks of life, so that birth and education and such things do not have anything special to do with acquiring wealth.

About 3 per cent of our young men go to college. A large majority of these achieve success, of course; but many of their successes are achieved in the professions.

This leaves a large majority of business successes to those who have not attended college. The fact that you may not have attended college need not hold you back from achieving financial success.

You will find few college graduates among those who have achieved the greatest success in American business. Such men as Rockefeller, Carnegie, Vanderbilt, Gould, Astor, McCormick, Hill, Harriman, Armour, Field, Pullman, Edison and hosts of others, all of whose names stand for practically everything that has been done in big business in this country, were not college graduates.

It is not the intention to make light of college education. Everything else being equal, the college graduate will achieve success much quicker than he who has not had the benefit of such training.

We all have within us the germ of success. It is for us to choose whether we shall develop it or let it lay dormant. If we do not choose to develop it, a dozen college courses will not help us.

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It is dreadful to think that in a land of plenty and opportunity like this the statistics at the beginning of this article should be possible. They are possible only because the majority of the people do not think or do not think right.

If people would learn to think and reason along industrial lines, would begin to study the processes of wealth production, this condition would change very quickly.

Then they would begin to save a little of their earnings and put these savings at work earning profits for them, in well-managed industrial enterprises. This would result in our having a lesser number of the beastly rich and a larger number in comfortable and independent circumstances.

Did you ever think of yourself as a piece of property or an investment on which you should be drawing a good income?

From the moment of your birth you were an investment—possibly a costly one—and for many years you were an investment that drew no income, but required a constant outlay.

Those were the days of your childhood and youth, when you were growing and attending school to prepare yourself for your work in life.

When you reach young manhood or womanhood you are like a piece of machinery in which a big investment has been made. The food you eat is the fuel that keeps you running; the roof

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that shelters you, the clothing that covers you, the pleasures you give yourself are the lubricants that keep you running smoothly.

The average investment in a human machine at the age of 30 is about \$12,000, according to the statistics of economists.

About four years ago the average earning power of the human machine at 30 years—man or woman—was about \$10 a week.

That was \$520 a year, and \$520 is just about $4\frac{1}{3}$ per cent on \$12,000.

That is, the average human machine in the thirtieth year of its existence earned dividends of about $4\frac{1}{3}$ per cent. That was but little better than savings bank interest, and helped but very little to make up for the unproductive years of youth or to provide for old age.

Official statistics show that the capital of the country engaged in all kinds of industries has increased at the rate of about 10 per cent a year during the last fifty years.

These cold facts show that developing human machinery is the poorest possible kind of investment.

This should not be so. The mind and muscle of the human machine should do at least as well as the cold, lifeless dollar.

So far the investment in yourself is \$12,000. Next year this will be increased by, say, \$600; and with the profits remaining the same as this year, the percentage of income will decrease.

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Briefly stated, the human machine has cost about \$12,000 at the age of 30, and so far it has returned only about half of that amount.

To make the human machine as profitable as the average of all industrial enterprises in this country it should earn 10 per cent, or \$1,200, a year at the age of 30. We find it actually earns a little less than half of that amount.

It is clearly indicated by the great law of averages that a man can not become rich or financially independent from labor alone. If he would acquire a competency for old age, he must do something besides earning wages.

When given a chance the American dollar is the greatest worker we have. It is also a profitable worker, a great earner.

He who has his fortune to build must form an early partnership with this worker.

There is just one sure path to financial prosperity. You must save your dollars and put them at work for you where they will have the chance of earning the most.

You must save and invest so that your investment will return to you all that it earns.

You won't get anywhere worth while by saving and lending.

It doesn't matter how much you get for your work, if you don't save some of it and put the savings at work you won't get anywhere.

You may earn \$1,000 a year, and the man who lives in the mansion may earn \$25,000, but if

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both of you spend all you get you will be equally poor at the end of the year.

But if you save \$100 of your \$1,000 and he doesn't save a cent, you will be on the way to wealth, while he will be headed for dependency.

And to save isn't so much of a job as you may think. It is only a matter of conducting your affairs in a somewhat orderly manner.

When you went to work as an office boy at \$6 a week you lived on that amount. When you were given a minor clerkship you got \$10 and lived on that. If you had gotten only \$8 you would have lived on it. Consequently you could have saved \$2 a week, had you wanted to do so.

As you advanced in your work your salary increased. Of course, your position demanded greater expense for living, but not so much greater but that you could have increased your weekly savings.

To save requires a little will power. So does everything else worth while. Those who get into the 5 per cent class exercise will power. The 95 per cent don't.

If you who are reading this have not begun the journey that leads through the lane to wealth, do you not think that right now is a good time for you to think a little about these things and come to a conclusion on what you are going to do about it?

Dependency in old age is not a thing to be desired.

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Neither is it comfortable to know that there is a poorhouse near the end of life.

Saving is a duty that every young man should impose on himself. It strengthens his character. It makes him respected by his fellow men. It makes them trust him. It fortifies him against fear of tomorrow. It prepares him to take advantage of opportunity that will lead him to wealth.

A comparatively young man held a lucrative position in a wholesale drug house. He had worked himself up from the bottom and enjoyed the respect and confidence of his employers. Finally they decided to take him into the firm on condition that he should invest \$1,500. They knew that in the ordinary course he should have saved much more than that amount.

Here was this young man's special opportunity. Imagine the surprise of his employers when he told them he didn't have a cent. Needless to say that he didn't get the partnership. And what was almost as bad, his standing with the firm fell very much. Employers don't like spendthrifts. Reckless spending frequently leads to worse things. Business men don't trust such characters. Workers who save are very likely to employ this characteristic in their work, and that is the kind of persons who are wanted.

What would you think of a man who has a good factory and a lot of big and profitable

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orders to be filled, if he should discharge his workmen and refuse to hire others?

What would you think of a man who has good working dollars and discharges them by frittering them away, instead of keeping them at work for himself on a profitable job?

And yet there are about 84,000,000 out of 100,000,000 persons in this country who are doing that very thing.

Are you one of the 84,000,000?

Look again at the figures at the beginning of this article—figures that resulted by applying the infallible law of averages.

Where in that tabulation do you find yourself?

If your position in it is not comfortable, what are you going to do about it? Don't you think you should decide? And don't you think you ought to decide rightly?

Remember life is short, and that if you are going to get anything out of it, the sooner you begin the sooner you are likely to get what you want.

It is doubtful if there ever was such a profit period in industry as that of the last two years, and particularly that of last year.

For a few years succeeding the war between the states we had a splendid profit period, and again for a few years after the election of Mr. McKinley to the presidency; but those profit

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periods pale into insignificance when compared with that of the last two years.

And it is notable that the big profits of the last couple of years or so have been made almost exclusively by corporations, the shareholders in which have been the ultimate beneficiaries.

Nearly every day reports are printed in the big daily newspapers of the profits made by corporations during the last year.

This record is of a few of those American corporations that have reached the profit distributing point, and indicates how the shareholders in these corporations are faring.

These corporations were young once, the same as others that have recently been formed and are being financed.

The working capitals of these profit paying corporations were raised by the sale to the public of their shares of stock in the same way as young corporations of today are raising their working capitals by offering their shares to the public.

Many of these profit paying corporations were financed in your day. You may have been offered the opportunity to buy shares in some of them when their working capitals were being raised. And, again, you may have bought shares in some of them and are now receiving some of the large profits they are making.

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If you are of an age that makes it possible for you to have been on hand to buy original shares in some of these corporations, and did not do so, it is your own fault that you are not participating in the wealth that they are distributing.

If it is your own fault, it is so for one of two reasons: either you were not sufficiently alive to your own welfare to know that wealth is made by securing shares in corporations at the right time, or you did not have the vision to see and the courage to accept opportunity when it was presented.

If you are not of those who are getting the big profits in the corporations referred to, it may not be amiss for you to ask yourself why.

If you are not seeking similar opportunities in corporations now being financed, it may not be amiss for you to ask yourself why.

It may be assumed that every normally constituted man wants to acquire at least a reasonable amount of wealth to make himself and those dependent on him comfortable.

For the one with but comparatively little money the best opportunity for acquiring wealth is in the co-operative ownership of industries through corporations.

The time to get an interest in a corporation to make the most money is when its working capital is being raised.

Search the records of the more than 300,000

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successful American corporations and you will not find a single argument to gainsay the principle of economics here stated.

Here is a good rule of action:

Save all you can. Put your savings at work. In doing this, help build industrial enterprises, under good management, that carry great profit possibilities.

That is the road to riches. It is the only honest road.

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NOW WHAT SHALL WE DO?

In the preceding discourse I have tried to give the information that is necessary as a foundation for the superstructure of investing for profit.

The information given is designed to be helpful to those who have but little money, and, therefore, must acquire more to gain a competency.

Stress has been laid on acquiring, but by this I do not want you to get the impression that I am an advocate of a sordid money-grubbing policy.

While I hold that it is honorable for every man, and his duty, to do all that he can in an honest way to acquire enough wealth to take care of himself and those dependent on him, I also hold that, having acquired that amount, to strive to acquire more simply for the miserly pleasure of possession is as wrong as it is right to strive to acquire enough.

We are blessed with a country that has enough sources of wealth, and enough opportunities for acquiring wealth, to give every person in it what he needs.

The reason, then, why all do not have enough—why 95 per cent die poor and 5 per cent

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beastly rich; why President Wilson reported one industrial community in which "there were hardly 2 per cent of the individuals who could not eat tomorrow if they didn't work today"—must be that all do not see these opportunities or do not know how to take advantage of them.

I must confess that it required nearly a quarter of a century of rubbing shoulder to shoulder with those in the marts of trade and finance for me to see opportunities and learn how to take advantage of them, so thoroughly had the forces that we call the money trust inoculated me with the virus of its damnable creed of 3 to 6 per cent.

In this series of articles I have tried to show you the use of money in industrial enterprises and how it may be used to your best advantage.

I have explained and illustrated the earning power of money, and its rental value. I have showed you the difference between them, and why and how and where you should use your money in each of these ways.

I have showed you how and when money creates accretive value—the greatest of all sources of creative wealth—and how you may give your money a chance to create accretive wealth.

I have analyzed classes of investments, and showed you how to select them—what to look for, what to require and what to avoid.

I have laid before you historical records and facts and figures, illustrations drawn from

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actualities, to prove every principle I have advocated.

If you have read these articles in a studious way, you have acquired information in definite and analyzed form that it has taken me a quarter of a century to work out, test and prove and in all the work of gathering which I have expended fully a quarter of a million of dollars.

You have received it in a boiled-down form, so that you could absorb it in a few hours.

You have received it. What are you going to do with it?

Are you going to let it lay fallow, or are you going to use it to acquire a competency for yourself and yours?

In using this information you will not interfere with anyone else. You will not take anything from others, but will simply build for yourself.

And in building for yourself, you will help others to build for themselves, as they in turn will help you build for yourself.

And in so building, you will all be working for the common good, in that you will help increase industrial enterprises, giving additional comforts to the people, employment to workers, and further wealth to the community.

I think I have shown you conclusively in these articles that the way to acquire wealth in the quickest way, and in an honest way, is to produce it.

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To produce wealth these days in any considerable degree requires capital and good managing ability on the part of those who have had training in the industry under consideration.

It follows, then, that the person who wants to make money usually has not enough money to engage alone in such an enterprise, and that to accomplish his purpose he must join his money with that of others until the required capital has been gathered together.

This can be done best in the form of a corporation; in fact, it can not be done with proper safeguards in any other form.

Therefore, if you have but little money and want to make more, your surest course is to associate yourself with a company under good management and competently financed that is about to engage in an industry carrying every reasonable probability of earning large profits, as well as acquiring substantial accretive values.

By joining such a company at the beginning, when its financing is being done, so you may contribute to its original capital, you will be giving your money, be it much or little, the best possible chance to earn you a great deal of money.

If you will accustom yourself to the study of such companies, in the manner I have suggested in the articles printed herein, it will not be long

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until you will be able intelligently to select new companies that are worthy of your support, and that in turn will reward you handsomely as soon as they have had time to develop their enterprises to the point of dividend production.

If you have but little money, or have practically none and can only save a few dollars a month, I can not give you better advice than to follow this course and secure a few shares now and then in such companies. It is the only course I know by which the poor or comparatively poor man can hope to acquire a competency.

You may work for wages or salary and save all your life, and you will not get anywhere worth while. Wages and salaries are not intended to put workers on easy street—only to keep them in condition to work.

In taking shares in new companies, you will naturally have to wait a while before cash profits begin coming to you. In joining such a company you engage to build a business, and you can not expect to take out profits until you have built it to the point where it can begin paying dividends.

But while you are waiting for cash returns your money will be earning accretive value in the growth of the business that the money will be building.

For illustration, the shareholders may put \$250,000 into a company at the start. The com-

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pany begins doing business and earns money which it uses in extending its business. It continues this way for, say, two years, during which time it does not pay a single cent to its shareholders.

At the end of the two years it begins paying dividends. By this time it has built a business conservatively worth, we will say, a million dollars. Here, then, while the shareholders have not received any cash returns during the two years, they find themselves in the happy position of having four dollars back of every dollar put into the company. And now when the dividend period has been reached, they can cash in if they like by selling their shares at the advanced value, or they can continue holding them and draw dividends.

It is much the same as investing money in raw land. You can't draw profits from it until you have broken the land, and planted, harvested and marketed your crop.

And when you invest in a new company, make up your mind to hold your shares, no matter what happens, until the company begins to pay dividends. After that you will not part with them. Keep in mind the experience of Mrs. Chase, given in the early part of this recital.

Just because your company may not begin paying dividends as soon as you may have expected or hoped, do not throw your shares in it on the market at low prices. If you make a

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practice of the latter course you will never get any farther than if you did not invest in the beginning.

I have laid much stress on the importance of being guided by the law of averages. There is no better rule to apply in the governing of business affairs. He who guides his affairs by it can not go wrong.

Observing this law is simply putting into practice the old adage, "Don't carry all your eggs in one basket."

In applying it in putting money at work, it means that you should not put all your money into one company, no matter how good it seems.

It is a fact, a matter of record, that all companies are not and do not become equally good. Now and then one fails to come up fully to expectations. If you have shares in half a dozen companies and one should not meet expectations, the others may become so profitable that the failure of the one to produce satisfactorily will not be worth considering.

These conditions are to be expected, because there is nothing in the affairs of men that is absolutely certain except death. Some include taxes, but my observation has led me to the conclusion that in influential circles taxes are at times rather variable and indefinite.

If you have a thousand dollars, more or less, don't put it all in one company, no matter how good it looks. Divide it among several compa-

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nies. If you do not find several companies to-day that measure up to your requirements, take an interest in those that do, and then wait a while for the others. There will be more tomorrow. The world is progressing. Business is expanding. Ideas are breeding, processes perfecting—all foundations for new companies.

But don't make the mistake of passing up a good company today in the hope of finding a better one tomorrow. Seize opportunity when it comes.

Being careful is right, but one must be careful intelligently, in the right way. Work according to the law of averages.

At the best, everything started in this world doesn't turn out a big success—some even fail altogether. We know this, and are prepared for it.

A great many babies are born into the world every twenty-four hours. The parents of each expect their baby to grow up into a robust and useful man or woman. But we know that some don't grow up, and that others that do grow up become anything but robust and useful persons. Yet, because of the failures, of the early deaths and later derelicts, humanity doesn't stop having babies. On the other hand, the law of averages gives us a lot of pretty good people.

Each year lots of students enter professional courses in our universities. In time many of them are graduated, but some are not. Of

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those who are graduated many go out into the world and become useful, but some fail. Yet, because of the failures, we do not stop sending our boys and girls to the universities. And in spite of the failures, the law of averages gives us a lot of very useful doctors, lawyers, and so on.

The farmer knows that one of his crops may fail any season, and that now and then all of his crops may fail in a greater or lesser degree. Yet, when seeding time comes, he prepares and seeds his ground and cultivates it just as carefully as if he didn't know this. He knows that the law of averages will bring him out right in the end, and that this law makes his industry the greatest in the country.

And so in putting your spare money at work, do so in accordance with the law of averages. If you will do this, and exercise some intelligence in doing it, you can not go wrong.

And if you want to build a fortune or acquire a competency, you must put your money at work, and you must put it at work under such circumstances and conditions as I have told you.

You must put it at work building industries, in new companies, where you will receive the founders' profits. Any other proposition carries too small profits to amount to anything for the one who has but little money and wants to acquire wealth.

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To make money you must give your money an opportunity to work. The better the opportunity, the more it will earn.

If you put it into the interest pen in savings banks, in mortgages or in bonds, you will be giving it a very small chance indeed.

If you put it into preferred shares or common shares in old and seasoned companies, its chances will not be much better.

These methods are all right if you have so much money that the interest or small incomes that these ways provide will bring you all the income you need or want.

But these methods will not do for you if you have your fortune to build or your competency to acquire.

Our money is very much like ourselves. When we are young and have our way to make, we must work hard to produce the biggest possible results. When we become older and have acquired a competency, we take it easier.

So when we have made our little money work hard to acquire a lot of money for us, and we desire to retire it from the hustle and scuffle of business work, we can put it out to draw interest only, as what it then produces in this way will be sufficient for our needs.

But until that time comes, if we want to make money, we must put our money into building profitable industrial enterprises; put it into

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new companies where it will have the chance to produce the limit for us.

Of course, it requires courage to do this, but no more than is required in any of the initiative activities in life.

To undertake to do anything you must have courage—the courage required to do it.

The coward never becomes wealthy, except through inheritance.

All the things worth while, big and little, that have been done in this world have been done by men of courage, men of red blood—not “blue blood.”

In physiology we were taught that the arteries carry the red blood, the blood that builds broken tissues and keeps the body machine running; and that the veins carry the blue blood, the blood that is vitiated by the waste that it has picked up.

The courageous person has an abundance of red blood; the coward of blue blood.

If you have not an abundance of red blood, improve your method of eating, sleeping and exercising that you may acquire it.

While doing this, learn to think right; and while practicing correct thinking, ponder the information I have given you.

After that, go out and conquer.

No one wants to be a coward. Being one gets one nowhere.

If you want to acquire more wealth than you

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have or are acquiring, give serious thought—use your intelligence—in looking into and analyzing opportunities that come your way. When you find one that measures up to the requirements that I have showed you it should possess, have the courage to take such an interest in it as your circumstances will permit, and always in accordance with the law of averages.

Continue this, and your reward is bound to come as I have indicated to you.

I have given you as freely as I have known how what I have learned of this subject. You do likewise to others. Spread the gospel of financial and industrial enfranchisement, as you have learned it, among your friends. Don't let your lamp burn under a bushel. There is enough for all.

ADDENDUM

GLOSSARY OF FINANCIAL TERMS.

Above par. Higher than the par value.

Account and risk. Broker acts only as client's agent at the client's risk.

Account of sales. A broker's statement of purchases and sales for a client.

Accrued dividend. A dividend that is due but has not been paid.

Accumulated dividends. Dividends that are due but have not been paid.

Accumulative dividends. Preferred shares may be made to draw accumulative dividends. If the dividends on such shares are not paid, they must be paid in full to date before dividends may be paid on the common shares.

Active security. A stock or bond for which there is great demand—of which sales are made frequently.

Adjustment bond. Issued to raise money to adjust the finances of the company.

Allotment. A block of stock set aside for a specific purpose, or to be sold at a specified price.

Amortization. Providing a sinking fund for paying obligations due or to become due.

Assented. Depositing securities with an agreement consenting to a proposed change in the company.

Assess. Taxing stockholders a stated amount on each share to raise money needed by the company.

Assessment. A corporation's demand on its stockholders to pay into the treasury of the company a specified sum on each share of stock held.

Assets. Property available for paying debts.

Assign. Transferring ownership by writing.

Assign in blank. To transfer ownership of a stock certificate without naming the person to whom it is transferred.

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At market. Buying or selling securities at the prevailing price.

At par. The face value of a share of stock or of a bond.

Averaging. Buying securities at a lower price after having bought at a higher, that the average cost of all may be lowered.

Bear. A stock exchange operator engaged in forcing down the prices of securities.

Bearing the market. Working to force down prices.

Below par. A price below the face value of a stock.

Bid. The price a buyer offers to pay for a security.

Bid and asked. Quotations of prices based on the day's transactions on the stock exchange.

Blanket mortgage. A mortgage covering several properties, or all the property of the one issuing the mortgage.

Blind pool. Persons contribute capital to a pool to operate on the exchange, and only one of them knows which security is to be operated in. The purpose is secrecy.

Block. A number of shares, as 100, 1,000, etc.

Bond. Certificate of obligation, secured by mortgage or otherwise, issued by a corporation, to pay money at a specified date.

Books close. At an advertised date a short time before a dividend is to be paid, the transferring of certificates of stock is stopped until after the dividend has been paid.

Books open. After a dividend has been paid the company's transfer books are opened and shareholders can again transfer their stock certificates.

Book value. Value of a stock based on the profits or deficit of a corporation as shown on its books.

Break. When the price of a stock falls suddenly. Happens usually when the "bulls" have kept up the price by artificial tactics.

Broker. One who executes buying and selling orders for the public.

Brokerage. Commission paid a broker for transacting business.

GLOSSARY

Bull. A stock exchange operator engaged in forcing up the prices of securities.

Bulling the market. Working to force up price.

Buy outright. Paying in full for stock purchased.

By-laws. Rules adopted by a corporation by which the transaction of its affairs is governed.

Call. The right by agreement to get a security in a stated time at a specified price.

Called bond. A bond carrying a clause giving the company that issued it the right to pay it at a fixed time and amount.

Call loan. Loan of money payable on demand.

Call money. Money borrowed subject to be paid back on demand.

Capitalization. Total amount of shares of stock of a company.

Cash assets. Cash on hand or in bank and securities immediately convertible into cash.

Certificate of stock. A certificate representing ownership of the stated number of shares in the company issuing the certificate.

Charter. The certificate that the state issues to a corporation giving it the right to do business.

Clique. Combination of operators to break or expand the market.

Close corporation. A corporation in which the stock is held by a few persons and public reports are not made.

Code. Compilation of words, each signifying a phrase, sentence, etc., used in sending telegrams and cables economically.

Collateral. Securities pledged for the payment of a loan.

Collateral trust bond. Has securities of other companies pledged with a trustee for its payment.

Common stock. Is not limited in the amount of dividends it may draw, and has no preference in the assets.

Consolidated bond. Issued to take up two or more outstanding bond issues. A renewal bond.

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Continued bond. A bond on which interest does not stop at maturity. May be held indefinitely.

Convertible bond. May be exchanged for stock in the company at a specified time and price.

Corner. Control of the floating supply of a stock or commodity.

Coupon. A small certificate attached to a bond calling for the payment of a period's interest.

Coupon bond. Usually payable to bearer, with coupons attached calling for the payment of interest when due.

Covering. Buying stocks later to deliver on sales previously sold "short."

Cumulative dividend. When the dividend is cumulative and dividends remain unpaid, the back dividends must be paid before the current dividend can be paid.

Curb market. An exchange originally held in the street for buying and selling securities not listed on the stock exchange.

Current assets. Assets subject to change from day to day, such as cash on hand, etc.

Cutting a melon. Giving the stockholders extra profit in the form of stock or cash.

Dabbling. Speculating a little now and then.

Deal. Secret agreement by a combination of men to depress or advance the price of a stock or group of stocks.

Debenture bond. A promise to pay, without the mortgage features.

Default. Failure to pay interest or principal.

Deferred bond. Interest deferred for a specified time.

Deferred dividends. Unpaid dividends on preferred shares that must be paid before dividends may be paid on common shares.

Deferred shares. Stock of a corporation on which dividends are not to be paid until some contingent condition arises.

Delivery. Physical delivery of a properly transferred stock certificate.

GLOSSARY

Depository. Financial institution in which money is deposited.

Digested securities. Indicating that more than one security has been issued, and that the public has bought all issues.

Direct liability. A liability definitely fixed—amount not dependent on contingencies.

Discretionary order. Giving the broker the right to use his discretion in filling an order.

Discretionary pool. One in which the operations of the pool are left to the discretion of one or more of its members.

Dividend. Stockholder's share of the divided profits of a corporation.

Divisional bond. Secured by a mortgage on a specified division of a railroad.

Domestic corporation. One doing business in the state in which it is incorporated.

Drawn bonds. Selected by lot to be paid when a certain number fall due.

Drive. Attempt to force down prices.

Drop in the market. Sudden falling of prices.

Dummy. One who serves for the purpose of concealing the identity of another.

Equipment. Engines and other rolling stock of a railroad. Buildings and machinery of a mine, etc.

Equipment bond. Secured by a lien on the equipment.

Equity. Difference between the market value of a security and the amount loaned on it.

Escrow. Putting a document or security in a third person's hands to be held until a specified condition has been met; the writing containing the escrow agreement.

Ex-Coupon. Describes a bond from which the coupon for the interest for the current period has been detached.

Ex-Dividend. Describes a stock sold while the transfer books are closed to pay dividends. Without the current dividend.

Ex-Drawing. Sale of a bond without any advantage the purchaser may have if it is drawn for redemption.

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Ex-Rights. Sold without the option of the original holder to subscribe to new issues.

Extended bond. Original time of maturity extended.

Extension bond. Issued by a railroad to get money with which to extend its lines.

Finance. Science of the profitable management of money. Monetary affairs.

Financial statement. Tabular statement giving assets and liabilities, showing the financial condition of the company.

First Mortgage. Takes precedence over other mortgages. Has first lien on the property.

First-mortgage bond. Secured by first mortgage.

Fiscal agent. Corporation's agent for the sale of its securities.

Fiscal year. The financial year of a government or company. The period between the annual balancing of its books.

Fixed capital. Permanent property, as lands and plant.

Flat. Without interest.

Floating debt. Unfunded indebtedness of a state or corporation.

Flurry. Sudden and severe decline in the market, accompanied by excitement.

Flyer. Speculative purchase of an occasional lot of shares for quick profit or loss.

Floating bonds. Selling an issue of bonds.

Floating stock. Selling an issue of stock.

For the account of. Broker's transactions for another.

Fractional orders or lots. Units of speculation are 100 shares of stock, and 5,000 bushels of grain. Lesser amounts are called fractional.

Franchise. Privilege conferred by grant from a government or municipality to a corporation or an individual.

Frozen out. When a trader on margin is sold out because he does not make good impaired margins, he is said to be "frozen out."

Full-paid stock. Stock for which the company has received, in some form, the full amount of the par value.

GLOSSARY

Full stock. Par value \$100.

Funded debt. Debts converted into a permanent loan, usually in the form of bonds with interest.

Funding. Changing a floating indebtedness into a funded debt.

Futures. Trades made for future delivery.

General mortgage. Covers all the property subject to any earlier mortgage.

General mortgage bond. Secured by a general mortgage.

Gilt-edge. High class. Very best.

Gold bond. Principal and interest payable in gold.

Governing committee. The men who direct the affairs of a corporation.

Government bonds. Interest bearing obligations of a government. Bonds issued by the government.

Gross earnings. Total earnings before expenses are deducted.

Guaranteed bond. Payment of principal and interest guaranteed.

Guaranteed stock. Dividends and sometimes the principal guaranteed.

Gunning a stock. To make every effort to "break" the price when someone is a heavy holder of the stock and unable to withstand an attack. To force "longs" to sell, or "shorts" to buy.

Hedging. Buying other stocks to offset a possible loss on a stock sold "short."

Holding company. Does not operate, but owns the securities of other companies.

Holding the market. Distributing purchases skilfully in an attempt to keep up prices.

Honeycombed market. Prevalence of many "stop orders," meaning orders to sell when the price reaches a certain point, either up or down.

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Hypothecation. Pledging securities or other personal property for the payment of borrowed money.

Income bond. Lien on net income of the corporation issuing the bond.

Incorporation price. The price paid the state for a charter for a corporation.

Indorsed bond. Non-registered coupon bond payable to bearer, containing owner's indorsement on it which does not properly belong on it.

Industrial stock. Shares in a corporation engaged in manufacture.

Inflated. Condition of a company having outstanding stock in excess of the value of the assets.

Initial dividend. First dividend declared by a company.

Improvement bond. Issued to get money to make improvements on the corporation's property.

Insiders. Men who own the controlling interest in a corporation and shape its policy.

Installment. Part of a debt due in payment of a security and payable at a specified time.

Interim dividend. Partial dividend made before the full dividend is ascertained and declared.

Investment. Money put into a company's shares to be held permanently for dividends. Opposite of buying for speculation.

Irish dividend. A wag's definition of an assessment on stocks.

Irredeemable bond. Can not be paid off, but continues to draw interest forever.

Irregular. A market in which some stocks advance while others decline.

Issue. Original delivery. Also the total amount of a security issued by a company.

Joint bid. Bid by two or more houses jointly. A partnership bid.

Joint bond. Principal and interest guaranteed jointly by two or more companies.

GLOSSARY

Joint mortgage. Covers the property of two or more persons or companies.

Kiting. Incurring a fresh obligation to discharge an old one. Usually done by having several bank accounts and depositing a worthless check ahead of overdrafts, and depositing another worthless check before the former worthless check is presented for payment and keeping up this practice until the depositor can deposit money to take care of the last worthless check.

Lamb. An inexperienced trader whom the experienced ones may easily "fleece."

Land-grant bond. Secured by a mortgage on a grant of land by the government to aid in development, such as building a railroad.

Legal investments. Securities in which banks, trust companies and insurance companies may legally invest the funds entrusted to them.

Liabilities. Obligations to pay. What a company owes.

Lien. Any legal claim on a property.

Limited liability. Liability limited to the assets of the company.

Liquid assets. Cash and assets that may be quickly converted into cash.

Liquidation. Converting assets into cash. Also paying all obligations of a company preparatory to going out of business.

Listed securities. Stocks and bonds listed on a stock exchange that they may be sold and bought there.

Lloyds. An association of English underwriters of insurance, principally maritime.

Long. Carrying a lot of purchased stocks in anticipation of a rising market.

Manipulation. Forcing prices up or down for the purpose of selling or buying.

Margin. Money deposited with a broker to make good the purchase or sale of a stock.

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Market price. The price that prevails at the moment the quotation is made.

Matched orders. Buying and selling orders on the same stock, matched in price, to show trading that prices may be influenced.

Milking the street. When an operator or a clique has a security so well in hand that he can alternately raise and lower the price and sell and buy to his advantage, taking all the money in sight, Wall Street is said to be "milked."

Mixed loan. Secured by collateral of different character.

Municipal bond. Issued by a political division having power to levy taxes, or by a subdivision of such a division.

Negotiable. May be transferred by delivery or assignment.

Net. What remains after all expenses have been paid.

Nominal. Existing in name only. No value.

Non-assented stocks or bonds. Owners refuse to assent to a reorganization of the company, and withhold their securities from deposit.

Non-assessable stock. Stock which may not be assessed.

Non-cumulative stock. Unpaid dividends do not accumulate to be paid later.

Odd lot. More or less than the regular unit of orders. In Wall Street 100 shares or \$10,000 in bonds is a unit.

Open order. Good until cancelled.

Operating company. The company operating the business. The operating company's stock is owned by a holding company.

Option. A purchased privilege to buy or sell a security by a certain time at a specified price.

Optional bond. May be redeemed before maturity at the option of the company.

Overcapitalized. Having more capital than conditions warrant.

Overissue. A sale of more stock than has been authorized.

GLOSSARY

Over-the-counter. Selling stocks and bonds outside the exchange. Selling direct.

Paid-up stock. Stock fully paid for.

Paper profits. As they appear to be in transactions not yet closed.

Par. Face value.

Participating bond. It shares in profits, in addition to drawing interest.

Passing a dividend. Failing to pay a periodical dividend.

Passive bond. Draws no interest, but gives a special advantage, as a fixed income.

Pegged. A stationary market, neither rising nor falling.

Plain bond. Unsecured. Same as a promissory note.

Plant. Operating equipment.

Plunge. Buying heavily for speculation.

Point. One dollar of the price of a share of stock.

Pointer. A tip. Supposed accurate information about the future price of a security.

Pool. Several persons joining their money to do a specified thing in the hope of profits or other advantage.

Pounding. To sell freely, both long and short, with a view of changing prices.

Preferred stock. Draws specified dividends before dividends may be paid on the common stock.

Premium. The amount above par value.

Promoter. An organizer of a company.

Promoter's stock. Stock given a person for organizing a company.

Proprietary company. The company that owns or controls another.

Proxy. Power of attorney to represent and vote another's stock. Must be in writing.

Purchase money bond. Issued to get money to pay the purchase price of property.

Put. An agreement by which, for a consideration, one person acquires the right to deliver, or put, something to another at a fixed price in a specified time.

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Pyramiding. Buying stock by using as margin the paper profits on stock already bought.

Quotation. The quoted or current price. Prices on stocks are usually quoted in eighths of 1 per cent.

Quarter stock. Par value \$25.

Quick. Describes assets that may be quickly converted into cash.

Reaction. Fall in price.

Realize. To sell securities or other assets to get cash.

Realizing sale. To sell securities to secure profits.

Receiver. Temporary manager appointed by a court to take charge of a company's affairs and conserve them for the creditors.

Recovery. Advance in price after it has declined.

Redeem. To pay bonds at maturity.

Redeemable bond. May be called in and paid after a specified time.

Redeemable drawing. Deciding by lot which of the redeemable bonds are to be paid.

Refund. To take up outstanding securities by issuing others in their place.

Registered bond. Registered in the name of the owner, and transferrable by endorsement only.

Registered coupon bond. Principal payable to registered owner only, but interest coupons payable to bearer.

Registrar. Keeper of the record of the names of owners of the stock of a company.

Released indorsed bond. An indorsed bond bearing a certificate of release.

Reorganization. New organization to put a company on a better basis.

Repudiation. Rejecting a contract in whole or in part.

Retire. To pay off securities.

Resources. Available property of a company that may be turned into cash.

GLOSSARY

Rigging the market. Manipulating prices of stocks by insiders that the lambs may be "fleeced."

Scaled. In reorganizing, giving new securities of less value in exchange for the old. Reducing the amount of the outstanding securities.

Scalp. Buying and selling at a small profit.

Scrip. A certificate given for part payment on a stock, and redeemable when balance is paid.

Seasoned securities. Those on which many dividends or several periods of interest have been paid to indicate that their value is stable.

Second mortgage. Secured by property on which a first mortgage has been given.

Second mortgage bond. Secured by property on which a bond issue has already been made.

Serial bonds. Parts fall due at ends of designated successive periods.

Share. One of the equal parts of the capital stock.

Short. Having sold stock that the seller does not own.

Sight paper. Draft payable on demand.

Single maker paper. Bears the name of the maker only.

Sinking fund. A fund created and contributed to from time to time to pay an obligation at maturity.

Sinking fund mortgage. Payable from a sinking fund.

Slow assets. Property that requires time to be converted into cash.

Soft spot. Weak point in the market.

Special assessment bond. Payable by levying a special assessment on the property benefited by the money paid for the bonds.

Speculate. To buy securities with a view of selling at a higher price.

Split sale. Selling part of an order at one price and part at another.

Spread. Combining a call and put.

Squeeze. Advancing the price so those who sold short at a low price must pay a high price to deliver.

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Stop loss. Order to sell at a loss if the price goes down to a given point.

Street. Term to designate the financial district of a city.

Surplus. Profit that remains after expenses and dividends have been paid.

Syndicate. A combination of capitalists.

Take up. To pay the balance due on a security purchased and receive the security.

Tickor. An electrical self-printing instrument installed in offices to print instantaneously the exchange quotations.

Time loan. Made for a specified time. Opposite of call loan.

Time money. Money loaned for a specified time.

Transfer. To put a security in the name of its new owner.

Transfer agent. Person delegated by a corporation to transfer its securities from one owner to another.

Treasury stock. The part of the corporation's stock held in the treasury, and which, when sold, brings money into the treasury for use by the company in its operations.

Trust. A combination of corporations pooling their businesses to gain some special advantage. Regularly it means holding property in trust for others.

Trust company. A financial house authorized by its charter to accept and execute trusts.

Trustee stock. Seasoned stock in which trustees are permitted by law to invest trust funds.

Underlying mortgage. A preceding mortgage.

Undertone. Describes the underlying strength or weakness of the market.

Underwriter. One who insures. One who guarantees to furnish a corporation a stated amount of money for a given amount of securities in a specified time.

Unfunded debt. Running debts that are not secured.

Unlisted. Describes securities that have not been listed on the stock exchange; securities that cannot be bought or sold on the exchange.

GLOSSARY

Unloading. Selling out a stock that has been held a long time.

Voting trust. Committee to whom is given the power to vote the controlling stock in a corporation to insure unity and control.

Wash sales. When one broker arranges with another to buy fictitiously at a price what the other offers, that the stock may have the record of having been bought and sold on the exchange, the sales are called wash sales. Stock exchange rules forbid such sales, but—

Watered stock. An increase in the capital stock without a corresponding increase in the company's assets.

When issued. Proposed stock to be delivered as soon as issued by the company.

Wind. Bears selling short what they haven't got, are said to sell wind.

Wiped out. Loss of margins. Same as "frozen out."

Working capital. Money used actively in conducting the company's business.

X-d. Ex-dividend.

X-i. Ex-interest.

Yield. The percentage of net profit that an investment returns.

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