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## Buncombe

A CLERGYMAN with a gift of incisive and arresting statement preached a sermon not long ago on Cant, taking his illustrations from the three fields of religion, politics and business. Surely his series of preachments will be incomplete unless he follows with a sermon on Bunk, a first cousin, if not a brother, of the topic already treated. To follow bunk through so many avenues of research would be an exhausting task, but a modest start can be effected in the realm of investment finance.

Many studies have been made, by engineering bodies and other investigating agencies, of waste in industry. But of all sheer and to a large extent avoidable waste there is none more obvious or more extensive than ill-advised investing. Such engagements are entered into nearly always in an atmosphere of exaggeration and inability to face realities. A combination of ignorance and vanity as well as of mere cupidity is the only explanation of the mental process which commonly accompanies this wholesale misplacing of funds.

Most discussions of the subject lay emphasis upon ignorance and cupidity, but methods which are being used to an increasing extent in the sale of questionable stocks cast doubt upon this generally accepted, this almost classical analysis. Vanity, egotism or whatever quality it is that renders possible the nearly universal vogue of bunk comes nearer to furnishing the real clew.

When a man buys stock because it is offered to him as "a fellow alumnus" or "a leading member of your community" or a member of the same club, lodge or union, it is evident that promoters have learned to take advantage of the silliest and most indefensible weaknesses of human nature in the most direct, simple and effective way. It is an assault upon human frailties against which the principles of sound business conduct offer no protection.

Man's vanity is never so tickled as when he feels that, due to his own superior judgment and discernment, modest savings are about to multiply into riches. The slow growth of money through the unhurried operations of moderate interest is too suggestive of the primal curse itself. If money can be made to treble and quadruple in a short space of time, one feels lifted above the common herd. Such investments imply the possession of financial

talent, if not genius—gifts which justify a large extension of the ego.

So the swindling stock salesman plays upon his victim. "We have chosen you and only a few other members of your lodge or union to share in this great opportunity." He does not mention the risks of the investment, the handicaps to success, the probability of failure. Once the prospect can be made to believe that there is something exclusive, something exceptional and limited about his being asked to buy, counter arguments might as well be thrown to the winds.

The selling point that one is especially picked out for preferment may in nine hundred and ninety-nine cases out of a thousand prove the sheerest twaddle, but it predisposes the prospect to buy as no other argument does. It is what closes the sale. Investors are said to need financial education; what they really are in want of is ability to distinguish between realities and the misty dreams stimulated by self-flattery.

## Penalties of Aggression

POLITICALLY labor has progressed remarkably in Great Britain. This has been due to postwar conditions which make it impossible for any government to retain popularity, and very largely also to skillful direction on the part of able and moderate leaders. Trade-unionism, however, is not keeping step with the forward march of the political wing. The ranks of the unions are thinning and the financial outlook is bleak. For this condition the unions can blame the aggressive and selfish tactics they adopted after the war. Whether there was any justification for the demands on which they went out, there can be no doubt that the big strikes of 1920 and 1921 were disastrous. The miners' strike of 1921 was particularly unwise. It not only reduced the striking organization almost to a condition of insolvency but it involved other unions to an equal degree. Hundreds of thousands of workers were thrown out of employment for the term of the strike. Writing in *The Nation*, A. G. Gardiner estimates that the Amalgamated Enginemen's and Firemen's Union, for instance, suffered the loss of its entire reserve of half a million sterling as a result of the action of the miners. The mistake made was in assuming that trade-unionism could hold out for advantages that could have been granted only at the expense of the classes. Britain was in the first grip of postwar depression when the unions resorted to the big stick, and the existing conditions made failure not only inevitable but obvious. The policy of aggression was adopted in spite of the opposition and warning of many of labor's ablest leaders.

Trade-unionism has not yet recovered from the disasters of the big strike years. It is estimated that there has been a falling off of more than two million in total memberships since 1920. Disheartened by unemployment and rebelling against union restrictions which make it difficult for the individual to eke out an existence during hard times, the workmen have been deserting their old affiliations. The unions, as a result, have not been able to recoup the losses sustained in the general strikes and are today in a condition of impoverishment. The reserves accumulated during long years of gradual growth have been dissipated.

There is a lesson to be drawn from the contrast between labor politically and labor economically. Moderation has been the watchword in politics; force, the program of the trade organizations.

## Economic Laws

UNDER the continued assault of new schools of thought the old economics of Adam Smith have been subjected for some years past to a quite considerable strain. Even such a supposedly simple law as that of supply and demand, accepted by long generations of business men as truth from on high, is a favorite target for young intellectuals with whom the study of Freud is just as necessary as that of Ricardo.

But respect for the hoary old friend is heightened and renewed every now and then. The latest demonstration of its force is found in the frantic efforts of Hollywood to turn

back the flood tide of would-be movie stars. When a chamber of commerce plans to place upon every envelope leaving its city a sticker warning the youth of the land that stardom is not easily attained, it is safe to infer that screen-struck maidens have become a real nuisance, if not a menace, even though the aggregate which finds its way to the far-western city is probably nearer ten thousand a year than the ten thousand a month so often mentioned.

When the best-known of all actresses of the silver screen finds it desirable to harangue the daily crowds that gather in the city's central square on the futility which waits for the thousands who seek to follow in her train, it is obvious that strong impelling forces draw the nation's youths and maidens thither. Clearly these motives are not wholly economic in their nature. But speaking in all seriousness, there is an economic side to this appalling excess of supply over demand, and it is one which any high-school student could have predicted.

That the emoluments of motion-picture stars have been exaggerated in the public press has been suspected at all times by persons whose natal day was not identical with yesterday. But whatever the facts may be regarding salaries in this occupation, the public has been fed for years with stories concerning the enormous proportions of the same. Perhaps it was good publicity for the stars; perhaps not. In any case the chickens have come home to roost. Surely nothing else was to be expected.

For years the country has been told, correctly or incorrectly, that this and that star received as much in a week as the ordinary substantial citizen of a small village made in a year. Not much was said—or if it was said it did not register—concerning the long years of preparation and the severity of competition. The theatergoing public has thought of its favorites as perpetually young. Beginning as a trickle, the rush of the young to earn these salaries has become a flood. Qualitatively the supply may not equal the demand, but quantitatively the laws of economics are more than vindicated. Adam Smith must be chuckling in his grave.

## Sport and Frenzied Finance

PROFESSIONAL sports continue their dizzy financial spiral upward. Over half a million dollars has been paid to a pugilist for one fight, and the gate receipts of last fall's world baseball series ran as high as two hundred thousand a game. There is no reason to suppose that the peak has been reached. Professional sport has taken a place in big business. Fight promoters talk in millions, and ball players' salaries occasionally soar to a plane just above the remuneration of cabinet ministers and bank presidents and just below the earnings of movie stars.

The truth is that we are allowing ourselves to be press-agented to death. The average American is a sporting-page addict with the capacity to absorb two whole pages of its news and gossip at least once a day. He reads everything, and it is easy to fan his interest in even an unpromising match. He is kept on tenterhooks until the fight articles are signed. He is fed on news from the training camps. He is told how much beefsteak the challenger eats for dinner. Rumors of all kinds run through the sporting columns like a rash. Opinions of all kinds of people are collected and printed. So it is not strange that finally, in company with about a hundred thousand more of his kind, he mills his way into the arena to witness a second-rate fight and contribute his share of the million-dollar gate.

The newspapers are without a doubt largely to blame for this bloating of professional sports. With two or three pages to fill every day, the sporting editor is eager for novelty. He seizes upon anything that offers scope for extended comment. He is as keen for spectacular matches as the promoters and fighters themselves. He can press-agent a one-sided bout into a million-dollar clash. He ballyhooed the Dempsey-Carpentier fight into "The Battle of the Century" when he knew, or should have known, that the game Frenchman stood no chance against his opponent.

Competitive sports and frenzied finance should never go hand in hand. We are fast approaching the stage when championships will be won with check books, and adding machines will be of more importance than athletes.