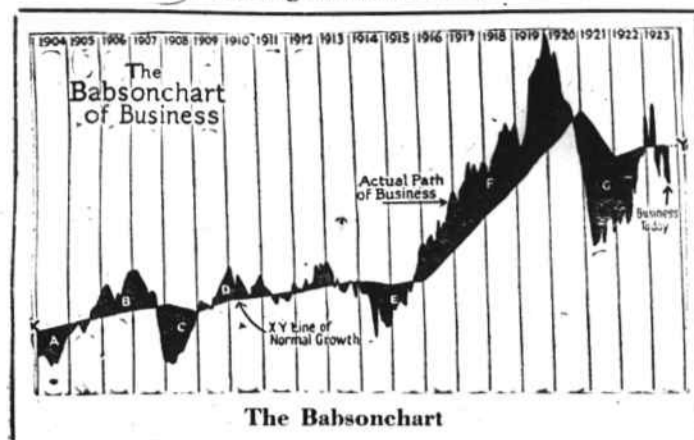


# Law of Action And Reaction True In Business and Physics

A Story of How This Truth Was Discovered Only Twenty Years Ago Is One of Intense and Absorbing Human Interest



Boston, Sept. 28.—(Special).—Twenty years ago a young man walked into the office of a Boston banker and resigned the job that was paying him \$100 a month. Then he immediately offered to do the same work for \$12.50 a month!

When the banker had recovered from his astonishment he found that the young man in question proposed to do the same work for eleven other bankers at \$12.50 a month each. The deal was made and Roger W. Babson became statistician for a dozen Boston bankers at a combined income of \$150 a month. Today he is the most widely quoted man on business conditions in America.

He collected figures on general business and financial conditions, copied them longhand, and delivered them daily to his customers. Being a graduate engineer it was natural that he should try to analyze these figures—to chart and study them. They were a part of general business conditions and the business world had been beset by alternate periods of good times and bad times since there hadn't been any business to prosper or suffer. There might be some connection.

Two years' charting and study in the back room of a house in Wellesley Hills, Massachusetts, brought out just one fact—that each of these individual factors when charted evidenced a sort of wave movement. Newton's Law of Action-Reaction might govern here as it did in physics and mathematics. On the strength of the supposition Roger Babson went to England and studied all the writings of the great scientists that were available. He came back convinced—in fact he had found Newton's own prediction that some day men would realize that business and human relations were governed by this same fundamental law.

Another year's work and a dozen of these figures on fundamental business, which evidenced clearly the governing principle of Newton's Law. Since "every action is followed by an equal reaction" it became possible to judge coming events by our present position—and business forecasting was born!

The tremendous importance of this discovery and application is apparent when you realize that for hundreds of years business men had been the victims of a treacherous current that favored them with prosperity only to turn suddenly and bring ruin and panic upon them. Great businesses were built up—largely by luck—only to be smashed like a house of cards when caught by an unexpected depression. The economic loss of such an uncertain system was bad enough but the human suffering it caused was much worse. Men spent their lives in building a business only to see it carried down by a current beyond their control. Falling prices mean unemployment, hunger and suffering. The history of every depression has been written in blood. Now all this was to be changed for the businessman could know which way the tide of general business conditions would run and could plan to take advantage of the current instead of trying to run counter to it. The great fundamental forces that govern business, beyond the control of any group of men, no longer threatened but could be made to do constructive work.

It was not as easy as that for the man who discovered it. His friends and business acquaintances judged him crazy. The idea that anyone could tell what was going to happen in business, in investments or in the stock market was preposterous! The universities scoffed and the general public jeered.

Since then the theories have been proved, the scoffers have been convinced and the business world at

large has accepted business forecasting as a fact.

Just now, Roger W. Babson is busy building a great educational institution; namely, the Babson Institute which is to perpetuate this work. It is endowed and operated under a non-profit making charter. In fact, the project is so promising that the several hundred acres surrounding it just outside of Boston is developing into the town of Babson Park—a future center of information and education to the entire business world. Colonel John Decrow—one of the leading citizens of Wellesley—recently referred to it as "the statistical city," a rather fitting tribute, we think, to the father of business forecasting.

The Babsonchart We reproduce, herewith, the Babsonchart of American Business Conditions for those who may be interested in its construction.

Statistics on the twelve leading barometers of business—building, bank transactions, failures, labor conditions, money conditions, foreign trade, gold movements and money rates, commodity prices, investment statistics, crop conditions, railroad earnings, and social factors, are combined to determine the course of the various lines of the chart.

The line X-Y, for instance, that marks the natural growth of America is determined by bank transactions.

The line which bounds the various areas above and below the X-Y line is a combination of all these barometers. It shows the actual path of business.

It is the areas between these lines that demonstrate Newton's Law and make scientific forecasting possible. You will note that the black space above the line marked "B" is approximately equal in area by the period of depression below the line marked "C". Likewise "D" is equal in area by "E". "F", the great period of war and post-war inflation, is rapidly being offset by the depression having been completed.

The quickening of business last spring could not last because it got started before the readjustment was finished. The chart indicates that business will not boom again until 1925,—but that 1924 will be much better than 1921 or early 1922 because the worst of the depression is over.

There is no way of telling how high the next period of prosperity will take us but as it nears its peak it will be easy to tell just how much readjustment must take place. It is exactly like borrowing from a bank because business actually borrows from the bank of prosperity. Nobody knows how much you will borrow but when it comes time to pay back, one can easily figure how much you must pay back. Just so, business inflation must be paid back in deflation, but the country as a whole gets gradually more prosperous as is indicated by the long trend of the X-Y line.

A few moments study of the chart will convince you that good business is not world prosperity, that must be paid back in economic headache, but rather business near the X-Y line of normal growth that is neither "too good to last" nor so bad as to cause suffering and hardship. Normal business is sound business.

We asked Mr. Babson what makes

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these continuous changes—these ups and downs. He answered, "Because people try to run counter to the Ten Commandments and the Multiplication Table. Whenever 51% of the people try to ride in the cart and let the rest pull it, then business begins to decline. But when 51% of the people, actuated by the spirit of service, are pulling the cart, then business improves. Hence, even poor business has its silver lining.—It makes people see the errors of pleasure seeking, indifference to work and wasteful extravagance. All America needs now is honest industry and a general desire to serve—then business will be better than ever."

## Encouragement in Tuberculosis Work

South Ready and Willing to Increase Efficiency in This Big Fight

Sanatorium, Sept. 28.—That the South is ready and willing to take almost any step that will increase its efficiency in the fight against tuberculosis was the spirit manifested at the informal meeting of the Southern Tuberculosis Conference held recently in Asheville. Two of the more important steps taken by the conference were the decisions favoring the reorganization of the Southern Tuberculosis Conference which met last in 1920. The representatives which registered from nearly every Southern State agreed on all measures that meant progress and success in the tuberculosis work.

One of the most interesting and helpful discussions at the conference was that on Standards for Classifying and Rating Tuberculosis Sanatoria. Enlightening studies of this subject made by the National Tuberculosis Association were given.

In the discussion of the subject "Sanatorium Care of Negroes" it was clearly noted that great pro-

gress has been made in the South in the past few years in treating the tuberculous negro. Tuberculosis and the negro is no longer a hopeless condition. Negroes themselves are becoming interested in their problem, which fact alone is the first step leading to the solution of the problem. That the negro is seeking sanatorium treatment was pointed out to be a most hopeful sign.

## RENO STILL DIVORCE CAPITAL

Reno, Nev., Sept. 28.—This city, famed throughout the world as a divorce center, ran true to form in 1922 when there were 743 divorces, compared with 485 marriages, according to statistics compiled by state officers.

For the entire state of Nevada there were 1,026 divorces in 1922, compared with 955 marriages. Figures for 1916, the only one available for comparison, show 1,001 marriages as against 648 divorces in that year.

## NOTICE!

The City Revenue Act requires each owner of an Automobile to purchase a City License Tag. These License Tags are now on sale and the time for securing same will expire September 30th.

J. H. SNOWDEN, City Auditor.



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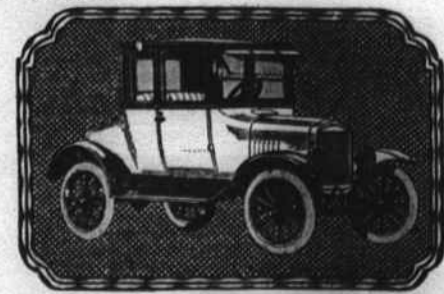
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