This is the view of Roger W. Babson, expert economist, who thinks this is a time for "Chaining Ourselves to the Floor and Thinking"—A careful analysis of financial affairs.

"The country needs a period of rest and readjustment."

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"THE COUNTRY NEEDS A PERIOD OF REST AND READJUSTMENT"

(Continued from Preceding Page.)

thing expands unnaturally and money
fied as it may seem. In a time of great

prosperity, when freight is being hauled
in enormous quantities, accidents are

more likely to happen, men have to be
paid overtime, everything is uncom-

fortable and disorganized and expensive
to run, so that in proportion to the
work done the railways are not making
what they should. Then there is a re-

action and the plant is idle. After the
last panic 200,000 freight cars were
idle. If we value these at $1,000 there
is $200,000,000 tied up. Neither boom
nor panic suite the railroad, but steady

Formal business, on which they can

calculate and which they can prepare
to handle with certainty from year to
year. This extends all over the com-

munity, but the American people will
not have it so. We must be doing

something at two speeds. We are like
children—unable to think of next week
or next month and ready to do any-
thing to get a stick of candy this after-
noon or at latest tomorrow.

I know a great many men who
manage the sales of large concerns.
When I talk with them, I hear nothing

but: "We want to double our output
this year." If there isn't annually a

3% increase in output everybody loses
his head and a new staff is got in and

there is general consternation. They

never stop to think that it is not pos-

sible for sales to double or nearly double

annually, in a natural healthy way.

When the increase is as rapid as that
it is forced and bound to bring a re-

action likely to wipe out all the pre-

vious profits.

"We are ceasing in our ideas of finan-

cet; there is no escape from that.

I think, though, that we are learning.

A number of the leading magazines

find it worth while to conduct depart-

ments which give advice to investors.

That is a healthy sign. An English-

man said once that if Americans could

be chained to the floor one day in the

week so that they could do nothing

but think, they would conquer the

world; but that as it was, with their

firm conviction that nothing was worth

"while except rushing all over the place.

America with all its natural resources

and its National energy would be so

better off than any other country. There

is profound truth in this saying. I

think the present period of decline in

values should be taken as the time

for chaining ourselves to the floor and

thinking. If we will only put this in-

terpretation to it instead of getting

panicky, afraid that we are going to

the dogs, and then feverishly con-

fident that we are going to be prosperous

as no people ever were prosperous be-

fore, it would not take the country long
to

ally and assume its healthy normal
growth.

This is a plot of the prices of 10 representative high-grade stocks as quoted on the New York Stock Exchange from 1875 to the beginning of 1910. The dotted line marks the general trend of the prices of the stocks, and the solid line their actual fluctuations.

The solid line is a plot of American prices, as determined by Bradstreet's, and the dotted line shows English prices, as determined by the London Economist. It is very noticeable that after the American prices are extreme high and the English prices have begun to decline we usually soon see a panic in the United States. Conversely, when the American prices are low and the English prices have begun to increase the United States generally enjoys a period of prosperity.

This is a plot of the failures in liabilities (in millions.) It will be noticed that the failures have increased preceding every panic, and thus have given a warning of every panic which the country has experienced. For illustration note that failures increased for a considerable period preceding the depression of 1884, 1893, 1903, and 1907.