

EASY STREET **BABSON**

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ROGER W. BABSON



REVELL

Blitzer

FROM his position behind the scenes, Roger W. Babson analyzes types of mind and methods of conduct that are responsible for conditions such as Wall Street has just witnessed.

This narrative from real life should be read by everyone today, whether he be bull or bear, sheep or goat, gainer or loser, in the recent money crisis.

It will point out mistakes that were his own, some success he can reasonably claim, and indicate others to which he may attain.

It deals with a locality hard to find. Sometimes the road to it is paved with the hard knocks of necessity; at others, it has stretches that are pleasant to the feet; sometimes, it lies far

(Continued on Back Flap)

By ROGER W. BABSON

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By
ROGER W. BABSON



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Dedicated
to my
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EASY STREET

I

ACHIEF part of my life's job has been studying fundamental conditions and counselling on economic problems. It is intensively interesting work. It brings continual contact with people at real grips with the world—people for whom life is not a rose garden but a soccer field, people born not with silver spoons in their mouths but with grindstones under their noses. Although I firmly believe that the only real jewels are spiritual, they often seem to have an industrial and

mercantile setting. In the following account, therefore, if I appear to over-emphasize bank books, check books, and cook books, it is not that they are great literature but merely that they are found in so many libraries. In other words, the Goddess of Economics, like the Goddess of Justice, holds scales. In one pan of her scales are wages of working. In the other pan are costs of living. The biography of every man, woman, and child is largely told by these swinging scales and the balance struck between income and expense.

The particular biography now at hand, although in one sense a composite photograph, is taken from life itself. Except for certain names, the tale is given to you just as it came

to me. The man who told me this experience I will call Hiram, because his birthplace was near the small town of Hiram, Maine. I am at a loss to make you see him as he entered my office a few weeks ago. A great poem can be easily parodied. A strong individuality can be readily cartooned. The toughest assignment for any reporter or illustrator is to picture normality. I suppose that the most famous man in the world, the most talked-about man, is the Average Man. I have always been hearing about this Average Man, but I felt that at last I had met him face to face when I sat down opposite Hiram and heard his story.

It was not that Hiram was undistinguished. In appearance and poise

he was somewhat above what the statisticians gravely call "mean." His "mean-ness" was evident not so much to the eye as to the mind. His looks were individual enough, but his ideas were the ideas of millions of others. This, I saw, was one of the negative factors in his equation. He was quite a thinker, but his mind followed popular channels as a phonograph needle follows the furrows of a jazz record.

Even more serious, however, was one particular idea—also commonly held—which seemed to possess him especially. At an early age he fell into the way of thinking that success is a matter of locality rather than individuality, of place rather than person. From every word that he said it was plain that he believed fortunes are found rather than made.

His life as he related it to me had been spent largely in trying to answer that most futile of questions: "Where is Easy Street?"

I must in candour admit, however, that Hiram's hunt for this famed highway was conducted with some intelligence and energy. He was not a floater. Rather he was an active but unhappy swimmer. As he recounted his various moves about the United States, I pencilled this pilgrimage on my desk map. At the end of the Odyssey this map looked like a layout of national pipe lines or a prospectus of airplane routes. Nevertheless, for every hop in this canvass of the country for Easy Street, he had a sensible and plausible reason. He was a living example of the queer fact that

some of our worst mistakes are logical mistakes.

II

As I have already remarked, Hiram was born and reared in a Maine town. Some of those towns in that day had a strong vein of thrift and foresight. It was a common custom to buy a burial lot and lay aside a serviceable sum for funeral expenses. There was evidently a feeling that one of the costs of living was the cost of dying. Other costs were distinctly low. Local farm products were cheap. Blueberries and blackberries could be had for the picking. It was customary to buy cordwood, which the men of the household sawed and split for the stove. Coal, however, was not especially cheap, nor were fancy

groceries, clothing, and other non-local merchandise.

One significant fact, which I gleaned from Hiram's recollections of his boyhood town, was the standard of living. Rarely, for example, did people use the local livery stable for taxi service. Theatre parties were unknown and country clubs nonexistent. Gasoline was used wholly for taking spots out of Sunday suits, and oil was mostly cod-liver oil. The only tires were on bicycles, racing sulkies, and collegiate buggies. In other words, the population of that Maine town did not suffer city costs because it did not enjoy city products and services. The real difference was not one of prices but of budgets. This was a phenomenon which Hiram's busy mind apparently over-

looked not only while on his ancestral acres but throughout his later search for Easy Street. He was forever remembering prices and forgetting budgets. It is the same fallacy which ruins much of the study of comparative living costs among various localities and periods. The differential is more in the market basket than in the price tag.

Hiram, however, as his reminiscences made plain, was shrewd enough to perceive the lack of opportunity. The region offered fair assets of timber, livestock, and crops, but there was a dearth of cash money. One could keep alive very comfortably, but the man who wanted to accumulate collateral had, according to Hiram's recollection, about as much chance as a dentist on a poultry ranch. So he liquidated his

slender resources and set out for the big city. According to the law of action and reaction, which has a hand in human affairs as in physics and chemistry, he moved from one of the smallest towns in the country to one of the biggest cities in the world.

III

In marching on New York City, Hiram had a delusion that has upset more than one well-laid plan and statistical survey. Hiram reckoned the countless opportunities—but he failed to reckon the countless *opportunists*. He saw the markets but not the *marketeers*. This particular point has such a profound bearing upon the fortunes of most of us, that I questioned Hiram particularly about it. In itself, the

fact that one locality is twice the size of another has little bearing upon the question of which offers relatively the greater opportunities. Opportunity is usually a function not of absolute size but rather of the percentage rate of growth. Eventually, this principle was impressed on Hiram, as we shall later note.

Meanwhile, he discovered that living costs in New York were high, like the buildings. He found it impracticable to go fishing in the Aquarium or berrying in Central Park. New Yorkers generally did not keep hens or split up their own stovewood. He foresaw it would be a long wait for the next church supper in Trinity Church. In short, in moving to New York City he had migrated less than four hundred statute

miles geographically, but in mode of living and social customs he had been translated a million light-years. I do not profess to say whether the change was an ascent or a descent, but simply that it was a change—stupendous, incomparable.

The thing which finally unsold Hiram on New York City as a possible site of Easy Street came home to him in terms of competition. Having a somewhat mathematical cast of thought, he expressed this to me as "The Law of Squares." Said he: "If there are five jobs in New York, there are twenty-five men after them. If twenty-five bids were asked, there are six hundred and twenty-five bidders. It's a city where supply varies as the square of demand. New York! Of course, there are op-

portunities; but the whole trouble is that everybody knows it."

IV

At length disillusioned with a place where a cover charge alone was more than a chicken dinner in the old home town, Hiram set his face toward the West. It appears that his original intention was to settle in the Middle West, but he confided to me that as the time of departure drew near, New York became more and more abhorrent. Maine, he remembered fondly as the land of the pine, but he bitterly called New-York "the land of the outstretched palm," and he felt that he couldn't get far enough away. So he decided to put an entire continent between himself and a metropolis of "tipping and

tipping"—I quote him verbatim at this point.

He left New York and arrived at El Centro, in the Imperial Valley of southern California. Up to this point I deem Hiram's moves fairly intelligent and consistent. He had sampled his first locale, which he decided had low opportunities and low costs. He had tried a second place, which he judged to offer high opportunities and high costs. What more inevitable than to seek some spot where costs would be low and opportunities high? Surely an economic Mecca.

Now, the El Centro region is undeniably an extraordinary land. More than once I have pointed out to aspiring young men that the Imperial Valley is tempting indeed to the prospector for agricultural gold. It is an area which,

in many respects, offers well-nigh ideal conditions for those who want to take wealth from the soil. When Hiram mentioned the Imperial Valley, I thought at first that he had reached the end of the trail and lived happily ever after. For here, if anywhere, should be found New York opportunities devoid of bell-hops, vehicular tunnels, and night-club hostesses.

Not so, however. I knew the Imperial Valley, but I didn't know Hiram. He didn't like the Imperial Valley. Opportunities? Galore. Cost of living? O.K. Then what? Why, the climate, you know. Too agricultural. Invigorating for produce, but unpleasant for people. Other living conditions, too, far from ideal.

I am free to admit that at this stage

I lost all interest in Hiram as the economic man, although as a social study I was curious to see how he came out. Here was a fellow who was professedly ransacking the country for a locality where he could build up income and keep down expense. Nevertheless, when he tumbled upon an approximation of such an economic Eden, he shifted his whole point of view and complained about the humidity.

In short—Hiram's next jump was to Los Angeles. Again quoting verbatim the words of this rather embittered journeyman, he decided he was going to "look for some town where he could not only make a living but make a life." With this goal in view I cannot criticize his selection of Los Angeles. It is already a great city and—more signifi-

cantly—it is still a growing city. In my own New England, if a mountain stands in the way of expansion, we build a road around it—customarily putting a historical monument on top. In New York, when a natural obstacle impedes, they tunnel through it. In Los Angeles, however, there is a mountain blocking the city's progress—and I am informed that they are going to remove it altogether. That is Los Angeles. There is a power at work in such communities which is not measurable by my statistics.

Hiram told me that he found Los Angeles a fine city in which to reside and do business. He liked the place and its people, and so did his family. By this time, however, I had learned to sit back and wait for the next chapter.

When a man is in quest of a rational goal, there is high hope that his specifications can be met. When he is an economic philanderer, chance alone can tell where his primrose paths will lead.

I think that our searcher for Easy Street left Los Angeles with real regret, haunted perhaps by the reflection that in so rapidly expanding a city, Easy Street might be one of those new streets that he hadn't seen. For all that, he pushed on—or rather swung eastward again. I questioned him closely on why he moved.

"Well," he explained, "I figured that perhaps on the Coast the expansion programme might be rather far advanced—not at the peak, you understand, but in the later stages. It seemed to me that the thing I wanted was to

get in on the ground floor. The profits are in pioneering, aren't they?"

He also had another count against this city which removes mountains and casts them into the sea. He said that Los Angeles was too attractive. That is, he felt that many people were so eager to live there that they would work for smaller compensation. "Price-cutters of salaries," he called these people who, he believed, took their income partly in the pay envelope and partly in the place itself.

I questioned about the cost of living.

"Well," he replied, "I found much the same situation as I have everywhere else. Some items are higher and others lower. I have about come to the conclusion that prices are like water: they tend to seek a common level. This seems to be es-

pecially so if you include the price of labour with other prices. Higher wages, higher prices; lower wages, lower prices: so the net is pretty constant wherever I've been."

V

In spite of this discovery in applied economics, Hiram was still restless. The green lawns and golden architecture of Easy Street still beckoned. Once more he barrelled the family china and shifted to Brownsville, Texas. At that time the lower Rio Grande area was comparatively "undiscovered." The territory is now more widely known and its remarkable resources are better appreciated. Hiram's entry was not perfectly timed. As I have already explained, he was in some ways a keen fellow in spite of the

contrary conclusions you might draw from certain aspects of his history. He saw clearly the great latent assets of the Brownsville site. He thought, and correctly so, that here were the makings of an economic advance.

The trouble was that he was slightly ahead of the trend. A less alert man would have passed the opportunity over. A more patient man would have waited for it to mature. Hiram was a combination of alertness and impatience. At times this may be a bad blend. He learned later an important principle: a locality may undeniably possess latent resources, but they are likely to remain latent until some destined day arrives. Moreover, the man's judgment had probably become mildly demoralized by the repeated frustration of his

aims. The continual upheavals had not helped matters. He told me that in the old home town there was a saying that two moves are as bad as a fire, and I think he was beginning to believe it.

His faith in his own infallibility was shaken, but one more project occurred to him. He concluded that in order to find Easy Street, one must go to a locality which has actually demonstrated its ability to boom and then has suffered a temporary recession. Go there in anticipation of the next upward movement was his idea. So he entrained for Miami, where, he said, a night's bed is more than a week's board used to be in Hiram, Maine. Here he met some old friends of his youth.

These people used to be neighbours

of his in the Maine village. But the automobile and the tourist industry had brought new life to the old town. His friends had done well—so well that they came to Miami in the winter. They told Hiram that on the way South they visited another old mutual friend in New York City, where he has had a splendid career. They also said that they had gone to Los Angeles the winter before, and their opinion was that expansion was just beginning. On the way they had visited a son in El Centro, who was making a small fortune.

"Where do you go from here?" asked Hiram.

"To Brownsville"—and they told of remarkable developments about to appear there.

"That," said Hiram, "was the last

straw. I felt that I was through—completely and finally licked."

VI

The last straw, however, although it may break a camel, is sometimes the thing needed to make a man. During his wanderings Hiram had heard more or less about electric power and the growth of the electric power industry, especially in connection with water power. His spare time he spent in reading government bulletins and reports issued by the Department of the Interior on water power. Considering both available power and population, it appeared that the State of Maine headed the list. Thereupon he made up his mind to go to Maine the following summer on a little vacation and, incidentally,

see what was being done there in the way of power development.

After travelling about the state for a month in his "flivver," he found that the best available power not yet harnessed electrically was in connection with an old mill near where he was born. In fact, as a boy, when he went to visit his grandmother, he would lie in bed and be lulled to sleep by the roar of the water over this dam. He got an option on this property and sold the option to a large power company, receiving his commission in stock. This stock has so increased in value that he is now independent back in his old home town, living on his income and still listening to the roar of the falls—but as a retired owner of public utility securities.

A thick volume of economics could be

written on Hiram's swing from Maine to Miami, via Los Angeles. More vital, however, is the spiritual problem involved. Hiram set out to find Easy Street, and in the end he did find it—by returning to the point from which he began his search. I am not sure, however, that he really deserved his good fortune. As he finished telling me his story, I couldn't help thinking that there would have been more poetic justice in it if Hiram had returned home only to find that an old boyhood friend had developed all the available power sites while he was scouring the country for his economic El Dorado.

I am sure that this would have been the conclusion of ninety-nine out of a hundred similar cases—Hiram's case being the exception that proves the general

rule. A successful and satisfying life is not usually attained by chasing fancied salaries and fictitious costs of living. Wise men often wander, but wherever they are wandering you also find them working. Any real career and any joyful life must be *constructed* as well as discovered. The only way is to *earn* your way, for you will learn sooner or later that you cannot crash the gates of happiness.

(Continued from Front Flap)

across the continent; at others, it is just around the corner.

Where it is; how it can be reached; what to avoid; what to do—these are some of the questions Mr. Babson helps one to answer.

Hiram, the model for his delightful character-study, is an average American, with an average man's outlook and an average man's impatience with laggard fortune.

What Hiram does and where his impulses lead him are told in Mr. Babson's usual incisive way, which is at once clear and convincing.

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