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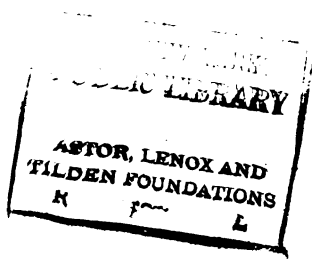
Where the money grows

Garet Garrett

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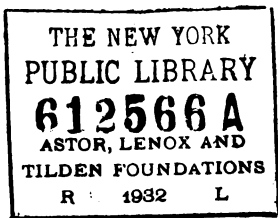


WHERE THE MONEY GROWS

WHERE THE MONEY GROWS

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HARPER & BROTHERS
NEW YORK AND LONDON
M - C - M - X - I



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PRINTED IN THE UNITED STATES OF AMERICA
PUBLISHED OCTOBER, 1911

1907 W. H. A.
C. B. A.
M. A. A.

1102 miles 19 July 1932

19 July 1932

BEFORE THE OPENING

IN what more or less follows, the connecting thread is a purpose to show how familiar illusions refract upon the Wall Street lens, and how the Stock Exchange mind may be affected by the material in which it works. Except as they practise the trade of money with strange, three-edged tools, Wall Street folk are like other folk who happen to be anywhere else. The secret of understanding is to get their point of view.

The easiest way into Wall Street is by the Hall of Delusions, through which many have entered who forgot to return. That door stands always wide open. No legend of warning affronts the eye. There ought to be one, and it should read: "No Safe Conduct Here."

The easiest way out is at the end of the book. Between here and there are a Hoodoo, a Banker, a Wolf; descriptions of things and of people only as queer as true, hearsay of

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things which perplex the belief, and a conclusion which ought to appear of itself, to wit: That everywhere life's illusions are all of the same sheer stuff; variety is a trick of refraction.

G. G.

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I

THE HALL OF DELUSIONS

WALL STREET, if spelled with a capital "S," is a district of vague delimitations. There is a Wall street proper which takes the little "s" and is only a street. It begins at Broadway, directly opposite Trinity Church, and runs to the Brooklyn Ferry, on the East River; but when one speaks of Wall Street broadly one means to include lower Broadway, Broad Street, Exchange Place, portions of William, Cedar, Pine, and Nassau Streets, and—the Hall of Delusions. That you would never find without specific directions. As you walk east down Wall Street from Trinity Church it is the first opening on the right. Stroll in. It is a thoroughfare by courtesy only, and belongs by usage to Wall Street

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people, but nobody will notice you unless you are a woman and pretty, at whom the idle telephone boys on the steps of the Stock Exchange "Ah!" and "Oh!"

It is the rear of the great New York Stock Exchange you see on your left; on your right are some of the tall buildings which make the sky line of New York. One cannot begin to see the tops of them. The Hall of Delusions is very narrow. You come to Exchange Place. On your right you have more of the tall buildings, but on your left only such of the despised old rookeries as have yet to be displaced by steel construction. In one of these was the Open Board of Brokers, forty years ago; the sign is there still. In others are the tailors, stationers, tobacconists, and small shopmen who cannot afford to pay higher rents elsewhere. There are also a few dark places below street level, where even yet one whose capital is reduced may wager a dollar on the going up and down of one share of stock, stop one's loss at ninety-five cents, and lunch on the remainder. The last tall structure on your right is the Standard Oil Building, and now you have come to the end and are at Beaver Street.

You have walked through New Street. That is the common name for the Hall of Delusions. Retracing your steps, you will

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notice that all buildings, new and old, stand with their rear elevations to New Street. From that circumstance it derives a sort of privacy and other advantages, and is the more suitably devoted to the uses of brokers, traders, put-and-call dealers, financial writers, failures, touts, tipsters, moribund speculators, men of mercurial fortunes, and all the other accidental human phenomena of a great market-place where wealth is continually changing hands.

In New Street all men are equally under the delusion that the ticker is a source of wealth—that wealth is made and unmade by the going up and down of prices. Therefore, men in New Street are democratic. A speculator who does his ten thousand shares a day on the Stock Exchange will suffer himself to be harangued by a little speculator with a ten-share mind, and may debate with him the fundamentals of finance. A broker who has just executed a five-hundred-thousand-dollar commission will stop to ask a put-and-call man what he thinks of the market. Only the Morgans, the Rockefellers, and the Harrimans of finance avoid New Street. Either they are not deluded or they are undemocratic. Though they may walk through any other thoroughfare of Wall Street unobserved, they would be recognized too familiarly here.

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Their names would echo behind them, and no telling what else.

Human litter is New Street's chief interest. Leaning against the Stock Exchange railing are the Closed Minds. They talk always of yesterday as a time when one could have made money, and perhaps did, but they talk to themselves. They appear as punctually at ten o'clock as any broker, and vanish at three, making their day of it. Their delusion is that Wall Street could not open or close without them. They are pensioned by their wives, who, to be rid of them, give them car-fare each morning. Some of the wives are believed to have had money before marriage, in other cases the men are said to have made money before their minds closed and settled it upon their wives, and in other cases it is suspected that the wives take in sewing.

One of the Closed Minds will tell you, stranger as you are, that for twenty years he was a big money maker and took home each day from ten dollars to one thousand until he had counted two hundred thousand dollars, which his wife put away; now she will not live with him. He borrows his living in fractional currency. Another of the Closed Minds begins always in the same way, thus: "When I was with Cammack—" Another knew Harriman when he had not a dollar to

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speak of, was more interested in horseflesh than finance, and smelled of the stable; he doubts if Harriman was the great man people think he was, but he was undoubtedly lucky. Another has a method to beat the market which you can see for yourself by his chart would have been infallible for twenty years.

There are others whose delusions still excite them. There is one who comes each morning to New Street to find only fifty dollars, with which he will make fifty thousand dollars in a year, and never come again. He will tell you it is harder to make fifty dollars than fifty thousand dollars. Then there is a man who makes ten thousand dollars a year without capital and cannot tell you how he does it. On an active day you might find him with a thousand dollars' worth of puts and calls suspended in the air, so to speak, or financed with nothing more than his word that when the buyer pays he will pay the seller. He keeps messengers running to and fro—messengers of forty-five, who go errands for a quarter each, but who once had control of the put-and-call business as the man who makes ten thousand dollars a year without capital now has. In New Street the money-getting faculty is so finely spun that it may break in the night, and one does not know

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it until one has ceased to make money any more.

If you have expected to find in New Street old bricks in loose mortar, mellowed masonry, and architectural romance you are disappointed, because its walls have been so often replaced with higher walls to get the full earning-power of real estate. Changes of that sort, however deplorable, are still powerless against magic. Nothing happens in Wall Street but it will instantly echo in this deep little cañon. Between ten and three o'clock ask a regular New Street man the price of any active stock and he will tell you to the eighth, though he may not have seen a ticker for an hour. If you think that wonderful, why, it is nothing. Ask him what any great banker or capitalist is doing in the stock market, and he will tell you that. The one thing is telepathy and the other imagination, if you like, but how account for the fact that you believe him?

II

WALL STREET HABITS

ONE of the many things taken for granted about Wall Street folk is that they are volatile beyond the average, and less subject to fixed habits of thought and action than people anywhere else. But one who knows them well, or has observed them attentively, will be tempted to think differently. Just in the way a man comes to Wall Street between 9 and 10 A.M. there is more habit than he may be conscious of himself. For instance, a large number of Wall Street folk commute by the Erie. Formerly they had all to use the ferry, and so arrived by hundreds at the foot of Chambers Street. They crossed West Street in a body always, and began then to break up. Each man had his own way of reaching the Wall Street district, by one of, possibly, five hundred combinations in plane geometry. To be taken out of one's habitual way, through the insistence of a friend, were like getting started wrong out of bed. Thus,

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two men might halt at the corner of Chambers and West Streets, say "So long" or "Be good," and part, each for his own way to Wall Street, though their respective offices were two doors apart, or, perhaps, in the same building, and not meet again until the next morning.

When the Erie commuters began to be delivered on Manhattan Island by the McAdoo tubes there was a breaking up of old habits, and among all Erie commuters in finance and speculation there was no doing of anything right in the stock market until new ones were formed, so that a man could reach his Wall Street by habit again without the vexation of having to direct his feet.

Many thousands of people come to Wall Street by the Subway. There are four ways to emerge from the Wall Street Subway station, and once a man has habituated himself to one of them he never deviates. From the street level there may be ten ways to reach his office, and, by habit, he goes always the one way. If it is his habit to pass from the Subway station directly through the Manhattan Trust Building into New Street, and thence to his office somewhere in Broad Street, and to return in the afternoon by the same way, he may not see Trinity Church, at the head of Wall Street, once a year. If something happens to call him around to the head

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of Wall Street he is surprised to find that the First National Bank has added several stories to its building. A man whose office is in lower Broadway would be amazed to find several new office buildings around in William Street, and Pine Street might look very strange to a man whose office had been at the corner of Broad Street and Exchange Place for fifteen years. And when it is considered that the Wall Street district is only three blocks wide and six long, bounded on the north by Fulton Street, on the west by Broadway, on the south by Beaver Street, and on the east by William Street, men's habits must be fixed, indeed, that they may do business at one side of it for years without ever seeing the other side.

Two men accidentally meet for the first time in three years.

"Where have you been all this time?" one of them asks.

"Well," says the other, "we moved over into Pine Street, you know, and somehow I can't get around to see you any more."

Pine Street is only the next street over, but it may seem as far from a man's habitual way of going and coming as a day's journey. The second man says:

"That's so; I had forgotten. I seldom get around that way."

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On some quotation boards stocks are displayed in alphabetical order, on others in geographical groups, as "Grangers," "Pacifics," "Coalers," etc.; on some boards the stocks run down and on others across. Traders become accustomed to a certain arrangement, and are bewildered before a strange quotation board. That is a matter of habit. Some houses do not have quotation boards; the clients watch the market on the tape. A man who has become accustomed to watch quotations on a board complains that he cannot "see" the market on the tape, or *vice versa*, which is all a matter of habit. Tape-gazing becomes a habit—one of the most painful to observe. No matter how dull the market may be, a man will watch the tape. Impatiently he will ~~pace~~ the floor, berate the market for being so inactive, declare there is nothing to see, and then return to the tape to gaze at it steadily for another half-hour. This habit becomes at length so strong that a man will gaze at the tape after the market has closed. He is probably thinking; the act of thinking has become associated with the act of regarding the tape, and he is unconscious of staring for fifteen minutes at the ticker operator's last word, "Good-night."

There is a nervous habit peculiar to brokers on the floor. It is very odd. Every broker

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or trader on the floor carries in his hand or in his pocket a bunch of that coarse paper, cut $2\frac{1}{2} \times 3\frac{1}{2}$ inches, on which all memoranda of purchases, sales, and quotations are roughly made. This paper is provided by the Stock Exchange in unlimited quantities. When a man on the floor is not otherwise employed with his hands he takes two or three sheets of this paper, folds them once, and tears them in two; evens them, and folds them, and tears them again, and then again, until he has a handful of the tiny pieces, which he either blows off his palm or flips into the air. Everybody does it, and does it continually, and at the end of a day on the Stock Exchange the floor is covered with those bits of paper.

One of the first things a man asks when he arrives in Wall Street, whether he says "Good-morning" or not, is, "What's London?" He refers to the London quotations for American stocks. They are either higher, lower, or unchanged, and he never gives it another thought. This is a matter of habit. It has been years since the London quotations for American stocks have had really any significance. Long ago, when the London market in American securities was more important than our own, it mattered whether London was up or down, but London quotations

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represent nowadays only the petty trading of an arbitrage crowd.

Whether habits of thought are any less rigid than habits of action among Wall Street folk is open to question. There would be much to say in the negative. It might be said that a large majority of those who come daily to Wall Street have but two habits of thought. One is the habit of thinking that the stock market will rise because the "big interests" have all the stocks and will advance prices in order to unload on the public, and the other is the habit of thinking that the market will go down because the "big interests" have succeeded.

III

THE HOODOO

IN New Street, which is the hallway of Wall Street, one may observe the hoodoo. From ten to three o'clock he leans against the area railings and acquires the brand of his misfortune, which is a horizontal, threadbare line across his coat at the small of the back. There is about him an air of departed prosperity which is unmistakable. What manner of existence he has from 3 P.M. to 10 A.M. is no other man's concern. Nearly everybody knows him. He was once a member of the New York Stock Exchange, or the son of one, or what's-his-name that was Gould's broker twenty years ago. He is most knowing of speech and would easily fool you if you were not warned. All the past he understands, and the why of everything, but for the present and future he is a source of fatal ideas and a borrower of money.

There is an indestructible fiction that Wall Street people are superstitious. Ask any

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Wall Street man if this is true and he will deny it lightly. Ask him if he believes in hoodoos and he will become petulant. But take him off his guard and ask him if he ever knew a hoodoo. He has—many a one. He can tell you more strange things about the individual hoodoo than were ever imagined. He recalls two whose presence in his office threatened to deprive him of all his other clients. He tried to break the spell for at least one of them. He bought 100 shares of Sugar for one, and sold 100 shares of Sugar for the other, at the same time and at the same price, on his own credit, in order that one of them should be bound to make a profit. Both of them lost. How? Well, it would be a long story. He recalls a certain broker, a fine fellow, who ran the gamut of misfortune, and had at last to sell even his furniture. His chairs matched the chairs of another broker, who bought them for that reason. He cared nothing for a hoodoo. But he was very sorry afterward. "No, indeed," says the broker, "there is no doubt that some people are just hoodooed."

Then ask him why a hoodoo is. How does he account for it? He does not account for it, exactly, but if it is past three o'clock and not later than four, and the day has been not unprofitable, he may tell you something like this: Somewhere in Wall Street is the voodoo

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tree. Botanists know nothing about it; they know only what they see, and the voodoo tree is invisible. Many unreasonable superstitions have fastened upon it, as, for one, the superstition that it feeds upon eighths and is the monster that gets the eighth which you, as the broker's client, so often think you have lost, which he, the broker, never finds, and is forever missing.

The evil power of the voodoo tree lies in its shadows, which, falling upon the unwary one, deprive him of that which may be loosely defined as the money-making gift. There are degrees of blight. One who has been touched but lightly may lose only half the gift, or two-thirds of it, so that instead of becoming a total failure he is simply much less successful than before. One upon whom the shadow has fallen full and dark is thereafter and forever without the gift. Offerings of propitiation are impossible, for, as you have been told, the voodoo tree is invisible. No man knows until afterward that he has been in its shadow.

There is the typical case of a man, now an obscure broker at fifty, who came to Wall Street when he was quite young to make a fortune. He had very little capital, but capital is nothing. He had the money-making gift. In three years, novice that he was,

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he won his fortune. He bought a place in Florida, another in Maine, and took a wife, with whom he set out for five years of travel. In his first year abroad news reached him that the house with which he had invested his capital for income had come upon difficulties. He returned to find that half his fortune was gone. Annoyed, but nothing more, he started where he had stopped. He could not do with less than his first fortune, because he had planned his life on a certain income. But, alas! unknowingly, he stood in the shadow of the voodoo tree. Whereas formerly everything that he did turned out so well, now nothing did he touch but to make a loss. After several months he desisted from speculation to think. He could not account for it. He tried again. Three times he tried and three times in vain, and then a bitter choice he had to make. He had enough capital to insure a livelihood if he were content to settle down and work for the remainder of his life as a broker of small means. Being married, he chose wisely, and he is a broker still.

It may be even worse. One who has tarried long in the shadow of the voodoo tree is not only deprived of the money-making gift for himself, but carries misfortune to others. That man becomes the hoodoo. He is a pathetic fact. Such a one was a cotton ex-

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pert who, highly recommended, applied for a place with a Stock Exchange house that had bought a Cotton Exchange membership and wanted a man to open a new field of speculation to its clients. The applicant was in every way desirable, save for the fact that three houses with which he had been connected had failed, though not one for a dishonorable reason. He was rejected as a hoodoo. Shortly afterward he made a connection with another house to fill a similar want and proved a very valuable man in his sphere, but within a year the fourth house failed.

The hoodoo is often a man whom everybody likes, speaks well of, and recommends to every one else, with the one reservation—he is a man who unaccountably has not succeeded. There is nothing whatever against him else; he is honest and shrewd, and everything but successful. Alas, the fact of his being unsuccessful damns him with all his qualities. Wall Street people may or may not be superstitious, but they think it pays to associate with success and avoid failure in its personal embodiment. The hoodoo, once he becomes known as such, must attach himself to the new-comers—those who do not know, have not been warned, or who are so new and confident as not to care. Each con-

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nection he makes will be a little less desirable, until he has reached the stage at which he is ashamed of his associations, having made them in the demi-monde of finance because he could make them nowhere else. Even they fail him at last, and then you meet him in New Street.

IV

A BANK PRESIDENT

ON fine mornings the president of a large Wall Street bank may dismiss his automobile at Seventy-second Street and Broadway, descend into the Subway, tender his nickel, and submit physically to the platform guard. He is pushed aboard a train through the side door, and hangs by a strap like anybody else. When he emerges from the Wall Street station the financial district does not quake; clerks, messengers, and others jostle him about. It is when he passes through the doors of his bank that his official status appears. The porter bows respectfully. That is the only salutation which the president feels bound to return punctiliously. If he should pass through the whole establishment and into his own private office without noticing either the cashier, the vice-president, or his own secretary, that would be no sign of unamiability. He should be thinking in millions. At the door of his room he meditates

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and stops. The cashier, who is watching from his cage window, wonders who will catch it.

"Henry," says the president to the young man who has a little desk just outside his private door, "that rug ought to be sent out to the cleaner's. It's awful."

"Yes, sir," says Henry.

"Well, send it, then, but first find out how much it will be and let me know."

He disappears into his private office, removes his hat and outer coat, sits down to his desk, picks up the telephone instrument, and the banking day has seriously begun. When the operator answers, he says, "My garage, please," hangs up the receiver, sets the instrument down, and surveys his desk. There is a pile of mail, all opened, and spread out flat, one letter upon another. It looks like a day's work, but he makes short shift of it. The first ten flutter lightly into the waste basket. From the eleventh he unfastens an inclosure and lays it to one side. Three or four more go to the waste basket at a glance, and then one receives a penciled memorandum on the margin. In five minutes he is at the end of them. He pushes a button; a stenographer appears. He hands her the five or six surviving letters, which she takes without comment, and withdraws. The telephone rings, and he takes up the instrument:

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"John?" It is John, for the president continues. "You say those people want thirty-five dollars for a new crank shaft? Well, I won't pay it. That's robbery. There's a place over in Newark where you can have one made for eight dollars. Call up Mr. D——'s man and he will tell you where."

As he puts the telephone instrument down he sees his secretary, who lays on his desk some papers and mentions the name of a man who is waiting outside. It is a Wall Street man, with a mind on speculation, who comes now and then prying into the president's thoughts. It is a bother to see him, but he has been useful at times and may be again. "Well, send him in," says the president, and the secretary retires. The man in waiting steps briskly in, with an uneasy manner. "Good-morning," says the president. "Sit down."

A Wall Street man with a speculative mind interviews the president of a great bank awkwardly, and with marked embarrassment. The president of a bank knows everything, from the evening habits of the bank's employees, on up the scale to the moral conduct of the bank's debtors, and, according to the general belief, whether stocks will go up or down. That is what the Wall Street visitor wants to know, but he cannot outright ask. So he says:

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"Things look very uncertain to me. I can't get my bearings, especially as to the money market."

That is a safe beginning. One can always talk to a bank president about the money market.

"Things are rather mixed," says the president. "I think, though, the money market is all right."

This leaves the Wall Street man where he started, and he is relieved by an interruption. The secretary, in a low tone, says to the president, "In that matter of disputed interest the man has written again, insisting that he is in the right." The Wall Street man moves as if to withdraw; the president motions him to remain seated, and speaks to the secretary. "You mean about that seven dollars and thirteen cents?" The secretary replies affirmatively, and the president says: "Tell him positively we shall make not the slightest concession. That is final." As the secretary moves away, the president asks: "Did you get an estimate on reglazing that window?" "Yes, sir," replies the secretary. "It is three dollars and fifteen cents." The president is indignant. "That's outrageous. Get some other estimates."

The Wall Street man sees an opening. "People are very extravagant nowadays."

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"Extravagant!" says the president. "Why, people are mad. I know of a man who has fifty-six automobiles in his garage. I'd like to know what in the world a man can do with fifty-six cars. I don't see how a man can possibly use more than five."

The Wall Street man cannot see, either. He has only one, and cannot afford that. "What is going to be the outcome of it?" he asks. "It seems to me people cannot go on this way forever. Do you think we have got to have general liquidation?"

"I hardly know what you mean by general liquidation," says the president.

Neither does the Wall Street man. He was only edging his way toward the stock market. He tries again: "Well, doesn't it seem that everything is very high?"

"Some things, no doubt, are high," says the bank president. "It may be that we shall have to have liquidation in some things. Still, this is a very rich country, you must remember."

"Do you think there has been enough liquidation down here?" asks the Wall Street man. By "down here" he means in Wall Street, on the Stock Exchange, in securities, and he has put the question in its least offensive form.

The bank president, who knows perfectly

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what he means, becomes absorbed in the papers on his desk. He seems about to answer; then he hesitates. Then in a tentative tone he says: "Well—oh—" And the secretary comes in again. "That meeting is at ten-thirty," says the secretary.

"Oh yes; I'd forgotten about it," says the president, rising. The Wall Street man rises, too, and the president, moving toward a door on the other side of the room, says, "Drop in to see me again when you can. I'm always glad to tell you anything."

"Thanks very much," says the Wall Street man. The banker nods his head graciously, the Wall Street man goes out, and one of them is no wiser than before.

V

THE MANIPULATOR

OF all the queer shops in the world, the queerest is that of the manipulator. There is only his name on the door (not always that) unsupported by any connecting legend. If the law required every person to display a sign over his business door it would puzzle the manipulator what to put on his. "Information Utilized to the Highest Advantage." That might answer, unless the law held that a sign should be so comprehensive as to cover the whole of one's business, and in that case something might have to be added in smaller letters like this: "Dealer in Prices, Architect of Markets, Pool Manager, and Consulting Expert."

There is one way in and another way out. Callers never meet. It would embarrass the vice-president of a corporation to meet the president; somebody's private secretary to meet somebody himself; a Tammany Hall politician to meet an Albany statesman, or the

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cold-footed member of a weak Stock Exchange pool to meet another on the same treacherous errand. They move through the manipulator's shop under safe conduct. Each, as he comes, taps on a little ground-glass door in the outer hall. It opens instantly, as if the man who peers suspiciously out had his hand on it all the time. If the visitor is known, the manipulator is either in or out; if the visitor is unknown, it is uncertain whether such a person as the manipulator ever existed thereabouts, but a card will be taken in. The answer is swiftly returned. Such a person has been found to exist, and is willing presently to see the visitor, if he will "step this way, please," into a room off the hallway.

The contents of this room are inventoried in five minutes. Subscription for the *Financial Chronicle* began in 1893 and was not renewed year before last. *Poor's Manual*, in its green cloth, begins at 1886 and ends at 1901. There are some chairs and two or three vacant desks. The visitor has a quarter of an hour to wonder what the manipulator's room is like, and when at length he is admitted it is disappointing. There is no machinery of manipulation anywhere about. There is a news ticker, overrunning, and a stock ticker in the other corner, but the manipulator never looks at either one. He

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will ask *you* what the market is doing—whether it is weak or strong. But if you sit with him awhile you get the feeling of machinery somewhere beyond. A door opens quietly and a man approaches the manipulator with a slip of paper. The manipulator reads what is on it and a quiet colloquy occurs: “Did he get this?” “He hasn’t reported.” “Tell him three more of that.” “Yes, sir. What about this other?” “Nothing now.”

The machinery of manipulation is in a little mysterious room beyond, and if you should get in you would see very little—nothing more than a row of telephones on the wall, a row of telegraph keys on a shelf, a few chairs to sit on, hooks to hang memoranda on, a stock ticker, a calendar on the wall, and a rug on the floor. These are the essential accessories of manipulation. The telephones run to brokers, and the telegraph wires may run anywhere, and the calendar is very useful. Each manipulator builds his own machine and alone knows how to use it. With messages and with orders to buy and sell he plays upon the telephone and telegraph instruments as a pianist upon his keys.

A successful manipulator is never fat. His eyes are blue or gray; he is vain about his personal appearance. He listens to ideas and delights to meet them with extreme state-

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ments. After an expert accountant has entertained him for half an hour with the analytical proof that a certain railroad has been concealing for years its true earning power, he says: "Figures are nothing. They are intended to deceive. I will tell you something. All railroads are potentially bankrupt—all but two or three. They borrow, borrow, borrow, and never redeem a dollar of debt. When a mortgage comes due and the holder of a bond presents himself to ask for the principal, they say, 'Here is another bond.' But he wants his money. 'Well, then, if you insist,' says the railroad, 'wait here a minute, until we can sell this other bond to another man and give you your money.' Analyze that, if you like."

The accountant may be directly followed by a person who brings the manipulator a bear tip on the stock of that same railroad. "So that's what they tell you, do they?" sneers the manipulator. "Did they send you to tell me? No, of course not, but they knew you would. The trouble with your information is that it's wrong. They have concealed the earning power of their property to deceive us—to deceive not me, but the little investors and speculators. I know their figures. The proof is in the figures. The road is earning twenty per cent., and not three or four, as

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they say, and when they get ready to pay dividends they can." This person thinks the manipulator a great bull, whereas the accountant thought him a bear for all time.

Now comes to the manipulator's shop a persuasive man, an insider, who invites the manipulator to form a pool in the stock of the General Pump Company, whose condition, as he may see from exhibits A, B, and C, in hand, is very promising. They could all go in together, put the stock up twenty points and sell out at a large profit. The manipulator listens wearily and declines. The visitor departs, thinking him a most unresponsive man, but he is no more than outside when the machine in the back office is set in motion, and 2,000 shares of General Pump stock are sold through six brokers, the manipulator ruminating: "If they're so anxious to have me sell their stock for them I think I may sell a little for myself."

A manipulator lets not his right hand know the employment of the left; his employees are unable to tell how he stands on the market. All the employees of a great manipulator once went short of stocks to the utmost of their resources because "the old man" had been selling the market heavily. He probably knew something. They waited for several days for some calamity to happen, but noth-

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ing did happen, and presently all the stocks the manipulator had sold began to arrive from London. He had been a large buyer of stock in London before the rise in prices, and nobody but himself knew it. His employees thought he had attacked the market as a bear and had been selling for a decline, whereas he had merely been taking profits. Having taken their losses, they resumed their study of an old "purchase and sale" book containing the record of "the old man's" transactions in ten and twenty share lots years before, when he was broke, seeking therein the secret of his success, which they have never found.

VI

THE WAY OF A CLIENT

WHEN a Wall Street man, voluntarily, involuntarily, or on request, tells another Wall Street man what he thinks of the stock market it is understood between them that a statement of opinion, like what brokers call a "G. T. C." order, is only good till canceled, and that it may be canceled without notice. But when a client sits down solemnly with his broker and asks what he shall do with his money, it is different. The same broker who has been giving his "G. T. C." opinions offhand all day runs his fingers through his hair, crosses his legs reflectively, and spars for time.

"You want to know what I really think?"

"Yes, please," says the client.

"You have ten thousand dollars to invest in securities that you can sleep with?"

"Yes."

These exchanges on the broker's part are perfunctory. He is brushing aside the trivial-

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ities of Stock Exchange gossip and trying to get hold of his convictions. His client is a man who ought not to speculate. He cannot afford to lose his money.

"Well," says the broker, at length, "I'd advise you for the present to put your money into good bonds. You can buy good bonds to yield—"

"You think this is not a good time to buy stocks?" asks the client, with a note of disappointment.

"I cannot tell you whether stocks will go up or down, temporarily," says the broker. "I can tell you that the future of the stock market is very uncertain. There are times when it is safe to buy good stocks, but just at present the outlook is not clear. Mind you, I am not a prophet."

"Why do you think it is not a good time to buy stocks?"

"Because nobody can say with any degree of assurance what conditions will be like in this country during the next year or two. We have had ten or twelve years of extremely prosperous times, enormous business at very big profits, and several panics from which we have recovered quickly and gone ahead again. People have learned to be extravagant. I doubt if they will economize until they have to, and, until they do begin to economize in

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earnest, capital cannot be saved in sufficient amounts to finance another great movement forward. Though there has been some liquidation, there is no saying that it is enough. Liquidation, like inflation, may run a good deal further than anybody expects. Some time we shall have to settle down quietly to hard work and saving. It will be postponed as long as possible. It has been postponed once or twice already. It may be postponed again. No one can say for sure. Because people have been so very extravagant they have saved little, and that is why the lender of capital is for the present at an advantage with his surroundings. That is why I advise you to buy bonds. Mind you, again, none of this has anything to do with fluctuations. I am giving you the best advice I can."

"What do you think of Steel common?" the client asks.

"Steel common," says the broker, "is a speculation."

"If business revives it will go up, don't you think?"

"Undoubtedly so," says the broker.

"But you think business will not revive?"

"I have said that the outlook is very uncertain as to general conditions."

"I have a friend who bought Steel common

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at twelve dollars a share," says the client, tentatively.

"He was very lucky," says the broker.

"Do you think bonds would go up as much as Steel common if business should revive?" asks the client.

"Probably not," says the broker. "In fact, if business should revive in the near future, and begin to boom, bonds might decline."

"How is that?"

"Well, in that case a lot of idle money that has been put into bonds—for instance, by the banks—would be called for in general business, and the banks would sell their bonds."

"But you said a minute ago that there was insufficient capital, and now you talk of idle money," protests the client.

"Yes," says the broker. "Money is not the same thing as capital."

"Why not?"

"Money," says the broker, "is merely a medium of exchange. It expresses current value—the value of capital as well as the value of commodities. But capital really is what people produce over and above what they consume. Capital is labor saved, if you put it so."

"I'm afraid I do not understand," says the client. "These things are beyond me."

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I wanted something very safe for my money, something I shouldn't have to worry about; but, of course, I should like to buy something that would go up, too."

"Naturally," says the broker. "But a safe investment and a speculative opportunity are rarely combined in the same thing. I have given you my opinion, not on the stock market for a week or a month, but on investment conditions for the next year or two. Your money would be safe in good bonds."

The client will think it over. He thanks the broker, and departs. On the day following, the market advances an average of $\frac{1}{2}$ per cent., Steel being the strongest stock. The broker is called to the telephone. It is the man with the ten thousand, who asks, "Do you feel the same about things as you did yesterday?" The broker patiently replies in the affirmative. Two days later Steel is up $1\frac{1}{2}$ per cent., and the client returns for a second interview. He comments upon the strength of the stock market, and asks, "You feel the same as you did, I suppose?" The broker does. The next day but one Steel common declines 1 per cent., and the general market is weak. The broker is called to the telephone.

It is again the man with the ten thousand,

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who says: "I believe you are right. You feel just the same, do you?"

The broker answers in the affirmative.

"You see nothing to change your opinion?" the client asks.

"Nothing," says the broker, who leaves the telephone and consults the order clerk. "That man for whom I made up a list of ten bonds—has he given any orders?"

"Yes, sir," answers the order clerk. "He bought one hundred Steel common, fifty Missouri Pacific, fifty Car and Foundry common, and asked me what I thought of Chino."

VII

THE TRADER

THE traits and habits of a professional Stock Exchange trader are those of a man who makes money easily, with a minimum of personal discomfort, who must make it before he can lose it, loses it warily, and spends it warm. The stock market is to him the source of all things. He has but to stroke it the right way, and it will yield him anything he can presently wish for; he may happen to stroke it the wrong way and see its teeth, but, by other similes, that is true everywhere and of everything.

An automobile, as the trader thinks of it first, is not a thing on wheels with a horn attachment and soft seats inside; it is 1 or 2 per cent. on 3,000 shares of Union Pacific. What is that? A forenoon's work, with lunch afterward at the broker's invitation. A vacation in Europe is only three or four turns in 500 shares; anybody may do that. True, the market may be ill-humored, and demand-

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ing from it a trip to Europe may result in a losing month; but, then, he does not have to go to Europe. If, as is sometimes believed, he has a wife and children and household expenses, a year's rent is $1\frac{1}{2}$ per cent. on 2,000 Steel common. He may be wrong, and take a loss of $\frac{2}{3}$ instead, but Steel is still there and contains the rent.

So lives the trader. He wears grooves in the New Street pavement going to and fro between the Stock Exchange floor and the establishment of the only man in the world who knows what a trader's appetite is like. His brokers buy him lunch at midday, dinner up-town at night, and pet him while he is winning. He pretends to scorn them.

He makes his office with the broker who annoys him the least. He arrives at that broker's office a little before ten o'clock and seems never to know what was in the papers. "What do you think of this political situation?" asks the office manager, diffidently. The trader scoffs: "There's no political situation. Look and see if Union doesn't sell *ex to-morrow*." Then he strolls over to the floor and buys 1,000 shares of Reading just to test his feeling of the market. He gets it too easily, or thinks he does, and sells it out instant. He tries it again, and a third time, and then walks across New Street to

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think. There he meets another trader, who asks:

"What are you doing?"

"Nothing. You can't bull them. It's no use. This political situation is rotten."

"Are you going to sell them, then?"

"You daren't sell them, either."

Whereon he returns to the floor, trades back and forth in 4,000 or 5,000 shares, evens up all his contracts before three o'clock, and walks off the Exchange, calculating: "Eighth on a thousand, even on two, three-eighths fifteen hundred, even five hundred, less an eighth on two thousand—four thirty-seven fifty. One forty commissions and seventy stamp tax—two hundred and ten from four hundred and thirty-seven fifty. Made two hundred and twenty-seven fifty. Rotten!"

The vocation is purely accidental. There is probably no instance of a young man having been trained up to "beat Stock Exchange fluctuations." Out of three or four generations of brokers' runners a remarkable trader develops. Nobody can account for him. Least of all can he account for himself. There is a Wall Street legend of a meeting between an economic writer who had ably defined the functions of a Stock Exchange trader, and one of the kind in person.

"So you are the professional trader?" said

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the economist. "Your function, then, is to fill the gap between the seller who seeks a buyer and the buyer who seeks a seller."

"What's that?" asked the trader.

"I am referring," said the writer, "to your economic functions."

"I'm just a trader, trying to beat the game over there."

"Yes, but you have your functions. What do you think of them?"

The trader's suspicions were touched. "You talk like an Englishman," said he. "Here we never say Union Pacifics nor Atchisons—always Union Pacific or Atchison, or whatever it is. Anyhow, I never give tips. I never heard of Functions. They may be good. I trade only in the active stocks."

The limitations of a trader are those of his qualities. He must subsist upon fluctuations; he eats and drinks his profits; his estate is in his pocket. Of a great opportunity in speculation he gets only the forelock. In the first Bryan campaign a Stock Exchange trader who had come up from the Consolidated Exchange and was accounted clever in the pursuit of fractions, amazed his friends by an exhibition of what seemed foolhardy confidence. He bought so many stocks at the low prices that his broker, who was putting the stocks into bank loans, had to report one day

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that the bank from whom they had been obtaining accommodations would not lend any more money on Stock Exchange collateral unless the payment of its loans was guaranteed to be in gold. "Sure," said the trader. "I'll guarantee to pay them that way. When I have to pay them in gold the bank will be busted." He held his stocks for only a few weeks after the election, took his profit, and was just a trader again. Before the bull market which he had singularly foreseen was half-way over he had lost all of his money fighting the rise. That is what a trader's mind is like.

But he does beat fluctuations. Proof of it is that he survives. The active Stock Exchange traders of to-day are the active traders of five or ten years ago, less the takings of death and a small percentage of loss from impaired efficiency. A trader's going broke is the merest incident. A losing month or two may bring him down to nothing. All that he really loses, in that case, is the pleasure of despising his brokers. One of them will be glad to take him on credit and let him "bang stocks around" in the way he delights to do until he has worked up a credit balance. He is a prized source of commissions. These are either \$1, \$2, or \$3.25 per 100 shares, according to the way of handling the account,

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and though this seems small as compared with \$12.50 which the outsider pays, it mounts up rapidly with the prodigious quantity of stocks a seasoned trader will deal in. One trader was known to pay in a single year \$20,000 in transfer taxes. That represented transactions in 1,000,000 shares.

Absurdly small though the trader's profits be in proportion to the volume of his trading, his losses are smaller still. He has the gambler's instinct for keeping percentages in his favor. He is the only person in Wall Street who, without putting anything into the market, takes his living out of it.

VIII

THE INVISIBLES

A PROFESSIONAL speculator who never was known to put up margins, and an option dealer who paid his commissions and interest in advance in cash, had mingled their sighs and were staring silently at the tape, when the broker approached and introduced between them a message from the floor of the Stock Exchange—warm off the wire. It bore only the initial of the member who had sent it. The message was:

“They are selling this Union Pacific.”

It seemed to annoy the speculator. “Whom does he mean by they?” he asked. “*They* do this, *they* do that, *they* are selling stocks. Why can’t a man say whom he means? That’s the kind of talk you hear in New Street. It’s they and they and they until one must be sick of it. They put the market up or they put the market down, or, to be more absurd, they are going to put the market up or down. A man just stopped me in New Street to tell

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me he feared *they* were filling *him* up with stocks."

"Well," said the broker, "you needn't take me up so. I didn't write the message. I only showed it to you. It does look as if somebody were selling Union Pacific."

That seemed to annoy the speculator more. "Of course it looks as if somebody were selling Union Pacific," he said, scornfully. "That's the illusion. How much Union Pacific have you in this office?"

"I think we haven't any Union Pacific long on balance," said the broker.

"I know you haven't," said the speculator. "Commission houses have no Union Pacific, no Reading, no Steel, not any of the active stocks. It looks as if somebody were selling stocks, and yet we know of nobody who has any stocks to sell. I haven't any. You haven't any. Your clients haven't any. The sellers, therefore, are buying from themselves."

"You seem to be bullish," said the broker. "What do you base it on?"

"It's no use telling you," said the speculator. "You'd tear every bull argument to pieces. When money is cheap and commission houses haven't any stocks, one has got to stop his ears and close his eyes and be bullish—just because. You say it looks as if some-

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body were selling Union Pacific. So it does. Therefore, I don't look at it. The only way to make money in this market is to be bullish—because. The manipulation is always new. As people learn the old tricks, new tricks have to be invented. Do you recall how hard it was to bull stocks in 1904? Then their tactics were to churn one or two stocks at a time, without changing prices any to speak of. There would be one hundred and fifty thousand shares of Pennsylvania one day, four hundred thousand shares of Reading the next, and so on through the list, over and over, and yet there was no business. Brokers were doing nothing. Now they are pursuing tactics which are new and equally misleading. They take one or two stocks at a time and buy them. They buy fifteen thousand or twenty thousand shares, and then they stop. Prices react two or three points, and if you have bought the same stocks you are disgusted and let go. Then they go in and buy them again. They already have all the stocks. They are now buying all the contracts anybody will sell on the short side. I've seen it."

"Whom do *you* mean by they?" the broker asked.

"He's referred to them ten times," said the option dealer. "I counted him as he went along."

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"You may laugh," retorted the speculator. "You know perfectly well whom I mean. I am referring to the invisible buyers. They are the same as the invisible sellers at the top of a bull market. What do you see then? Everywhere you go people are buying stocks. You never hear of a man selling anything. Who are the sellers? They exist, but they are invisible. Your telephones are hot. One client wants five hundred Northern Pacific. An invisible seller accommodates him. Another wants three hundred St. Paul, and another invisible seller attends to him. You can't send the orders so fast but the invisible sellers will fill them. One hundred of this, please, and there you are; fifteen hundred of that, please, and here you are; three hundred of something else, quick, and quick it is. Then, when prices are away down, it's the other way. The invisibles are the buyers. Wherever you go, people are selling something. One says to please sell him one hundred Steel common, because the steel business is so rotten, and it comes out on the tape—sold, one hundred Steel common, for the account of your client. Who bought it? Another says please to sell for him one thousand St. Paul, because it is going to pass its dividend, and an invisible buyer takes it. I don't know who those invisible sellers and

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buyers are; I can only guess. I know they exist, and that it's bad practice to sell when they buy, or to buy when they sell. I attach great importance to what the invisible man does."

A boy brought the broker another message. It bore the same initial as the first one. The broker passed it to the speculator. "I asked R. L. to say whom he meant by they, and this is what he answers."

The message read: "Union Pacific is being sold steadily by the people you never see, and whose orders you cannot trace. They sell it on every strong spot."

The speculator was quiet for a moment. Then he said: "He may be right. Nobody can tell. But when Union is two hundred he will tell you *they* are buying it."

He passed out of the office and into the street, and met a manipulator with whom he was on friendly terms.

"Well," asked the manipulator, "what do they say around?"

"They say you are a great bear on the market," answered the speculator. He had heard no such thing; but he wished to draw the manipulator out.

"They say anything," replied the manipulator, wearily. "I'm not doing anything in the market at all. They tell me the steel

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business is in a desperate way, that dividends will have to be cut, that labor has got to be liquidated, and that the bond market is manipulated. I notice, though, that they are not selling stocks."

The manipulator was on his way to call on a great private banker, who asked: "Well, what do you know?"

"They say I'm a bear on the market," said the manipulator, "but really I'm nothing. By the way, what are they going to do with that Reading?"

"I've heard many stories," said the banker, "but I don't know. They may know themselves, but nobody else does. Possibly they don't know themselves."

The third person invisible in Wall Street is wiser than all the rest.

IX

A REAL INSIDE VIEW

ABOUT a large private banking house in Wall Street there is an air of omniscience as if nothing unexpected could ever happen. Doors do not slam, men walk softly upon rugs, voices are never lifted in feverish excitement over profit and loss; no one is permitted even to call off prices from the tape. There is first a feeling of space, quite different from that sense of limited margins which pervades a broker's office. Ceilings in a banking house are higher than ceilings anywhere else, and that may account for it, but even before one is conscious of dimensions one gets the feeling of space from the manners of the person in uniform who attends to the noiseless opening and closing of the main portal and asks people what business they have to enter.

The responsibilities of private banking rest much more visibly upon this individual than upon the partners. He rules over all

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that probationary space lying between the entrance and the marble railing at which any trivial business may be transacted, and beyond which all important business must take place. One may see over. Nothing is concealed, not even the great bankers. Their degrees of greatness (or perhaps only their degrees of seniority) are known by the position of their desks.

The junior partner has the desk nearest the marble railing and most exposed to the scrutiny of all comers. The one of next greatness has the desk next farther removed, and so it goes, up to the senior partner, sometimes known reverentially in the back office as the "old man." His desk is at the big window. He himself is almost invisible; he is visible or invisible at will. Each partner's name is at the end of his desk on a brass plate. Why that is nobody ever knew. They certainly know each other; all the employees know them apart. No visitor is ever admitted to go wandering to and fro among the desks, looking for a man by his name-plate. It was probably an idea of the desk-makers.

When momentous things are forward, the atmosphere may be one of restrained expectancy, in which everybody shares to the degree of his station, though without being in the least excited; but on the afternoon of a

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thin December day of a year like 1910 in Wall Street there is nothing conceivably more restful than the omniscient certainty that nothing at all is going to happen. One partner may be observed in the labor of composition. It is not a business letter, or he would be dictating it to a stenographer, and, besides, the business letters of banking firms are not written on monogram stationery. The junior partner suddenly leaves off poking the insides of a costly thin timepiece with a pearl-handled letter-opener, snaps the case shut, holds his left waistcoat pocket open wide, and tosses the watch in (as if it were a trick); he thrusts both hands deep in his trousers pockets, and strolls softly over to the ticker.

Nobody has been at the ticker for the last half-hour; the tape has overrun the basket, and is piling itself up on the floor. He coaxes it back in the way it should go, stares at the world outside, strolls back to his desk, considers its orderly condition, and then comes up behind a clerk who has a desk (without a name-plate) hard up against the marble railing.

Just then the great door is pushed open by a man of business, who waives the uses of the man in uniform, leans over the marble railing and says to the clerk:

"Three-eighths is my limit."

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"I refused that over the telephone five minutes ago," says the clerk.

"Then we can't trade?"

"Only at three-quarters."

The man of business goes out. "What's that?" asks the junior partner. "Those A. & R. debentures," says the clerk.

"Ah!" says the junior partner, shrewdly. All that he has contributed to this great banking business is his inherited capital and a knowing way of saying "Oh!"

A round person, containing great potentialities of noise, comes in with some visible constraint. The man in uniform makes as if to open the door, but allows the round person to admit himself. He turns around twice—all around—and says to the man in uniform: "Is Mr. X—— busy?" "He is busy," says the man in uniform. "Won't Mr. D—— do?" "Mr. D—— will not do; but, anyhow, it was nothing very important, if everybody is busy," and the round person retires. He was a broker, on an aimless errand. He is hardly gone when the man in uniform moves attentively to the door and opens it wide for an elderly, abrupt man. He is the president of a corporation, who has been unable to agree with the "old man" as to the terms of certain financing. He broke off negotiations an hour ago. The

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"old man" mentioned it to his most active partner, who told another partner, who told the junior partner, who told the clerk, who told the man in uniform, so that everybody knew the deal was off.

"Has there been a telegram for me?"

"No, sir," answers the man in uniform. As the corporation president turns to go, he adds: "I'm very sorry, sir."

The corporation president looks at him, as if he would say, "Sorry for what?" and departs. That was all he had come back for—a telegram. The letter-writing partner, who has been listening, yawns.

The "old man" and two partners are intimately engaged in conversation. "The trouble with giving them as much as last year, besides the cost of it," the senior is saying, "is that it establishes a kind of minimum. I don't like that. If there is anything in the Christmas bonus custom at all, the distribution ought to be proportionate to the year's profits. Then there is, of course, the other difficulty. It will become known what bonus we give; it may even get published in the newspapers, and if we give less than last year it will advertise the fact that we have had an unprofitable season. It's all nonsense—the whole thing. I have no doubt that down the street they will give their

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employees more than last year, in order to create the impression that they have had a prosperous year. I know they haven't."

"Couldn't we give them stock in something instead of money?" asks one of the partners.

The "old man" looks at him, pityingly, gets up, calls for his hat and coat, and a December banking day is closed.

X

THE WALL STREET WOLF

IN the Wall Street district are many coyotes and a wolf. One wolf is enough. One is an institution. He is useful to those greater animals, the bulls and the bears; and useful at times to the police, and gains thereby the immunity and toleration which are so useful to himself. You may observe him in New Street, always moving, always tending on his way, never stopping to waste his time in mere chatter with other mammals. He wears expensive clothes, often a silk hat, carries a stick, and delights to feel that he is pointed out. Even a wolf may be proud of it. The thing that bulges his coat pocket out is a copy of the Penal Code. He carries it always.

Several years ago the wolf made himself useful to the New York police in a very odd way. Some one had forged a certified check and had got the money; it was a considerable amount, and there was no clue to the criminal. After many days of futile activity the police

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thought to consult the wolf. A man who was morally known to have committed so many villainies without once having betrayed himself into the hands of the law was worth consulting. And this was a matter pretty much in his own line. It was a crime against money. The wolf is a man who has so perfected that sort of industry that he becomes respected; the police admire his subtlety. They asked him to help catch the forger. He asked to see the forged check. Across the face of a certified check is stamped the word "Certified" or "Accepted." The wolf looked at this check for a minute, handed it back to the police, and said:

"Find the man who made the rubber stamp."

The police started at once on the rubber-stamp makers, located the one who had made this particular stamp, and got their first clue to the forger. A few hours later he was in jail.

The wolf himself would never be guilty of forgery. He is too careful for that. He observes the Penal Code. He uses his head. He particularly delights to catch a marauding bull or bear making off stealthily with rich booty. He puts himself across such an animal's way or pursues him, demanding a share of the booty. He is a wolf, and no hog,

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and knows what a decent share is, but unless he gets it he will raise an outcry. He will, for instance, bring what in Wall Street is called a "strike suit." He will appear as an injured stockholder and enjoin a great corporation from doing a thing which the insiders, perhaps, are selfishly bent upon doing. Then there will be publicity, notoriety, difficulties of all sorts, and it had been cheaper to give the wolf his share.

If there were many wolves the other animals, bulls and bears, would have to drop everything else and unite to exterminate them, but one wolf has protection. He can be employed. It sometimes happens that bulls fall out, perhaps over so simple a thing as arithmetic, that is, long division, and that one who thinks he has been cheated would like very much to harry another, only he dares not attempt it openly. Then he sends for the wolf, who brings the suit which the disappointed bull could not bring in his own name. After that there are two to be settled with—the wolf and his principal. The wolf receives and divides, and he divides fair, because, unless he were helpful and trustworthy in these things, he could not expect protection.

Once a number of Wall Street speculators were in a pool together and thought they had cornered a certain stock. One of their num-

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ber was manager of the pool; he was a great manipulator. Presently things began to go wrong. Nobody understood it, least of all the manipulator's associates in the pool. Stock kept coming continually upon the market for sale, and the pool had to go on buying it to keep the price up. The mystery was where the stock came from. The manipulator was suspected, but nothing could be proved. He had been known before to sell out on his associates. At length two of them set a watch upon him, and one evening late he was discovered in earnest conference with the wolf. That was quite enough. The spies understood perfectly that the manipulator, wishing to sell out and not be suspected, had called the wolf to his assistance. The wolf, well provided with margin money, had opened accounts with many brokers and was selling the stock short for the manipulator who loaned the pool's stock for delivery on short contracts.

The wolf has done some amazing things out of sheer, uncontrollable impudence. Once, when negotiations to settle a big coal miners' strike had finally failed, because the representatives of both sides were too stiff-necked to meet, and had been unable to accomplish anything by proxy, the wolf took up the telephone and called the banker who represented

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the railroad companies. Without giving his name, he said that he represented the president of the miners' association, who wished to know if the banker would see him personally. It was such an overture as saved the banker's pride, and he consented. Then the wolf called the president of the miners' association on the telephone, and said, speaking for the banker, that the banker wished to see him in person. That was an overture to save the labor leader's pride. Two more telephone calls, one each way, and a meeting was definitely arranged. The wolf thereupon withdrew, and perhaps made some money on the rise in prices which followed the settlement of the strike forty-eight hours later.

No great Wall Street personages can afford to be seen publicly with the wolf, or even to recognize him in the street, but more of them know him and are known to him than you would easily believe. He once presented to a man of finance a proposition which from any other source must have been alluring. The man said to the wolf:

"You yourself have a bad reputation. Whom can you bring to convince me of your sincerity?"

Instead of naming persons whom he might have induced to come, the wolf, taking a dramatic risk, said, "Any man you name."

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The man mentioned the most unlikely person he could think of. "Then," said he, "bring Russell Sage."

And the wolf brought him. These things are not to be too definitely accounted for.

No office, no address, has the wolf. He lives in his audacity, which is capacious, and subsists upon the follies and fears and credulities—not of the lambs, who are the common prey, but of Wall Street people, who, of all the people in the world, the wolf thinks, are the silliest, the afraidest, the most credulous and gullible, if you only know them.

XI

TAKING TROUBLE HOME

AT the end of a day badly spent in Wall Street a married man affects to dine, and then he smokes and revolves the problem that when one wins money one wins such a little, though when one loses one loses a lot. Such train of thought is not conducive to good domestic conversation, and is rudely broken in upon:

"You have not spoken ten words since you entered the house. You ate very little dinner. Aren't you well?"

"I'm all right, I guess; only I wasn't very hungry," the man answers.

"Did you bring the papers home?"

"No. I read them on the train, and threw them away."

"Was there anything in them?"

"There never is."

The reason why winning money is like putting mustard seeds one at a time in a bag, while losing it is like bursting the bag, is that—

WHERE THE MONEY GROWS

"What did the market do to-day?"

"It was weak."

"Very weak?"

"Yes."

"How much did it go down?"

"My dear, how can one say how much the market went up or down? The market is made up of many stocks. They all go up and down. Do you want to know about any particular stock?"

"No; of course not. You know I'm not interested in any particular stock. But can't you tell me about how much the market went down?"

"Oh, three to ten points."

"Were you—what is it?—were you short of stocks?"

"No."

"It seems to me you are never short of stocks when the market goes down. Can't one see that the market is going down?"

"No, my dear, not always."

"What caused the market to go down?"

"The Interstate Commerce Commission refused to allow the railroads to raise their rates. It came out—the decision did—after the close of the market yesterday, and took everybody by surprise."

"Did you think the railroads would be allowed to raise their rates?"

TAKING TROUBLE HOME

"Of course I did. I wouldn't have been such a fool as to stay long of stocks if I hadn't thought so."

"Why did you think that?"

"Why? That's an idle question. Everybody thought so."

"I've often heard you say that what everybody thinks is sure to be wrong in the stock market."

"You don't understand these things. I wish you wouldn't worry about them."

Again, the reason why losing money is like letting the bag burst is that—

"I knew the Interstate Commerce Commission, or whatever it is, wouldn't allow the railroads to raise their rates."

"You knew it! Will you be so good as to tell me how you knew it?"

"Why, it's very simple. By rates you mean what the railroads get for hauling things, don't you?"

"Yes."

"It is what the railroads earn?"

"Yes."

"Well, after all you have told me about railroad earnings being greater than ever before, and dividends the highest the railroads ever were able to pay, I should have known that they wouldn't be allowed to raise their rates. Why should they be?"

WHERE THE MONEY GROWS

"Why, because—although their earnings—that is, their net earnings—I mean— Oh, what's the use to talk about it? You wouldn't know what I was talking about."

Is it not the very—well, whatever it is a man cannot say it out loud, and it does no good to say it mentally. Still, a man may think. But he may not think, either, with a woman pestering his head off. A man who gets his money in Wall Street ought to live in a cave. He does his best, which is bad enough, and would like to leave it all behind him down-town, but no! The woman must have it all over again, in her silly way. Does she not get enough to eat? Does she not get her gowns and her luxuries, whether the market goes up or down? What more can she expect? Does she think she helps by this? A man may think himself a fool, but he does not like his wife so good as to call him one. Is it not—

"Has my investment done anything?"

"What investment?"

"There! That's what I might have expected. You come home and tell me you have made an investment for me. You tell me not to ask any questions—not to ask even the name of the stock, but that when it turns out as you think you will give me the money. Naturally, I am curious about it. I haven't

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mentioned it since, though that was three months ago, and now I merely ask you how it is getting on, and you snap at me like that."

"Pooh, now. Never mind. I'm a little bit crusty this evening. Your investment is all right. It's a little slower than I thought it would be, but it will turn out all right. It will buy you all the gowns you want next winter."

A man is a beast. He ought not to be such a beast. He ought to allow for the fact that a woman naturally is interested in what a man is doing, though she cannot understand. A man ought to be sorry for all the ugly things he says. He ought to—

"Not till next winter?"

"Well, I'm giving it plenty of time."

"But things are going up and down all the time. Yesterday I saw in the paper that one stock had advanced fifteen points in one day. Why couldn't you have had that?"

"That was some inactive thing—Lackawanna or American Express; something that nobody ever trades in."

"It was Lackawanna. I noticed it particularly. I had been thinking that Lackawanna would go up."

"Why?"

"Well, I just thought it ought to. It al-

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ways does go up that way. Are you short of the market now, or long of it?"

"I'm short of it."

"I should think after a break of three to ten points it would be a good time to buy stocks. I think the market will go up."

"Why?"

"Doesn't it always go up after it has gone down a lot?"

"Madam, if you will be so good as to mind your business I will mind mine. Now let that suffice."

The market went up.

THE END



JUL 19 1934

