

**THE**  
**LAW OF**  
**SUCCESS**  
IN SIXTEEN LESSONS

*Teaching, for the First Time in the*  
History of the World, the true Philosophy  
Upon which all Personal Success is Built.

BY  
NAPOLEON HILL  
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Lesson Four

## THE HABIT OF SAVING

THE only lasting favor  
which the parent may  
confer upon the child  
is that of helping the  
child to help itself.

# THE LAW OF SUCCESS

## *Lesson Four*

### THE HABIT OF SAVING

*“Man is a combination of flesh, bone, blood, hair and brain cells. These are the building materials out of which he shapes, through the Law of Habit, his own personality.”*

TO advise one to save money without describing how to save would be somewhat like drawing the picture of a horse and writing under it, “This is a horse.” It is obvious to all that the saving of money is one of the essentials for success, but the big question uppermost in the minds of the majority of those who do not save is:

“How can I do it?”

The saving of money is solely a matter of *habit*. For this reason this lesson begins with a brief analysis of the Law of Habit.

It is literally true that man, through the Law of Habit, shapes his own personality. Through repetition, any act indulged in a few times becomes a habit, and the mind appears to be nothing more than a mass of motivating forces growing out of our daily habits.

When once fixed in the mind a habit voluntarily impels one to action. For example, follow a given route to your daily work, or to some other place that you frequently visit, and very soon the habit has been formed and your mind will lead you over that route without thought on your part. Moreover, if you start out with the intention of traveling in another direction, without keeping the thought of the change in routes

constantly in mind, you will find yourself following the old route.

Public speakers have found that the telling over and over again of a story, which may be based upon pure fiction, brings into play the Law of Habit, and very soon they forget whether -the story is true or not.

## WALLS OF LIMITATION BUILT THROUGH HABIT

Millions of people go through life in poverty and want because they have made destructive use of the Law of Habit. Not understanding either the Law of Habit or the Law of Attraction through which “like attracts like,” those who remain in poverty seldom realize that they are where they are as the result of their own acts.

Fix in your mind the thought that your ability is limited to a given earning capacity and you will never earn more than that, because the law of habit will set up a definite limitation of the amount you can earn, your subconscious mind will accept this limitation, and very soon you will feel yourself “slipping” until finally you will become so hedged in by FEAR OF POVERTY (one of the six basic fears) that opportunity will no longer knock at your door; your doom will be sealed; your fate fixed.

*Formation of the Habit of Saving does not mean that you shall limit your earning capacity; it means just the opposite - that you shall apply this law so that it not only conserves that which you earn, in a systematic manner, but it also places you in the way of greater opportunity and gives you the vision, the self-confidence, the imagination, the enthusiasm, the initiative*

*and leadership actually to increase your earning capacity.*

Stating this great law in another way, when you thoroughly understand the Law of Habit you may insure yourself success in the great game of moneymaking by “playing both ends of that game against the middle.”

You proceed in this manner:

*First*, through the law of Definite Chief Aim you set up, in your mind, an accurate, definite description of that which you want, including the amount of money you intend to earn. Your subconscious mind takes over this picture which you have created and uses it as a blueprint, chart or map by which to mold your thoughts and actions into practical plans for attaining the object of your Chief Aim, or purpose. Through the Law of Habit you keep the object of your Definite Chief Aim fixed in your mind (in the manner described in Lesson Two until it becomes firmly and permanently implanted there. This practice will destroy the poverty consciousness and set up, in its place, a prosperity consciousness. You will actually begin to DEMAND prosperity, you will begin to expect it, you will begin to prepare yourself to receive it and to use it wisely, thus paving the way or setting the stage for the development of the Habit of Saving.

*Second*, having in this manner increased your earning power you will make further use of the Law of Habit by provision, in your written statement of your Definite Chief Aim, for saving a definite proportion of all the money you earn.

Therefore, as your earnings increase, your savings will, likewise, increase in proportion.

By ever urging yourself on and demanding of your self increased earning power, on the one hand, and by

systematically laying aside a definite amount of all your earnings, on the other hand, you will soon reach the point at which you have removed all imaginary limitations from your own mind and you will then be well started on the road toward financial independence.

Nothing could be more practical or more easily accomplished than this!

Reverse the operation of the Law of Habit, by setting up in your mind the Fear of Poverty, and very, soon this fear will reduce your earning capacity until, you will be barely able to earn sufficient money to take care of your actual necessities.

The publishers of newspapers could create a panic in a week's time by filling their columns with news items concerning the actual business failures of the country, despite the fact that but few businesses compared to the total number in existence, actually fail.

The so-called "crime waves" are very largely the products of sensational journalism. A single murder case, when exploited by the newspapers of the country, through scare headlines, is sufficient to start a regular "wave" of similar crimes in various localities. Following the repetition in the daily papers of the Hickman murder story, similar cases began to be reported from other parts of the country.

We are the victims of our habits, no matter who we are or what may be our life-calling. Any idea that is deliberately fixed in the mind, or any idea that is permitted to set itself up in the mind, as the result of suggestion, environment, the influence of associates, etc., is sure to cause us to indulge in acts which conform to the nature of the idea.

Form the habit of thinking and talking of prosperity and abundance, and very soon material evidence of these will

begin to manifest itself in the nature of wider opportunity and new and unexpected opportunity.

Like attracts like! If you are in business and have formed the habit of talking and thinking about “business being bad” business will be bad. One pessimist, providing he is permitted to continue his destructive influence long enough, can destroy the work of half a dozen competent men, and he will do it by setting adrift in the minds of his associates the thought of poverty and failure.

Don't be this type of man or woman.

One of the most successful bankers in the state of Illinois has this sign hanging in his private office:

YOU are a human  
magnet and you are  
Constantly attracting to  
You people whose  
Characters harmonize  
with your own.

“WE TALK AND THINK ONLY OF ABUNDANCE HERE. IF YOU HAVE A TALE OF WOE PLEASE KEEP IT, AS WE DO NOT WANT IT.”

No business firm wants the services of a pessimist, and those who understand the Law of Attraction and the Law of Habit will no more tolerate the pessimist than they would permit a burglar to roam around their place of business, for the reason that one such person will destroy the usefulness of those around him.

In tens of thousands of homes the general topic of conversation is poverty and want, and that is just what they are getting. They think of poverty, they talk of poverty, they accept poverty as their lot in life. They reason that because their ancestors were poor before them they, also, must remain poor.

The poverty consciousness is formed as the result of the habit of thinking of and fearing poverty. “Lo! the thing I had feared has come upon me.”

## THE SLAVERY OF DEBT

Debt is a merciless master, a fatal enemy of the savings habit.

Poverty, alone, is sufficient to kill off ambition, destroy self-confidence and destroy hope, but add to it the burden of debt and all who are victims of these two cruel task-masters are practically doomed to fail u r e.

No man can do his best work, no man can express himself in terms that command respect, no man can either create or carry out a definite purpose in life, with heavy debt hanging over his head. The man who is bound in the slavery of debt is just as helpless as the slave who is bound by ignorance, or by actual chains.

The author has a very close friend whose income is \$1,000 a month. His wife loves “society” and tries to make a \$20,000 showing on a \$12,000 income, with the result that this poor fellow is usually about \$8,000 in debt. Every member of his family has the “spending habit,” having acquired this from the mother. The children, two girls and one boy, are now of the age when they are thinking of going to college, but this is impossible because of the father’s debts. The result is dissension between the father and his children which makes the entire family unhappy and miserable.

It is a terrible thing even to think of going through life like a prisoner in chains, bound down and owned by somebody else on account of debts. The accumulation of debts is a habit. It starts in a small way and grows to enormous proportions slowly, step by step, until finally it takes charge of one’s very soul.

Thousands of young men start their married lives with unnecessary debts hanging over their heads and never manage to get out from under the load. After the novelty of marriage begins to wear off (as it usually does) the married couple begin to feel the embarrassment of want, and this feeling grows until it leads, oftentimes, to open dissatisfaction with one another, and eventually to the divorce court.

A man who is bound by the slavery of debt has no time or inclination to set up or work out ideals, with the result that he drifts downward with time until he eventually begins to set up limitations in his own mind, and by these he hedges himself behind prison walls of FEAR and doubt from which he never escapes.

No sacrifice is too great to avoid the misery of debt!

“Think of what you owe yourself and those who are dependent upon you and resolve to be no man’s debtor,” is the advice of one very successful man whose early chances were destroyed by debt. This man came to himself soon enough to throw off the habit of buying that which he did not need and eventually worked his way out of slavery.

Most men who develop the habit of debt will not be so fortunate as to come to their senses in time to save themselves, because debt is something like quicksand in that it has a tendency to draw its victim deeper and deeper into the mire.

The Fear of Poverty is one of the most destructive of the six basic fears described in Lesson Three. The man who becomes hopelessly in debt is seized with this poverty fear, his ambition and self-confidence become paralyzed, and he sinks gradually into oblivion.

There are two classes of debts, and these are so different in nature that they deserve to be here described, as follows:

1. There are debts incurred for luxuries which become a dead loss.

2. There are debts incurred in the course of professional or business trading which represent service or merchandise that can be converted back into assets.

The first class of debts is the one to be avoided. The second class may be indulged in, providing the one incurring the debts uses judgment and does not go beyond the bounds of reasonable limitation. The moment one buys beyond his limitations he enters the realm of speculation, and speculation swallows more of its victims than it enriches.

Practically all people who live beyond their means are tempted to speculate with the hope that they may recoup, at a single turn of the wheel of fortune, so to speak, their entire

indebtedness. The wheel generally stops at the wrong place and, far from finding themselves out of debt, such people as indulge in speculation are bound more closely as slaves of debt.

The Fear of Poverty breaks down the will-power of its victims, and they then find themselves unable to restore their lost fortunes, and, what is still more sad, they lose all ambition to extricate themselves from the slavery of debt.

Hardly a day passes that one may not see an account in the newspapers of at least one suicide as the result of worry over debts. The slavery of debt causes more suicides every year than all other causes combined, which is a slight indication of the cruelty of the poverty fear.

During the war millions of men faced the front-line trenches without flinching, knowing that death might overtake them any moment. Those same men, when facing the Fear of Poverty, often cringe and out of sheer desperation, which paralyzes their reason, sometimes commit suicide.

The person who is free from debt may whip poverty and achieve outstanding financial success, but, if he is bound by debt, such achievement is but a remote possibility, and never a probability.

Fear of Poverty is a negative, destructive state of mind. Moreover, one negative state of mind has a tendency to attract other similar states of mind. For example, the Fear of Poverty may attract the fear of Ill Health, and these two may attract the Fear of Old Age, so that the victim finds himself poverty-stricken, in ill health and actually growing old long before the time when he should begin to show the signs of old age.

Millions of untimely, nameless graves have been filled by this cruel state of mind known as the Fear of Poverty!

Less than a dozen years ago a young man held a

responsible position with the City National Bank, of New York City. Through living beyond his income he contracted a large amount of debts which caused him to worry until this destructive habit began to show up in his work and he was dismissed from the bank's service.

He secured another position, at less money, but his creditors embarrassed him so that he decided to resign and go away into another city, where he hoped to escape them until he had accumulated enough money to pay off his indebtedness. Creditors have a way of tracing debtors, so very soon they were close on the heels of this young man, whose employer found out about his indebtedness and dismissed him from his position.

He then searched in vain for employment for two months. One cold night he went to the top of one of the tall buildings on Broadway and jumped off. Debt had claimed another victim.

WHO told you it  
couldn't be done? And,  
what great achievement  
has he to his credit that  
entitles him to use the  
word "impossible" so  
freely?

## HOW TO MASTER THE FEAR OF POVERTY

To whip the Fear of Poverty one must take two very definite steps, providing one is in debt. First, quit the habit of buying on credit, and follow this by gradually paying off the debts that you have already incurred.

Being free from the worry of indebtedness you are ready to revamp the habits of your mind and redirect your course toward prosperity. Adopt, as a part of your Definite Chief Aim, the habit of saving a regular proportion of your income, even if this be no more than a penny a day. Very soon this habit will begin to lay hold of your mind and you will actually get joy out of saving.

Any habit may be discontinued by building in its place some other and more desirable habit. The “spending” habit must be replaced by the “saving” habit by all who attain financial independence.

Merely to discontinue an undesirable habit is not enough, as such habits have a tendency to reappear unless the place they formerly occupied in the mind is filled by some other habit of a different nature.

The discontinuance of a habit leaves a “hole” in the mind, and this hole must be filled up with some other form of habit or the old one will return and claim its place.

Throughout this course many psychological formulas, which the student has been requested to memorize and practice, have been described. You will find such a formula in Lesson Three, the object of which is to develop Self-confidence.

These formulas may be assimilated so they become a part of your mental machinery, through the Law of Habit, if you will follow the instructions for their use which accompany each of them.

It is assumed that you are striving to attain financial independence. The accumulation of money is not difficult after you have once mastered the Fear of Poverty and developed in its place the Habit of Saving.

The author of this course would be greatly disappointed to know that any student of the course got the impression from anything in this or any of the other~' lessons that Success is measured by dollars alone.

However, money does represent an important factor in success, and it must be given its proper value in any philosophy intended to help people in becoming useful, happy and prosperous.

The cold, cruel, relentless truth is that in this age, of materialism a man is no more than so many grains of sand, which may be blown helter-skelter by every stray wind of circumstance, unless he is entrenched behind the power of money!

Genius may offer many rewards to those who possess it, but the fact still remains that genius without money with which to give it expression is but an empty, skeleton-like honor.

The man without money is at the mercy of the man who has it!

And this goes, regardless of the amount of ability he may possess, the training he has had or the native genius with which he was gifted by nature.

There is no escape from the fact that people will weigh you very largely in the light of bank balances, no matter who you are or what you can do. The first question that arises, in the minds of most people, when they meet a stranger, is, "How much money has he?" If he has money he is welcomed into homes and business opportunities are thrown his way) All sorts of attention are lavished upon him. He is a prince, and as such is entitled to the best of the land.

But if his shoes are run down at the heels, his clothes are not pressed, his collar is dirty, and he shows plainly the signs of impoverished finances, woe be his lot, for the passing crowd will step on his toes and blow the smoke of disrespect in his face.

These are not pretty statements, but they have one virtue - **THEY ARE TRUE!**

This tendency to judge people by the money they have, or their power to control money, is not confined to any one class of people. We all have a touch of it, whether we recognize the fact or not.

Thomas A. Edison is one of the best known and most respected inventors in the world, yet it is no misstatement of facts to say that he would have remained a practically unknown, obscure personage had he not followed the habit of conserving his resources and shown his ability to save money.

Henry Ford never would have got to first base with his “horseless carriage” had he not developed, quite early in life, the habit of saving. Moreover, had Mr. Ford not conserved his resources and hedged himself behind their power he would have been “swallowed up” by his competitors or those who covetously desired to take his business away from him, long, long years ago.

Many a man has gone a very long way toward success, only to stumble and fall, never again to rise, because of lack of money in times of emergency. The mortality rate in business each year, due to lack of reserve capital for emergencies, is stupendous. To this one cause are due more of the business failures than to all other causes combined!

Reserve Funds are essential in the successful operation of business!

Likewise, Savings Accounts are essential to success on the part of individuals. Without a savings fund the individual suffers

in two ways: first, by inability to seize opportunities that come only to the person with some ready cash, and, second, by embarrassment due to some unexpected emergency calling for cash.

It might be said, also, that the individual suffers in still a third respect by not developing the Habit of Saving, through lack of certain other qualities essential for success which grow out of the practice of the Habit of Saving.

The nickels, dimes and pennies which the average person allows to slip through his fingers would, if systematically saved properly put to work, eventually bring financial independence.

Through the courtesy of a prominent Building and Loan Association the following table has been compiled, showing what a monthly saving of **\$5.00**, \$10.00, \$25.00 or \$50.00 will amount to at the end of ten years. These figures are startling when one comes to consider the fact that the average person spends from \$5.00 to \$50.00 a month for useless merchandise or so-called “entertainment.”

### THE AMAZING WAY YOUR MONEY GROWS

SAVE \$5 A MONTH (ONLY 17 cents a day)

	<i>Amount saved</i>	<i>Profit</i>	<i>Savings +Profits</i>	<i>Withdrawal Value</i>
1 <sup>st</sup> year	\$60.00	\$4.30	\$64.30	<b>\$61.30</b>
2 <sup>nd</sup> year	\$120.00	\$16.55	\$136.55	<b>\$125.00</b>
3 <sup>rd</sup> year	\$180.00	\$36.30	\$216.30	<b>\$191.55</b>
4 <sup>th</sup> year	\$240.00	\$64.00	\$304.00	<b>\$260.20</b>
5 <sup>th</sup> year	\$300.00	\$101.00	\$401.00	<b>\$338.13</b>
6 <sup>th</sup> year	\$360.00	\$140.00	\$500.00	<b>\$414.75</b>
7 <sup>th</sup> year	\$420.00	\$197.10	\$617.10	<b>\$495.43</b>
8 <sup>th</sup> year	\$480.00	\$257.05	\$737.05	<b>\$578.32</b>
9 <sup>th</sup> year	\$540.00	\$324.95	\$864.95	<b>\$687.15</b>
10 <sup>th</sup> year	<b>\$600.00</b>	<b>\$400.00</b>	<b>\$1,000.00</b>	<b>\$1,000.00</b>

SAVE \$10 A MONTH (ONLY 33 cents a day)

	<i>Amount Saved</i>	<i>PROFIT</i>	<i>Savings + Profits</i>	<i>Withdrawal Value</i>
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1 <sup>st</sup> year	\$120.00	\$8.60	\$128.60	\$122.60
2 <sup>nd</sup> year	\$240.00	\$33.11	\$273.11	\$250.00
3 <sup>rd</sup> year	\$360.00	\$72.60	\$432.60	\$383.10
4 <sup>th</sup> year	\$480.00	\$128.00	\$608.00	\$520.40
5 <sup>th</sup> year	\$600.00	\$202.00	\$802.00	\$676.25
6 <sup>th</sup> year	\$720.00	\$280.00	\$1,000.00	\$829.50
7 <sup>th</sup> year	\$840.00	\$394.20	\$1,234.00	\$990.85
8 <sup>th</sup> year	\$960.00	\$514.10	\$1,474.10	\$1,156.64
9 <sup>th</sup> year	\$1,080.00	\$649.90	\$1,729.90	\$1,374.30
10 <sup>th</sup> year	\$1,200.00	\$800.00	\$2,000.00	\$2,000.00

SAVE \$25 A MONTH

(ONLY 83 cents a day)

	<i>Amount Saved</i>	<i>PROFIT</i>	<i>Savings + Profits</i>	<i>Withdrawal Value</i>
1 <sup>st</sup> year	\$300.00	\$21.50	\$321.50	\$360..50
2 <sup>nd</sup> year	\$600.00	\$82.75	\$682.75	\$625.00
3 <sup>rd</sup> year	\$900.00	\$181.50	\$1,081.50	\$957.75
4 <sup>th</sup> year	\$1200.00	\$320.00	\$1,520.00	\$1,301.00
5 <sup>th</sup> year	\$1,500.00	\$505.00	\$2,005.00	\$1690.63
6 <sup>th</sup> year	\$1,800.00	\$700.00	\$2,500.00	\$2,073.75
7 <sup>th</sup> year	\$2,100.00	\$985.50	\$3,085.50	\$2,477.13
8 <sup>th</sup> year	\$2,400.00	\$1,285.25	\$3,685.25	\$2,891.60
9 <sup>th</sup> year	\$2,700.00	\$1,624.75	\$4,324.75	\$3,435.75
10 <sup>th</sup> year	\$3,000.00	\$2,000.00	\$5,000.00	\$5,000.00

SAVE \$50 A MONTH

(ONLY \$1.66 cents a day)

	<i>Amount Saved</i>	<i>PROFIT</i>	<i>Savings + Profits</i>	<i>Withdrawal Value</i>
1 <sup>st</sup> year	\$600.00	\$43.00	\$643.00	\$613.00
2 <sup>nd</sup> year	\$1,200.00	\$165.50	\$1,365.50	\$1,250.00
3 <sup>rd</sup> year	\$1,800.00	\$363.00	\$2,163.00	\$1,915.50
4 <sup>th</sup> year	\$2,400.00	\$640.00	\$3,040.00	\$2,602.00
5 <sup>th</sup> year	\$3,000.00	\$1,010.00	\$4,010.00	\$3,381.25
6 <sup>th</sup> year	\$3,600.00	\$1,400.00	\$5,000.00	\$4,147.50
7 <sup>th</sup> year	\$4,200.00	\$1,971.00	\$6,171.00	\$4,954.25
8 <sup>th</sup> year	\$4,800.00	\$2,570.50	\$7,370.50	\$5,783.20
9 <sup>th</sup> year	\$5,400.00	\$3,249.50	\$8,649.50	\$6,871.50
10 <sup>th</sup> year	\$6,000.00	\$4,000.00	\$10,000.00	\$10,000.00

EVERY failure, every  
adversity, every heartache  
may be a blessing  
in disguise providing  
it softens the animal  
portion of our nature.

The making and saving of money is a science, yet the rules by which money is accumulated are so simple that anyone may follow them. The main prerequisite is a willingness to subordinate the present to the future, by eliminating unnecessary expenditures for luxuries.

A young man, who was earning only \$20.00 a week as chauffeur for a prominent New York banker, was induced by his employer to keep an accurate account of every cent he spent for one week. The following is an itemized list of his expenses:

Cigarettes	-----	\$ .75
Chewing gum	-----	\$ .30
Soda fountain	-----	\$1.80
Cigars for associates	-----	\$1.50
Moving picture show	-----	\$1.00
Shaves, including tips	-----	\$1.60
Newspaper, daily and Sunday	-----	\$ .22
Shoe shines	-----	\$ .30
		<hr/>
		\$7.47
Board and room	-----	\$12.00
Money on hand	-----	\$ .53

These figures tell a tragic story which might as well apply to thousands of other people as to the young man who kept this account. His actual savings out of \$20.00 were only 53 cents. He spent \$7.47 for items, every one of which could have been greatly reduced, and most of which could have been eliminated entirely. In fact, by shaving himself and shining his

own shoes, he could have saved every cent of the \$7.47.

Now turn to the table made up by the Building and Loan Association and observe what the saving of \$7.47 a week would amount to. Suppose the amount this young man actually saved had been only \$25.00 a month; the saving would have increased to the snug sum of \$5,000.00 by the end of the first ten years.

The young man in question was twenty-one years old at the time he kept this expense account. By the time he reached the age of thirty-one years he could have had a substantial amount in the bank, had he saved \$25.00 a month, and this saving would have brought him many opportunities that would have led directly to financial independence.

Some who are short-sighted, pseudo-philosophers, are fond of pointing to the fact that no one can become rich merely by saving a few dollars a week. This may be true enough, as far as the reasoning goes (which is not very far) but the other side of the story is that the saving of even a small sum of money places one in position where, oftentimes, this small sum may enable one to take advantage of business opportunities which lead directly and quite rapidly to financial independence.

The foregoing table, showing what a saving of \$5.00 a month will amount to at the end of ten years, should be copied and pasted on your mirror, where it will stare you in the face every morning when you get up and every night as you retire, providing you have not already acquired the habit of systematic saving of money. This table should be reproduced, in letters and figures an inch tall, and placed on the walls of every public school throughout the land, where it might serve as a constant reminder to all school children of the value of the

savings habit.

Some years ago, before giving serious thought to the value of the savings habit, this author made up an account of the money which had slipped through his fingers. The amount was so alarming that it resulted in the writing of this lesson, and adding the Habit of Saving as one of the Fifteen Laws of Success.

Following is an itemized statement of this account:

- \$ 4,000.00 inherited, invested in automobile supply business with a friend who lost the entire amount in one year.
- 3,600.00 extra money earned from sundry writing for magazines and newspapers, all spent uselessly.
- 30,000.00 earned from training 3,000 salesmen, with the aid of the Law of Success philosophy, invested in a magazine which was not a success because there was no reserve capital back of it.
- 3,400.00 extra money earned from public addresses, lectures, etc., all of which was spent as it came in.
- 6,000.00 estimated amount that could have been saved during a period of ten years, out of regular earnings, at the rate of only \$50 a month.

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\$47,000.00

This amount, had it been saved and invested as received, in Building and Loan Associations, or in some other manner that would have earned compound interest, would have grown into the sum of \$94,000.00 at the time this lesson is being written.

The author is not a victim of any of the usual habits of dissipation, such as gambling, drinking and excessive entertaining. It is almost unbelievable that a man whose habits of living are reasonably moderate could spend \$47,000.00 within a little over ten years without having anything to show for the money, but it can be done!

A capital reserve of \$94,000.00, working at compound interest, is sufficient to give any man all the financial freedom he needs.

I recall one occasion when the president of a large corporation sent me a check for \$500.00 for an address I delivered at a banquet given to the employees, and I distinctly recall what went through my mind when I opened the letter and saw the check. I had wanted a new automobile and this check was exactly the amount required for the first payment. I had it spent before it had been in my hands thirty seconds.

Perhaps this is the experience of the majority of people. They think more of how they are going to SPEND what they have than they do about ways and means of SAVING. The idea of saving, and the self-control and self-sacrifice which must accompany it, is always accompanied by thoughts of an unpleasant nature, but oh, how it does thrill one to think of SPENDING.

There is a reason for this, and that reason is the fact that most of us have developed the habit of spending while neglecting the Habit of Saving, and any idea that frequents the

human mind but seldom is not as welcome as that which frequents it often.

In truth, the Habit of Saving can be made as fascinating as the habit of spending, but not until it has become a regular, well grounded, systematic habit. We like to do that which is often repeated, which is but another way of stating what the scientists have discovered, that we are victims of our habits.

The habit of saving money requires more force of character than most people have developed, for the reason that saving means self-denial and sacrifice of amusements and pleasures in scores of different ways.

For this very reason one who develops the savings habit acquires, at the same time, many of the other needed habits which lead to success: especially Self-control, Self-confidence, Courage, Poise and Freedom from Fear.

### HOW MUCH SHOULD ONE SAVE?

The first question that will arise is, "How Much Should One Save?" The answer cannot be given in a few words, for the amount one should save depends upon many conditions, some of which may be within one's control and some of which may not be.

Generally speaking, a man who works for a salary should apportion his income about as follows:

Savings Account	20%
Living - Clothes, Food and Shelter	50%
Education	10%
Recreation	10%
Life Insurance	<u>10%</u>
	100%

CAREFUL analysis of  
178 men who are  
known to be successful  
disclosed the fact that  
all had failed many  
times before arriving.

The following, however, indicates the approximate distribution which the average man actually makes of his income:

Savings Account	NOTHING
Living - Clothes, Food and Shelter	60%
Education	0%
Recreation	35%
Life Insurance	<u>5%</u>
	100%

Under the item of “recreation” is included, of course, many expenditures that do not really “recreate,” such as money spent for alcoholic drinks, dinner parties and other similar items which may actually serve to undermine one’s health and destroy character.

An experienced analyst of men has stated that he could tell very accurately, by examining a man’s monthly budget, what sort of a life the man is living; moreover, that he will get most of his information from the one item of “recreation.” This, then, is an item to be watched as carefully as the greenhouse keeper watches the thermometer which controls the life and death of his plants.

Those who keep budget accounts often include an item called “entertainment,” which, in a majority of cases, turns out to be an evil because it depletes the income heavily and when carried to excess depletes, also, the health.

We are living, right now, in an age when the item of “entertainment” is altogether too high in most budget allowances. Tens of thousands of people who earn not more than \$50.00 a week are spending as much as one third of their

incomes for what they call “entertainment,” which comes in a bottle, with a questionable label on it, at anywhere from \$6.00 to \$12.00 a quart. Not only are these unwise people wasting the money that should go into a savings fund, but, of far greater danger, they are destroying both character and health.

Nothing in this lesson is intended as a preachment on morality, or on any other subject. We are here dealing with cold facts which, to a large extent, constitute the building materials out of which SUCCESS may be created.

However, this is an appropriate place to state some FACTS which have such a direct bearing on the subject of achieving success that they cannot be omitted without weakening this entire course in general and this lesson in particular.

The author of this course is NOT a reformer! Neither is he a preacher on morals, as this field of useful endeavor is quite well covered by others who, are able workers. What is here stated, therefore, is intended as a necessary part of a course of philosophy whose purpose is to mark a safe road over which one may travel to honorable achievement.

During the year 1926 the author was in partnership with the late Don R. Mellett, who was, at that time, the publisher of the Canton (Ohio) Daily News. Mr. Mellett became interested in the Law of Success philosophy because it offered, as he believed, sound counsel to young men and young women who really wish to get ahead in life. Through the pages of the Daily' News Mr. Mellett was conducting a fierce battle against the underworld forces of Canton. With the aid of detectives and investigators, some of whom were supplied by the Governor of Ohio, Mr. Mellett and the author gathered accurate data concerning the way most of the people in Canton

were living.

In July, 1926, Mr. Mellett was assassinated from ambush, and four men, one of them a former member of the Canton police force, are now serving life sentences in the Ohio State Penitentiary for the crime.

During the investigation into crime conditions in Canton all reports came to the author's office, and the data here described are, therefore, known to be absolutely accurate.

One of the officials of a large industrial plant whose salary was \$6,000.00 a year paid a Canton bootlegger an average of \$300.00 a month for the liquor (if "stuff" can be called liquor) which he used for "entertaining." His wife participated in these "entertainments" which took place in his own home.

A paying teller in a bank, whose salary was \$150.00 a month, was spending an average of \$75.00 a month for liquor, and in addition to this unpardonable waste of money, out of a salary which was none too great at most, he was traveling at a pace and with a crowd which meant ruin for him later on.

The superintendent of a large manufacturing plant, whose salary was \$5,000.00 a year, and who should have been saving at least \$125.00 a month, was actually saving nothing. His bootlegger's bill averaged \$150.00 a month.

A policeman whose income was \$160.00 a month was spending over \$400.00 a month on dinner parties, at a near-by roadhouse. Where he got the difference between his legitimate income and his actual expenditures is a question that reflects no particular credit on the policeman.

A bank official whose income, as near as it could be estimated from his previous years' income tax reports, was about \$8,000.00 a year, had a monthly bootlegger's bill of

more than \$500.00 during the three months that his activities were checked by the Mellett investigators.

A young man who worked in a department store, at a salary of \$20.00 a week, was spending an average of \$35.00 a week with one bootlegger. The assumption was that he was stealing the difference from his employer. Old Man Trouble awaited this young man, just around the corner, although it is not known by the author whether or not the two have come together as yet.

A salesman for a life insurance company, whose income was not known because he worked on a commission basis, was spending an average of \$200.00 a month with one bootlegger. No record of any savings account was found, and the assumption is that he had none. This assumption was later confirmed when the company for which the young man worked had him arrested for embezzlement of its funds. No doubt he was spending the money which he should have turned in to the company. He is now serving a long sentence in the Ohio State Penitentiary.

A young lad who was attending high school was spending large sums for liquor. The actual amount was not obtainable for the reason that he paid cash as he got the liquor, and the bootlegger's records did' not, therefore, disclose the actual amount. Later this boy's parents had him locked up "to save him from himself."

It was found that he was stealing money from a savings fund kept by his mother, somewhere about the house. He had stolen and spent more than \$300.00 of this money when discovered.

This author conducted a Lecture Bureau in forty-one high schools, where he lectured once a month during the entire school season. The principals of these high schools stated that less than two per cent of the students showed any tendency toward saving money, and an examination through the aid of a questionnaire prepared for that purpose disclosed the fact that only five per cent of the students, out of a total of 11,000, of the high-school age, believed that the savings habit was one of the essentials for success.

It is no wonder the rich are becoming richer and the poor are becoming poorer!

Call this a socialistic statement, if you please, but the facts bear out its accuracy. It is not difficult for any man to become rich, in a country of spendthrifts such as this, where millions of people spend every cent that comes into their possession.

Many years ago, before the present wave of mania for spending spread over the country, F. W. Woolworth devised a very simple method of catching the nickels and dimes that millions of people throw away for trash, and his system netted him over ONE HUNDRED MILLION DOLLARS in a few years' time. Woolworth has died, but his system of saving nickels and dimes continues, and his estate is growing bigger and bigger.

Five and Ten Cent Stores are usually painted with a bright red front. That is an appropriate color, for red denotes danger. Every Five and Ten Cent Store is a

ALL salesmen will do  
well to remember that  
no one wants anything  
that someone else is  
trying to “get rid of.”

striking monument that proves, to a nicety, that one of the cardinal faults of this generation is the SPENDING HABIT.

We are all victims of HABIT!

Unfortunately for most of us, we are reared by parents who have no conception whatsoever of the psychology of habit, and, without being aware of their fault, most parents aid and abet their offspring in the development of the spending habit by overindulgence with spending money, and by lack of training in the Habit of Saving.

The habits of early childhood cling to us all through life.

Fortunate, indeed, is the child whose parents have the foresight and the understanding of the value, as a character builder, of the Habit of Saving, to inculcate this habit in the minds of their children.

It is a training that yields rich rewards.

Give the average man \$100.00 that he did not contemplate receiving, and what will he do with it? Why, he will begin to cogitate in his own mind on how he can SPEND the money. Dozens of things that he needs, or THINKS he needs, will flash into his mind, but it is a rather safe bet that it will never occur to him (unless he has acquired the savings habit) to make this \$100.00 the beginning of a savings account. Before night comes he will have the \$100.00 spent, or at least he will have decided in his mind how he is going to SPEND IT, thus adding more fuel to the already too bright flame of Habit of Spending.

We are ruled by our habits!

It requires force of character, determination and power of firm DECISION to open a savings account and then add to it a regular, if small, portion of all subsequent income.

There is one rule by which any man may determine, well in advance, whether or not he will ever enjoy the financial freedom and independence which is so universally desired by all men, and this rule has absolutely nothing to do with the amount of one's income.

The rule is that if a man follows the systematic habit of saving a definite proportion of all money he earns or receives in other ways, he is practically sure to place himself in a position of financial independence. If he saves nothing, he IS

**ABSOLUTELY SURE NEVER TO BE FINANCIALLY INDEPENDENT**, no matter how much his income may be.

The one and only exception to this rule is that a man who does not save might possibly inherit such a large sum of money that he could not spend it, or he might inherit it under a trust which would protect it for him, but these eventualities are rather remote; so much so, in fact, that YOU cannot rely upon such a miracle happening to you.

This author enjoys a rather close acquaintance with many hundreds of people throughout the United States and in some foreign countries. For nearly twenty-five years he has been watching many of these acquaintances, and knows, therefore, from actual experience, how they live, why some of them have failed while others have succeeded, and the **REASONS FOR BOTH FAILURE AND SUCCESS**.

This list of acquaintances covers men who control hundreds of millions of dollars, and actually own many millions which they have acquired. Also men who have had millions of dollars, all of which passed through their fingers and they are now penniless.

For the purpose of showing the student of this philosophy just how the law of habit becomes a sort of pivotal point on which success or failure turns, and exactly why no man can become financially independent without developing the habit of SYSTEMATIC SAVING, the living habits of some of these many acquaintances will be described.

We will begin with a complete history, in his own words, of a man who has made a million dollars in the field of advertising, but who now has nothing to show for his efforts. This story first appeared in the American Magazine, and it is here reprinted through the courtesy of the publishers of that publication.

The story is true, in every respect, and it has been included as a part of this lesson because the author of the story, Mr. W. C. Freeman, is willing to have his mistakes made public with the hope that others may avoid them.

### “I HAVE MADE A MILLION DOLLARS BUT I HAVEN’T GOT A CENT”

While it is embarrassing, yes, humiliating, publicly to confess to an outstanding fault that has made a good deal of a mess of my life today, nevertheless I have decided to make this confession for the good it may do.

I am going to make a clean breast of how I let slip through my fingers all the money I have earned thus far in my life-time, which approximates one million dollars. This amount I made through my work

in the field of advertising, except a few thousand dollars I earned up to twenty-five years of age by teaching in country schools and by writing news letters to some country weeklies and daily newspapers.

Maybe one lone million does not seem a lot of money in these days of many millions and even billions; but it is a big sum of money, just the same. If there are any who think to the contrary, let them count a million. I tried to figure out the other night how long it would take to do so. I found I could count an average of one hundred a minute. On this basis it would take me twenty days of eight hours each, plus six hours and forty minutes on the twenty-first day to do the stunt. I doubt very much if you or I were given an assignment to count one million one-dollar bills, upon the promise that all of them would be ours at the end of that time, that we could complete it. It would probably drive us mad - and a lot of use the money would be to us then, wouldn't it?

Let me say at the outset of my story that I do not regret, not for one minute, that I spent ninety per cent of the money I made. To wish any of this ninety' per cent back at this time would make me feel that I would have denied much happiness to my family and to many others.

My only regret is that I spent *all* of my money, and more besides. If I had today the ten per cent I could have saved easily, I would have one hundred thousand dollars safely invested, and no debts. If I had this money I would feel really and truly that I was rich; and I mean just this, for I have never had a desire to accumulate money for money's sake.

Those school-teaching and newspaper-correspondence days of mine brought some cares and responsibilities, but they were met optimistically.

I married at the age of twenty-one, with the full approval of parents on both sides, who believed thoroughly in the doctrine preached by Henry Ward Beecher, that “early marriages are virtuous marriages.”

Just one month and one day after I was married my father met a tragic death. He was suffocated by coal gas. Having been an educator all his life - and one of the best - he had not accumulated any money.

When he passed out of our family circle it was up to all of us to pull together and get along somehow, which we did.

Apart from the void left in our home by my father's death (my wife and I and my mother and only sister lived together), we had a joyful life, despite the fact that it was a tight squeeze to make ends meet.

My mother, who was exceptionally talented and resourceful (she had taught school with my father until I was born), decided to open our home to a married couple, old friends of the family. They came to live with us and their board helped to pay expenses. My mother was known far and wide for the wonderful meals she served. Later on, two well-to-do women friends of the family were taken into our home; thus increasing our revenue.

My sister helped very substantially by teaching a kindergarten class, which met in the big living-room of our home; my wife contributed her share to the household by taking charge of the sewing and mending.

THINK well before you  
speak because your  
words may plant the  
seed of either success or  
failure in mind of  
some other person.

Those were very happy days. Nobody in the household was extravagant or had any extravagant tendencies except perhaps myself, for I was always inclined to be free with money. I liked to make gifts to the family and to entertain friends.

When the first baby came into our home - a boy -we all thought heaven had opened its doors to us. My wife's parents, who took the keenest and deepest interest in our affairs, and who were always ready to lend a helping hand, were equally happy over the coming of their first grandchild. My brother-in-law, much older than my wife, and a bachelor, could not understand at first the joy we all felt; but even he began to strut around like a proud peacock after a while. What a difference a baby makes in a home!

I am injecting these details into my story merely to emphasize how the early days of my life were lived. I had no opportunity to spend much money, and yet I had as much happiness in those days as I have ever had since.

The strange thing about it all is that the experience of those days did not teach me the value of money. If anybody ever had a practical lesson to guide him in his future, I certainly had it.

But let me tell you how this early experience affected me. The birth of my son inspired me to do something that would make more money than I was getting at teaching school and in writing for newspapers. I did not want my wife, mother and sister to feel that they would have to continue indefinitely to do their part in sustaining the household. Why should a fellow, big and strong and healthy as I have always been, and with a reasonable amount of ability, be content to remain a spoke in the wheel? Why shouldn't I be the whole wheel, as far as

providing for the family was concerned?

Following my desire to make more money, I took on the selling of books in addition to teaching and writing for newspapers. This earned for me quite a little extra money. Finally, I gave up teaching and concentrated on selling books, and writing for newspapers.

My book-selling took me to Bridgeton, New Jersey. It was here that I got my first real start in ma money. I had to be away from home a great deal to do this work, but the sacrifice was worth while. I earned enough money in a few weeks to send more money home than I had contributed to the household in any year from my school-teaching and newspaper correspondence. After combing the territory in the Bridgeton zone, I became interested in a newspaper in that city, the Morning Star. It seemed to me that the editor and publisher of this paper needed a helper I called on him and told him so. He said, "Heavens young man, how can I hire you? I am not earning enough money to pay for my own living!"

"That's just it," said I. "I believe together we cal make the Star a success. I'll tell you what I'll do: I'll work for you for one week for one dollar a day. At the end of the week, if I have made good, I'll expect you to pay me three dollars a day for the second week; and then, if I continue to do well, I'll expect you to pay me six dollars a day for the third week and will continue from then on until the paper makes enough money to pay me fifty dollars a week."

The owner agreed to my proposition. At the end of two months, I was being paid fifty dollars a week

which in those days was considered a big salary. I began to feel that I was well on my way toward making money -but all I wanted it for was to make my family more comfortable. Fifty dollars a week was just four times as much as I had made teaching school.

My job on the Star embraced editorial writing (not very brilliant), reporting (just ordinary), the writing and selling of advertisements (fairly successful), proof reading, bill collecting, and so forth. It kept me humping six days a week; but I could stand it, for I was strong and healthy, and, besides, the work was very interesting. I also contributed correspondence to the New York Sun, Philadelphia Record, and the Trenton (N. J.) Times, which brought me in an average of one hundred and fifty dollars a month, for this was a good news territory.

I learned a lesson on the Star which eventually shaped the course of my life. I found out that there is a great deal more money to be earned by selling advertising for newspapers than in writing for them. Advertising brings grist to the mill.

I put over one advertising stunt on the Star - a write-up of the south Jersey oyster industry, paid for by the oyster men - that brought in three thousand dollars cash, which the publisher divided with me fifty-fifty. I had never seen so much money at one time in all my life. Think of it! Fifteen hundred dollars - twenty-five per cent more than I had made in two years of school-teaching and odd tasks.

Did I save this money or any part of it? I did not. What was the use? I could do so much with it to make my wife, boy, mother and sister happy that I let it go far easier than I had made it.

But would it not have been a fine thing if I had put this money away for a rainy day?

My work in Bridgeton attracted the attention of Sam Hudson, New Jersey correspondent of the Philadelphia Record, who was a shining example of that type of newspaper men whose greatest pleasure in life is doing things for others.

Sam told me that it was time for me to get located in a big city. He thought I had it in me to make good. He said he would get me a job in Philadelphia. He did, and I moved with my wife and baby to Germantown. I was given charge of the advertising department of the Germantown (Philadelphia) Gazette, a weekly newspaper.

At the start I did not make as much money as I had earned in Bridgeton, because I had to give up my newspaper correspondence. The news for this section was covered by other correspondents. But very soon I was making twenty-five per cent more money. The Gazette increased its size three times to accommodate its advertising, and each time I received a very substantial increase in salary.

In addition to this, I was given a job to gather social news for the Sunday edition of the Philadelphia Press. Bradford Merrill, managing editor of that newspaper, now a very important New York newspaper executive, assigned me a big territory to cover. This kept me busy every night in the week except Saturdays. I was paid five dollars a column; but I averaged seven columns every Sunday; which made me thirty-five dollars a week extra.

It was more money for me to spend, and I spent it. I did not know anything about budgeting my expenses. I just let it go as it came. I did not have time, or thought I hadn't, to watch my step in spending.

A year later I was invited to join the advertising staff of the Philadelphia Press, a big opportunity for a young man, for I got wonderful training under the management of William L. McLean, now the owner of the Philadelphia Evening Bulletin. I still retained my job as gatherer of social news - so my income was just about the same as I had been making in Germantown.

But before long my work attracted the attention of James Elverson, Sr., publisher of the old Saturday Night and Golden Days, who had just purchased the Philadelphia Inquirer. I was offered and accepted the advertising management of this newspaper.

This meant a big increase in my income. And soon afterward there came a happy increase in my family, the birth of a daughter. Then I was able to do what I had longed to do since the birth of my son. I got the family together again under one roof - my wife and two babies, my mother and sister. At last I was able to relieve my mother of any cares or responsibilities, and never again did she have either as long as she lived. She died in her eighty-first year, twenty-five years after my father's death. I shall never forget her last words to me: "Will, you have never caused me a moment's worry since you were born, and I could not have had more than you have given me had I been the Queen of England."

I was making at this time four times more money than my father had made as superintendent of public schools in my home town of Phillipsburg, New Jersey.

I AM thankful that  
I was poor - that  
I did not come into  
this world burdened  
by the whims of  
wealthy parents, with  
a bag of gold  
around my neck.

All the money, however, passed out of my pockets as easily as water flows through a sieve. Expenses increased with every increase in my income, which is the habit, I suppose, with most people. There was no sane reason, though, for letting my expenses go beyond my income, which I did. I found myself piling up debts, and from this time on I was never out of debt. I did not worry about my debts, though, for I thought I could pay them off at any time. It never occurred to me - not until fully twenty-five years later

- that debt eventually would bring upon me not only great anxiety and unhappiness, but that I would lose friends and credit as well.

But I must pat myself on the back for one thing: I was giving full rein to my big fault - spending money as fast as I made it, often faster; but I never shirked my work. I was always trying to find more things to do, and I always found them. I spent very little time with my family. I would go home to dinner every night and romp with the babies until their bedtime, then I would return to the office and often work.

So the years went by. Another daughter arrived. Presently I wanted my daughters to have a pony and cart, and I wanted my son to have a riding horse. Then I thought I needed a team to take me around with the family, driving them to a closed coupe or an open trap. I got them all. Instead of one horse and a carryall, or perhaps a team, which would have been sufficient for our needs and something we could have afforded, I had to have a stable, with all that goes with it. This outfit cost me nearly one fourth of my annual income.

Then I took up golf. This was in my forty-first year. I went at my play the same as I went at my work

- put my whole heart in it. I learned to play pretty well. My son and elder daughter played with me, and they learned to play well, too.

It was necessary that my younger daughter should: spend the winter in the South and summers in the Adirondacks; but instead of her mother going with her alone, I felt it would be fine if the son and other daughter went along with them. This arrangement was carried out. They went to Pinehurst, North Carolina, every winter and to expensive resorts in the Adirondacks or in New Hampshire in the summer.

All this took a great deal of money. My son and elder daughter were keen about golf and spent a lot of money on it. I also disbursed quite a little on golf courses around New York. Between the three of us we won 80 prizes, most of which are now in storage. I sat down one day and calculated what these prizes had cost me. I discovered that each trophy had cost \$250.00 or a total of \$45,000.00 over a period of fifteen years, an average of \$3,000.00 a year. Ridiculous, wasn't it?

I entertained lavishly at my home. Montclair folks' thought I was a millionaire. I frequently invited groups of business men to have a day of golf at the club, and then to have dinner with me in the eve They would have been satisfied with a plain home' dinner, but, no, I must serve them an elaborate affair staged by a famous caterer. These dinners never cost less than ten dollars a plate, which did not include the money spent for music while they were dining. I had a negro quartet come to the house. Our dining-room comfortably seated twenty people, and it was filled to capacity many times.

It was all very lovely, and I was glad to be their host. In fact, I was very happy over it. I never stopped to think how rapidly I was piling up debts. The day came when they began to bother me a lot. I had entertained so many guests at the golf club one month, paying for luncheons, cigars, and greens fees, that my bill was four hundred and fifty dollars. This attracted the attention of the directors of the club, who were all good friends of mine and very much interested in my welfare. They made it their business to tell me that I was spending entirely too much money, and they wished for my sake that I could check my expenses.

This gave me a bit of a jolt. It made me think seriously long enough to get rid of my horses and traps - at a big sacrifice, of course. I gave up our home and moved back to the city; but I did not leave any unpaid bills in Montclair. I borrowed the money to pay them. It was always easy for me to get all the money I wanted, despite my well known financial short-comings.

Here are two sidelights on my experience during my “flaring forties.”

Besides spending money foolishly and perhaps recklessly, I loaned it with equal abandon. In cleaning out my desk at home before moving to the city I looked over a package of due bills, the total of which was over forty thousand dollars. That was money handed out to just anybody who came along. I tore them all up; but I realized that if I had that money in hand I wouldn't owe a dollar.

One of the prosperous business men I had entertained many times and who in turn had entertained me, said to me: “Billy, I've got to stop going on outings with you. You spend entirely too much money for me. I can't keep up with you.”

Think of that coming from a man who was making' more money than I was! It should have struck home, but it didn't. I went on spending just the same, and foolishly thinking that I was having a good time, and with no thought of the future. This man is now one of the vice presidents of one of New York's greatest financial institutions, and is reported to be worth many millions of dollars.

I should have taken his advice.

In the fall of 1908, after my disastrous experience of six months in another line of business following my resignation from the Hearst organization, I resumed newspaper work as advertising manager of the New York Evening Mail. I had known Henry L. Stoddard, editor and owner, back in the Philadelphia days, when he was political correspondent for the Press.

Despite the fact that I was bothered by debts, t— did the best work of my life on the Evening Mail, and made more money during the five years I was associated with it than I had ever made before. Moreover, Mr. Stoddard gave me the privilege of syndicating advertising talks, which ran in his paper for one thousand consecutive publication days, and earned for me more than fifty-five thousand dollars

Mr. Stoddard was very generous in many other ways, and frequently paid me special sums of money for doing what he considered unusual things in the way of developing business. During this period, I was so deeply in debt that, in order to keep things moving as smoothly as possible, but without retrenching in the slightest way in my expenses, I borrowed money from Peter to pay Paul and from Paul to pay Peter. That item of fifty-five thousand dollars earned from syndicating advertising talks would have more than paid all

my debts and left a nice nest egg besides. But all of it was spent as easily as though I hadn't a care in the world.

In 1915 I went on my own in the advertising business. From that time until the spring of 1922 my fees ran into very big figures. I was still making more money than I ever did, and was spending it just as fast as I made it, until finally my friends got tired of making me loans.

If I had shown the slightest inclination to curb my expenses to the extent of only ten per cent, these wonderful men would have been willing to divide fifty-fifty with me, letting me pay them five per cent of it and saving five per cent. They did not care so much about the return of the money they had loaned me, as that they wanted to see me pull myself together.

The crash in my affairs came five years ago. Two friends who had stood by me loyally became impatient, and told me frankly that I needed a drastic lesson. They gave it to me all right. I was forced into bankruptcy, which nearly broke my heart. I felt that every person I knew was pointing the finger of scorn at me. This was very foolish. While there was comment, it was not at all unfriendly. It was expressive of keen regret that a man who had attained so much prestige in his profession, and had earned so

FORTUNATE is the  
person who has  
learned that the most  
certain way to “get” is  
to first “give” through  
some sort of useful  
service.

much money, should have allowed himself to get into financial difficulties.

Proud and sensitive to the core I felt the disgrace of bankruptcy so keenly that I decided to go to Florida, where I had once done a special piece of work for a client. It seemed to me to be the coming El Dorado. I figured that maybe I could make sufficient money in a few years so that I could return to New York, not only with a competency but with enough to pay all my debts in full. For a time it looked as though I would realize this ambition; but I was caught in the big real estate collapse. So here I am back in the old town where I once had big earning power and hundreds of friends and well-wishers.

It has been a strange experience.

One thing is certain: I have learned my lesson at last. I feel sure that opportunities will come my way to redeem myself, and that my earning power will be restored to me. And when that time comes I know that I shall be able to live as well as I ever did, on forty per cent of my income. Then I shall divide the remaining sixty per cent into two parts, setting aside thirty per cent to pay my creditors and thirty per cent for insurance and savings.

If I allowed myself to feel depressed over my past, or filled my mind with worries, I would not be capable of carrying on the fight to redeem myself.

Besides, I would be ungrateful to my Maker for having endowed me with wonderful health all my life. Is there any greater blessing?

I would be ungrateful to the memory of my parents, whose splendid training has kept me anchored pretty safely to moral standards. Slipping from moral moorings is infinitely

more serious, in the end, than slipping from the thrift standard.

I would lack appreciation of the encouragement and support I have had in generous measure from hundreds of business men and to many good friends who helped me build a fine reputation in my p r o f e s s i o n.

These memories are the sunshine of my life. And I shall use them to pave the way to my future achievement.

With abundance of health, unflinching faith, unflagging energy, unceasing optimism, and unbounded confidence that a man can win his fight, even though he commences late in life to realize the kind of fight he must make-is there anything but death to stop him?\*

. . . . .

Mr. Freeman's story is the same as that which might be told by thousands of other men who save nothing, with the exception that the amounts of their incomes would vary. The manner of living, the way the money was spent, and why, as told in Mr. Freeman's narrative, show the way the spender's mind works.

. . . . .

Compilation of statistics covering family incomes and expenditures of over 16,000 families of men who have been analyzed by the author disclosed some facts that will be of help to the person who wishes to budget his income and disbursements on a practical working basis that is sound and economical.

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The average income runs all the way from \$100.00 to \$300.00 per month. The budget allowance covering incomes within these two amounts should be about as follows:

A family consisting of two persons, whose income is \$100.00 a month, should manage to set aside at least \$10 or \$12 a month for the savings account. The cost of shelter, or rent, should not exceed \$25 or \$30 a month. Food costs should average about \$25 to \$30. Clothing should be kept within an expenditure of \$15 to \$20 a month. Recreation and incidentals should be kept down to about \$8 to \$10 a month.

A family whose income is \$100.00 a month, should that income be increased to \$125.00, ought to save at least \$20 of the amount.

A family of two persons, whose income is \$150.00 a month, should budget their funds about as follows: Savings \$25. Shelter or rent \$35 to \$40. Food \$35 to \$40. Clothes, \$20 to \$30. Recreation \$10 to \$15.

On a salary of \$200 a month the budget should be: Savings \$50. Shelter or rent \$40 to \$50. Food \$35 to \$45. Clothes \$30 to \$35. Recreation \$15 to \$20.

A family of two, on a salary or income of \$300.00 a month, should apportion the income about thus: Savings \$55 to \$65. Shelter or rent \$45 to \$60. Food \$45 to \$60. Clothes \$35 to \$45. Recreation and education \$50 to \$75.

Some might argue that a family of two, making a wry of \$300.00 a month, might live just as cheaply as one making but \$100 or \$125. However, this is not quite correct, because one who has the ability to earn \$300.00 a month must as a rule associate with people who make better appearances and more entertainment necessary.

A single man, earning \$100.00, \$150.00 or \$300.00 a month, should save considerably more than a man with a family could save on the same amounts. As a rule, a single man, who has no dependents, and who is not in debt, should live on a budget of \$50 a month for room and food, and not to exceed \$30 a month for clothes and perhaps \$10 for recreation. These amounts might be slightly increased by one who earned from \$150.00 to \$300.00 a month.

A boy who lives away from home, and whose weekly income is only \$20.00 should save \$5 of the amount. The remainder should cover cost of food, room and clothes.

A girl, living away from home, on the same income, would require a slightly larger allowance for clothes, as women's wearing apparel is more costly than men's, and it is generally imperative that women watch, more closely than men, their personal appearance.

A family of three will be able to save considerably less than the amounts which can be saved by a family of two. With rare exceptions, however, such as cases where the family is involved in debt which must be absorbed out of the monthly income, any family can save at least five per cent of the gross income.

It is a common practice today for families to purchase automobiles on monthly payments which involve too great an expenditure compared to their income. A man with a Ford income has no business purchasing a Studebaker car. He should curb his desires and content himself with a Ford. Many single men spend their entire incomes, and often go into debt besides, because they maintain automobiles out of keeping with their incomes. This common practice is fatal to success as far as financial independence may be considered a part of

success, in thousands of instances.

The installment plan of buying has become so common, and it is so easy to purchase practically anything one desires, that the tendency to spend out of proportion to one's income is rapidly increasing. This tendency must be curbed by the person who has made up his mind to gain financial independence.

It can be done by anyone who is willing to try.

Another evil, which is both an evil and a blessing, is the fact that this country is so very prosperous that money comes easily, and if not watched it goes still more easily. Since the beginning of the World War there has been a steady demand for practically everything manufactured in the United States, and this condition of prosperity has caused people to lapse into a state of careless, unjustified spending.

There is no virtue in "keeping up with the pace set by neighbors" when this means sacrifice of the habit of saving a regular part of one's income. It is far better, in the long run, to be considered a bit behind the times than it is to go along through youth, into the days of maturity, and finally into old age, without having formed the habit of systematic saving.

It is better to sacrifice during the age of youthfulness, than it is to be compelled to do so during the age of maturity, as all who have not developed the habit of saving generally have to do.

There is nothing quite so humiliating, that carries

I AM thankful for the  
adversities which have  
crossed my pathway, for  
they have taught me  
tolerance, sympathy, self-  
control, perseverance and  
some other virtues I  
might never have known.

such great agony and suffering, as poverty in old age, when personal services are no longer marketable, and one must turn to relatives or to charitable institutions for existence.

A budget system should be maintained by every person, both the married and the single, but no budget system will work out if the person trying to keep it lacks the courage to cut expenses on such items as those of entertainment and recreation. If you feel so weak in will-power that you think it necessary to “keep up with the Smiths” with whom you associate socially, and whose income is greater than your own, or who spend all of their income foolishly, then no budget system can be of service to you.

Forming the savings habit means that, to some extent at least, you must seclude yourself from all except a well selected group of friends who enjoy you without elaborate entertaining on your part.

To admit that you lack the courage to trim down your expenditures so that you can save money, even if only a small amount, is the equivalent of admitting at the same time a lack of the sort of character which leads to success.

It has been proved times too numerous to be mentioned, that people who have formed the habit of saving money are always given preference in positions of responsibility; therefore, the saving of money not only adds advantages in the nature of preferred employment and a larger bank account, but it also increases the actual earning capacity. Any business man will prefer to employ a person who saves money regularly, not because of the mere fact that such person saves money, but because of the characteristics possessed by such a person which make him or her more efficient.

Many firms will not employ a man or a woman who does not save money.

It should be a common practice for all business houses to require all employees to save money. This would be a blessing to thousands of people who would not otherwise have the will-power to form the savings habit.

Henry Ford has gone a very long way, perhaps as far as is expedient, to induce his employees not only to save their money, but to spend what they do spend wisely, and to live sanely and economically. The man who induces his employees to form the habit of saving is a practical philanthropist.

### OPPORTUNITIES THAT COME TO THOSE WHO HAVE SAVED MONEY

A few years ago a young man came to Philadelphia, from the farming district of Pennsylvania, and went to work in a printing plant. One of his fellow workmen owned some shares in a Building and Loan Company, and had formed the habit of saving \$5.00 a week, through this Association. This young man was influenced by his associate to open an account with the Building and Loan Company. At the end of three years he had saved \$900.00. The printing plant for which he worked got into financial difficulty and was about to fail. He came to the rescue with his \$900.00 which he had saved in small amounts, and in return was given a half interest in the business.

By inaugurating a system of close economy he helped the business to pay off its indebtedness, and today he is drawing out of it, as his half of the profits, a little better than \$25,000.00 a year.

This opportunity never would have come, or, if it had, he would not have been prepared to embrace it, had he not formed the habit of saving money.

When the Ford automobile was perfected, during the early days of its existence, Henry Ford needed capital to promote the manufacture and sale of his product. He turned to a few friends who had saved up a few thousand dollars, one of whom was Senator Couzens. These friends came to his rescue, put in a few thousand dollars with him, and later drew out millions of dollars in profits.

When Woolworth first started his Five and Ten Cent Store Plan he had no capital, but he turned to a few friends who had saved, by the closest sort of economy and great sacrifice, a few thousand dollars. These friends staked him and later they were paid back hundreds of thousands of dollars in profits.

Van Heusen (of soft-collar fame) conceived the idea of producing a semi-soft collar for men. His idea was sound, but he had not a cent to promote it. He turned to a few friends who had only a few hundred dollars, who gave him a start, and the collar made each of them wealthy.

The men who started the El Producto Cigar business had but little capital, and what they did have was money they had saved from their small earnings as cigar makers. They had a good idea, and knew how to make a good cigar, but the idea would have died “abornin’ “ had they not saved a little money. With their meager savings they launched the cigar, and a few years later they sold out their business to the American Tobacco Company for \$8,000,000.00.

Back of practically every great fortune one may find, as its beginning, a well developed habit of saving money.

John D. Rockefeller was an ordinary bookkeeper. He conceived the idea of developing the oil business, which was then not even considered a business. He needed capital, and because he had developed the habit of saving, and had thereby proved that he could conserve the funds of other people, he had no difficulty in borrowing what money he needed.

It may be truthfully stated that the real basis of the Rockefeller fortune is the habit of saving money which Mr. Rockefeller developed, while working as a bookkeeper at a salary of \$40.00 a month.

James J. Hill was a poor young man, working as a telegrapher, at a salary of \$30.00 a month. He conceived the idea of the Great Northern Railway System, but his idea was out of proportion to his ability to finance. However, he had formed the habit of saving money, and on the meager salary of \$30.00 a month had saved enough to enable him to pay his expenses on a trip to Chicago, where he interested capitalists in financing his plan. The fact that he, himself, had saved money on a small salary was considered good evidence that he would be a safe man to trust with other people's money.

Most business men will not trust another man with their money unless he has demonstrated his ability to take care of his own and use it wisely. The test, while it is often embarrassing to those who have not formed the Habit of Saving, is a very practical one.

A young man who worked in a printing plant in the city of Chicago wanted to open a small print shop and go into business for himself. He went to a printing supply house manager and made known his wants, saying he desired credit for a printing press and some type and other small equipment.

The first question asked by the manager was "Have you

saved any money of your own?”

He had! Out of his salary of \$30.00 a week he had saved \$15.00 a week regularly for nearly four years. He got the credit he wanted. Later on he got more credit, until today he has built up one of the most successful printing plants in the city of Chicago. His name is George B. Williams, and he is well known, as are also the facts here stated, to the author of this course.

Many years after this incident, the author of this course became acquainted with Mr. Williams, and at the end of the war, in 1918, the author went to Mr. Williams and asked for credit amounting to many thousands of dollars, for the purpose of publishing the Golden Rule Magazine. The first question asked was:

“Have you formed the habit of saving money.” Despite the fact that all the money I had saved was lost in the war, the mere fact that I had actually formed the savings habit was the real basis on which I got credit for upward of \$30,000.00.

There are opportunities on every corner, but they exist only for those who have ready money, or who can command money because they have formed the Habit of Saving, and developed the other characteristics which go with the formation of the savings habit known by the general term of “character.”

LOVE and Justice are  
the real arbiters of all  
disputes. Give them a  
chance and you will no  
longer want to defeat a  
brother sojourner by the  
wayside of life.

The late J. P. Morgan once said he would rather loan a million dollars to a man of sound character, who had formed the habit of saving money, than he would a thousand dollars to a man without character, who was a spendthrift.

Generally speaking, this is the attitude which the world takes toward all men who save money.

It often happens that a small savings account of no more than two or three hundred dollars is sufficient to start one on the highway to financial independence. A few years ago a young inventor invented a household article which was unique and practical. He was handicapped, as inventors so often are, because he did not have the money to market his invention. Moreover, not having formed the savings habit he found it impossible to borrow money through banking sources.

His room-mate was a young machinist who had saved \$200.00. He came to the inventor's aid with this small sum of money, and had enough of the articles manufactured to give them a start. They went out and sold, from house to house, the first supply, then came back and had another supply made up, and so on, until they had accumulated (thanks to the thrift and savings ability of the room-mate) a capital of \$1,000.00. With this, plus some credit they secured, they bought the tools for manufacturing their own product.

The young machinist sold his half interest in the business, six years later, for \$250,000.00. He never would have handled this much money, during his entire life, had he not formed the habit of saving, which enabled him to come to the rescue of his inventor friend.

This case might be multiplied a thousand times, with but slight variation as to details, as it is fairly descriptive of the beginning of many great fortunes that have been made and are now in the making, in the United States.

It may seem like a sad, cruel fact, but it is a FACT none the less, that if you have no money, and have not developed the habit of saving, you are “out of luck” as far as availing yourself of the opportunity to make money is concerned.

It can do no harm to repeat-in fact it should be repeated over and over again-that the real start of nearly all fortunes, whether great or small, is the formation of the habit of saving money!

Get this basic principle firmly founded in your mind and you will be well on the road toward financial independence)

It is a sad sight to see a man, well along in years, who has sentenced himself to the wearisome treadmill of hard labor all the days of his life because he has neglected forming the habit of saving money, yet there are millions of such men living, in the United States alone, today.

The greatest thing in life is FREEDOM!

There can be no real freedom without a reasonable degree of financial independence. It is a terrible thing to be compelled to be at a certain place, at a certain task (perhaps a task which one does not like) for a certain number of hours every working day of the week, for a whole life-time. In some ways this is the same as being in prison, since one's choice of action is always limited. It is really no better than being in prison with the privilege of a “trustee,” and in some ways it is even worse because the man who is imprisoned has escaped the responsibility of providing a place to sleep, something to eat and clothes to wear.

The only hope of escape from this life-long toil which curtails freedom is to form the habit of saving money, and then live up to that habit, no matter how much sacrifice it may require. There is no other way out for millions of people, and unless you are one of the rare exceptions this lesson and all these statements of fact are meant for YOU, and apply to you!

Neither a borrower, nor a  
lender be:  
For loan oft loses both itself  
and friend,  
And borrowing dulls the edge  
of husbandry.  
This above all: to thine own  
self be true,  
And it must follow, as the  
night the day,  
Thou canst not then be false  
to any man.

-SHAKESPEARE

EVERYTHING  
PASSES AT PAR,  
TEMPORARILY  
TRUTH ALONE  
REMAINS  
PERMANENTLY.