The Correspondence between Irving Fisher and Nathaniel Terry Bacon at the James P. Adams Library Rhode Island College

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The Correspondence between
Irving Fisher and Nathaniel Terry Bacon
at the
James P. Adams Library
Rhode Island College

Worth Knowing in Writing a Very Needed
Biography of Irving Fisher

By Richard Vangermeersch
Emeritus Professor of Accounting
University of Rhode Island

With the special help of
Elizabeth D. Warburton
Special Collections Project Assistant

Edited by Marlene L. Lopes
Special Collections Librarian
Rhode Island College
Foreword

This project brings together the correspondence between Yale economist Irving Fisher and entrepreneur-industrialist, philanthropist and gentleman scholar Nathaniel Terry Bacon. In doing so it provides a window into the thoughts and interactions of two intelligent and influential men, related by marriage but very different in terms of personality, social outlook, and economic theory. Spanning the first quarter of the 20th century, these letters have as their backdrop key events such as the First World War, the impending stock market crash, and the eve of the great depression.

Professor Emeritus Richard Vangermeersch initiated this undertaking and made us aware of the value of the correspondence and, in particular, the added dimension that they can provide to a biographer of Irving Fisher. Professor Vangermeersch brought with him the excitement of the search, an eagerness to introduce new researchers, and a desire to make scholars of both economic theory and local history aware of this “hidden treasure.” I thank him for sharing with us his scholarly background, knowledge of South County, storytelling skills, and, most importantly, his enthusiasm. Elizabeth Warburton, as always, was meticulous in her transliteration of the letters, successfully surmounting such obstacles as faded ink, onionskin paper, and difficult to decipher handwriting. We thank Hedi BenAicha, Director of the James P. Adams Library, for his support of this project.

As editor, I am pleased to make available this correspondence and analysis. The content of each letter has been reproduced, and its format, including Irving Fisher’s letterhead stationery, has been copied as closely as possible. For ease in reading, distinctly different typefaces have been used for the letters of the two correspondents. In reality, both gentlemen sent a combination of typed and handwritten missives, sometimes dictated to a secretary. Additions made to the letters by a third party, such as a postscript from Helen Hazard Fisher, appear in the italic version of the same font used for the analysis and most of the rest of this publication. Attachments have been scanned and therefore retain their original appearance.

This project showcases a small part of the Nathaniel Terry Bacon Papers and offers a taste of the richness of this collection of personal and business papers. It is a work in progress. We invite your comments and suggestions and would be interested in knowing the directions into which these letters take you.

Marlene L. Lopes
Introduction

This collection and analysis of the correspondence between Irving Fisher and Nathaniel Terry Bacon is done as a step in the process of interesting a biographer in doing a very much needed biography of Irving Fisher. Much of the preliminary work has been done.

No one has yet written a definitive biography of Irving Fisher. In 1956 his son, Irving Norton Fisher, contributed the chatty, but incomplete, biography, My Father, Irving Fisher (cited below as INF). His account carefully skirts around his father’s domineering and dominating nature and the unfortunate effects on himself and his family. He also published in 1961 A Bibliography of the Writings of Irving Fisher and in 1979 an addendum to that book.

Some more recent literature provides help in completing the picture of Irving Fisher. Robert Lansing Allen’s 1993 book, Irving Fisher, A Biography (cited below as Allen), notes Fisher’s many significant accomplishments in the field of economics, but it also skirts around family issues and does not develop his roles in the many causes in which he was involved. These causes would make a more complete biography and transform it into a magnificent look at numerous social movements of the first half of the 20th century. Allen, aware of his role, states, “…Still. I make no pretense that this is a complete and definitive treatment of Irving Fisher’s work or his life,” (Allen, xi). He does, however, present a list of Irving Fisher’s interests and activities (Allen, ix):

- Professor of political economy and economic theorist;
- Mathematician and mathematical economist;
- University teacher of varied subjects;
- Monetary and business-cycle theorist, statistician, and first econometrician;
- Supplier to the press and government of economic statistics;
- Promoter and publicist of monetary reform (100 percent reserves), economic stabilization (commodity standard), and tax reform
- Economic advisor to American presidents, Congress, foreign leaders, as well as politicians, businessmen, corporate executives, and the media;
- Inventor and innovator;
- Businessman, investor, financier, and corporate board member;
- Advocate of and leadership in the movements of eugenics, public health, physical fitness, peace, and Prohibition;
- Nutrition, diet, and fresh-air enthusiast;
- Philanthropist;
- Author of thirty books and hundreds of articles;
- Speaker at thousands of meetings on scores of subjects;
- Dinner-table and dining-car philosopher.

This list provides the basis for a complete biography of Irving Fisher.
Now that I’ve given you an idea of who Irving Fisher was, let’s look briefly at Nathaniel Terry Bacon. His “15 minutes of fame” experience resulted from his (ca.1897) translation from French to English of the 1838 book, *Recherches sur Les Principes Mathematique de la Theorie des Richesses*, by Antoine Augustin Cournot. However, as outlined in Rhode Island College’s *Register of the Papers of Nathaniel Terry Bacon* (cited below as NTB Register), he was much more than that:

### Biographical Outline — Nathaniel T. Bacon

- **1857, August 16** Born in Litchfield, Connecticut, son of Rev. Leonard Woolsey Bacon and Susan (Bacon) Bacon.
- **1864-1875, circa** Attends Hopkins Grammar School, New Haven, Connecticut, and the Gymnase Technique of the University of Geneva, Switzerland.
- **1879** Graduates Ph.B. from Scheffield scientific school, Yale University.
- **1880-1884** Works as a railroad surveyor; locates site of Bear Mountain Bridge (New York) and induces Rowland Hazard to purchase it.
- **1884** Travels to Europe with Frederick and Rowland G. Hazard to study the Solvay process, marking the beginning of his association with the Solvay Process Company.
- **1884, October 1** Becomes a presidential assistant to Rowland Hazard, Solvay Process Company, Syracuse, New York.
- **1885, October 6** Marries Helen Hazard, daughter of Rowland Hazard in Peace Dale, Rhode Island.
- **1887, May 25** Son Leonard born.
- **1889, November 12** Daughter Susan born.
- **1902, January** Travels to Central America, meets Neil and Arthur Lawder and becomes a director of Belanger's, Incorporated, of Bluefields Nicaragua.
- **1908, December 19** Southern Realty Company incorporated in Autauga, Alabama.
- **1915, circa** Becomes a member of the Board of Directors of Phoenix Linen Company, North Brookfield, Massachusetts.
- **1915-1924** President of the Narragansett Pier Railroad Company, Narragansett, Rhode Island.
- **1920-1925** Organizes and manages the Ward Lumber Syndicate, Benton, Alabama.
- **1921, January 21** Southern Realty Company files for dissolution.
- **1922-1925** Principal owner of the Sea View railroad property in Washington county, Rhode Island.
- **1924, November 1** Terminates employment with the Solvay Process Company (Allied Chemical and Dye Corporation).
- **1925, October 26** Helen Hazard Bacon dies at family home, “The Acorns”, Peace Dale, Rhode Island.
- **1926, January 3** Dies at “The Acorns”.
Bacon’s father and grandfather were leading abolitionist pastors in New Haven, CT. His father was also very involved in helping the freed slaves, as were Nathaniel Terry Bacon and Helen Hazard Bacon. Their son, Leonard Bacon, was awarded the Pulitzer Prize for Poetry in 1941.

Why would an emeritus professor of accounting take on this quest? This is a good question indeed, and it must be answered early on. My area of academic expertise is the history of accounting and accounting thought. Irving Fisher was a significant player in a doctoral course in the History of Economic Thought in my Ph.D. program at the University of Florida. I also took fields in both Economics and Economic History. In accounting history Fisher is described as an economist who tried, early in his career, to relate accounting to economics in a spectacular, if imperfect, way. As such, Fisher is noted in the literature of accounting history, but rarely in depth.

While my background explains why I would immediately recognize the name of Irving Fisher, there is more to the story. I am very involved in the historical paper market and have a collection of books, stamped and stampless covers, postal and post cards, autographs, documents, and other related items. I had planned to go actively into this business after retirement but didn’t, so I decided to downsize my collections by selling off pieces which no longer interested me.

One of those pieces was Irving Fisher’s 1932 book *Booms and Depressions*, purchased for $1 at a sale from a local library. The book had been donated to the library by Miss Caroline Hazard, of some local fame and a long-time (1899-1911) president of Wellesley College. The Amazon price on the book was $200.

My book dealer asked me whether this Irving Fisher was the one who had signed the inscription on the book “To Sister, with love, Irving 1932.” I said, “Can’t be.” Because of Caroline Hazard’s signature we put a minimum bid price on the book at $200. However, it didn’t sell on Ebay, so I took the book back. A little later I learned that a local historian was giving a talk on Caroline Hazard. I decided to go to the talk, perhaps subconsciously hoping to learn of a connection between Irving Fisher and Caroline Hazard.

About sixty people were there, and I picked up an excellent catalogue of the Nathaniel Terry Bacon Collection at Rhode Island College. I quickly examined it and noted the genealogy of the Hazard family. Lo and behold, Irving Fisher was married to Margaret Hazard, the youngest sister of Caroline Hazard. This was a classic “aha” experience, somewhat dampened when my commenting about Irving Fisher drew blank stares from everyone else there. (How fleeting fame is.)
The finding aid from Rhode Island listed 50 letters from Irving Fisher to Nathaniel Terry Bacon. Nathaniel Terry Bacon was married to Helen Hazard Bacon who was also the sister of Margaret, the wife of Irving Fisher. Marlene Lopes, the Special Collections Librarian at Rhode Island College, was at the talk, and I told her I’d be up to review these letters to see if they had any historic worth. They did. I also noted Nathaniel Terry Bacon had letterpress books going back to 1885 and continuing to his death in 1926. Fortunately, these letterpress books were indexed and 72 letters from Nathaniel Terry Bacon to Irving Fisher were noted.

I reviewed these letters but could not photocopy them as they were on fragile onion-skin paper and not immediately readable. I did ascertain, however, that with care they could be read and transcribed, but not by me. I explained the situation to Marlene and stressed the historic worth of this Bacon to Fisher and Fisher to Bacon correspondence. The letters from Irving Fisher to Nathaniel Terry Bacon were photocopied, and Elizabeth Warburton transcribed the letterpress Bacon to Fisher copies into a digital format. Thus I was able to work at home with printed copies. Liz did a magnificent job. THANKS, LIZ, because without you this book could not have been done. THANKS, MARLENE for all your help. I hope that this work is useful to a biographer for Irving Fisher.

My hope in completing this project is that it will encourage others to view and research the many parts of the Papers of Nathaniel Terry Bacon at Rhode Island College. Thanks for your attention. I hope you find this work enjoyable to read and very useful.

Richard Vangermeersch
## Chronology of the Correspondence

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**Notes:**
- NTB indicates a note from the correspondent.
- IF indicates a follow-up letter from the correspondent.
- Dates are in the format month/day/year.
The Letters, Together with Notes and a Brief Review

Although the 122 letters do not match up exactly, there is a very clear notion of the content of the non-included letters in letters which are obviously responses. Therefore letters that match have been grouped and reviewed together. The Bacon letters have their first match-up in 1902. The Fisher/Bacon interchange does not match-up until 1914.

After much thought, I decided to present the letter or letters if they were connected in a give-and-take between the two gentlemen, followed by my comments. I suggest that the reader first read the letter (or grouping of letters) and then read my comments. A rereading of the letter (or groupings of letters) probably should be done before proceeding to the next letter (or grouping of letters).

I hope that this work is useful to an Irving Fisher biographer. I also hope that others will participate in viewing and researching the many parts of the Nathaniel Terry Bacon Papers at Rhode Island College. Thanks for your attention. I hope you find this work enjoyable to read and very useful.

May 30th, 1897

Dear Irving:

Enclosed you will find the list of curious errors found in Cournot and a copy of my letter to Prof. Ashley.

I finished my revision on the train from New Haven. In doing so I was pleased to find a large question mark against the very passage Pareto comments on; but I had not called your attention to it, as it was not an error in mathematical process, but rather in fundamental assumption.

I find it impossible to get a satisfactory copy without leaving the sheets to soak for at least half an hour; and as it would have required at least a dozen such operations, there was not time; so I have requested Prof. Ashley to send you the manuscript and I will use the original.

I think I have corrected all the errors found so that it will not be difficult and will have certain advantages.
In 1894, as a wedding gift from his father in law Rowland Hazard, Fisher had received funding for a year-long sabbatical in Europe, and thereby he was able to expand his contacts with European scholars of mathematical economics (INF, 62-68). Most likely he was fluent in German. He has been encouraging Bacon to publish an English translation of Cournot’s Researches into the Mathematical Principles of the Theory of Wealth (INF, 72). Bacon, having attended the Gymnase Technique of the University of Geneva, Switzerland, was probably fluent in French. He also has had an exceptionally broad education, perhaps even broader than that of Fisher.

Antoine Augustin Cournot (1801-1877) was a French academic. His book was never really a factor in economic research until it was translated by Bacon and used by Fisher. Thus Bacon put Cournot “on the map” of mathematical economics. Vilfredo Pareto (1848-1923), the second economist mentioned, was trained as an engineer (as was Bacon), and (like Fisher) he had many passionate interests, including mathematical economics (JS, 859-860). Carl Pribram writes: “An engineer by training, Pareto proclaimed even more tenaciously than Walras, the mechanical conception of economic relationships as the only valid method of economic analysis, and he insisted on the necessity of analyzing all such relationships in terms of a consistent model of interdependent magnitudes” (Pribram, 308).

Fisher’s brilliant teaching career at Yale was interrupted when he contracted tuberculosis in 1898. As related by his son, Fisher attributed the illness, which had claimed his father’s life in 1884, to a near drowning experience at Narragansett Pier in Rhode Island (INF, 73-74). His wife had been gifted by her father with a summer home, called WhimsyCot, in Narragansett Pier. In addition to supplying the funds for their year in Europe, Bacon had built a house for his daughter and son-in-law next to the Yale campus as a wedding present. I am convinced that Fisher would have died then or have been an invalid except for the care and money lavished on him and Margie by the Hazard family. Fisher certainly gave back to society through his subsequent efforts to promote better health in general and to help tuberculosis victims in particular.

Robert Lansing Allen, however, disagrees and believes, instead, that Irving Fisher “had dissipated much of his time and energy in pursuit of goals that added little to his immortal stature and that was all right with him” (Allen, 299); his career in economics would have continued to
take-off in economics long after his death (Allen, 297). Perhaps in following the path of broad social involvements Fisher had been influenced by his admiration of William Graham Sumner, his professor and later colleague at Yale.

NOTE: Joseph A. Schumpeter’s *History of Economic Analysis* (1954) is, in my view, the best work on the history of economic thought, and is the chief source used in this work. Another scholar in the history of economic thought, Carl Pribram (1983), also gives extended comments on Cournot and his 1838 book (194-195) and 444-45).

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Peace Dale, R.I., Apr. 9, 1900

Prof. Irving Fisher
17 East Dale St.
Colorado Springs, Col.

Dear Irving:

This will be presented to you by Monsieur Victor Semet, son of the coke oven man and a nephew of Ernest Solvay. He is on a general tour of the United States, and I can give him a letter to you for the chance that you may still be in Colorado Springs when he reaches there about the end of May. His father and mother were very polite to us when we were in Brussels last summer, and I shall be very glad if you and Margie can do something for him. He will probably only stay over a day, so that probably a welcome will be about all that you have opportunity to give him, but on so long a trip it is something to see someone whom he has heard of before.

Yours faithfully,

N.T. Bacon

Fisher is in Colorado Springs in his long recuperation from tuberculosis.

In 1881 the Hazards had received the U.S. rights for the Solvay Process from the Solvay brothers of Belgium. As reported in the Register of the Papers of Nathaniel Terry Bacon the Solvay Process was “a patented process for producing alkali from salt, coke and limestone which would provide the growing chemical industry with a cheap and plentiful source of soda ash and caustic soda” (NTB Register, 20).

During his courtship of Margaret Hazard, a rather interesting dance arranged by Fisher, his future brother-in-law, and Caroline Hazard, Fisher started out as a king. However, he quickly became a pawn to the Hazard family, a treatment he deeply resented. From it stemmed much of his subsequent quest for money from his inventions (especially what is today called the Rolodex) and his speculations in common stock. He wanted to stand on his own, successful and
independent of the Hazard fortune.

\[ \right\]  

\[ \text{Santa Barbara, Cal. Aug. 14, 1900} \]

Nathaniel T. Bacon, Esq.
Holderness, N.H.

My dear Nat:

This letter is apropos of nothing, except that I have been wanting to write to you for a long time and also to hear from you.

Everything is going well with us here. Margy has about regained her normal condition, Sister is getting rested, the children are both in perfect health and I am rapidly regaining mine.

Our chief complaint is that our friends and relatives are so far away. I wish circumstances would bring some of you in this direction. But fall after next it is quite probably that we shall be East, although our plans for that time as well as for the intervening time are not very definite.

I have just finished reading “Jane Eyre,” which Helen and you sent me for my birthday and for which I have never adequately thanked you. Let me thank you now, and also for its companion volume, Galdos’s “Saragossa.” I read this with interest though I could not agree with the translator in placing the high value upon it, from a literary point of view.

I wonder if you have read Stephen Phillips’ poetry. Margy and I have been very much struck by it and I should not be surprised if he should turn out to be England’s great poet. I naturally spend a great deal of time now reading, and while the sort of reading is not what I would prefer if I were perfectly well, it is very pleasant and improving. My other occupations are walking, riding, and driving and I am getting to be quite a horseman and jockey. I have quite a phenomenal horse for the saddle, as he is also a good carriage horse as well as a racer.

Give Margy’s and my love to Helen, and tell her that Margy is really very well. Since Sister was surprised to see her looking so well, I am fearing that Helen has been exaggerating her former nervous exhaustion. It is of course still true that she has to be careful, but this would be so even had she not been nervous.

I hope the spirit will move you to write soon. Remember us to our friends in Holderness and give our love to Leonard and Susie. I suppose they have grown about beyond our recognition.

As ever,

Yours,
Irving Fisher

“Sister” refers to Caroline Hazard, then President of Wellesley College and the grand dame of both Wakefield, Rhode Island, and Santa Barbara, California. Margaret Hazard Fisher, the last child of Rowland and Margaret Reed Hazard, had four strong siblings. She was easily
dominated, not only by her husband and brothers, but also, especially, by her two sisters. Such references to the health of his wife (Margy, Margie, Margaret) and his children (Margaret (b.1894), Caroline (b.1897), and Irving Norton (b.1900) are rare. Fisher is alluding to his wife’s nervous exhaustion. Early in his recuperation from tuberculosis Fisher spent much time in Holderness, New Hampshire. His complete recovery is at least a year away, and it is doubtful that he would ever have regained his health without strong financial support from the Hazards. Leonard and Susie are Bacon’s children.

Santa Barbara, Cal.
Sept. 13, 1900

Mr. Nathaniel T. Bacon
Peace Dale, R.I.

Dear Nat:

Your letter of August 28th reached me some time ago and I was very glad to hear from you. You asked who Stephen Phillips is. He is the author of Paolo and Francesca and of some other poems and to my mind shows a great deal of genius. He is an Englishman. If you would care to see his poetry, I should be glad to send you two small volumes which I have here.

I am sorry that your financial article was delayed. It is especially provoking after having prepared it with so much labor pains for a specific date. I had the same experience with a review which I sent for the May number, but which did not appear until the August number. Reviews, like statistics, do not improve with age.

I hope you enjoyed your stay in Holderness and that you did not find it too hot after getting back to Peace Dale. As yet, we have had no unbearable days. Today is rather warmer than we should prefer but cool in comparison with the heat that we read of in the East. The weather has certainly been peculiar this summer, especially in Texas, as the papers are now telling us. I do not remember hearing of any disaster so fearful in the whole history of this country; that is, if the newspaper accounts are correct.

Margie is feeling extremely well and we are all getting along satisfactorily. The children are learning to ride a pony and I am taking up rowing.

Love Helen and yourself from us both

As every yours,
Irving Fisher

Fisher continues to read poetry. Most likely he is referring to the Yale Review, for which he later becomes an official. Bacon remains active in financial writings. Reference is to the Galveston, Texas flood of September 8, 1900. Note the mention of Margie and the children.
In his quest to recover from tuberculosis, perhaps the dominant event of his life, Fisher has become an “exercise person.”

\[\text{\textit{\textendash\textendash\textendash}}\]

Santa Barbara, Cal., July 2\textsuperscript{nd}, 1901

Nathaniel T. Bacon, Esq.,
Peace Dale, R.I.,

My dear Nat.:----

I have just returned from Yosemite, after a very pleasant trip there. I took with me all the unread magazines, especially my Technical Journals, and among them, I am rather reluctant to admit was the copy of the Yale Review containing your article on “American indebtedness to Europe”. I read it with great pleasure. The points you made are valuable and the method interesting and painstaking. If the investigations were repeated at this time, how different the figures would be!

I have been wanting in some way to congratulate Leonard on his literary work. I have not seen all of it, but the poems which Helen sent showed great power in one of Leonard’s age, and much promise for the future. In most of us, the poet dies young, but with the incentives which must have come with this work of Leonard’s, I think this is not likely to be the case with him.

We have decided finally to go by way of the Canadian Pacific and shall stop off at Banff for as long a time as we have. It will be some weeks before we can wind up things here and get away.

We are all pretty well here. Margie is just over a cold.

With love to Helen and the rest and hoping to see you all well in the Fall, I am

As ever yours,
Irving Fisher

Still residing in the Hazard compound in Santa Barbara, Fisher praises Bacon for his article “American Indebtedness to Europe” in the Yale Review. Both Bacon and Fisher have strong ties to Yale. Fisher earned all his degrees there, and Bacon graduated from the Scheffield Scientific School of Yale. Irving Fisher’s father was a Yale man, as were Bacon’s father and grandfather, noted pastors and fighters for the abolition of slavery. In the second paragraph of this letter Fisher’s words foreshadow Leonard Bacon’s future success as a poet which culminated with the 1941 Pulitzer Prize for Poetry.
My dear Irving:

Enclosed you will find a copy of a letter on Belanger’s Incorporated which I am just sending to my Uncle Frank. It is necessary for us to make our plans at once for the ensuing year, and so we would like to know promptly if you care to subscribe, but if we can rely on it in the future we do not need spot cash, and you could postpone payments for all or part of your shares even till July 1st if you [-illegible-] of course with the understanding that they were not to carry dividends till paid for the next quarterly dividend comes Feb. 1st, and the directors agreed to allow shares paid for on or before Dec. 1st to take the whole of this dividend so there is a slight advantage in an immediate payment. Two quarterly dividends have already been paid at the rate of 8% per annum, and the last month reported on is by far the best yet for business. Let me hear from you as soon as possible as to what you would like to do.

Yours faithfully,
Nath. T. Bacon

Nov. 27th [1902]

My dear Irving:

Your note of yesterday is at hand. Do not feel under the least obligation to strain yourself for this on my account. It made very little trouble to send you a carbon copy of my letter to my Uncle.

Since I wrote I have taken in a large subscription conditional on my going to Nicaragua during the winter to satisfy [myself] on the spot that the affair’s as represented. I shall try to do this if I can get a few thousand more in the same condition. This will not call for any cash before March at earliest and payment could be put off till July. If you would like to try $1,000.00 on these conditions I would be glad of it, but I don’t want to urge it.

Yours faithfully,
Nath. T. Bacon
Here are two classic examples of “insider information.” As you would expect, Bacon assumes that his son-in-law, nearing the end of his long recovery from tuberculosis, is cash-strapped.

March 25 [1903]

Prof. Irving J. Fischer
460 Prospect St.,
New Haven, Conn.

Dear Irving:

The North American Review answer that the article is too long, and moreover, I think the first part of it is too technical for them. I will turn it over to you definitely, but I should be glad to know as soon as possible whether you can use it in the August number, or partly in the August and partly in the November numbers. I think you will find it too long for a single number. If you do not want it, of course, I shall try to find some other publisher at once.

Yours faithfully,
N. T. Bacon

Back at Yale, Fisher is involved with the Yale Review, probably as editor. The house at 460 Prospect Street, next to the Yale campus, had been a wedding gift from Bacon. Irving Norton Fisher describes it thusly:

The house was so generously proportioned that any returning bride of today would contemplate it with terror. The main floor had a music room, a dining room, a library and a wide entrance hall, each with its own fireplace. The hall, which extended through the center of the house, was later transformed into a forty-foot living room with a large sunny bay window where the front door used to be. The second floor had five bedrooms and two baths and there were three children’s rooms and three servant’s rooms with two more baths on the third floor. Its spacious rooms now house a private school which has an enrollment of nearly two hundred. (INF, 69)

As a long-time faculty member myself, I can just imagine the reactions of fellow faculty members and administrators to this ostentatious residence situated so close to campus. Irving Fisher did not have the attributes of a “Jolly Good Fellow,” and this house would further alienate him from the typical Yale professor.
At this point, it is important to note the relationship between Irving Fisher, his father (George Whitefield Fisher), and his father in law (Rowland Hazard). The Peace Dale Congregational Church had been largely funded by Rowland Hazard. In 1868 George W. Fisher became its minister, and he remained there until 1880 (INF, 9). In 1885, after this father’s death in the previous year, Fisher returned to Peace Dale to visit his father’s former parishioners (INF, 19). A little later on, Rowland Hazard lent Irving Fisher $1,000 to help him finish his Ph.D. at Yale (INF, 38). In the fall of 1891 Irving Fisher and Margaret Hazard met again at the Bushnell home in New Haven (INF, 54). Most likely, Rowland Hazard and his daughter Caroline were instrumental in getting them together and theirs was an arranged marriage.

Here Fisher is a king. However, Bacon seems to be asking for a quid pro quo, help in getting his article published in the *Yale Review*, possibly in return for the information on Belanger’s Incorporated. There Fisher is a pawn.

April 7 [1903]

Prof. Irving Fischer,
460 Prospect St.
New Haven, Conn.

Dear Irving:

Can you tell me where to look for information as to the make-up and calculation of the composite ton? I am going over this at present with the idea of suggesting the incorporation of a factor representing this in a sliding scale of wages. Determination of the cost of the composite ton to be made quarterly and wages calculated accordingly.

I wrote to Professor Farnam yesterday adding two footnotes to my article called for on account of very recent developments. I hope that it will be possible to give an answer concerning this before long.

We are all very well here except Rowland, who is rather miserable with a cold.

Yours faithfully,
N.T. Bacon

Fisher will ultimately become the world’s leading expert in the very important arena of index numbers, and his expertise will become a significant money-maker and attention getter. Here Bacon is asking him for help. I am impressed with the openness between the two men. Fisher
behaved this way with many of his colleagues in academia. This willingness to collaborate and to exchange differences of views certainly was one of his strong suits. However, extending his collaborative attitude to the business arena, rife with ulterior motivations, led to the eventual fleecing of his wealth.

Professor Irving Fisher,
463 Prospect St.
New Haven, Conn.

Dear Irving:

Yesterday by the courtesy of the State Department I received the Russian Budget for 1903. It contains much later information than anything which I had before, and will involve rewriting several pages of my article, but I think you will like it none the worse.

Yours faithfully,
N.T. Bacon

Apparently, Bacon is in the process of writing an article commissioned by Fisher for the Yale Review. This letter shows not only the broad scope of Bacon’s scholarship but also the groundswell of information exchanges taking place at the start of the progressive period. Both men are progressives, and the dissemination of statistics is supposed to lead to a more transparent and, hence, better world. However, Fisher is very naive about human motivation.

Professor Irving Fischer,
460 Prospect St.
New Haven, Conn.

Dear Irving:

Can you tell me whether Gifford Pinchot is going to be in New Haven for Commencement? I am quite anxious to see him for a short time, and would be very glad to improve the opportunity if he is to be in New Haven then, and spare myself a trip to Washington.
Of course, I understand that your house will be full at that time, but it will be hard luck if I cannot find accommodation somewhere in New Haven among my various relatives.

Yours faithfully,
N.T. Bacon

Fisher is hosting select Yale alumni for commencement. Although there is no room for Bacon, there is for the very famous “Yalie,” Gifford Pinchot, Professor of Forestry at Yale (1902-1936), formerly Head of the U.S. Forest Service (1898-1890) and later Governor of Pennsylvania (1923-1927, 1931-1935). Yale men stick together. This time it is Bacon’s turn to request direct access to a noted public official, so once more Fisher is a king.

Nov. 7th [1903]

Dear Irving:

Has postponement of By Product calls left you with any spare funds?

If so I should be glad if you would consider Belanger’s incorporated. A great fire in Bluefields has just swept two of our main competitors out of business and crippled the third, so that we have an uncommon chance.

We have paid our 8% on our preferred now for a year + a half and have piled up a good deal of reserve as well.

Preferred is offered at par for this emergency as we want more money for the extra business.

Yours in great haste,
N.T. Bacon

This is one of the best examples of an opportunity to benefit from insider information. Once again, Fisher is a pawn in the Hazard chess game.
Professor Irving Fisher,

#460 Prospect St.
New Haven, Conn.

My dear Irving:–

Yours of yesterday is at hand. I find that I have come to an end of my spare copies of the Russian articles, but I can send Judge Wescott the numbers of the review from my file which contain the articles, if he will engage to return them, but of course I do not want to let these go out of my hands without a positive understanding that they are to be returned.

I enclose a deed from Margie and yourself to the Solvay Process Company for the land bought in your name in California. Please sign this and then acknowledge before a notary public or, preferably, before a commissioner or deeds for the state of California if there is one in New Haven. There used to be one when I lived there. It will not be necessary for him to know what the property covered by this is, and it will be better on general principles not to have it spread abroad. Of course the Solvay Process Company will pay all the expenses. This deed is not to go on file, but merely to be kept by the Solvay Process Company until such time as they may want to appear.

Yours faithfully,

N.T. Bacon

Enclosure

Here is the only mention of Judge John Wescott of New Jersey, an influential figure in the New Jersey Democratic Party whose fame came from his nomination of Woodrow Wilson at the 1912 and 1916 Democratic National Conventions. He was also Irving Fisher’s first cousin. Although Fisher’s father receives more credit for influencing him, it is important to note his maternal relationship to the very well-connected Wescott family; it certainly did not hurt him in his quest for national and international fame.

Once more Fisher is a pawn in the Hazard empire, the most important piece of which is probably the Solvay Process Company. Secrecy is to be the watch-word.
Peace Dale, R.I., Mar. 21, 1905

Prof. Irving Fisher,
#460 Prospect St.
New Haven, Conn

My dear Irving:–

With this I am returning you the first chapter of your *Theory of Capital* after reading it with care. I was inclined at first to comment on your definition of wealth, but the rights, such as the fishing rights on the banks of Newfoundland, which were not covered as I looked upon it in this definition, are perhaps sufficiently accounted for under the head of Property in your next chapter (of which I have only read the opening page or two) so that this criticism falls.

On the other hand, at the top of page 5 you say that as a matter of fact almost all workers in modern society are bound by contract to some extent or for some period of time. It seems to me that this is putting it a little too strongly, as the very large farming element, in this country at least, is under very few restrictions of this kind other than their general duties to their families.

On page 19, however, I criticize your statement that the “total value for instance of the Southern Pacific Railway system, in the sense of what it would bring if sold as a whole, is much less than its total value in the sense of the total value of its stocks and bonds.” If you had said the total face value of its stocks and bonds this would probably be true, but the face value of such securities really has little to do with the case. On the other hand, you take for granted a very important question, namely, whether this system is worth as much when owned sporadically as when its ownership is concentrated in the hands best able to utilize it. You may think that this is rather a fanciful thing for me to bring up, but on the contrary, it is one for which very important precedents are in existence.

Almost exactly parallel was the question of the value of the C.B. & Q. Railroad. The stock of this railroad in its divided ownership was quoted at about $132 when James J. Hill determined to buy it, and knowing that it would be almost impossible to acquire all the stock by any ordinary means, he offered instead to take over as much as should be offered to him at this price, provided that it was more than half, and to give $200 in 4% bonds for each $100 share, an offer which was accepted by most of the stockholders, and the acceptance of this offer by a great majority of the stockholders (among whom, I believe, was your wife) added at once 50% to the market value of the stock and improved even somewhat the value of the bonds, so that the value of the C.B.
& Q. system as sold to Hill, virtually, as a whole, was much more than its total value in
the sense of the total value of its stocks and bonds before the negotiation was opened.

On page 20, therefore, the statement that the “value of a certain amount of one kind of wealth is the quantity of some other kind for which it would be exchanged if the whole amount were exchanged at the price set upon it,” should be considered carefully. I suggest making it the “nominal value of a certain amount of one kind of wealth,” and correspondingly on page 19. Possibly, however, it would be better to substitute the word “evaluation” for there seems no question that the value of a property depends very greatly upon the personality of the owner, and the price which would be demanded would be very different in the case of one customer from what it would be in the case of another. This is a matter of everyday experience in dealing with real estate.

Again you say on page 26, “To estimate the value of the Yale campus or the Yellowstone Park is impossible unless we allow ourselves a range of 1000%.” I think you would find plenty of men in New Haven who would give you a very definite value for the Yale Campus, based on the value of surrounding property. Of course, this value would be based on some purpose to which this land and the buildings on it could be put, but that is true likewise of any real estate. Possibly you may consider this captious, because I do not consider its value for education purposes only, but that is true likewise of any real estate. Possibly you may consider this captious, because I do not consider its value for education purposes only, or because you would say that its value for education purposes is higher than for commercial purposes. There is a certain sentimental value attached to that site which cannot be estimated at all, and it has been frequently decided by the courts that this is a matter for the possibly method of valuing them, but the real value for education purposes as distinguished from the sentimental could probably be determined within a very much smaller range of value than you suggest.

On page 27 you have left two blanks to be filled in. I suggest also introduction of the word “material” after “existing” where that has been penciled in.

Finally on page A-5, the definition of momentum is all right, being “mass multiplied by velocity,” that is to say ml\(t^{-1}\) is so peculiarly made that I have read it as a \(\frac{2}{7}\) several times, and consequently been puzzled by it. Likewise on page A-6 near the bottom you have an unfilled blank. You are probably aware of these various unfilled blanks, but I add the memorandum for the chance of saving trouble.

I sent you yesterday afternoon by mail the copy of “The Aristocracy of Health” which you lent me. I have read a part of it, but, as a whole, it is an extremely diffuse tirade by an intelligent woman who is driving a fad to extremes. I think that at bottom
her arguments are fairly justified, but she presents them in a manner which excites my opposition all the way through. It is not the kind of presentation which I should like to put forth for anything which I favored.

I hope that the dog Heinz will reach you not long after this does. I have paid for him.

Yours faithfully,
N.T. Bacon

Enclosure

Peace Dale, R.I., April 5, 1905

Professor Irving Fisher,
#460 Prospect St.
New Haven, Conn.

My dear Irving:–

Yours of April 3 is the first intimation that I have received that the chapters returned to you had been received so that your stenographer must have omitted yours to me altogether. I am somewhat relieved by this, as I had thought that you might have considered my ideas of value in particular to be too revolutionary.

I see, on reading over the quotation from my letter, that the phrasing of it was clumsy. I was referring by anticipation to the price offered by Hill, namely, $200 in 4% bonds for each share of the stock which was at that time returning only 6% to the holders.

I am glad you like the dog.

Yours faithfully,
N.T. Bacon

Peace Dale, R.I., June 23, 1905

Prof. Irving Fisher,
#460 Prospect St.
New Haven, Conn.

Dear Irving:–
Enclosed you will find another chapter of your book with a few comments. The only one of much importance is that on page 12, but your conception of income and mine differ so much that I think perhaps you may not consider this point well taken.

I hope to send you more before long, but I only reached home late last night, having had a very busy trip.

Yours faithfully,
N.T. Bacon

Enclosure

Peace Dale, R.I., June 28, 1905

Prof. Irving Fisher,
#460 Prospect St.
New Haven, Conn.

Dear Irving:–

With reference to your letter of June 24th, it seems to me that under your conception that you might have the income from the house null for the year, but that the income cannot be negative even under your conception of it, if you hold with mathematical strictness to your definition. It seems to me that your definition of the income from a property amounts to what the owner takes for consumption as distinguished from reinvestment out of this property. The fact, therefore, that fresh investment of capital from some other source is put into this in no wise affects the outcome going from it. I am under the disadvantage of not having under my eye the previous chapters containing your definition of income, and perhaps I did not absolutely grasp that as I should have done, for it did not satisfy me as I read it, and it is possible that it is owing to my imperfect conception of the definition that the rest of the criticism seems to you erroneous, but if my conception of your idea is correct, that income is what is used for consumption either out of revenue or results of borrowing or out of principal (for it seems to me that your definition of income covers consumption from whatever source) as distinguished from what is reinvested (all cash and similar reserves being considered as essentially a part of reinvestment) than income from a property cannot possibly under any circumstances be negative, for absorption of capital according to this definition is a thing which does not come out of income, (for you seem not to consider as income savings out of income), though it may divert from consumption what would otherwise be used as income. I think perhaps this whole
discussion might be facilitated by a distinction between revenue and income, but I will
be glad to drop this for consideration when I have finished reading the rest.

Yours faithfully,
N.T. Bacon

Irving Fisher finally gets back to full-time academics after a very long and successful recovery
from tuberculosis. He combines some of his long articles published in the 1890’s into a magnus
opus entitled *The Nature of Capital and Income*, which will be published in 1906. Bacon is most
vigorous in his review of the early chapters. Unfortunately, because he is using a preliminary
draft of the book, it is not possible to tie his comments to the published version so to see the
effect, if any, of his criticism. His criticism of Fisher’s views on workers and their contract
rights seems correct.

This is also true for the going value of the Southern Pacific Railway system and the C.B. & Q.
Railroad. In claiming everyday experience in dealing with real estate, he trumps Fisher’s
armchair analysis, and he reiterates this point in his dispute of Fisher’s notion of the possibility
of estimating the value of the Yale campus. This notion of “every day experiences” trumping
“armchair analysis” will be repeated many more times.

Bacon is worried that Fisher is annoyed by his critique of “value,” but, apparently, Fisher is not.
One has to admire how clinical Fisher is in his response. They also differ on the concept of
“income,” a term used way too lightly by most people. It is in the give and take of exchanges
like this that clarity is found. The discussion continues request from Bacon for “a distinction
between revenue and income.” Fisher was not an “Income Statement Man.” He focuses on the
“Future Stream of Earnings” converted to current dollars by an imputed rate of interest to the
“Present Value of Assets” by “Discounting Cash Flow.” I share Bacon’s bias for the traditional
Income Statement Approach rather than the much more subjective and mercurial approached
favored by Fisher.

Again Fisher is a pawn. The postscript, “Please be careful not to use anything about Yale in the
outside,” is quite puzzling.

June 29 [1905]

Dear Irving:

With this I am returning chapters 9+10: bring the rest of what you suit me.
I feel dubious as to the elaboration in chap. X especially the first 15 pages, but have us to offer in detail, and as to Chap IX nothing of importance though I have made a few notes on the back.

Yours faithfully,
N.T.Bacon


\[\text{\ldots}\]

Peace Dale, R.I., June 30, 1905

Professor Irving Fisher,

\#460 Prospect St.
New Haven, Conn.

My dear Irving:–

Since our conversation this morning I have been looking up the question of the Cottonwood Creek land, and have reached the conclusion that it is not worthwhile for us to consider these offers at all. Accordingly, unless you have a telegram from me reaches you, please reply as follows:–

“Do not care to accept any such price”

I expect Rowland here this afternoon, and [?] that he may consider it worthwhile to see how high the [?] unless there is a very great change in the situation, I [?] that anything short of $5,000 would be considered at all, so [?] might reply by mail refusing any such offers without even bothering to consult me. I think it even probable that we might refuse a much higher price than the limit named.

I will show a copy of this to Rowland so that he will be posted, and of course I will write to you again if he considers it worthwhile making any change. Please send word how much you have spent for telegrams, and I will send you [a] check.

Yours faithfully,

N.T. Bacon
Peace Dale, R.I., July 19, 1905

Professor Irving Fisher,
Sugar Hill, N.H.

Dear Irving: -

Enclosed you will find an answer to send to Yandel. I have talked this over with Rowland and Fred, and they approve of rejecting without consultation any offer under $5,000. I doubt whether he offers more. If he does, it will be for someone who wants the property for some such reason as ours. Probably we should not want to accept that.

Yours faithfully,

N.T. Bacon

Enclosure

Fisher is a pawn in a Hazard land deal.

 Peace Dale, R.I., Jan. 11th, 1910

My dear Irving:

My friend Eliot M. Henderson, whom you may remember, is anxious to know where to find the article printed in one of the magazines a few months ago on vasectomy. Can you give him the information? It was by some physician.

I enclose an addressed envelope with an apology for troubling you with it.

Yours faithfully,

Nath. T. Bacon

Peace Dale, R.I., Mar 18th 1910

My dear Irving:
Besides writing to Capron I wrote to Senator Aldrich who answers as follows.

“Your letter of the 15th is at hand with enclosures is just received. I would suggest that it would probably be much easier to establish a Bureau of Health in the Department of Commerce and Labor than it would be to change the title of the Department and if a bill should be proposed to carry out the President’s ideas in this direction, it would be likely to receive attention.” The rest is about another matter.

Senator Aldrich counts for so much that his advice may be worth consideration.

Yours faithfully,
N. T. Bacon

Fisher’s interest in health issues can be attributed to several events in his life, including the death of his father in 1884 after a long struggle with tuberculosis, his own slow recovery from the same disease, and the death of his sister Cora at the age of nine from typhoid fever, (INF, p.8). He is a “Malthusian,” very active in what today is called “birth control.” Connecting this involvement with his interest in eugenics (especially its “racially pure” dogma) has led many today to condemn him as a racist, another possible reason why he is ignored by many who could use his works to effect positive social change.

Rhode Island Senator Nelson Aldrich is a strong contact for Bacon. He is the key Republican leader of the Senate, and his daughter Abbey is married to the son of John D. Rockefeller, Sr.

Yale University
Department of Political Economy

January 8, 1913.

PROF. IRVING FISHER
460 PROSPECT STREET
NEW HAVEN, CONN.

My dear Sir:

I send under separate cover some material on the subject of the High Cost of Living. The article entitled, “Is the High Cost of Living Going Higher?” is a mere popularization of the article already sent you, “Will the Present Upward Trend of World Prices Continue?” I also enclose four papers on the proposal to
standardize the dollar. The one from the INDEPENDENT may be regarded as a popularization of that from the ECONOMIC JOURNAL. You will probably not care to read both. I can send you, if you wish, a much completer statement than either, namely, a reprint now ready, of an article to appear in the March number of the QUARTERLY JOURNAL OF ECONOMICS.

I mention this for your information and in the hope that, if you have not read the pamphlet formerly sent you, you may find time to read the shorter statement of it enclosed. As the letter from Mr. Barron of the Wall Street Journal, quoted among the “Comments and Endorsements” illustrates, the proposal to standardize the dollar has increased the interest of many in the proposal for an International Conference on the Cost of Living.

The Crawford-Sulzer Bill is likely to be brought up in a week or two. Will you not again WRITE OR TELEGRAPH YOUR OWN CONGRESSMAN and any other influential friends you may have in Congress, urging them to be present and to vote for the Bill. It has already passed the Senate.

Very sincerely yours,
Irving Fisher.

Fisher, the supreme lobbyist of his day, was an effective user of the mails. This is one of many form letters intended to inspire readers to flood their congressmen with letters of support for specific bills, regarding his pet projects, which he had arranged with congressmen to submit. Still well-connected internationally, he makes a plea to stabilize the dollar under the Crawford-Sulzer Bill for an International Conference on the High Cost of Living. He alludes to “Index Numbers,” one of his key areas of expertise.

Note the interesting reversal of roles as Bacon becomes a pawn of Fisher. Later he will show his resentment of this treatment.

Yale University
Department of Political Economy

January 9, 1913.

Prof. Irving Fisher
460 Prospect Street
New Haven, Conn.

Mr. N. T. Bacon,
Peace Dale, R.I.

My dear Sir:

The enclosed circular letter and the material under separate cover explain themselves.

This, I hope, is the last time I shall have to appeal to you to help in the movement for an International Conference on the High Cost of Living.

May I take this opportunity to ask that, if you find time to read the material on the proposal for standardizing the dollar, you will send me your impressions and criticisms?

Very sincerely yours,
Irving Fisher.

Fisher is lobbying his own brother-in-law, but chooses to use an impersonal salutation.

Peace Dale, R.I., Jan. 14th, 1913

Prof. Irving Fisher,
New Haven, Conn.

My dear Irving:

In going over your article in the September American Economic Review several matters strike me as worthy of comment. The first may strike you primarily as too nice, but on the other hand you are dealing mathematically with a mathematical subject, and it therefore strikes me that you should apply all mathematical corrections to the illustration which you use. You say that the lake will still continue to rise so long as the inflow continues greater than the outflow. I think that you should add here corrections for evaporation and rainfall.

In the next place I am coming back on your equation of exchange for similar corrections. I doubt whether annual net deposits are increasing as fast as you think they are. The more increasing velocity of circulation tends to increase the nominal deposits. In 1896, with a velocity of 36.6, money remained in bank nominally on the average 10 days. In 1911 it remained there only 7.3 days, but, as I calculate, the average check is out three days. The first day it goes to the creditor. The second day
it goes to the creditor’s bank and on the third day it passes through the clearing house to the bank on which it is drawn. Subtracting three days in either case from the nominal time of which deposits remain in bank from the time which the check is in suspense we find that the real net time for which the deposit lay idle was in the first case 7 days and in the second only 4.2, showing a much greater increase in velocity than you had counted and therefore a smaller increase in real deposits, a real deposit being the actual less the amount for which checks have been drawn and are still uncollected. There would be even a still further correction to this, namely, for the time taken by the banks in receiving the money on out of town checks sent to them, but this is really equated through the banks of the country, so that it should be negligible. On the other hand the time during which checks are circulating from the time they leave the maker till they are paid at the bank in quite an important matter. Of course many checks are cashed the same day they are drawn, but on the other hand one of mine [per] upwards of $150 has now been outstanding well on toward six years and two or three others for four years. I think on the average my monthly statements show 10% of the checks drawn during a month outstanding at its close, which would correspond roughly with three days average time in suspense. Particularly in times of high pressure for money this is an important matter, and many concerns are suspected of maintaining three or four bank accounts, which they replenish from time to time one from another, so as to take advantage of this period of suspense. Most banks give credit to well-known customers for checks as soon as received without waiting to collect the money in this way, by what is called kiting checks, unscrupulous men frequently maintain entirely fictitious balances, a practice which the banks object to very strongly, but which they find much trouble in detecting where it is skillfully done.

There are two other corrections to these equations of trade factors which have a bearing. The first one may perhaps cancel out, namely that for great quantities of goods bought on very long credit. On the other hand the other is of material importance, namely, speculative dealings. In boom times speculation increases widely. For considerable periods in 1906 the sale of securities on the New York Stock Exchange average a million shares a day, say One Hundred Million Dollars ($100,000,000), which on the average would represent at least Fifty Million Dollars ($50,000,000) a day in checks passing through the clearing house. Beside this there is stock speculation in other cities and then speculation in commodities. The sales so accomplished are entirely fictitious and representing no traffic whatever. For six months past speculation has been relatively quiet, but 1911 was a year of heavy speculation. I think perhaps it would not be too much if we estimated $50,000,000 a day for 200 days in the year, say $10,000,000,000 as the volume of checks representing purely speculative sales in 1911. This varies far more rapidly than does
normal business, and it is nearly as important in volume as the total money expenditure in the United States. I notice again on Page 10 of this reprint an absolute error of fact, where you state in a footnote, "It does not seem likely that the increase per capita in many other lands would be greater than in the United States, while the increase in population is less, being only 1%." Russia claims to have an increase in population of 1.6%. I believe also that you would find Germany, Austria, and Italy with natural increases exceeding the combined increase in the United States by the excess rate of births over deaths and by immigration. Our birth rate has fallen off materially up to about [1840] when the first heavy immigration began. Our increase to the birth rate alone was greater than the combined increase has been at any time since. This is due in my opinion to the fact that sharp distinction in classes only began with immigration. Prior to that time a family which could not take care of its own housework hired the neighbor's daughter as "help" in the kitchen, and she was more likely than not to marry the son of her employer; but after immigration began the American girl felt it beneath her dignity to live in the kitchen and eat with the foreign maid of all work instead of as previously at her employer's table, and this seems to be [...] vital reason. Before that time there was no trouble in placing children, but after that the change in the social status made children much more difficult to provide for. Of course this has no serious bearing on your general argument, but when dealing with mathematical formulas every correction possible should be made. As I wrote you last night, on general principles you are on the right track. The index numbers or composite ton basis would do away with the variation in the standard by inflation, whether than inflation arose from the use of checks or from depreciation of gold.

Yours faithfully,

N.T. Bacon

Peace Dale, R.I., Jan. 16th, 1913

Prof. Irving Fisher,
New Haven, Conn.
My dear Irving:

Yours of 14th and 15th are at hand. I have no objections to your quoting my letter as you suggest.

I feel inclined to make corrections very carefully in examples, in order to show what the whole treatment is, and it is curious what comes out of them sometimes. For instance it is popularly assumed that the evaporation from the ocean equals the flow
into it plus the rainfall because on the whole the ocean remains at a constant level, and yet I believe that this is a fallacy, as the bottom is being continually filled up by detritus from the rivers. Here I think it is an error which happens to be just balanced as far as our powers of observation are concerned by the loss of moisture into space, so that the ocean level remains sensibly constant and we have what appears to be a compensating system, whereas in point of fact we are probably continually losing water to an extent which in the course of our ages will reduce our earth to the condition of the moon.

I have an immense program ahead of me and do not know whether I shall be able to find time for quite a while to read your Economic Review article, but perhaps I may on my trip south in three or four weeks.

Yours faithfully,

N.T. Bacon

These two letters get to the heart of their later differences in the matter of the Index Visible Company. Bacon writes: “You say that the lake will still continue to rise so long as the inflow continues greater than the outflow. I think you should add here corrections for evaporation and rainfall.” In accounting parlance Robert Lansing Allen explains that evaporation means “depreciation of tangible fixed assets and amortization of intangible fixed assets.” “Rainfall” means additional investments in the business. Fisher will ignore these items in his quest for valuation by the present value of future cash flows. Bacon takes the traditional Income Statement view of the accountant and shows a real world understanding of the difficulties in estimating the amount and timing of cash flows.

Fisher’s more theoretical views have sometimes been strongly condemned. (See, for example, the article “Income and Capital: Fisher’s Legacy” by Raymond Chambers, a leading Australian accounting theorist.) Bacon questions the accuracy of statistics, such as the U.S. birth rate, used by Fisher. He also makes a strong cry for empirical observations on the subject of the water in the ocean.

April 21st, 1914

My dear Irving:

Will you pardon me if I speak my mind freely?

I have been thinking a good deal over the Index Visible [Co.], and I am inclined to question whether it will ever succeed if you retain control in your hands. You cannot
afford to make it your main interest, subordinating your position in the University and on the Health Committee to it. Such things seldom do succeed with some [man gets] hold of them who concentrates all his [best] powers on the commercial and industrial problems involved. It is very rare that the man can be found to handle such a matter successfully unless he has himself a very large interest and is so new a control that he feels that he is in no danger of being involved in any project which he starts in may not even under the necessity of waiting to take advice on matters needing prompt decision, even if of high importance.

Apparently you have a man, with the commercial instincts seldom found in professional men, who was anxious to acquire control of the Index Visible. I believe that if you can still induce him to take a heavy interest in the Co., you will get more individuals from a minority holding than if you continue to hold a majority yourself. A majority holding in the hands of any individual who is not thoroughly conversant with a business I always look upon as a dangerous feature. Accordingly I am inclined to advise what may seem a heavy sacrifice to get this [man] to take over the business.

Yours faithfully,
N.T. Bacon

[MARGIN NOTES]

By “thoroughly conversant” I mean having such knowledge of detail as to be able to see where the money is to come from to meet every obligation undertaken, when to decide what discretion to allow customers to have, what credit it is safe to extend to specific individuals. There is an immensity of detail about it I think probably you can hardly appreciate.
My dear Nat:

I have your kind letter and appreciate your suggestions and solicitude. I should be entirely willing to do as you suggest, but it is the desire of the directors and the stockholders that I should retain control, and they are not only willing to turn to and help raise money, but want to do it on that basis, whereas if I should do as you suggest, they would cease to have any corresponding interest in helping. I do not think there was any bona fide offer to take over the control. I think what I may at one time have mentioned to you was that Mr. Whittemore, of Naugatuck, said something to Klots that if it were a case in which he could have control, he would be more ready to invest money. I infer from later developments that he merely meant this as an excuse for not investing very much. As it was, he put in $5000.

It should be remembered that my brother is treasurer of the Index Visible, and, in a way, is my alter ego. It is well understood that I am to be an inactive president. Klots is almost as personally loyal to me and anxious to help our interests as Bert. The vice-president, Ebert, whom we have just elected, is an experienced business man, who, in an administrative way, takes my place. He is a very reliable and conscientious man. It is unfortunately true that while we are raising money I shall have to devote more time and attention to the work than I should like, but Arthur Reed, one of the directors, is a great money raiser, and he is going to, metaphorically, take off his coat and work hard with us all, and with his example, the other directors will help materially.

As ever yours,
Irving Fisher

W/m

Unfortunately, the archival records I have located show only one side of the story; there is no complete record of the written communications between Fisher and Bacon. Fisher is running Index Visible as a sideline to his many other endeavors. Eventually he comes up with an invention with strong revenue and profit possibilities. Today we know it as the Rolodex. Fisher is mechanically-inclined, as was his father. Both Irving Norton Fisher and Robert Lansing Allen detail many of his inventions.

Clearly, Bacon is concerned: A majority holding in the hands of any individual who is not thoroughly conversant with a business I always look as a dangerous feature. Fisher totally dominated his younger brother, Herbert, who was an exceedingly bright individual. The Index Visible staff was good. Fisher acknowledges that he does not like to devote too much time and attention to the work. Although he might delegate, however, he dominates and overrides his subordinates without concern or appreciation for proper accounting controls and reports. Bacon is correct. Although capable of all sorts of detail in statistical measurements, Fisher is not a “details person” in his personal life. His over-confidence and lack of concern in his own affairs are fatal flaws.
Peace Dale, R.I., Aug. 25\textsuperscript{th}, 1914

Prof. Irving Fisher,
460 Prospect St., New Haven, Conn.

My dear Irving:

Last night I had a letter from Margie saying that you would be glad of any suggestions for an article on the economic consequences of the war. I believe that there will be four different kinds of consequences:

First, those due directly to the destruction of capital;
Second, those resulting from enormous taxation to pay national debts;
Third, those resulting from the shifting of boundary lines;
Fourth, those due to the changes in transportation facilities.

The first and second probably will occur to you at once, but there will be two secondary effects of these which may not be so obvious. The destruction of capital, of course, will include an immense destruction of productive property. Naturally so great a destruction will lead at once to an immense demand for labor in reconstruction unless the other secondary effect comes in, namely, that the prospective terrible taxation will so reduce the chances of profit by reconstruction that the capital, which otherwise might be borrowed for this purpose, will not be forthcoming, as it will seek investment in other lands where taxation will not be so severe. This seems to me likely to be one of the most severe difficulties which Germany will meet with in reconstruction after the war. It will fall more particularly on manufacturing countries. Agricultural communities must go their way whether taxes are high or not. The land is valueless unless cultivated, and therefore the only hope for the holders of obligations is to reduce the interest charges to the point where it becomes profitable to work the lands, and likewise, if necessary, to advance further funds to make cultivation possible, but this is a totally different question from starting factories when the articles produced could be manufactured more profitably in some other land.

The shifting of boundaries is likely to have an enormous effect in two ways: first, by shifting of supplies of raw materials, and in particular coal. As yet I can see no probability of ultimate success by Germany, and unless Germany succeeds France is almost certain to recover Alsace and Lorraine, which would immensely improve the position of French manufacturers by restoring to France the great coal basin of the Saar to them lost in 1870. At present France is greatly handicapped by lack of coal, and this supply is the main resource of a large part of Germany, East of the Rhine as well as West, though Germany has considerable coal deposits.

On the other hand, tariff barriers are likely to be established in very different positions from now, and as a very large amount of production centers in the district
west of the Rhine, which Germany seems likely to lose, a great many industries which are concentrated in this district, when they supply a large proportion of the German Empire, are likely to lose their present markets and to become a part of other countries, France and Belgium, which are already exporters of these same articles. This is particularly true of certain chemical products, of which there is large production west of the Rhine, with relatively very little to the east, and in consequence the tariff barrier, which seems sure to grow up, is likely to enhance the cost of raw materials in Germany at the same time that wages are raised and taxes as well, and all these things are likely to enhance the cost of manufacture in Germany to the point where the Germans will find it very difficult to compete for export trade, thus curtailing what has been in the past Germany’s principal resource. This is likely also to have another severe effect. As part of the price paid by France for the retention of Belfort and other points in 1871 Germany was granted a reduction in the French tariff on many articles, and this reduction was sufficient in the case of hardware, for instance, to give Germany a monopoly of export trade to France. For this reason American hardware has never been able to affect a footing there, but unless France is crushingly defeated at this time such preferences are not sure to fail, and instead of that there is likely to grow up a zollverein [http://www.britannica.com/EBchecked/topic/657790/Zollverein] to the exclusion of German and Austrian products, and as at the same time Germany will probably be stripped of its colonies and lose its present enormous transportation facilities to other countries, its export trade is likely to drop away, leaving this enormous prize to open competition by the rest of the world. The Germans have started a rule or ruin policy, which seems to me to have for them as a result only ruin if they achieve a military success. The cost of it will have been beyond the imagination, and the other countries involved will have been so overwhelmed that they cannot pay the cost, leaving Germany only less exhausted than themselves at the outcome of the conflict, and with the sentiment of the rest of the world so excited against Germany as to create over immense regions a lasting boycott of German goods, and in face of an occupation of foreign markets by goods made in the countries least affected by this war.

Yours faithfully,
N.T. Bacon

This letter intrigues me. After spending my formative years listening to Walt and Gene Rostow praise the economic take-offs related to wars, I am impressed with Bacon’s holistic view of the economic consequences of war. His predictions of both the German failure to win the war and the ultimate collapse of Germany in the post-war period were quite impressive. As a first-generation American brought up with horror stories of the German occupations of Roubaix, France and Renaix, Belgium, I especially appreciate his account of the economic costs to Germany of wartime occupation.
May 8, 1915

PROF. IRVING FISHER
460 PROSPECT STREET
NEW HAVEN, CONN.

Mr. N. T. Bacon,
Peace Dale, R.I.

My dear Nat:

I am sending you under separate cover copies of the translation of Pareto's chapter on the distribution of wealth, and of my letter in reply to Mrs. George's anti-suffrage speech.

Very sincerely yours,
I. F.

W/t

Peace Dale, R.I., May 10th, 1915

Prof. Irving Fisher,
460 Prospect St., New Haven, Conn.

My dear Irving:

Yours of Sunday is at hand, together with the translation from Pareto and the letter about Mrs. George, for which I am much obliged. I looked up Perouse and found that I was right in thinking it referred to Perugia.

I finally succeeded in integrating that differential that we were working over but not in getting it into the form given in the book, but I did not continue to work on it indefinitely.

I have no quarrel with anything which you say in your letter concerning Mrs. George, except that I believe that investigation will show Colorado more lawless than even Arizona or New Mexico, and certainly more than Utah, Wyoming and Kansas, and I have been struck by the diminution of feminine charm even in such mild cases of sex equality as in the University of Michigan, where co-education is supposed to be entirely
complete. The only virtues which are there brought out seem to have this detrimental effect, which to me far outweighs all the advantages, and I believe that this would be found in a much higher degree with extended use of political powers. The only thing which has prevented this matter from being appreciated, in my opinion, is the very restrictive use made hitherto of these powers by women. So far as I can see the only achievement for righteousness attributable to women’s vote has been the retention of Judge Lindley in Denver, and even that I regard as somewhat one sided, for apart from his work in the children’s court I regard him as a rather dangerous agitator of the wild-eyed type, and of the nature to lead women (and others, though women more especially) into crazy movements by his wild enthusiasm.

Yours faithfully,
N.T. Bacon

Once more the two men are in a collaborative mode. Fisher is again using Pareto, apparently in a mathematical model of the distribution of income. More interesting is his mention of women’s suffrage. It is hard to imagine Fisher as a proponent. Bacon must have been a first rate mathematician. He, also, does not appear to be an advocate for women’s suffrage.
the Appendix to same. Will you kindly return the former at your convenience, as it is the only copy of it I have except for one which is bound.

As ever yours,

I. F.

W/d/t

Peace Dale, R.I., Dec. 3rd, 1915

Prof. Irving Fisher,

46 Prospect St., New Haven, Conn.

My dear Irving:

Your letter reached me yesterday, and this morning I have received the article from the Quarterly Journal of Economics of January ’98, and likewise the Mathematical Appendix, for which I am very much obliged. I am certain that I never saw this article before, for if I had ever seen it I should have pointed out where you seem to have misunderstood Cournot, namely, on Page 126. According to my memory (I have not yet reached this in my reading) Cournot does not regard each competitor as oblivious of his rival. He very carefully states that finally a modus vivendi will be reached, by which each competitor finds what is his own proportion of the market, but Cournot shows that this is a state of unstable equilibrium, which is difficult to maintain. Moreover, if I remember right, according to Cournot the equilibrium price which you mention at the top of Page 126 will be higher instead of lower than if the two rivals had combined, and that the price will be increased by each addition competitor who comes into the field instead of being lowered by competition. Of course this is based on the principle of an absolutely intelligent monopoly. We have had a fair object lesson of late on this point from the breaking up of the Standard Oil Co. The price of all petroleum products went up to the consumer immediately.

I think you do not quite give Cournot sufficient credit in this place because all he is attempting to do is to show what the result would be with perfect intelligence on the part of all competitors, [-illegible-], each one being actuated only by the desire to make his own profit the maximum, except for the possible restriction that he wishes to preserve his own entity and not be swallowed up in a monopoly. Practically, Cournot’s argument amounts to this that the general expense chargers can be largely eliminated by combination.

I return the main article, as you request.
December 4, 1915.

PROF. IRVING FISHER
460 PROSPECT STREET
NEW HAVEN, CONN.

Mr. Nathaniel T. Bacon,
Peace Dale,
Rhode Island.

Dear Nat:

I have yours of December 3rd for which many thanks. After you reach the point in your re-reading of Cournot to which page 126 of my article applies, I would be glad to know if you still think as you express yourself in the letter.

Very sincerely yours,
I. F.

MS/m

After a very long absence, they return to the writing of Cournot. Once again Fisher relies on Bacon’s expertise. Bacon claims that Fisher has made a major misinterpretation of Cournot’s views on what is today called “monopsonistic pricing,” having only one buyer in a market, thereby forcing sellers to accept a lower price. According to Fisher, Cournot expects that the entry of another firm into the market will drop the price. Bacon, on the other hand, asserts that Cournot holds that the theory of “an absolutely intelligent monopoly” calls for a higher price. Thus, for example, the break-up of the Standard Oil Company in 1911 resulted in higher, not lower, prices. Fisher remains skeptical of Bacon’s position.

April 14th, 1916.
PROF. IRVING FISHER
460 PROSPECT STREET
NEW HAVEN, CONN.

Mr. N. T. Bacon,
Peace Dale, R. I.

My dear Nat:-

I am straightening out my library and am unable to find “Geschichte des Zinsfusses.” My record shows that I loaned this book to you. In order that my records may be correct will you let me know whether the book is still in your possession, or whether it has been returned to me? In the former event, please keep the book as long as you have any need for it.

Very sincerely yours,
Irving Fisher

Apparently, Bacon was fluent in German, as well as French. It is hard to believe that Fisher has nothing better to do than to send this dunning letter to Bacon.

;

Peace Dale, R.I., May 17th, 1916

Prof. Irving Fisher,
460 Prospect St.,
New Haven, Conn.

My dear Irving:

Yours of the 10th reaches me on my return. Finlay’s “History of Greece” is what I was speaking of. I know of no History of Rome by him. Gibbon’s “Decline and Fall of the Roman Empire” deals almost exclusively with the Greek Empire from about 550 on, and it is there that Finlay differs with him.

I enclose Stechert’s letter to you.

Yours faithfully,
N.T. Bacon

Bacon, a true scholar, illustrates his knowledge of classics and the classical period.
August 4, 1916.

PROF. IRVING FISHER
460 PROSPECT STREET
NEW HAVEN, CONN.

Mr. Sir:-

The enclosed circular will give you facts regarding the work of the American Association for the Study and Prevention of Infant Mortality. As a director of this organization, I am anxious to see it have a wide support and large membership. The work which it is doing to conserve infant life seems to me one of the most important branches of health work. I hope it may be a pleasure to you, as it is to me, to help a little.

Very sincerely yours,

Irving Fisher

This is another fund-raising letter, this time for the American Association for the Study and Prevention of Infant Mortality. Clearly Fisher supports many causes. Bacon grows tired of Fisher’s “junk mail.”
NEW HAVEN, CONN.

Mr. Nathaniel T. Bacon,
Peace Dale, R.I.

My dear Nat:

I am enclosing herewith my “bet” on the presidential election indicating what I think will happen in each state. We will compare my statement and yours afterwards and see what happens. If I were really betting on the proposition I think I would be willing to give three to two odds in favor of Wilson.

Very sincerely yours,
Irving Fisher

Peace Dale, R.I., Nov. 6th, 1916

Prof. Irving Fisher,
460 Prospect St., New Haven, Conn.

My dear Irving:

After studying over the situation I am inclined to divide the states into four classes as follows:
<table>
<thead>
<tr>
<th>Probably for Hughes</th>
<th>Doubtful but inclined toward Hughes</th>
<th>Doubtful but inclined toward Wilson</th>
<th>Probably for Wilson</th>
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<td>Nebraska</td>
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<td>Conn.</td>
<td>Colorado</td>
<td>West. Va.</td>
<td>Arkansas</td>
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<td><strong>Totals</strong></td>
<td><strong>281</strong></td>
<td><strong>59</strong></td>
<td><strong>175</strong></td>
</tr>
</tbody>
</table>

Grand Total 531

We shall know now before very long who is nearest right. I have not yet received your estimate.

Yours faithfully,
N.T. Bacon

In this most interesting exchange of personal and political views, the topic is the 1916 Presidential contest between President Woodrow Wilson, a Democrat, and his Republican challenger, Charles Evans Hughes. Given Fisher’s Wescott connection, it is not surprising that he predicts Wilson' victory and is willing to give Bacon 3 to 2 odds. Wilson will get 298
electoral votes to Hughes’s 233. Bacon is more analytical. He gives Hughes a probable 281, with 59 electoral votes leaning towards him; Wilson has 175, with 16 leaning towards him.

Who is right? First, let’s use Bacon’s analysis as our base. Every “Probably for Wilson” electoral vote went that way. Nebraska went for Wilson but West Virginia cast 7 electoral votes for Hughes to 1 for Wilson. The “Probably for Hughes” states yielded these prediction errors: Arizona 3; Idaho 4; Kansas 10; Montana 4; Nevada 3; New Hampshire 4; New Mexico 3; and Utah 4. The “Doubtful but inclined to Hughes” yielded these errors: Calif. 13; Colorado 6; Ohio 24; and Wyoming 3. Using Fisher’s as the base, we see that he missed Arizona 3; Delaware 3; Idaho 4; Kansas 10; Michigan 15; Nebraska 8; New Jersey 14; New York 45; Utah 4; Washington 7; and West Virginia 1.

Although illustrative of their less than impressive predictive skills for the 1916 election, this exchange is one of the few examples of “human-type” behavior on the part of Fisher.

August 27, 1917

Prof. Irving Fisher,
Wimsy Cot,
Narragansett Pier, R.I.

My dear Irving:

Helen has just told me that you wish to get hold of a copy of the statement made on August 17th. Accordingly I am enclosing one which I made a few days later. I believe that this gives the requisite information.

The point has also been raised of compensation to the executors. Probably you know that already has been made an allowance of Five Thousand dollars ($5,000.) a year for this, and whatever other claim there might be has been, as I understand matters, much more than made up by credits on the basis of sevenths of the income having been made, without proper correction, for the stock to be taken by two of the executors at par, so that I think that it is improper that any further claim should be raised for this. It is not as if they had been asked to carry on the affairs at a sacrifice on their own part. On the contrary, they were very urgent to be allowed to go on.

Yours faithfully,
N.T. Bacon
The company to which Bacon refers is not clear.

My dear Irving:

Elmer went to work two weeks ago at [-burg], Ontario (near Detroit) for the [-illegible-], Canada, Limited, at the new Canadian development which we are just starting of the Solvay Process Co. He is not getting as much as he was in Ohio, but it is a position of as much promise that I think that he ought not to leave it without strong inducements and accordingly I am writing him the letter of which I enclose a copy.

I have heard of no new developments concerning dividends but [-illegible-] there is a new S.P. Co. stock [-illegible-] I shall be glad to take some off your hands.

Yours faithfully,
N.T. Bacon

The new character introduced here is Elmer Keith, Bacon’s son-in-law, married to his daughter Susan. Apparently, Fisher is much more entranced by Susan than by any one of his own children. Keith has just started with a Canadian division of the Solvay Process Company. Fisher is trying to hire him to a position with Index Visible. Bacon is wisely desirous of Fisher’s Solvay Process Company stock. Whether Elmer Keith stays with Solvay in Canada or is hired by Index Visible, the nepotism issue will not disappear. When he joins Index Visible the issue of “inside leaker” arises. A family nightmare begins.
My dear Irving:

Helen and I have talked over your situation at some length. We agree that it would be wiser for you to sell nothing at present, but to tide over by borrowing.

If you feel the necessity for reducing indebtedness we suggest that while we do not want any such investments per se, we might consider taking some Index Visible stock at a fair price on account of Elmer and Susan.

Would not this be better for you than selling S.P. Co? On a pinch we could raise the money to take a little of this, but I do not wish even to inquire of the banks without knowing much you want to sell.

We could doubtless arrange to take 30 shares of S.P. Co. at 260 and on a pinch more, but I should prefer not to increase our own load. The sum of the total wages and incomes from investment of the American people, probably would not equal our war expenditure, so that it is inevitable that private indebtedness will increase as well as that of the government, but we ought all to cut down on luxuries to keep within limits.

Would it not answer if we should put $5,000 into I.V.? This would enable you to make some reduction on your debts, and very likely enough to carry you on for a year, especially if the I.V. continues to make profits. I believe, however, that these profits should be conservatively reckoned, and, as the patents are running out, that 1% of the par value of stock issued for patents should be written off every month whenever possible from what would otherwise be profit to account for depreciation of them. This may prove to be too much, but if it does, it will leave you with a good working capital, and whenever they are paid off you will have hard assets which ought to leave a permanent business when the patents expire. This may defer dividends, but it should enable you to reduce the I.V.’s debts naturally, and when that is done I believe that your private debts are not burdensome, except that Margie has stock subscriptions to pay for and of course we all must take more liberty bonds and pay great income taxes.

I am hoping that our curtailment of luxuries will set free much coal and much labor, but the allurements held out to sell them in all the magazines are not encouraging in this respect. I shall hope for a drastic tax on advertising of all kinds with a view to curbing such things and forcing those to take up some fundamentally useful career who now make a living by persuading people to buy things which they do not need solely to make a profit for the seller.

Yours faithfully,

N.T. Bacon
My dear Nat:

Thank you for your letter of January 14th. If you would take 50 shares of the Index Visible stock (amounting to $5,000), it would help indirectly in making the load I have to carry less. All the preferred is sold at its par value $100. I will be glad to give from the Common Stock a 50% bonus which is what has been given in the past, although I had been planning to reduce the amount.

We are looking forward with much pleasure to Elmer’s coming here.

Thank you for the suggestion about writing off the patent to which I will give careful attention.

Yours faithfully,
Irving Fisher

If you can forward the $5,000 at once, it will save a loan. But take your time if you prefer. In any case please let me know at once.
Yale University

Department of Political Economy

January 17, 1918.

PROF. IRVING FISHER

460 PROSPECT STREET

NEW HAVEN, CONN.

Mr. Nathaniel T. Bacon,

Peace Dale,

Rhode Island.

My dear Nat:

Thank you for your letter of January 18th. I am glad to know you expect to put the five thousand dollars into the Index Visible. I can arrange to lend this amount to the Index Visible until your check comes, thus obviating the necessity of getting another loan from the bank.

I. F.

Per M. H. F.

Dear Nat,

Irving very hurriedly dispatched the above just as he was leaving for New York. Incomplete as it is I send it along, with my own thanks for your kind tho’t [sic] toward the Index Visible too. Helen’s letter is just here, & I am so sorry for Susy’s suffering time, & hope that the worst of it is over now. How good she didn’t have an attack in Canada. I suppose Helen will want to cuddle her along for a time, so we will not have the pleasure of seeing her as soon as I hoped. But we are ready for ___ [?] at any time.

Affectionately always,

Margie

Peace Dale, R.I., Jan. 22nd, 1918

Prof. Irving Fisher,

460 Prospect St., New Haven, Conn.

My dear Irving:

Enclosed you will find my check for $4500.00 to make up the balance of the $5,000.00 which we were to put into Index Visible. I should be glad to hear from you as to whether January has been living up to expectation so far, in case that you can tell me
without investigation. Of course when Elmer gets to work in New Haven, he can keep me informed, so that I shall not need to trouble you about it. I believe that this year you should write off at least 10% and perhaps 20% of the amount of stock issued for patents before reckoning anything as profits, for probably 20% of the life of the patents is already expired.

Yours faithfully,
N.T. Bacon

(Encl)

Fisher is going through a serious cash flow problem, probably caused by Index Visible. Bacon and his wife remain supportive, mostly for the sake of Margie who is an unwitting victim of her husband’s quest for enough wealth to declare his financial, and perhaps personal, independence from the Hazards. My impression is that Fisher has been too much into luxury for his family’s security. He might also be over-committed to his causes and to his international reputation. Nevertheless, a negative cash position is a negative cash position.

Citing Elmer and Susan as his motivation, Bacon offers to help Fisher in his liquidity crisis by buying Index Visible stock. He starts on a theme with which he will continually bludgeon Fisher, the failure to amortize the patents of Index Visible. Bacon knows the importance of using proper accounting methods to arrive at and to display net income. He recommends a 1% amortization each month. “This may prove to be too much, but if it does, it will leave you with a good working capital, and whenever they are paid off you will have hard assets which ought to leave a permanent business when the patents expire.” One can certainly say that he has adopted a wartime personal austerity program.

Fisher wants Bacon to pay $100 a share for each $100 par value preferred stock, and he will also throw in a bonus of 50% in common stock. He notes that Elmer Keith has been hired. Bacon accepts the offer, pending approval from his wife Helen. He is certainly solicitous: “Let me know whether this is enough to clear you, or to make your circumstances decidedly easier.” Margie gratefully accepts on behalf of her husband and adds a hand written postscript.

Bacon settles the stock purchase and makes a prophetic and unsettling comment: “Of course when Elmer gets to work in New Haven, he can keep me informed, so that I shall not need to trouble you about it.” He is desirous of a write-off of 10% to 20% of the patents.
Peace Dale, R.I. Jan. 30, 1918

Prof. Irving Fisher,
460 Prospect St.,
New Haven, Conn.

My dear Irving:

With further reference to raising what you want I suggest that you ask Mr. Kimball to approach the Montpelier Insurance Co. for you. This is exactly the same line as my suggestion of the Connecticut Mutual, but if you have a good opening to approach the Montpelier and do not personally know, as I thought you would, the people in the Connecticut Mutual, it might be preferable to try the Vermont concern.

I think that I will not ask for more than $100,000 from Mr. Hodgman. I think that this is as much as it is well to bargain for at the high rates which undoubtedly you will have to pay, but I shall try to get it for you at 7%. I think there e is not much chance of a lower rate, and it is better not to try for anything which you do not expect to be able to land. For myself I think it preferable to try to go on with temporary accommodation. Very likely I may have to pay even at higher rates for a short time than what you contemplated, but on the other hand I believe that I shall average somewhat lower on short time than on long.

I shall expect myself to cut down materially on indebtedness this year unless new purchases of Solvay stocks interfere, or subscriptions to U.S. bonds, but subscriptions to U.S. bonds should be carried indefinitely by the banks.

Yours faithfully,
Nthl T. Bacon

Yale University
Department of Political Economy

February 2, 1918.
Dear Nat:

Many thanks for yours of January 30th. I think the suggestion you make with reference to Mr. Hodgman, to ask his co-operation in securing the loan to Margie for $100,000, rather than more, is a good one.

I am just writing to the Rhode Island Hospital Trust Company to secure $30,000 which they half promised to let us have when we wrote them in December. I therefore think that Mr. Hodgman should not approach the Rhode Island Hospital Trust Company. The point to be made in speaking to him is, that we wish to secure a long time, rather than a short time loan from say an Ins. Co. and chiefly to refund the loans already secured at banks for four month periods, for the most part.

If the $100,000 were to be received by Margie in two installments of $50,000 each, one or two months apart, or three installments of $40,000, $40,000 and $30,000 in successive months it would be more satisfactory than if in one lump sum. I should like to have the arrangement run for at least a year and if possible with option of renewal for another year although a six months' loan with the promise of renewal for six months would be an improvement over the short term loans on which we are now depending.

I have written to Mr. Godwin to ask him to inform all concerned that Margie would like to dispose of, some at least, of her "rights".

Thanking you for your kindness in this matter, I am, as ever

Very affectionately yours,

Irving Fisher

P.S. Elmer seems to be taking hold very well.

AGm Love to Helen and Susan who is, I believe, going to be with you. She seems to have [- illegible-] remarkably well.

Peace Dale, R.I., Feb 2nd, 1918

Prof. Irving Fisher,

460 Prospect St.,

New Haven, Conn.

My dear Irving:

Yesterday I went to Providence and there saw Mr. Hodgman. He told me that the only chance that he know [sic] of to raise this money would be through the Brown Estate, and recommended me to see Mr. Mathewson, the representative of the Estate. He was not in, but I saw Ives Goddard, who is very closely in touch with him,
and he promised to present the matter to Mr. Mathewson, and it is possible that you may be able to raise a considerable sum this way.

In the meantime I advise you to try through Mr. Kimball what you can do with the Life Insurance Company at Montpelier in case you still think it best to try to fund your borrowings for so long a time. In case you fail perhaps we can help you out by buying a large share of Solvay Process rights to subscribe to new stock.

I am enclosing the last card which I have seen giving quotations on Solvay Process stock. Practically this confirms the price for the last sale which I know of, which was at 250. At this rate of 150 premium on old stock the premiums for the new stock will certainly not be worth much over par, for it will be two years before this stock is paid for, so as to begin to draw dividends, and the entire premium would be paid in advance, and of course the total surplus represented by a premium of 150 would then be reduced to four-fifths of this amount, namely, 120, and with a large amount of rights offered, such as are sure to come on the market where an offering is made amounting to cutting off dividends for two years to come, 100 premium for the new share (i.e. $25.00 per old share) would be all that I expect to see offered for rights. At this rate I think that Helen and I could arrange to take about half of Margie’s rights, which would give you some $40,000 of cash, and the [sic] leave you only half the rights to pay for out of dividends instead of all. Would not this suffice so that you would be able to save enough out of income to whittle down on your indebtedness from time to time enough to keep the banks feeling comfortable as soon as you have once disposed of the large proportion of your total indebtedness which $40,000 would take care of at once, especially when this comes in in [sic] addition to the money put into Index Visible stock?

There is one other thing which I will suggest to you, namely, that you ask Mr. Vanderlip whether he cannot help you in this matter. He has spoken of you to me in a way showing high appreciation of your work in the way of health improvement, and I am sure that he would be glad to do you a good turn in this way if he could, and he is the greatest financier in America today, but of course he also a great many calls on him.

Yours faithfully,

N.T. Bacon

Yale University

Department of Political Economy
February 7th, 1918.

PROF. IRVING FISHER
460 PROSPECT STREET
NEW HAVEN, CONN.

MR. NATHANIEL T. BACON,
PEACE DALE,
RHODE ISLAND

Dear Nat:

Many thanks for yours of February 2nd; thank you very much for seeing Mr. Hodgman and Ives Goddard. Shall I, or Margie, write to Ives, or wait to hear from him or you in regard to his interview with Mr. Mathewson?

Kimball has tried the Montpelier Company and finds that they will not consider such a proposition. He suggests, however, that I try the Hartford Fire Insurance Company and I have written to the President, Mr. Whipple, who is a Yale man and whom I know.

In the meantime I have secured most of the impending renewals and expect to arrange for the rest soon, so that things will be taken care of until March 18 and most of them beyond.

I wrote to Mr. Goodwin to inform the heirs that Margie would be glad to sell some, at least, of her rights.

We appreciate very much your being willing to take a considerable block. But, of course, we do not want you to do it unless it will be to you a business investment and advantage, as well as an advantage to us. As soon as we can make up our minds at what rate the fair market would seem to be I shall write you. This will probably be next week after I return from a trip to Washington where I go tomorrow. I expect to get back a week from today. I have thought of $150. as a rather low premium but the arguments which you make for something lower than this are doubtless strong. I am writing to Judge Miller to see if he can throw any light on the problem.

I should prefer, for the present, not to approach Mr. Vanderlip on this matter. I am to speak to him in Washington on other matters soon.

Elmer tells me that you write to ask in regard to the Index Visible data. I am preparing something for an annual review of the year 1917 and, unless you are anxious to receive information at once, will wait until that is ready.

Roughly, the report will cover the following points which may be all you want, -- the total sales in 1917 were $145,000. operating loss $25,000 or $2,000 per month, owing to difficulties in the first eight months in getting adjusted to war conditions, etc. The good will acquired in the year, if computed as before, would be five times this year's loss, at least.
The last four months showed an average profit of two or three thousand dollars.

The last four months of 1917 came near the forecast made two years ago, although the first eight months fell far short. We have many unfilled orders and the new orders are coming in well. The prospect is all that could reasonably be expected and I’m hoping the co. will carry itself now.

Elmer is taking hold in good shape.

As ever yours,
Irving Fisher

Bm
Love to all and special congratulations to Susan.

Peace Dale, R.I., Feb 8th, 1918

Prof. Irving Fisher,
New Haven, Conn.

My dear Irving:

Yours of yesterday is at hand. I thought from some word that Elmer sent me that the cash situation of the Index Visible was in bad shape, so that a good deal of help might be necessary in order to maintain its credit on a good plane. I was afraid that you would be likely, in view of Rand competition, to lose a good many sales which you might otherwise make on account of the relative standing of the company if it is seriously behind in making payments, and likewise that you would find it much more difficult to buy supplies under such circumstances.

I could arrange to get to New Haven to study up the whole affair in detail on Monday and Tuesday if you think it worthwhile, but if you can handle it without further help, I shall be very glad to leave it alone, for I have had all the trouble that I need in pulling through weak corporations. I have already succeeded in saving five, but it has been by such severe effort that I am not anxious to add to the list. Please telegraph if you want me. Probably in a week you will begin to receive quotations on Solvay Process rights. You can then tell much better what to expect for them, but I fancy that you will not see more than my estimates.

Yours faithfully,
N.T. Bacon
Peace Dale, R.I., Feb 9th, 1918

Prof. Irving Fisher,
460 Prospect St., New Haven, Conn.

My dear Irving:

This morning I have a word from Ives Goddard that he has tried both the Brown Estate and one other direction, but neither party had funds available, and he says he does not know where to look to help.

I have a telegram this afternoon from your Secretary, saying that she has sent by Special Delivery my note of yesterday to you to the Cosmos Club in Washington. Perhaps I may have an answer tomorrow.

Yours faithfully,
N.T. Bacon

Peace Dale, R.I., Feb 11th, 1918

Prof. Irving Fisher,
460 Prospect St., New Haven, Conn.

My dear Irving:

Your night letter has just reached me reading:

"Thanks for kind letter. No need of troubling you. Ample cash available tomorrow Monday. The profits January are probably Three Thousand Dollars. The cash stringency was due to slowness of Uncle Sam in paying his bills. Please write to New Haven at your leisure telling to whom I should write to follow up Hodgman, Goddard or Mathewson. Home Thursday. Love to all."

I am much relieved to hear that you have these financial matters straightened out, but I am sorry, on the other hand, to be obliged to confirm my letter of last week, saying that nothing can be done with the Providence lead. I advise you by all means to follow that at Hartford, and to try to get influential introductions to the Connecticut Mutual Life if you are not able to do anything in other directions.

Yours faithfully,
N.T. Bacon
Peace Dale, R.I., Feb 19th, 1918

Prof. Irving Fisher,
460 Prospect St.,
New Haven, Conn.

My dear Irving:

Yesterday Roy and I had a long sitting over a lot of things connected with the new Solvay Process stock issue, etc. There is a fair possibility that the Peace Dale Mills proposition may be carried out, but nothing will be known of that for some time.

I talked over with him (he is a director of the Hospital Trust Co.) the question of your situation, and he agrees with me that it is not wise to try to fund this over two years. It would be much simpler to take care of it by short-term notes, making renewals from time to time, as necessary, so that I hope that you will give up this idea of providing once and for all to carry this over for two years. He agrees with me that it is the wise thing to do to try to whittle down a little at each renewal so as not to be increasing commitments, but on general principles to expect to renew most of all principal as it falls due.

On looking over the situation further I find that probably Helen and I between us could take up the rights from one thousand shares of Solvay Process Co., i.e. the right to subscribe to 250 shares. As yet, no quotations have come in on these rights probably because as yet no one knows how payments on the new stock are to be treated, whether interest is to be allowed during the period while these remain partly paid for, or whether they are to receive dividends in proportion to the amount paid in on them, or whether no compensation is to be allowed on them until they are fully paid. It looks to me as if the affair had been bungled a little. Roy agrees with me entirely in thinking it unwise to expect to sell these rights so as to make the new stock cost more than 100 premium, and I should not expect it to go above 90 premium unless good provision is made for compensation on the interim investment. Would it be enough for you if we should agree to take whatever shares the current price for rights would give up to the extent of paying you Twenty-five Thousand dollars ($25,000) on premium, one-half on or before March 1st and the other half on or before August 1st, with the understanding that in no case would we be willing to pay more than at the rate of 100 premium, but that we should turn over this money to you and take rights at the bid price offered? Would not $25,000 for rights thus lighten your burden sufficiently to make it safe to go forward with the expectation of whittling down somewhat at each maturity of recurring notes? I expect to reach Syracuse Thursday to stay perhaps a week. I should be glad to hear from you there, and particularly so in case quotations have been
received on these rights. I am rather expecting to see a considerable volume of these rights thrown on the market, and it is therefore of importance for us to prepare in advance to take these as fast as they are offered at reasonable prices, and also it is very desirable for us to know how much of our capital you are going to need to take care of your requirements. I am expecting a considerable sum before the end of the month, out of which this first payment could be made to you, but it is very desirable to be able to make my plans now for the further funds to be needed, as interest rates are likely to advance.

Possibly part of your difficulty may be due to trying to hold U.S. bonds. If this is the case, I would advise you by all means to sell them. I think that McAdoo made a most important mistake when he put out his circular urging everyone to hold his bonds and not to dispose of them below par. Practically there is no reserve of idle money anywhere, all of this having been absorbed by the prior bond issues, so that for future bond issues there are only four possible resources, as far as I can see. The first is current savings, but as the amount which the Government requires approximates to the gross revenue of the country, current savings would be entirely inadequate. The second resource would be that people should borrow the money which they invest in bonds. The third would be that they should sell other investments in order to provide the money; and the fourth that the money should be taken from the working capital of existing business, and this last expedient strikes me as the most fatal of them all, for business must collapse if its vital breath is withdrawn. We could stand anything else better than that. In case securities are sold to furnish funds the result must be an absorption of those funds from somebody else in this country, and that merely means a shifting of other securities, whereas the sale of these other securities would probably be much greater than the depression from the sale of the bonds themselves. Moreover these bonds, if sold at a discount, will gravitate into strong hands which mean to keep them, and will eventually become the main resource of a great many funds, but this will then be accomplished with the least possible friction, to carry these, the result might easily be bankruptcy for many who attempt to do it, and thereupon these bonds would find their way to the auction-room, and have an even more depressing effect than if allowed to take their level gradually. I believe that the only real resource available is to encourage in every way the circulation of these bonds from hand to hand to such an extent that they practically become currency. I believe that the great dry goods stores ought to be encouraged in accepting these bonds in payment of bills. They should refuse to give change for them, but wherever a bill exceeds $50.00 a small bond should be acceptable instead of cash in payment up to $50.00 plus accrued interest, and for amounts exceeding $100/00 all except the change should be thus acceptable. This will make a great inflation of circulating medium, but it would put such a premium on the
bonds that they would never sink below par. If they were thus handled, everyone would be trying to secure these to carry on account of the semi-annual interest rather than carrying so much cash, but it would be necessary that the holder should feel that he could dispose of them at any time. The advantage of these bonds over mere issues of ordinary currency would be for the Government that the Government would have every incentive to retire them at the close of the war, because they are interest bearing, whereas the ordinary paper currency is not. I, therefore, urge on you that you sell these bonds in case your difficulties are being added to by trying to carry them. They can be sold with less loss under present conditions than almost any other form of security which you are likely to have, for everything else is abnormally depressed at present.

I am hoping that you will be able to collect your account against the Government, but the Government is the very worst kind of a customer to deal with, being intensely arbitrary in its acceptance and rejections, and incapable of being brought to account either for arbitrary rejection, or for arbitrary refusals to pay up according to agreement. In case you ever take another Government contract of any kind I advise you only to accept it after adding on-ninth to the cost and then stipulating that the Government can have a 10% reduction for cash inside of thirty days from the receipt of the goods, but that this must be cash, and with no demand for extension of any kind. It is the practice of the Government to assert that the Government is always ready to pay any just bill, and therefore it never pays interest when it delays payment. I believe that the only exception to this in the history of the Government has been on one occasion when the Government paid some revolutionary claims nearly 100 years after they had been incurred, and at that time, by a special act of Congress, 5% simple interest was allowed to the heirs of the man long dead who had made advances which nearly ruined him.

Yours faithfully,

N.T. Bacon

Address at Syracuse c/o the S.P. Co.

YALE UNIVERSITY
DEPARTMENT OF POLITICAL ECONOMY

February 20 '18

Dear Nat:

Thanks for yrs. of February 19th. Wd. You please keep your offer open until I write (about the first week in March) by which time you can probably make a definite figure.
If you want to buy I think we shall want to sell. But we don't want you and Helen to sacrifice to accommodate us.

Nor is this necessary. I judge you have conceived an exaggerated idea of our need to sell. It is merely a matter of caution against getting caught in debt beyond ability to pay any reasonable amount requested.

I'm a little sorry that you have talked to others than Hodgman and hope you will not mention the matter further for the present.

As ever yours,
Irving

Syracuse, New York,
February 22, 1918

Prof. Irving Fisher,
460 Prospect Street,
New Haven, Conn.

My dear Irving:

Yours of the 20th just reached me here this morning.

I think I can hold the matter open until a week from Monday, which would be March 4th but I do not exactly know where we shall be at that time.

I spoke to Roy about this because as a Director of the R.I. Hospital Trust Co., I knew he would have had to have cognizance at least of the application to them for the loan there as such things are considered by their Board of Directors, and also the old family project which we were discussing with reference to the Holding Company, required as general understanding of the financial situation. He had this for all the other heirs already.

I am glad to hear that the stringency is less severe than I feared and I hope that you will consider it wise to make a minimum reduction at this time and trust to renewals of short term notes, for I am sure that this is a wiser policy than trying to sell anything at the present time. If the situation could be met by the sale of rights from say 600 shares, being equivalent to 150 new shares, it would relieve our budget, but we would be glad to straighten things out.

Yours faithfully,
Professor Irving Fisher,
460 Prospect St.,
New Haven, Conn.

My dear Irving:

Tonight I go on to Detroit and I will ask you to let me hear from you there if possible by a letter to reach me by Wednesday at the latest.

A request has come to us in general wherever possible in transactions, to buy, not merely rights but instead to buy existing stock, which should carry with it the rights, so as to do away as far as possible with the difficulties of the holding company proposed in distinguishing between actual existing shares and others which are to be issued later, for owing to the deferred terms of payment this is not a simple calculation. In consequence, it might be preferable instead of selling rights from 1000 shares, to sell instead 100 shares of the existing stock, together with the rights thereto appertaining.

Two hundred fifty (250) is the highest price that I have heard quoted by anyone here for the stock in any quantity and one large stockholder has said that he thinks he should profit by it were it not for sentimental considerations, if he should sell all his stock at that figure and reinvest in stock exchange securities at current rates in the market, so that this would seem a limiting price. Another estimate from another direction was #225.00 and still a third $240.

To straighten out this situation I think that we should be able to arrange if desirable, to take 100 shares of the existing stock, together with the rights at the highest price mentioned, namely $250 of which one half to be payable prior to April 1st, and the other half prior to October 21st without interest, but if it were considered greatly preferable at the other end, we might take rights on the basis previously indicated, but preferably not to so large an extent as first suggested, unless this is highly desirable at the other end.

Since starting this I have heard that one or two shares have been sold around $250, but I am very doubtful if this price could be obtained for any considerable offer.

Yours faithfully,
N.T. Bacon
[-illegible-]: I enclose several copies for Betsy to file, including this. This offer is more than the stock is worth from a strictly investment basis as compared with other stocks, but I know that you will not want to offer less. N.T.B.

YALE UNIVERSITY
DEPARTMENT OF POLITICAL ECONOMY

Mar 3, 1918

Dear Nat:

Yrs. of 22nd and 28th here.

Margie will accept the offer to take one hundred (100) sh. of S.P. stock (existing, with subscr. Rights attached) at $250 per share or $25,000 the first half to be paid before April 1st and the balance before Oct 1st.

Many thanks.

As ever yours,
Irving Fisher

To whom should the certificate or certificates be made out?

Night Letter

Syracuse, Mar. 6th, 1918

Prof. Irving Fisher,
460 Prospect St.,
New Haven, Conn.

After full consideration it appears best to let arrangement stand to buy One hundred shares as per my letter. Check for half will probably reach you by Monday from Peacedale. As New Haven trip now unnecessary am on way west.

Statesville, Ala. Mar. 19th, 1918

My dear Irving:

Yours of the 4th has finally reached me here. Please have all the papers made out in Helen’s name. I may be in N.H. Saturday or Sunday, but I may go through without stopping. N.T. B.
April 19, 1918.

Mr. Nathaniel T. Bacon,
c/o Solvay Process Company,
Detroit, Michigan.

My dear Nat:

I am writing to acknowledge your letter of April 18th to Margie. I have it in mind that the Solvay Process certificates and warrants for new stock must be returned to the Syracuse Trust Company, but I am having to collect the certificates, and also to collect Margie! She returns home on Monday. I’ll see that the twenty five rights are transferred to Helen.

As ever yours,
Irving Fisher

EEc

This sequence, a continuation of the cash squeeze at Index Visible and the serious ramifications for Irving and Margie Fisher, is by far the largest and longest in the collection. Bacon is getting very involved in the liquidity crisis. It is definitely not short term. Fisher is relying on a secured loan to Margie, who must have had the collateral to cover it. Although he does not make clear what Margie’s rights are, he is certainly generous with them. He scribbles a personal note to Helen and Susan. Bacon, however, knows that Margie has the rights to purchase Solvay Process stock. Half these rights would yield $40,000. He gives some tongue-in-cheek advice: “Would not this suffice so that you would be able to save enough out of income to whittle down on your indebtedness…” Perhaps Mr. Vanderlip will help.

In his letter of February 7 Fisher plays the “Yale Card.” His comments on Bacon’s son-in-law, Elmer Keith, seem to take on an unfriendly tone: “Elmer tells me that you wrote to ask in regard to the Index Visible data. I am preparing something for an annual review of the year 1917 and, unless you are anxious to receive information at once, will wait until that is ready.” Fisher reports a loss of $25,000 on sales of $145,000. However, he adds, “The goodwill acquired in the
year if computed as before would be five times the year’s loss, at least.” Of the many ways to compute goodwill, none that I know is based on a five times per year loss.

Apparently Elmer has leaked information that frightens Bacon. On February 8 he writes that the Rand Company is a significant competitor, lurking in the wings and ready to pick up sales from the weakened Index Visible. Bacon offers his help with this caveat, “I have already succeeded in saving five, but it has been by such severe effort that I am not anxious to add to the list.” For Fisher this slight is the straw that breaks the camel’s back. He is furious. Bacon strikes out at the Brown Estate and one other place, as reported by Ives Goddard, most likely a nephew to both Bacon and Fisher. (Rowland G. Hazard’s daughter, Margaret is married R.H.I. Goddard, Register of the Papers of NTB, 3).

Fisher first responds by telegram, an indication of how much he is shaken by Bacon’s letter of February 8. His casual tone, however, cannot have impressed Bacon, who acknowledges receipt of the telegram on the “cash stringency,” but indicates that whatever money is needed will not come from Providence, Rhode Island.

“Roy,” mentioned in Bacon’s correspondence of February 19, is most likely Rowland G. Hazard. If there is not active trading on a market, the valuation of the rights to purchase stock at a fixed price is complex and uncertain. Proceeding with a long discourse on government war bonds and business liquidity, one of his key concerns, Bacon makes it clear that he is deeply unimpressed with the payment practices of the federal government, an important debtor of Index Visible. According to Fisher, things are not that bad. In effect, he tells Bacon to hush up.

Bacon pushes for short-term financing to solve the “less severe” stringency. On February 28, he reiterates his offer to pay $250 a share for 100 shares of the Solvay Process stock, together with the attached rights. Fisher, speaking for Margie, accepts. Their long and painful exchange ends on April 19.

Yale University
Department of Political Economy

Prof. Irving Fisher
460 Prospect Street
New Haven, Conn.

May 4, 1918.

Mr. Nathaniel T. Bacon,
Peace Dale, R. I.

Dear Sir:

Enclosed I am sending you a little address of mine with the thought that you may be interested in the labor problem of which it treats.

I think that all will agree that at the end of this war there will be a new phase of the labor problem and that there will be grave danger of discontent when workers return from soldiers' life to the monotony of the shop.

A few of us, especially the late Dean Carleton H. Parker of the University of Washington and Mr. Robert B. Wolf, Manager of the Spanish River Pulp and Paper Mills at Sault Ste. Marie, Ontario have come more and more to the conclusion that the solution of the problem of industrial discontent, if there be a solution, will lie along the lines of making the workman genuinely interested in his work. John A. Voll, President of the Glass Blowers' Association of the United States and Canada, who was present when I gave the address said afterward: “It was the most illuminating thing I have heard on the labor problem”. I mention this to show that the idea seemed to strike a responsive chord in labor itself.

Professor Parker, the day after I gave the address, presented a much more thorough-going paper on the same subject, which has since been printed in the supplement to the March number of the American Economic Review, with a comment by Professor Wesley Clair Mitchell of Columbia.

The loss to economics, and to this cause in particular, through Professor Parker’s untimely death, has especially impelled me to help launch the ideas for which he stood so prominently.

Very sincerely yours,

Irving Fisher

P/c

Encl. Think you might be interested. This form letter I’m sending to stockholders. I.F.

Peace Dale, R.I., May 9th, 1918

Prof. Irving Fisher,
460 Prospect Street.,
New Haven, Conn.
My dear Irving:

Yours of May 4th enclosing your pamphlet on Health and War is at hand. Have you read a very interesting book by C.P. Steinmetz of the General Electric Company called AMERICA and the NEW EPOCH, which touches somewhat on these questions. His argument is that the thing for workmen to look forward to in the future is gradual reduction of hours of the day, his thesis being that the greatest good for the working man lies in the greatest possible amount of leisure and the shortest amount of work, his psychology evidently assuming that greatest enjoyment is found in the hours of leisure than in the hours of work. I believe this to be a false hypothesis.

Unfortunately we have no scale of enjoyment, but although almost every man looks forward to his times of leisure as periods of enjoyment, nevertheless the question is a very real one whether after all in reality he gets more satisfaction out of them than out of his hardest periods of endurance, for we have all of us experienced many times how great a feeling of disappointment follows the periods spent in trying to amuse ourselves. The very word pastime points in this direction. I believe that you are altogether looking in the right direction in this matter. I have often argued that I could make even shoveling dirt interesting to myself, though of course it would not be as highly interesting as some other occupations.

Yours faithfully,

[N.T. Bacon]

Yale University

Department of Political Economy

PROF. IRVING FISHER
460 PROSPECT STREET
NEW HAVEN, CONN.

May 10th, 1918.

Mr. Nathaniel T. Bacon,
Peace Dale, R. I.

Dear Nat:

Thank you for your letter of May 9th and for the clippings which you sent me by Elmer, which I have read with interest. I have not yet seen Steinmetz’ AMERICA and the NEW EPOCH but I am sending for a copy.

As ever yours,

Irving Fisher
P/S Saw Susie the other day, looking very well. Margaret is feeling herself again. George is still at Syr.

Yet another form letter but, this time, not a fund request but information to people on Fisher’s mailing lists, including the stockholders of Index Visible. Fisher is among those who believe that “making the workman generally interested in his work” will be a key solution to labor unrest after the war ends.

Bacon agrees and responds by highlighting the idea of the gradual reduction of the number of working hours, as expressed by C.P. Steinmetz in his book, *America and the New Epoch*. Bacon disagrees with this theory and questions whether less work leads to greater happiness: [As an aside, I’m in complete agreement with Bacon. I have always tried to maximize every task performed, even mundane ones, with the search for some good coming from the task. This is crucial in my field of accounting. Reading and rereading the letters in this section has led me to a much greater appreciation for Bacon’s wisdom regarding enjoyment.

To his response Fisher appends a handwritten postscript commenting on the health of his eldest daughter, Margaret aged 21, who works for Fisher at his base at 460 Prospect Street and seems to have been totally dominated by him. Her illness, a mental collapse, was in reaction to a marriage arranged for her by her father. Margaret will die of related causes the next year. The postscript, at least, shows that Irving Fisher did express himself about one of his adult children.

Yale University

Department of Political Economy

PROF. IRVING FISHER
460 PROSPECT STREET
NEW HAVEN, CONN.

September 26, 1918.

Mr. Nathaniel T. Bacon,
Peace Dale, R. I.

My dear Nat:
Many thanks for the copy of your letter to the Sunday Journal, which I am return. I think it is excellent. I had seen it before, but was glad to see it again.

As ever yours,
Irving Fisher

Encl.

Apparently, Bacon, like Fisher, has a mailing list.

Berkeley, Calif., April 27, 1919

My dear Irving:

Enclosed you will find a check for $5 00/100 for your labor legislation association, but please do not send me the literature.

I do not think you can depend on the Sec. of the Navy living up to any promise, and it is a black eye for any concern with me to bring him into the foreground. I think many others feel so.

Yours faithfully,
N.T. Bacon

After Jane Addams’ performances in the pacifist line I should like to see her eliminated also from anything I am connected with.

Bacon has sent a token contribution for a labor association another one of Fisher’s causes, but emphasizes that he does not want them to send him any literature.” Bacon has some harsh comments about Josephus Daniels, the Secretary of the Navy, and Jane Addams of Hull House fame who had become a victim of the Red Scare.

Yale University
Department of Political Economy
May 10, 1919.

Mr. Nathaniel T. Bacon,
The Acorns,
Peace Dale, Rhode Island.

Dear Nat:

As you may have heard, Elmer was unanimously elected last Wednesday a member of the Board of Directors of the Index Visible and also Ass't Secretary and Ass't Treasurer. (Mr. Bull was re-elected Secretary, and Mr. Clark was elected Treasurer.)

I'm sorry you weren't at the housewarming Wednesday evening. You would have gotten an acquaintance with the people and their spirit of pep and harmony which you could scarcely get as well or as soon in any other way. Both Elmer and Susie officiated, Susie receiving with the other wives of directors and Elmer running the "whole show", which he did very well.

I'm glad to know from what you said to me and to Mr. Kingsbury that you are more pleased with the situation than you were.

I think I ought to tell you that your visitations hurt Elmer a little and nearly upset our plans to advance him. Several directors were at first opposed to electing Elmer as director or Ass't Secretary and Treasurer, on the ground that, however unwittingly, he had evidently given you a wrong impression and that this might signify a fundamental fault in him and that we would better wait and see.

Had it not been that Mr. Hayes had a truer understanding of Elmer and expressed it, Elmer would not, I think, have been elected, in spite of the fact that he had been definitely slated long before.

I would like to talk with you again when possible and would especially like, after that, to have you talk with Mr. Hayes and revise your impression of him, in particular. He and Mr. Clark make a great team. Between Elmer's going and Clark's coming we were shorthanded and especially lacking in what both Mr. Clark and Elmer have to give us. You may remember my speaking to you about this many months ago.

Very sincerely yours,

Irving Fisher

P/c
Peace Dale, R.I., May 13th, 1919

Prof. Irving Fisher,
460 Prospect St.,
New Haven, Conn.

My dear Irving:

Yours of 10th is here. I am glad to hear that your reunion went off so well. I do not now know when I shall be in New Haven. I shall be there for Commencement, if not before, but in the meantime I probably have to go down to Alabama, and thence to Detroit and Syracuse.

How does the Post Office affair come on?

Yours faithfully,
N.T. Bacon

Elmer Keith returns to the forefront. Fisher’s letter reflects his unhappiness with the Elmer Keith/Bacon connection. Keith was elected to the Index Visible Board of Directors, and he and Susie oversaw the housewarming which I assume to have been for the stockholders of Index Visible. In his response Bacon seems to have confused the Board of Director’s meeting with the Yale reunion annually held at Irving Fisher’s home and office on Prospect Avenue.

Peace Dale, R.I., Aug. 5th, 1919

Prof. Irving Fisher,
Prospect Ave., New Haven, Conn.

My dear Irving:

On taking up with E. the question of present distribution of the I.V. indebtedness I found that unless he is mistaken the liabilities are about 40% greater than by the statement given me. Apparently all the current liabilities not represented by notes had been overlooked and possibly even some notes which can be renewed. He had not with him a list of these.

This convinces me that there is but one chance for the company which could warrant asking anyone to put more money into it, and one which will be very distasteful to the present management. This lies in a drastic reorganization by which a
business man is made president, who will give most of his time to the finances and supervise the following up of small leaks and other details. No man with all the other affairs on his back which you consider at least equally important could do this even with the commercial training which you lack, as I think you do, also the commercial instinct. No one can have all sides equally developed unless all are mediocre. You have made your mark otherwise.

I can see but two men who seem possible for this emergency. The first I have never met, but he is a man of means already interested in the company, which might induce him to try to save it as an occupation. He may not be available or willing, and I do not know his capacity, but I suggest as a possibility Mr. Kingsbury Bull. I had thought of Roy, but he says that he has too much to do.

The other is Mr. Clark, the present Treasurer. He knows probably better than anyone else the present difficulties which Mr. Hayes has not followed up while he has been racing around trying to make sales. Sales are important, and from what I hear Hayes has been an effective salesman, but I am inclined to think him a more expensive man than you can afford, though he might be worth his present salary if you made twice as great a volume of sales.

Unless you think well of these suggestions, I believe your best course will be to tide over your present emergency and then improve the occasion of the large orders now in hand to try to consolidate with the Rand people, so as to reduce the competition. One concern might make a profit just on the saving in selling expenses at prices on which two would starve with the same total volume of trade. With such a consolidation Mr. Hayes might be able to earn his way. I am sure that his position will drop out from under him if he is left in charge. You have too much in the way of overheard charges, and it may be best to drop Elmer. Do not hesitate to do this unless you are convinced that he more than earns his keep. I was somewhat doubtful about having him go back because I feared this, but I hoped that his systematic care might stop many leaks and really be worth much more than appeared. I have never had such brilliant hopes as yours for the company’s future, so that it is not such disappointment as to you to find lions in the path, but I feel that If you will fairly face the questions which arise, and acknowledge that your judgment has been at fault, and that therefore someone else ought to be put in command, there is still a chance that some value can be put into the present preferred stock, but that the present common ought to be wiped out and replaced by the present preferred. I believe that the recent losses have wiped out all real value from the present common, and that it is, therefore, only proper that its voting power should disappear. We will do more than our share if any plan is brought forward which seems to us likely to be successful.
Aug. 6, 1919.

Dear Nat:

I hope you’ll excuse my beginning my answer to yours of the 5th by saying: no wonder you make enemies and get misunderstood!

But I know you meant to help and will take the will for the deed.

I’ll hope to see you at the week end and will not go into a detailed answer here.

I never had more faith in the I.V. than I do now and would not sell my common stock for hundreds of thousands, much less destroy it.

The bookkeeping losses of the last six months are an investment in goodwill. We have acquired 511 new customers worth to us over $60,000 in capital and future profit from their repeat orders. Our bookkeeping losses were $27,000 of which $10,000 were taxes on last year’s profits.

We shall show a profit this month and probably hereafter.

The losses above mentioned are less than might be expected in transition from War (where our sales were mostly to U.S. Gov’t) to Peace.

The reorganization you mention would bring disaster. Combining with Rand would never do, for many reasons.

Elmer is very useful and liked more and more.

As to our obligations of course I didn’t include bills payable ($16,000). The bills receivable are $48,000.

Hinks [?] brothers visited us yesterday and were well impressed.

When I see you I think I can convince you of the above facts and others.

I appreciate your willingness to help when the time comes to subscribe.

If I’m wrong there’ll be plenty of time for me to “acknowledge” it and I’ll do so fully – as I hope you will, if otherwise!

As ever yours

Irving Fisher

Peace Dale, R.I., Aug. 7th, 1919

My dear Irving:

Yours of yesterday is at hand. Evidently nothing but the ultimate result can show which of us is right. I still believe that you will find it most difficult to persuade anyone to put enough money in to save the concern on any such terms as you contemplate. I
do not even mean to be an obstructionist, and it is barely possible that your enthusiasm
may encourage someone else to go ahead. If it does I shall be glad, but I hope that you
will not risk too much of your wife’s fortune on it, even by loans. I have seen so many
people drawn in little by little in support of failing cases that I greatly dread it.

Yours faithfully,
N.T. Bacon

Syracuse, N.Y. Dec. 3rd, 1919

My dear Irving:

After careful study of your scheme for financing the I.V. I fear that it is not likely
to be accepted. Your enthusiasm for the I.V. is one of its best assets, and I do not want
to discourage you, but I think it is safe to say that there is no one else among the stock
holders seems to share it. If they did the opportunity to invest would make them
eager to come in. Occasionally a great success has been made by such thing as the
National Cash Register, but I have yet to hear of a case when great success has come
without exceptionally able business management, and I think that up to within the last
few months this has been lacking in our case. I believe that there has been recently
decided improvement in this respect, but it has not yet been proved to be great enough
to warrant high hopes, and no one of the present stock holders seems attracted by the
present offer.

It is a safe proposition that no man in [-illegible-] business wants to be up his
working capital in an 8% investment. To a man using his own funds in business
probably 12% 15% or perhaps even 15% 20% means no more than he should make the
money earn. He almost inevitably is a borrower, and his credit is limited to some
multiple of what he has available of his own, so that the loss to him is not merely that of
the capital this immobilized, but of that multiplied by 1+ this multiple, so that frequently
a man lending $10,000 of his available means might reduce the business which he could
handle by in a year by $50,000.

If he made only 5% net on the turnover this would mean that his lending cost him
25% on the sum actually lent. I promised a while ago that if any reasonable plan [-
illegible-] worked out to carry the Co. Helen + I would do our share, but it seems to me
that your scheme is not reasonable. I believe that what our whole connection (including
Elmer + Susan) owns is well under 2% of the Co.’s stock. Our share would therefore be
under $2,000. This we should be glad to raise but for an to be asked to raise $10,000
more would be difficult. You do not appreciate that I have a number of affairs, all crying
for more capital, to which I have promised so much that we are stretched nearly as badly as you are. Probably we owe even more than you + Margie, though we have more assets.

Frankly I do not think that your scheme ought to succeed. From your standpoint you are making a generous offer, but no one else values the common stock as you do, and I doubt whether you could sell any considerable amount of preferred at 50 without some form of assurance that afterwards you would look upon as a guarantee in case of failure.

We will go a long way towards helping any one so consistently generous as you and Margie have always been, and also it would be poor business to allow our investment to become a loss for lack of some support, but that is quite different from being asked to triple our investment in this which would force us to sacrifice other things in which we are more deeply invested. Moreover, I believe it to be unnecessary to raise so large a sum. I know that the Co.’s credit has suffered, but by proper management it could be restored with much less, though for this it may be necessary for you to give up the presidency.

I must ask you to forgive me for coming back to my former proposition, namely that you are essentially of the academic type, and that from this type good business men are rarely developed. You want to attend to this at intervals where outside affairs give leisure, sometimes with very long intervals of complete inattention. Very few struggling affairs survive such treatment, especially with broken credit.

As I understand the Co. no longer is able to borrow at all from the banks, so that you are carrying its entire debt (except the mortgage) by borrowing on your own notes secured by other collateral and advancing what you thus obtain to the Co. I am glad to hear that this burden has been lightened by $5,000 during the last three months through profits + collection of old accounts. I believe that by skilful use of $30,000 more the Co’s credit will be restored and that it might be possible to float stock enough for this, when $100,000 would be impossible to raise.

I do not know just how the stock is held and I may be wrong about how the indebtedness is carried, but if this is as I think you might accept stock in payment of say $10,000 of the debt to you. I admit that if I am right this involves investing in this stock a higher proportion of your total net assets than might be desirable (possibly over 100%) but after all of the burden of your debt is materially reduced by other subscriptions paid for in cash and going to reduce the Co.’s debt to your personal cash position will be materially helped, and the Co.’s credit will be strengthened nearly as much by that reduction of liabilities as by any other.
If the indebtedness could be reduced thus to say $60,000 I think it not impossible that I might get Mr. Kingsbury + Mr. Bull to join with me in a syndicate to finance the Co. by endorsing its notes so as to relieve you entirely.

Such service should be paid by a rate of 1% premium to the endorsers, and probably no one of these would undertake it without (by a voting trust) in the syndicate’s control hands by a voting trust of a majority of the stock the management for the term of their undertaking to [illegible]. More than one Co. has been saved by such an expedient, and if the Co. is to succeed this is cheaper in the long run than selling preferred stock at a rate to go on paying forever 8% or 9%. I have had no communication, direct or indirect, with Mr. Kingsbury for perhaps six months, and have no idea as to what he would think, but I believe that if you could place $30,000 or $40,000 by stock sales if this could be carried through and the Co.’s credit could be put into a strong position $3,000 or 3% on $100,000 a year for five years would be a small price to pay for the service.

If you wish to try to place stock so as to raise 10% in cash of the Co.’s present nominal capital we will be glad to take any good plan is made to raise the necessary cash, we shall be glad to take our proportional share + [even] decidedly more than our share to make up in part for those who cannot do so, and if any good is made for [handling] the other debts on a business basis I will also help on any syndicate to put back restore the Co.’s credit besides, but our hope to see a well studied plan before being called on for either, and complete + [illegible] statement of all assets + liabilities.

Yours faithfully,

N.T. Bacon

Yale University
Department of Political Economy

Dec 14, 1919

Dear Nat:

Thank you for yours of the 9th from Syracuse.

You must have forgotten what I told you about the presidency. I am in search of a permanent president to come in as soon as the situation will be attractive to a first-class man.
You need not feel bound to invest anything under the plan, which you think not reasonable.

It has not yet been presented to the stockholders. I don't know what you mean when you say that “no one else among the stockholders” seems to share my enthusiasm, etc.

There is no great hurry about presenting the appeal to stockholders. Every month’s profits and progress generally will help.

Thank you for the syndicate suggestion. It is not time to consider this nor do I think it would ever ________ to me to let you do this.

The problem is now promising to solve itself but I am shaping plans to meet contingencies.

May I take this opportunity to thank you and Helen for the very nice Xmas remembrance? We are spending Xmas out and ________ your things last night.

As ever yours
Irving Fisher

Bacon and Fisher exchange a series of caustic letters. Index Visible is again pressed for cash. Based on some misinformation from Keith, Bacon wants Fisher out as president of Index Visible. He proposes a drastic reorganization in which Fisher will be replaced by a true businessman, one with the commercial training and instinct which Fisher lacks, who will not lose his focus. Bacon wants to consolidate Index Visible with the Rand Company. The best sentence is: “You have too much in the way of overhead charges, and it may be best to drop Elmer. Do not hesitate to do this unless you are convinced that he more than earns his keep.” He also wants to wipe out the common stockholders of Index Visible.

Fisher responds harshly: “No wonder you make enemies and get mis-understood.” Once again he counters by reiterating that losses increase goodwill and bring in new customers. He does not want to reorganize, and so he refuses to take Bacon’s advice. In a few years, however, he will change his mind.

Bacon cautions Fisher about risking Margie’s fortune to further finance Index Visible. In his letter of December 3 he continues to protest giving more money to Index Visible. Once more he attacks Fisher as an academic, a type that from which good businessman rarely develop. Fisher, however, continues to believe in Index Visible. Given the unhappy fact of the death of his daughter Margaret on November 7, he seems quite constrained. However, he and Bacon may have had words on Index Visible at the funeral service.
Prof. Irving Fisher,  
460 Prospect St.,  
New Haven, Conn.

My dear Irving:

On my return from the South Helen has show me your letter of June 3rd with reference to the Index Visible. I was driven to the last extent when your previous letter came and so was unable to answer myself, but I am troubled by your idea of gong on with another New York corporation unless you comply with the statute much more completely than even you have done before. In case of a collapse of the Company, a contingency which every corporation has to face, each individual stockholder, as I understand it, would be liable for all the debts of the concern because of the failure to comply with the New York requirements of corporations. Unless these requirements are complied with, among which is that of a director resident in New York State, the limitations of liability to the amount subscribed does not apply. As I understand it, for years you have not had on the Board a director having a legal residence in New York.

As for the matter of stock without any specified par value, I can see no serious objection in that to making this a Connecticut corporation. You can make the common shares $25.00 par value, or even less if you wish to do so. It makes little difference in the real value of the stock whether you have a par value of $1.00 or $100.00 so long as the number of shares and the assets behind them are the same.

As for the technical reasons concerning the difficulties which New York State puts in the way of corporations reincorporating in other states, they are nothing but technicalities of a kind easily avoided. I doubt whether you have complied with New York State Law in other matters concerning the stock books, etc., so that I fancy that the Company is liable to very heavy fines for noncompliance in case the State ever finds out what has happened. Practically, the State of New York attempts blackmail, about once in so often, upon corporations which are carless in complying with the vexatious detail required by New York Law. I have already had enough experience of this to make me dislike very much a New York charter for a corporation not doing its main business in New York State.

I would waive the question of voting power for the preferred entirely, provided the condition were put into the agreement that the preferred stock should regain its voting power whenever two dividends were passed, and that a controlling interest in the common is put into the hands of the voting trustees whom you name.
I believe that it would be of material benefit to the Company if such able men as Kingsbury and Jennings had so much weight in its councils as this would give them.

Since this was dictated yours of the 19th has just come in. I cannot imagine what you mean by a debit as a common stockholder. Of course the common stock is reduced in value by the arrearages of dividends on the preferred stock, but it cannot make a debtor of the holder of the common stock, as this is non-assessable.

I disagree with you, moreover, as to the statement concerning arrears of dividends being cancelled by reincorporation. I think that you must have mistaken something which you have been told by a lawyer. If stockholders agree as individuals to an adjustment, well and good, but the common stock can have no rights to any payment by a vote of the corporation until the preferred stock has been paid in full, including all arrears of dividends, if this charter is like all the other charters that I am acquainted with. I do not like to send on my shares of stock for exchange until I understand better what is to be done.

I hope that even at this late hour you will see the difficulties with a New York corporation and make this a Connecticut corporation instead. It cannot be too late, for the stockholders have not yet voted to accept the proposition.

I am returning, unsigned, the proxy which you sent me for the meeting to be held July 1st, for this purpose, so they are out of order. These proxies read for the annual meeting to be held on February 11th, whereas this is not even an adjournment of the annual meeting, according to the call, but a special meeting to handle a matter for which the annual meeting probably would not have been competent. I advise you to follow this matter up at once, for if you are depending on proxies in this form, you are likely not to have the quorum necessary to comply with the law concerning the sale of one corporation to another. If I remember right, for this a two-thirds majority is necessary, and if all your proxies are on this form, you could only depend on the votes of those present and voting in person.

Although I see no such rosy future for the Company as you do, I hope that it will prove successful under the new management. I am pinched at present by having to raise funds for my saw mill, but I will try to make my subscription come to even shares when the time comes. I cannot say whether I shall prefer common or preferred stock until I know more of the way in which the Company is to be re-organized.

Yours faithfully,
N.T. Bacon
My dear Irving:

Yours of Saturday is at hand. There is nothing specific with reference to New York specifications that I know of, but with the continual vexatious changes made in New York corporation law there is always danger of failure to comply. One small New York corporation, in which I was interested has had much difficulty in this way, as it was not doing business in New York and had only a nominal office there.

This explanation that you give is sufficient, so that I am sending in my stock certificates for exchange, and will send on my proxy as soon as the revised form reaches me. I am glad to hear that you have come around more to my views about Hays.

Yours faithfully,

N.T. Bacon

Yale University

Department of Political Economy

PROF. IRVING FISHER
460 PROSPECT STREET
NEW HAVEN, CONN.

26 June 1920

Mr. Nathaniel T. Bacon,
Peace Dale, R. I.

Dear Nat:

I have yours of the 22nd.

You say “I am troubled by your idea of going on with another New York corporation unless you comply with the statute much more completely than ever you have done before”.

So far as I know we have complied completely except recently when, inadvertently, we were for a time without a New York resident director. Mr. Bull was for years our New York resident director and I did not
know until last week that his legal residence had changed. Elmer wrote me in Chicago that he had told you we had no New York director. I wired Mr. Bowman, our lawyer, in reference to this and the other points you raised with Elmer and on my return last week learned that Mr. Bull’s summer home, Litchfield, is now his legal residence. When he gave up his New York residence, I did not know it and he did not think of its effect on the Company, while Elmer did not know of the statute. I am glad you were the means of checking us up on this.

As soon as I discovered the slip, I had Mr. Bowman made a director at our directors’ meeting last week.

I do not know of any other technical error which we have made or are making. We have been scrupulous to keep the requisite stock books, etc., in New York except for temporary use in New Haven, which I was assured was permitted. You say “I doubt whether you have complied with New York state law in other matters”. If you have any basis for your doubt, I should be glad to know. I took the whole matter up with Bowman on my return from Chicago and know of nothing.

The new preferred stock will be given voting power if in two successive years dividends are passed.

No definite plan has yet been decided upon as to having voting trustees. I suggested to Mr. Jennings two days ago the formation of the committee I had in mind. He did not seem to see much use in it. But I think we shall do something of the sort.

You say “I cannot imagine what you mean by a debit as a common stockholder”. I thought I had made it clear that, as I stated in the circular letter, “there is no legal obligation”. The common stock is, as you say, non-assessable. I am simply assessing myself voluntarily, and not asking anyone else to assess himself except my brother and Mr. Hayes (who may decline). In no other case is there any substantial debit balance. I assume the burden of the small balances and may have to assume Mr. Hayes’. I have not yet written to him.

Five other plans for satisfying this moral obligation to the preferred stockholders were considered and rejected for many reasons.

You say “I disagree with you, moreover, as to the statement concerning arrears of dividends being cancelled by reincorporation. I think that you must have mistaken something which you have been told by a lawyer.”

I went over this very carefully with Mr. Bowman and he read and approved of my letter to which you have reference. There can be no doubt about it. The re-incorporation is legally a sale from one corporation to another. The new corporation takes over the assets and assumes the debts of the old. But arrears of dividends are not debts until earned and declared. The old preferred stockholders in order to be treated right as to the arrears have to be especially provided for. The provision made takes care of them better than any other any of us could devise.

The final effect will be that the preferred stock gets more preferred to cover arrears, this extra coming from the common stockholders, while the common stockholder gets rid once and for all of the disadvantage hitherto borne of having to wait for $59,000 to be earned and paid to the preferred to cover the 6% arrears to July 1st.
The new company thus starts with a clean slate July 1st, with 8% preferred stock drawing cumulative dividends only from July 1st, 1920 (or later dates for later certificates). As you say, “the common stock can have no rights to any payment by a vote of the corporation until the preferred stock has been paid in full, including all arrears of dividends”. But this applies to the new corporation only from July 1st. If you were here referring to the old corporation, the terms on winding up are, for all concerned, fixed in the contract to be signed July 1st. This contract provides for exchange of stock share for share leaving me to make what, in the eye of the law, is a gift of $13,000 of preferred stock to the preferred stockholders to make up their arrears of dividends so far as they do not, as it were, make it up themselves as they happen to be common stockholders too.

In your case there is no net balance which needs to be settled by me. You will simply receive new stock for old, share for share preferred and common. Your new preferred will not be entitled to any arrears back of July 1st; but your new common will not have to wait until those old arrears. $59,000, have been earned and paid.

We also went carefully into the matter of incorporating in Connecticut or Delaware both before your talk with Elmer and since. I preferred Connecticut at first and gave it up very reluctantly because of several objections. If we incorporated in Connecticut we would have had to choose between two horns of a dilemma: either keep our common stock at $100 par value which would involve a taxable bookkeeping profit to the old Company (selling its patents, etc., at an advance over cost less depreciation) or lower the par value. The latter would never be understood by many of our stockholders, the majority of whom are uneducated employees who, if the stock were marked down to $25, would want to know how they had “lost” $75. There were other objections which I won’t stop to state and some of which I have forgotten.

The error in the proxy was a clerical one due to copying verbatim the last form used. It was corrected in time for many proxies. Enough have been correctly signed to insure the necessary two-thirds. The stockholders meeting will merely formally execute the recommendations already made by the directors.

I hope I have answered your objections.

While few of these appeal to me, I will take this opportunity to say that I have come to agree with you better in respect to Mr. Hayes. His drawbacks were much more serious than I realized until after he had gone.

El* t

Very sincerely yours,
Irving Fisher

Peace Dale, R.I., July 12th, 1920

Prof. Irving Fisher,
Narragansett Pier, R.I.,
My dear Irving:

This Index Visible circular of July 10th is at hand. As you probably know, my hands are very full with trying to relate the money for a sawmill, which we hope to have in run by September 1st, but probably it will be November 1st before this begins to pay running expenses, and possibly even a little longer. Under these circumstances it is difficult for me to do more than what I had already agreed to do at this moment, but if you are willing to accept a subscription, by which I should pay 50% December 10th and the other 50% February 10th, the terms being otherwise the same as by your circular, I will venture to assume that the responsibility of subscribing for nine shares more, which with 25% premium would make 11 ¼ shares, and these with the 3 ¾ on which I have just paid the first installment would make 15 shares in all, which I would like to take in the shape of five preferred and ten common, which would raise my holdings to 15 shares of each class of stock. [illegible]

We are much pleased to hear of the good orders received in June and July, and hope that the business will go on now steadily.

Yours faithfully,
N.T. Bacon

The two men continue to differ on Index Visible. Bacon again pleads on behalf of Index Visible’s preferred stockholders, of which he is one, and makes a snappy comment about a debit for preferred dividends in arrears. Unlike common stock, which has no specific percent of dividends, preferred stock includes a stated percent dividend for each year. If the total amount of preferred dividends is not paid for the year, the unpaid amount accumulates into an arrearage amount. This amount is not really a liability to Index Visible because the corporate board of directors does not have to declare a dividend. However, no dividend can be paid to common stockholders until the arrearages to preferred stockholders are settled.

Bacon has a strong preference for preferred shares; Fisher holds an even stronger, preference for common stock. Fisher’s beliefs were so well stated and so well known that Robert W. Dimand in the Journal of the History of Economic Thought (June 2007, pp. 153-166) illustrated this “Common Stock Bias” with his article title: “Irving Fisher and Financial Economics: The Equity Premium Puzzle, the Predictability of Stock Prices, and Intertemporal Allocation Under Risk.”

Ultimately, each investor must weigh the desire for rewards with his tolerance for risk. Fisher has a tremendous desire for rewards and is willing to “bet the house,” even though it comes from
Margie’s family. This he does first on Index Visible and later on assorted and sordid common stock holdings. Bacon is much more risk conscious. I agree with Bacon, but without big risk takers like Fisher there would be a less dynamic economy. Bacon does not send in his proxy.

On June 26 Fisher responds with a five page personally typed letter which shows his detailed knowledge of corporate financing. Once more, Elmer Keith is in the middle of the action. Bacon buys Fisher’s explanation and accepts the new preferred stock in the reorganized Index Visible and promises to send in his proxy. On July 12 Bacon ups the ante in Index Visible.

Peace Dale, R.I., Dec. 11th, 1920

Prof. Irving Fisher,
460 Prospect Street,
New Haven, Conn.

My dear Irving:

Your note is at hand, respecting the dinner at Washington on December 31st. It is possible that I may be able to attend this, and shall be glad to if so, and if not I should be glad to hear that is done there. However, I cannot see my way clear for a week or two yet.

Yours faithfully,

This is a housekeeping letter, with not enough clues for analysis.

On train to NY

YALE UNIVERSITY
DEPARTMENT OF POLITICAL ECONOMY

Sept. 21, ’21

Dear Nat:

I was much interested in what you told me Sunday. I offered no advice and offer none now; except that I hope you will go slow about lawsuits to be sure you may not do something you would regret later. To do
it and lose would cost you money and to do it at all would, I should imagine, cost you good will which you might find you regretted losing more than any money could repay.

Perhaps this is all wrong and perhaps you can show me that it is when I see you, if I do, at the end of next week. But I should hate to see you make the mistake, if it be a mistake, after all these years of good work, and good relationships.

I hope you won’t mind this friendly suggestion that you look very carefully before taking such a leap.

As ever yours,
Irving Fisher

Fisher panics over the possibility of a law suit by Bacon.

Peace Dale, R.I., Jan. 3rd, 1923

My dear Irving:

Enclosed you will find a letter from Jandrier which I meant to have shown you in New Haven, but I overlooked it. When you have read it, please return it to Miss May B., Congdon, Gould, R.I., who is now taking care of my correspondence. I expect to be in the South, but she can file this in my absence.

Yours faithfully,
N.T. Bacon

Yale University
Department of Political Economy

January 17, 1923
I am returning the letter from M. Jandrier, which you enclosed with yours of January 3rd, to Miss Congdon, according to your instructions. When you write M. Jandrier, will you thank him, as I do not understand from the letter what his address is?

I am sorry for the delay in acknowledging the receipt of your letter, but I have been out of town for some little time, and am just now replying to my accumulated correspondence.

Very sincerely yours,
Irving Fisher

Bacon is in the South where he has key roles at the Southern Realty Company and the Ward Lumber Syndicate. In working with these agencies to help blacks in the South who were deeply hurt by the post-war depression of 1920-1921, Bacon is continuing the work of his grandfather, Leonard Bacon, and father, Leonard Woolsey Bacon. I urge researchers to study the papers described in Series 1E, “Southern Realty Company,” of the Register of the Papers of Nathaniel Terry Bacon, 22-25. This noble attempt is yet another story to be told. Fisher follows Bacon’s instructions.

[May 31, 1923]

Prof. Irving Fisher,
New Haven, Conn.

My dear Irving:

A letter has just reached me from a Belgian who was my filleul during the War in answer to one which I wrote him a month ago asking about conditions. He writes me that they are being paid by index numbers, putting in these two words in English, [-illegible-] which I gather that the scheme which you inaugurated at the Index Visible during the war has spread to Europe. The Bavarian Government has recently provided the Hotel bills should be rendered on a gold basis so as to prevent strangers from being fleeced. Belgian exchange had dropped in the last year and a half from about 40% of par to under 30% and there has been great discontent there in spite of wages nominally much higher than before the war. The workmen are discontented even under the index number system and I rather expect to see a considerable emigration from Belgium before long if matters continue.

Yours faithfully,
N.T. Bacon
June 7, 1923.

Mr. Nathaniel T. Bacon,
Peace Dale, R. I.

My dear Nat:

I have your two notes of May 30 and 31. The Hedjaz is not a member of the League of Nations. It was listed in the Annex of the League Covenant as invited to join by virtue of having signed the Treaty of Versailles. But it turned out that no real government exists, only tribal communities loosely related to the overlordship of three emirs, of which the king of the Hedjaz is one.

Egypt was omitted from the list of non-members because when my book was written, the eligible Egyptian government was not established. This occurred in the middle of April.

Luxemburg was included in my list.

I am interested in the use of index numbers in Belgium. In England, some three million workers have been under that system, using the index number of retail prices of the Department of Labor. These applications of the tabular standard in other countries originated independently so far as I know, and not as a consequence of any American action.

I hope you are well and not too burdened by the heat.

As ever,

Very sincerely yours,
Irving Fisher

L.m

The conversation returns to the topic of index numbers, undoubtedly the result of the rampant inflation in Europe, especially in Germany. Bacon is very concerned about Belgium, most likely because of his relationship with the Solvay family. He posits that Fisher’s price-level adjustments crusade have reached Belgium. Fisher responds to a letter [not included in the Rhode Island College collection] in which Bacon mentioned the Hedjaz, now Saudi Arabia. The issue of the United States joining the League of Nations will become for Fisher a holy quest. Bacon knows about England, but not about Belgium.
Mr. N. T. Bacon,
Peacedale, R. I.

Dear Natt [sic]:

I have just received a letter from a professor in Vienna who is translating Jevons' "Theory of Political Economy" for which he needs Cournot's "Researches into the Mathematical Principles of the Theory of Wealth" and which he asks me to send him. I hesitate to send my only copy which has some notes and quotations in it.

I am therefore writing you to see if you have a spare copy or can suggest how I can get one.

Very sincerely yours,

Irving Fisher

Signed by Professor Fisher's Secretary after he had left the city.

August 21, 1923.

Benton, Ala.
August 25, 1923

Professor Irving Fisher,
New Haven, Conn.

My dear Professor:

Yours of the 21st has just reached me here. I have but a single copy remaining of this and know of no other, but if you will vouch for your professor's returning me my copy, I shall be glad to accommodate anyone in Austria who is in distress for any cause. My copy has no notes and therefore it is not of such special value as your copy, but I should not like to be without anything to represent the great amount of work which I put into that book. Let me know who your friend is and if you will vouch for him.

Yours faithfully,

NBT/P

N.T. Bacon
Mr. N. T. Bacon,
Benton, Ala.

My dear Nat:

I have yours of August 25th in regard to lending your copy of Cournot. I find that my own copy has been lent and lost and I think you had better not lend yours under the circumstances. I wrote my letter to you on the train and did not know mine was missing.

As ever,
Irving Fisher

IF.G

Fisher has lost his copy of the Cournot translation (including notes on the translation), and asks for Bacon’s. Bacon, who is in Benton, Alabama working on the dissolution of the failed Southern Realty Company, is willing to ship his only copy to help the Austrians who are much in need, provided that Fisher will vouch for the Austrian professor. Fisher withdraws his request.

\[=;\]

Mr. and Mrs. N. T. Bacon,
“The Acorns”
Peace Dale, R.I.

My dear Nat and Helen:
I am sending you under separate cover a copy of my book, “League or War?”, in the hope that you may find time to read it. As you will see, I believe that this problem of whether America shall remain isolated or join the World Court and the League of Nations is the most important problem before the world today and one on which our future prosperity and peace may depend.

The movement against isolation and in favor of joining the Court and the League is now chiefly in the hands of the League of Nations Non-Partisan Association. I am a member of the Executive Committee. We are in need of funds to conduct this work properly. We have wonderful leadership and the ablest Executive Director in this line in the country in William H. Short. With adequate funds we can undoubtedly adequately make the requisite influence in public opinion.

I have personally contributed a thousand dollars in cash and an equivalent of several times that in time and I intend to contribute the royalties on my book. I am just about to leave on a three weeks’ speaking trip on this subject. I earnestly hope that you will give in proportion to your conception of the imperative need of funds.

Plans are now maturing for each member of the Executive Committee to make a monthly contribution until the close of the next Presidential Election and we hope that you and a number of others will join us on this schedule so that we can be assured at once of at least $10,000 a month and make our plans accordingly.

I enclose a blank which I earnestly hope you will sign and return to me.

With kindest regards, I am,

Very sincerely yours,

Irving Fisher

B.e
Enc.

September 1, 1923

My dear Irving:

Your good letter about the League of Nations is just here. Nathaniel has read your book and I have, in between my various activities, looked into it with great interest.

We are so much interested in the League of Nation’s [sic] tangle that Nathaniel has written an article on the subject which has just been sent to you via Margie, but you will see from that that unless there are some modifications in the present program of the league that Nathaniel feels it would be unwise for the United States to join and this opinion I share. On that account, since my initial subscription to the League of Nations
non-Partisan Association I have not felt like contributing to its activities. I do feel that we ought to be in some sort of alliance and will send your letter to Nathaniel and you may be sure if we can see our way to help you in this special effort will gladly do so.

I have sent your letter and a copy of this to Nathaniel in Alabama and you, or the Association, may hear from him before very long.

Margie and the “Baldwin baby,” as Buntie calls him looked well yesterday when I saw them for a few minutes.

With love from us all, I am always

Affectionately yours,

This exchange is about the League of Nations Non-Partisan Association, another Fisher cause, one that is highly personal. Fisher is an unrelenting progressive with tremendous faith in the goodness of mankind. He is also an extremely generous person, sometimes with other peoples’ money, and especially with Margie’s. Having reviewed the highly charged U.S. political issue of the League of Nations, Helen and Nathaniel Terry Bacon very carefully hedge their position on this Fisher cause.

The many worthwhile activities of Helen Hazard Bacon are worth noting. She may not have had the exalted status of her sister Caroline, but few women of that day did. She clearly had a personality distinct from her husband, and, unlike baby sister Margie, she was not dominated by her family.

The “Baldwin” baby is the son of Caroline Fisher Sawyer, but her father does not seem to be as excited one would expect of a new grandpa. The relationship between Fisher and his children is another story that needs to be told. According to her brother Irving, Caroline, a very talented woman, was a disciple of Carl Jung in Zurich); her parents, however, were troubled by her divorce. The two siblings also had misgivings about the death of their sister Margaret:

... Carol and I feel that if present-day psychiatric techniques had been available at the time, Margaret’s illness need not necessarily have ended in total disaster.

Fisher had pushed Margaret into marriage to George Stewart before he was deployed to France. It is possible that Fisher so totally dominated Margaret that she was unable to handle the speed of the transaction. (INF, 180-181, 265, 297) I also refer you to two pieces: Cora Finch’s “Stellar Fire: Carl Jung, a New England family, and the Risks of Anecdote,” available at http://www.stellarfire.org/ , and Amy Colwell Bluhm’s “An Introduction to Carol Sawyer
Mr. N. T. Bacon,
East Dale, R.I. [sic]

My Dear “Nat. “-

Under separate cover I am sending “Stabilization” by Mr. Lloyd, who has plans a little like yours. I hope someday you will write yours up.

As Ever Yours,
Irving Fisher

R. M.

Yale University
Department of Political Economy

September 19, 1923

Thank you for letting me see your MS. I think it is very good. It has helped me in recent speeches.

It would add to its value if, in individual cases at least, you could give for a country the rapidity of recent depreciation as well as the comparison with 1913—how much depreciation in the last year or since the armistice for instance.
I have penciled a few small comments and criticisms.

In some respect, I think you are theoretically right but practically wrong. Someday the League should have public force very likely. But it can’t be thought of today and the serious suggestion if it would itself keep us out, for the great mass of Americans err on the side of pacifism. I’m glad you agree that that is futile. But even Roosevelt in 1914, champion of “collective force” though he was, only ventured to suggest the principle of the “posse comitatus” as the only practical method of getting nations together.

I also think the one vote per nation idea is a great practical way of avoiding jealousies and any complicated system would be impossible to get adopted. So also unanimity in the Council. Without this no big nation would join at all.

I agree that the League was too careless about letting in moribund or rickety members. But, on the other hand, if the U.S. had joined at the start, my guess is that much of the economic degeneration which you would not have taken place because when the League alone for Austria could, I think, then have been alone for Germany and France, etc. businesslike financing on condition of toeing the mark. (no pun intended!)

Finally, I don’t think radical changes in the League as a condition for our joining are practicable, first because we would never, or only after interminable delay in the Senate, come to agree enough in America to formulate our demands, (you want more force, Pepper wants less, etc., etc.) and, in the second place, because after we told the League what we wanted they would be slow to do it or refuse. I think judging from the rate of progress in three years we would have to wait for years to enter. Meanwhile Europe is sinking into debt, and of many knew (the money depreciation is not a bad thermometer). The only practical things to do is, I think, to join without reservations, or with only such as are necessary to get it through the Senate, and then, gradually amend the Covenant as experience. The great teacher prescribes. Inside the League we can facilitate these changes faster than outside. I think, and what is imperative, in the meantime help mend the present chaos.

As ever yours,
Irving Fisher

Bacon remains interested in “stabilization,” and, at Fisher’s urging, he puts his thoughts into writing and sends the manuscript to Fisher who finds it helpful. Fisher once more argues for the U.S. joining the League of Nations. He is convinced that if the U.S. had joined the League earlier it would have been able to accomplish for Germany and France what it had done for Austria.

Peace Dale, R.I., Oct. 11, 1923

Prof. Irving Fisher,
450 Prospect St.
New Haven, Conn.
My dear Irving:

Please let me know the exact name and address of Taussig’s publication to which you recommend me to send my proposal for stabilizing the dollar, and please send me, also, the name of the book which you sent me to Alabama and of its author, as I wish to refer to it casually.

I am going, to-morrow with Helen to spend Sunday at Oberlin and may not be back for a week if I go to Syracuse and Detroit, but I shall hope to hear from you by that time.

YALE UNIVERSITY
DEPARTMENT OF POLITICAL ECONOMY
NEW HAVEN CONNECTICUT

PROFESSOR IRVING FISHER
460 PROSPECT STREET

Mr. N. T. Bacon,
Peace Dale, R.I.

My dear Nat:

The name and address of Taussig’s publication is the Quarterly Journal of Economics, Cambridge, Mass. The book which I sent you at Alabama was “Stabilization” by E.M.H. Lloyd (care George Allen & Unwin, Ruskin House, Museum St., London).

As ever yours,
Irving Fisher

Their collaboration on stabilization continues. Now Bacon takes the initiative, and Fisher responds in quick fashion.
Yours of 4th and 25th are at hand. I have been giving so heavily to Near East Relief and other things that I have really gone beyond my ability and am unable to contribute anything to the Fair Tariff League. In a year from now it may be different, but for the time being I am refusing all requests for contributions.

Yours faithfully,
N.T. Bacon

NTB: mbc

Bacon announces that he has adopted an international cause of his own, Near East Relief, to trump Fisher’s Fair Tariff League. On November 3 and 24 of that year he will publish two letters on the topic in *The Narragansett Times*. Bacon is thinking global and acting local.

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YALE UNIVERSITY
DEPARTMENT OF POLITICAL ECONOMY
NEW HAVEN CONNECTICUT

PROFESSOR IRVING FISHER
460 PROSPECT STREET

March 15, 1924.

Mr. N. T. Bacon,
Peace Dale,
Rhode Island.

My dear Nat:

Your letter of March 6 came when I was out of town; hence the delay in answering it.

I have just been reading your article on Stabilization. I am glad you succeeded in getting it printed. It ought to do much good.

We had a very good hearing on the Goldsborough Bill and I am looking forward to getting some real progress when the program of the National Monetary Association is finished, which I hope will be very soon.

Very sincerely yours,
A.t

Irving Fisher
Peace Dale, R.I., March 27th, 1924

Prof. Irving Fisher,
460 Prospect St.,
New Haven, Conn.

Dear Sir:

At Mr. Bacon’s request I am sending you five copies of his article “Stabilizing Production by Means of Reserves,” which you will find enclosed.

Yours faithfully,

[signature illegible]
Sec’y

Peace Dale, R.I. June 14th, 1924

My dear Irving:

Enclosed you will find a letter from Mr. A. Travers-Borgstroem of Helsingfors, together with the article to which he refers, which please return. I enclose also a carbon of my answer. Please return the papers from Mr. Borgstroem. I presume that he has already sent you the long article from “Finek Tidskrift” of which he writes, if not I will forward it to you separately.

Have you a separate copy of Lewis’ proposals and if not is there a copy anywhere here in Peace Dale where I can get at it? I do not know which of our books it is supposed to be in, whether the first on Stabilizing the Dollar, or in some later publication. Evidently the whole subject is getting a good deal of attention in Europe.

Yours faithfully,

N.T. Bacon

Enc.

NTB:mbc
Peace Dale, R.I., July 9th, 1924

My dear Irving:

Yours of 7th is at hand enclosing Mr. Travers-Borgestroem’s letter to you which I will return, but you did not return his letter to me and the review which I forwarded to you. I hope that these have not been lost.

Yours faithfully,
N.T. Bacon

YALE UNIVERSITY
DEPARTMENT OF POLITICAL ECONOMY
NEW HAVEN CONNECTICUT

PROFESSOR IRVING FISHER
460 PROSPECT STREET

July 10, 1924.

Mr. N. T. Bacon,
Peace Dale,
Rhode Island.

My dear Mr. Bacon:

In Professor Fisher’s absence I am acknowledging your letter of July 9.

Enclosed is the review which you sent Professor Fisher but the letter from Mr. Travers-Borgstroem was not with this and I presume the Professor Fisher has it with him. I am writing to him in San Francisco about it.

Very sincerely yours,

Irene S. Ashtin
Secretary to Professor Fisher

Their collaboration on the stabilization of the dollar continues. Bacon’s article “Stabilizing Production by Means of Reserves” is included in the collection at Rhode Island College. Fisher seems to consider Bacon as his equal. Both travel in high circles.
My dear Irving:

Do you not think that it is time for the I.V. to begin paying dividends on its preferred stock? Elmer tells me that they have been making good profits this year, but all of the money is being sunk in extensions. This is very severe on the preferred stock holders, as it amounts to asking them to lend, without interest, to the common stock holders, the entire amount of profits which, by rights, should be distributed to them as the profits are made.

I recognize that it is for the interest of the corporation, as a whole to reinvest in extensions within limits, but the benefit accrues to the common stock holders exclusively, if the concern is ever a success.

Of course, it may be necessary to fund this in some way in order to avoid depleting the cash too much, but I think that something ought to be done about it at once. The arrears on the preferred now amount to a very large percentage. I suggest that if you cannot begin paying by Jan. 1st, in cash, at least the amount of the annual dividend on the preferred, you issue interest bearing script as a dividend to preferred stock holders to the full amount of the profits for 1924, (after making proper allowance for depreciation, etc.). This script should bear interest at 6% January 1st, 1925 until paid and be exchangeable at the option of the holder, for either preferred or common stock at par, and provision should be made for retirement of it before any dividends are ever paid on common, but all other arrears on the preferred stock should be paid off before this script, either in cash or by further issues of such script, year by year, corresponding to the profits of the business as shown year by year.

I have sketched out a scheme for this, but I do not necessarily insist on all the details of it. I think, however, that in fairness to the preferred stock holders, something important should be done to prevent their losing their interest on such very great arrears as now exist. I think that on the average these will now amount to 50% on the par value of the preferred stock. I know that it is much more on some shares, but I do not know what it will be on the average.

Yours faithfully,

N. T. Bacon

Of course you cannot find out just what the profits were on January first, but if the script is dated on that date, it will do no harm if the actual issue is postponed a month or six weeks to enable you to work out the net profit for the year or even a delay
till you have your income tax return worked out will make little difference, and, of course, the amount per share should be rounded off to an even five cents.

Peace Dale, R.I., December 19th, 1924

My dear Irving:

Yours of 17th only reached me after the last mail was gone last night. I am replying by return mail. I am going to arrange to be at the meeting of the National Monetary Association at the Congress Hotel in Chicago on Dec. 29th and would like a seat reserved for me at the luncheon.

We can discuss, at our leisure, the question of Index Visible dividends. I had understood that the books of the Company showed a considerable surplus. If it is only a question of having the profits of the current year, the matter is not so urgent as I supposed it was.

The scheme which you suggest, of issuing new preferred stock in place of arrears of dividends might be satisfactory, but preferred stock holders are entitled to cash instead and might prefer not to take additional stock, unless there is a prospect that they will not have to wait indefinitely for income.

Yours faithfully,
N.T. Bacon

After a long absence and out of nowhere, arises the topic of paying dividends on Index Visible preferred stock. Elmer Keith is still leaking information, and Bacon, at the age of 67, is still willing to travel to Chicago.

Peace Dale, R.I., May 11, 1925

My dear Irving:

On my return I find your circular of March 27th with reference to the Index Numbers. We are leaving for Europe so soon that it is not worth while to take this up now, but when I get home I may be glad to.

Have seen, in a recent number of the Youth’s Companion, the suggestion on the editorial page, that it may soon be necessary to find a new standard of value, owing to
the possibility of gold being from other metals? I have been harping on this string to a
good many bankers and I should not be surprised if they could be persuaded to give two
hundredths of one percent of their profits as an insurance against a variable standard in
a good many instances. I was greatly interested in the book you gave me by Edgar
Laurence Smith on common stocks as long term investments. His argument, as far as it
goes, is sound, but I think that he has overlooked one important matter and that is that
with the great abundance of capital now available in this country, interest rates must
necessarily fall and drag down with them the margin of profit on almost all
manufactures, because if present margins are maintained, there will be such a rush of
idle capital into any line offering such large prospects of return. If this is the case and
margins of profit are to fall, on one hand, while interest rates drop on the other, the
logical form of investment will be, not common stocks but preferred stocks under which
common stocks are now paying material dividends so as to allow for considerable
shrinkage, but these stocks should be carefully chosen so as to be only redeemable as
high margins above the purchase price as in the case of Pittsburgh Steel Preferred,
redeemable at 120, or not redeemable at all, as is the case with United States Steel.

Most bonds contain clauses by which they are redeemable at a premium much
lower than in the case of preferred stocks, so that they will probably go first and be
replaced by other issues at much lower rates, adding materially to the security of the
preferred stocks.

I am much pleased to hear of the good business done by the I.V. in April. I hope
that the time is not far off when you will fix up the matter of dividends on the preferred
stock.

[no signature]

Bacon comments on a book Fisher has sent him. It is on common stocks as long-term
investments, a concept embraced completely by Fisher. Bacon is not converted; he still favors
preferred stocks with a high redeemable amount or not redeemable. Logically, he wants Index
Visible to declare a dividend on its preferred stock.

In the capital market structure of today, viz a viz bonds, preferred stock, and common stock,
there are all sorts of hybrid securities which muddy the waters in any type of analysis. However,
a mythical debate between Bacon and Irving Fisher on this subject then, now, and in the future
would be an important attention getter for students of finance.
Confidential until publicity is given newspapers (probably July 1st)

Mr. & Mrs. N. T. Bacon,
Peacedale, R.I.
Dear Nat & Helen:-

I hope you got my note when you came to Cleftstone and that your comfort was provided for during the trying days you were in New Haven.

What called me out of town and caused me to give up Commencement and all my summer engagements was the necessity of negotiating with the Kardex Rand Co. in reference to a merger with the Index Visible.

Mr. Rand had visited New Haven and made me an offer. After this, Mr. Campbell looked over the situation at Tonawanda, New York, where the Kardex Rand plant is. Although I felt sure that every stockholder of the Index Visible, excepting myself, would think the offer which Mr. Campbell brought back was a good one, I was not satisfied and went to Tonawanda myself to try to improve the terms and did so. Things were done in lightning fashion. I signed an agreement on June 13th to turn over my stock and Margie’s in exchange for Kardex Rand stock, the Kardex Rand Co. to offer the same terms to all other stockholders and the merger through this exchange of stock to date from July 1st. The preferred stock will be converted on a little better than even terms in the Kardex Rand preferred stock, while one share of our common exchanges for $225 of their common. This is $45. More than the terms by which the Kardex Co. and the Rand Co. merged with each other forming the Kardex Rand Co. last March, although the Index Visible have never paid a dividend and both of these Companies have done so for years. The Kardex Rand Co. will pay dividends on common stock at the rate of 5½% per annum, beginning Oct. 1st next.

Reckoning in par value of the new securities, Margie’s and my share will amount to about two-thirds of a million dollars and the whole of the Index Visible sells for one and a quarter million dollars, assuming, as will doubtless be the case, that every stockholder accepts the offer. As a matter of fact the condition and prospects of the Kardex Rand Co. are so splendid that I think these figures are more than conservative.

Both of you will naturally wonder how this new turn of events will affect Elmer. Of course, no one can say positively as yet and it will be some time before the readjustments will be completed, as Mr. Rand sails July 1st to look after the new plant in Germany. I made it, however, a precondition for any negotiations that every effort would be made to give opportunity for employment to every Index Visible employee and I earnestly hope that something may be found of interest and advantage to Elmer among the rest. Mr. Campbell has been offered the position as Assistant General Manager, making him next in command to Mr. Rand and jumping him over several others. Both Mr. Campbell and I have been elected Directors and Mr. Rand wants another of our Board, Oliver G. Jennings, to accept a directorship also.
The Index Visible Co. and its Board of Directors will continue in existence for the present. This change is merely an individual exchange of stock giving the control to the Kardex Rand Co. I hope and believe that you and the other stockholders will feel that at last my stewardship has been justified and will feel more than satisfied with the new stewardship of Mr. Rand, who is one of the keenest and highest grade business men I have ever met. He always plays safe and at the same time plows ahead with great rapidity.

Very affectionately,
Irving Fisher

I forgot to say that all arrears of dividends on preferred stock of I.V. will be paid in common stock of K.R., I’m sorry you have had to wait so long. Thank you for being so patient.

You will, of course, get a circular soon from K.R. making the offer, above described, for exchanging stock.

YALE UNIVERSITY
DEPARTMENT OF POLITICAL ECONOMY
NEW HAVEN CONNECTICUT

PROFESSOR IRVING FISHER
460 PROSPECT STREET

JUNE 25, 1925

Mr. Nathaniel T. Bacon,
The Acorns
Peacedale, R.I.

Dear Nat:-

I have yours of June 22nd.

I must have omitted to mention in my letter to Elmer that the arrears of dividends on the preferred stock are provided for, being payable in common stock.

If you would prefer cash payment I shall be glad to buy such stock at par.

You may remember that five years ago at the reorganization, I provided for the arrears then accumulated by paying them myself in preferred stock.

The preferred stockholder also has the option of converting his new preferred stock into common within two years, an option which does not exist in our own preferred stock nor in the preferred stock of the Rand Kardex Company, but was a special concession to us as part of the bargain.

You are quite right as to a need of consent of each individual stockholder to the arrangement. All I did was to agree to transfer my own stock and that of the voting trust, assuming the others consented (as they
have), having the control and having the Rand Kardex Company agree to offer precisely the same terms to every other stockholder, who can then accept or decline as he sees fit. I have no doubt that a hundred per cent will accept. The terms, by the way, are better in several respects than those accorded to either the Rand or the Kardex Company.

It is, as you say, very hard on any who will as a consequence of this merger lose their positions. I hope that this may not occur except as the preference of each individual.

Next to looking after the preferred stockholders, I tried to safeguard the interests of the employees.

Perhaps I would best quote from the statement I made at the outset, before consenting to any negotiations with Mr. Rand. I wrote: “I regard it as essential that our preferred stockholders should receive eight shares of your 7% stock for each seven shares of their 8% stock, including, of course, stock to cover cumulative arrears of dividends.

In the second place, Mr. Campbell should not lose by the change. He recently declined a flattering offer, in order to remain with us because he visualized our future.

In the third place, every reasonable effort should be made to avoid the outright discharge of any employee of either company as a consequence of the merger. Of course, I would not advocate the carrying of supernumeraries, but I do want to give every employe a chance.

In the fourth place any merger should give each party more profits that it would have without the merger, and each of the two should gain in proportion to its importance in contributing to the joint gain.”

These four principles were the best I could do, I thought, in discharge of my stewardship and I am sure I would have been greatly criticized if under the circumstances I had not accepted the proposition to which finally Mr. Rand assented.

If there is anything remaining to be cleared up or anything still not satisfactory to you, please let me know and I will try to make it satisfactory.

No one else has expressed any dissatisfaction.

You may be interested in the enclosed letters from two stockholders, which came in the same mail with yours.

I am sending a copy of this letter to Elmer to straighten out any misunderstanding I may have created in his mind by omitting, if I did, the reference to arrears.

Margie has been very much grieved and disturbed to think that you have not seen the matter as others have. As I have said, this was doubtless due in the first instance to some omission of mine in writing the numerous letters which I have been trying to get off in the last few days.

Very sincerely,

Irving Fisher
ARThUR R. KIMBALL
175 Grove Street
WATERBURY, CONNECTICUT

Sunday 21 June, 1925.

Dear Irving:—

I greet you as a negotiator — a new role. I think you have come out of the deal with flying colors and shall, of course, be more than ready to accept the offer as outlined by you in your letter of June 18th from Battle Creek, which I hope has made you very fit.

I am even more satisfied for Mrs. Fisher and yourself than because of my own personal interest. You have stood by the Inlax through storm and stress with such plucky persistence, and have carried such heavy obligations, that it is fine to have the end crown the work.

When the formal offer to stockholders is made it is probable I shall not be here, as I am sailing for France in two weeks. But in that case I will make the stock transfer as soon as I get back early in September.

Wishing Mrs. Fisher and yourself the best of good summers.

Yours as always,

A. R. Kimball.

Professor Irving Fisher,  
New Haven, Conn.
Peace Dale, R.I., June 27th, 1925

My dear Irving:

Your letter of 25th is just at hand and with your previous letter, goes far toward straightening out this matter, so that we have made up our minds to turn over our stock into your hands to be treated as you treat your own.

Apparently no certificate has ever been issued to me for the fifteen shares of common standing in my name on the books. At any rate, I was unable to find the certificate when I looked for it the other day, and I recollect that there was some hitch.
about getting off the certificate. Of course this makes no serious difference, as the record in New Haven of fifteen shares being due me is complete.

I do not like the idea of taking Kardex Rand Co. common at par in payment of arrears of dividends on our preferred, but it is a comparatively small matter and we do not want to make any trouble over this. As you explain it in your later letter, the showing is somewhat better than in your first letter.

As I calculate, I shall become entitled to seventeen and 1/8 shares of Kardex preferred for the principal of my preferred, and thirty-three and 75/100 shares of common for my common plus whatever Kardex Common is allowed for dividends on the preferred.

Five years arrears on the preferred would give 35% and I believe that it is 36 ¾ which is now overdue which would make 5.51 shares of Kardex common if this is to be taken at par, but if instead it is to be taken at 244.44, equivalent to the rate of exchange for I.V. Common, if this is reckoned at par, then my share would be 12.9 shares for this which added to the 33.75 would make 46.65.

I do not know just how the fractions will work out, but probably both my wife and myself will be glad either to buy or to sell fractions, so as to get round numbers of shares.

I am very glad that this has worked out so well for you. Our main object in going into it was to pull you through, and this now has been accomplished.

Yours faithfully,
N.T. Bacon

Peace Dale, R.I., June 29th, 1925

My dear Irving:

Enclosed you will find a power of attorney and certificates representing forty-six shares of preferred and twenty of common belonging to Helen together with one for fifteen of preferred belonging to me beside which there is due me a certificate for fifteen shares of common which cannot be found.

As I wrote you before, we will agree to whatever arrangement you make for yourself, with reference to these, though as I said before, if we are only to get Kardex
Mr. N. T. Bacon,
Peace Dale, R. I.

Dear Sir:

Having received no dividends as yet, you have probably not realized the progress made by our Company in recent years.

For various reasons it has seemed to the Directors necessary until now to reinvest all earnings in the business. The sales have doubled during the last three years and the profits quadrupled.

From now on our progress should be even more rapid, in consequence of the merger which has just been arranged with the Rand-Kardex Company whereby the consolidated company, known as the Rand-Kardex Company, becomes the largest visible index business in the world.

You will soon receive the official offer, already accepted by the majority stockholders

(1) To exchange each $100 share of your present 8% preferred stock for $115 of 7% preferred stock in the merger or the equivalent thereof in par value and yield in 30-year bonds of the Rand-Kardex Company.
(2) To exchange each present common share for $225 of common in the merger.
(3) To pay all the arrears of dividends on preferred in common stock at par.
(4) To convert preferred into common at par within two years if desired by you.

Yours faithfully,

N.T. Bacon

July 1, 1925
(5) To allow common stockholders to subscribe to common stock in the future on advantageous terms. The preferred is non-voting 7% cumulative stock. As for the common, the directors have declared a quarterly dividend at the rate of $0.5$ per annum as of October 1st, 1925.

Mr. Campbell, our President, Mr. O. G. Jennings and I are to be directors of the new company. Mr. Campbell will be Vice-President and Assistant General Manager.

These terms, especially per share of our common stock, are more advantageous than the terms accorded to Rand or Kardex, despite the fact that both these companies have paid dividends for years, -- a tribute to the earning power, demonstrated and potential of Index Visible.

One further word regarding the bonds.

As you will note, your preferred stock in Index Visible is convertible into either preferred stock or bonds. I hope you will elect to take some of each, and especially the bonds, -- if no more than a sample to satisfy your curiosity as to what will happen to the investor in "stabilized bonds." I shall take most of my option in these bonds. You may know of my deep interest in the problem of correcting unstable money. Here is one way -- which, I may add, was proposed by Mr. Rand and not by me. Mr. Rand habitually plays safe, and employs all kinds of insurance and other devices to reduce risks. These stabilized bonds insure the investor against unstable money and provide him with a much steadier income than any other security devised, steadier, that is, not in name but in fact, i.e. in purchasing power. A gold bond may, in the end, yield more, but it may also yield less. It certainly will not yield as steady an income in terms of food, clothing, shelter and comforts of life. It subjects the holder to the full force of the high cost of living when it comes. The prices are low, and there is depression of trade, gold bonds often bankrupt a business, while these stabilized bonds will (in dollars) shrink as prices shrink.

Kardex Institute, a department of the Rand-Kardex Company) will aim to teach business in general how to reduce risk of failure; and these bonds are the first gun in this public service campaign. We want this issue to be a success -- to help set a new fashion and to afford at once good publicity and advertising for our business. Thus by subscribing to these novel bonds you will help not only yourself directly, but you will help our common enterprise and help educate business in general. We hope for a hundred percent enrollment among our stockholders, and a large aggregate holding.

I trust you will be as pleased as our directors with this new turn in our road.

Very sincerely,

Irving Fisher

[indecipherable initials]
PROFESSOR IRVING FISHER
460 PROSPECT STREET

Mr. N. T. Bacon,
Peace Dale,
Rhode Island

Dear Nat:

I have your letter of June 29 with which you enclosed a power of attorney and Index Visible certificates representing 46 shares of preferred and 20 shares of common in Helen's name and 15 shares of preferred in your name. I note that a certificate for 15 shares of common stock in your name is missing and I will speak to Elmer about it.

Inasmuch as you prefer a cash dividend I shall be glad to make good my offer and buy your common stock when you get it.

Very sincerely yours,
Irving Fisher

A.t

INDEX VISIBLE INC.
VISIBLE RECORD SYSTEMS
NEW HAVEN
CONNECTICUT

AUG , 1925
July 18, 1925

To the Preferred Stockholders of Index Visible, Inc.

This letter, supplementary to my last, should reach you at about the time you receive the circular letter from the Rand-Kardex Company.
I am writing to call your attention to a new option granted the preferred stockholders of Index Visible, namely to receive their arrears of dividends (on Index Visible preferred) in preferred stock of Rand-Kardex, if this should be desired, instead of common.

This option was requested by me at the suggestion of one of our stockholders who thought that possibly some of our preferred stockholders would like such an option.

It had not occurred to me to ask for it before because personally I regard the common stock as much more desirable than the preferred.* I shall accordingly take all my own arrears in common and I know that most of the other arrears will be so taken also.

If any of you should prefer cash for these arrears rather than either preferred or common stock please elect to take the common stock** and write to me (before August 31st) that you would like to sell such stock to me at par. Unless many more make this request than I anticipate I shall be glad to buy all such stock offered.

Of course the preferred stock received for arrears (unlike that received in exchange for Index Visible preferred) is not convertible later into common. The above mentioned convertibility into common is a special and valuable concession to Index Visible preferred stockholders and one which should be keenly appreciated by them in view of the fact that no such right of convertibility inheres in the original Index Visible preferred stock itself.

As you see, I have been especially anxious that, without exception, all our stockholders shall be more than satisfied, as in fact they seem to be judging from letters thus far received.

Very sincerely,

Irving Fisher

AUG 1925

*Buffalo quotations, Rand-Kardex, common, bid 26½ asked – preferred, bid 18 asked.

** Dear Nat:

This is what I’m doing in your case & Helen’s.
Mr. Nathaniel T. Bacon,
The Acorns,
Peacedale, R. I.

My dear Mr. Bacon Nat:

You have doubtless received and filled in your "warrant" for your securities in the Rand Kardex Company. You doubtless also received my two letters, one calling attention to the stabilized bonds (which I recommended) and the other calling attention to the new option (which I did not recommend) regarding accrued dividends and suggesting that probably I would be willing to buy (at par) any common stock received for the accrued dividends.

I am writing now to make that offer definite and to offer, in addition, to buy for cash, at par, any or all your prospective holdings in Rand Kardex Company, whether bonds or preferred or common stock, as well as all your options to subscribe to common stock during the next six years. My offer as the present cash price for such options is a price equal to the amount below par at which those options entitle you to subscribe. For instance, in 1930 you will be entitled to subscribe to common stock at $18. a share, or $2. below par. I offer you $2. for such rights to subscribe to one share. Likewise, I offer $7. for your right to subscribe at $13. in 1925.

You may, very likely, do considerably better in the open market in Buffalo. But, so far as the options are concerned, you will realize, of course, that the buyer of any option cannot secure the stock itself until the year arrives to which it relates and that then, when the stock under said option is received, it cannot be resold in the open market for another year. How much this will affect the price of the option no one can say without trying in the market.

My offer remains open through August only.

If you accept it, you will for every $100. You originally invested receive par, or, rather to be exact, $100.70, $115, plus 8 per cent cumulative dividends to date and in addition, $225. for every share of common stock in Visible Index which you originally received as a bonus, plus $40.50 for the options acquired by virtue of every such share of common stock in Index Visible. You can yourself reckon what you will realize thereby on your total investment.

August 10, 1925.
May I hear from you as promptly as convenient?

Very sincerely yours,
Irving Fisher

IF.G

SALES AND SERVICE OFFICES IN LEADING CITIES OF THE UNITED STATES AND CANADA

YALE UNIVERSITY
DEPARTMENT OF POLITICAL ECONOMY
NEW HAVEN CONNECTICUT

Professor Irving Fisher
460 Prospect Street

Narragansett, R. I.,
August 17, 1925

Mr. Nathaniel T. Bacon,
Brown, Shipley & Company
123 Pall Mall,
London, England

Dear Nat: -:
I enclose a duplicate of the warrant made out by me in consultation with Elmer in Buffalo, to whom I read the parts of your letters on this matter, and which we hope will be found satisfactory. If not, I think by exchange a suitable re-arrangement can be made.
Hoping that all goes well, I am

Very sincerely yours,
Irving Fisher

P.S. I am sending Helen’s under separate cover in case you happen to be at different places and have different forwarding addresses.
As you will note, the cash payment, which I took care of for you, amounts to –

Nathaniel Bacon $8.27
Helen Bacon $8.68
These letters focus on Index Visible and its merger with the Kardex-Rand Company, a transaction previously recommended by Bacon (August 5, 1919) and rather summarily rejected by Fisher (August 6, 1919). The letter of June 16 seems to be a personal one to Bacon and his wife and not a form letter sent to all Index Visible stockholders. If so, it is a classic piece of “inside information.” Fisher believes that he has cut a good deal with Kardex Rand Company. He is so involved with the merger that he misses the Yale Commencement, always a giant event for him.

Fisher takes great joy in getting about two thirds of a million dollars for his share in the deal. He has finally broken away from the financial bugaboo, living off his wife’s money, which has weighed heavily on his psyche. Unfortunately, he will be forced by the Stock Market Crash of 1929 and 1930 to substitute in its place peonage to Caroline Hazard. There is some hope for Elmer, as well as a personal note referencing Bacon’s long-standing wish for dividends on his preferred stock.

On June 25, Fisher, flush with cash, offers to pay Bacon for any common stock given to him in lieu of preferred dividends in arrearage. Apparently a letter sent by Bacon and dated June 22 (but not noted in the letter press books) has expressed some degree of displeasure and prompted Fisher to play his “Margie Card”: *Margie has been very much grieved and disturbed to think that you have not seen the matters as others have...* Bacon, in giving assent to the merger, declares that his main object in going into it was to pull Fisher through, and now this has been accomplished.

Fisher’s letter of July 1, sent to all preferred stockholders, allows us to see the Index Visible logo. It explains the merger deal that is already known to Fisher’s in-laws. Not surprisingly, given his strong bias for common stock, Fisher is eager to buy Bacon’s common stock in the new company. In addition, he offers to buy all the common stock given to the preferred stockholders at the Index Visible merger with KardexRand Company.

Believing that their value will increase with inflation, Fisher convinces KardexRand to issue stabilized bonds to be exchanged for the preferred dividends in arrearage. The history of these Kardex-Rand bonds is a very good topic for an academic paper. He also introduces options for the purchase of common stock to be traded on the Buffalo exchange. He plans to be very active in this market by purchasing options for the right to buy the common stock of Kardex-Rand.
PROF. IRVING FISHER
460 PROSPECT STREET
NEW HAVEN, CONN.

Mr. N. T. Bacon
Peace Dale, R.I.

My dear Nat:

My Doctor's thesis, "Mathematical Investigations in the Theory of Value and Prices," of thirty-four years ago, is being republished by the Yale University Press. Should you care to have a copy, I would be glad to send you one with my compliments from among the limited numbers to be sent to leading economists.

The Thesis is being republished in response to requests from time to time while the book was out of print and only available in the French edition, brought out by Moret in 1917.

If you care to receive a copy, will you kindly sign, stamp and mail the enclosed postal card?

Very sincerely yours,
Irving Fisher

YALE UNIVERSITY
DEPARTMENT OF POLITICAL ECONOMY
NEW HAVEN CONNECTICUT

PROFESSOR IRVING FISHER
460 PROSPECT STREET

Mr. N. T. Bacon
Peace Dale, R.I.

Dear Nat:

Margie suggested that I write you in view of the fact that you were going south, she thought for some time, to suggest that you might like to send your Rand Karden stock to me in case the new merger with the
Library Bureau, which you may have noticed, requires another exchange of stock, as I expect. I have not heard about this authoritatively as yet, however.

I am sorry that I did not see more of you before leaving Peace Dale.

With much sympathy and hopes that you are well, I am, as ever,

Very sincerely,
Irving Fisher

AGm

Peace Dale, R.I., Nov. 5th, 1925

My dear Irving:

Yours of yesterday is at hand. I had not heard of this preposed [sic] merger with the Library Bureau and I am a little afraid of it. Already we were getting so great a consolidation, that it seemed to me dangerous in view of the Sherman Act, and I feel sure that we should be held to be making an agreement in restraint of trade if this further consolidation takes place.

I admit that the whole development is economically good, as eliminating useless expenses in competition, but nevertheless it is what the Sherman Act was meant to prevent.

I have already turned over most of my Kardex stock to Valpax Inc., the organization which we started last July before sailing, to handle the family fortune, and I mean to turn over all the rest of my holdings to the same, so as to simplify the situation. Rush Sturges and Leonard are co-trustees with myself for Valpax Inc., and of course I cannot do anything independently. I am waiting before any further notion, till next week, when I expect to be appointed administrator and shall then take up the question of the share just received as dividends, both for Helen and myself.

If I am out of the way and instant action is required, you can have recourse to Rush, but unless immediate action is required I believe that it will be better to consult me, even though it may take a week to get an answer back from Alabama. My address there is Autaugaville, R.F. D. #1 or for telegrams [Salms], Ala. And telephone to F. P. Goodson at Benton, Ala. Probably by the time I get there this telephone will be working clear through to my Plantation, but was only available as far as Benton at last accounts two months ago.

Yours faithfully,
N.T. Bacon
Mr. N. T. Bacon  
Peace Dale, R.I.

My dear Nat:

There are two business matters which I would like to take up with you.

First in regard to the Rand Kardex stock, I would be glad to buy all that you and Helen acquired, or any part of it.

I offered, you will remember, to buy it all on a par basis. With this new combination with the Library Bureau in sight the stock has soared in the little narrow Buffalo market and I understand has sold as high as 39, or nearly twice par, and Mr. Rand expects it to go up above $40, double par. However, this is a very inflated market and there may well be some reaction. As I can get considerable stock at a less figure I am offering only $25 per share. I will be glad also to buy the rights to subscribe in future years on the same basis, that is, the right to subscribe this year at $13 per share I will offer $11 for, etc.

It may be that later I can offer a better figure than this or if you wish to sell in the Buffalo market or wait until the stock is listed in New York you may do better, but if you would like to sell now on the basis of $25 a share for both preferred and common and, as I said, rights to subscribe also, I shall be glad to do so if I hear from you within, say, ten days.

The other matter is in reference to a memorial to professor J. Willard Gibbs. You will recall I have always cherished the hope to carry out the original plan which failed or get up a different one. I am seriously thinking of carrying out this plan now and as I remember you said you would like to be given a chance to come in on it when the time came, I am writing to ask if you still have that in mind. If so, I will give it more serious consideration and take it up with Professor Hastings of the Physics Department who made the other attempt which failed.

As ever,

Very sincerely yours,

Irving Fisher

IF.A
My dear Irving:

Yours of tenth reached me last night. In view of what you say of the market I think that it would be wise to accept your offer of $25 per share of the common stock, but if the other trustees agree with me I will accept it for the preferred, and we should be glad to get rid of the bonds at par. I am avoiding all bond investments except in bonds far below par, and in particular such small investments are a nuisance. I suppose that it was too late to change the arrangement when my letter reached you saying that we wanted no bonds, and the amount is unimportant except as a nuisance. I have never seen these allotted to me. Have they been delivered?

I do not want to interfere in your affairs, but I ought to suggest for your consideration whether you are not getting too large a proportion of your total assets tied up in Rand Kardex. I know Carnegie’s aphorism, but I doubt whether you can stay in a position to watch the basket. Elmer is sure that in Rand you have a tricky customer to deal with, and from the sentiments expressed in some of his circulars, I feel sure that his respect for law is scanty, when it conflicts with his immediate interest.

What kind of a memorial are you considering for Willard Gibbs? What I would do would depend on the form of the memorial, but I will do something in any case.

Yours faithfully,

N.T. Bacon

YALE UNIVERSITY
DEPARTMENT OF POLITICAL ECONOMY
NEW HAVEN CONNECTICUT

PROFESSOR IRVING FISHER
460 PROSPECT STREET

November 19, 1925

Mr. Nathaniel T. Bacon
Peace Plantation, R.F.D. No.1
Autaugaville, Ala.

Dear Nat:

I have yours of November 15th and note that you do not wish to sell the common stock but favor selling the preferred at $25 per share and the bond at par.
I ought to explain, however, that both the preferred and the bond are redeemable in common stock.

As the company has given notice to call both in, in preparation for the merger with the Library Bureau, notice ought to be sent of your electing to take common stock, par for par, instead. Otherwise, you will get only par for both.

The bonds have never been delivered but only temporary certificates.

I will write you later in regard to the Willard Gibbs Memorial. I note that you will do something in any case.

We are enjoying Susie’s visit with us very much.

Very sincerely,

Irving Fisher

AGm

YALE UNIVERSITY
DEPARTMENT OF POLITICAL ECONOMY
NEW HAVEN CONNECTICUT

PROFESSOR IRVING FISHER
460 PROSPECT STREET

Mr. Nathaniel T. Bacon
Peace Plantation, R.F.D. No.1
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Very sincerely,
Irving Fisher

AGm

P.S. I am sorry that you have the impression that Rand is “tricky”. On various occasions appearances to that effect which have created the impression have always disappeared when the exact facts were ascertained.

Autaugaville, Ala. R.F.D., No. 1. Nov 22nd, 1925

My dear Irving:

Much obliged for yours of 19th, just received. If Rand were not tricky these notices would have mentioned that both stock and bonds were redeemable in common stock at the option of the holder. I will write at once to the Rand–Kardex Co. at Tenawanda, notifying them that I wish to exercise the option both on the Stock and on the bonds.

I am very grateful to you and Margie for looking after Susie at this time. It has been a terrible year for the Bacon family. Two of my brothers have lost their wives and Susan her mother–in–law as well as her mother, and Leonard’s wife lost her grandmother. It has fallen particularly hard on Susan, and she needs looking after. Give her my love and likewise to Margie.

You will be interested to know that I have had two articles on Homer accepted by the Classical Journal for publications next year. I may get a classical degree even yet, or at least an academic one.

Yours faithfully,
December 11, 1925.

Mr. Nathaniel T. Bacon
Peace Dale, R. I.

My dear Mr. Bacon:

Enclosed is the receipt for your letter to the Buffalo Trust Company which we mailed for you yesterday.

Very sincerely yours,

A.t
Irene S. Tishtin
Secretary to Professor Fisher.

Peace Dale, R.I., Dec. 17th, 1925

My dear Irving:

Enclosed you will find a copy of a circular just received from the Rand Kardex Co. As the dividend is to go to you, I send for your advice as to what to do about it.

Yours faithfully,

N.T. Bacon

Peace Dale, R.I., Dec. 31st, 1925

My dear Irving:

Enclosed you will find the missing certificate for I.V. stock, which made so much trouble last summer. I do not know quite what to do with it under the present circumstances, but probably you will. As [I] understand it the I.V. Co. disapproves tonight.

It was in the Wakefield Trust Co., I had used it as collateral for a note to take the place of a much more valuable security which they did not know anything about + they had failed to return it.

With a happy New Year to you + yours,

Yours faithfully,

N.T. Bacon
Fisher closes the circle with his announcement on October 21 that his dissertation is going to be republished. Five days later Helen dies at “The Acorns,” the family home in Peace Dale. Fisher is in the midst of another merger attempt, uniting Kardex-Rand with the Liberty Bureau. Bacon will soon head south, probably to wrap-up affairs. Fisher expresses little emotion. Bacon expresses concern over the proposed merger, citing the Sherman Antitrust Act on the prevention of monopolies.

Not surprisingly, Fisher returns to his offer to buy Rand-Kardex stock, but he is worried because there has been a substantial increase in the price on the Buffalo Exchange because of the merger talks. He holds to his offer of $25 per share and $12 for the rights to subscribe for common stock in the future at a set price. Bacon says yes to the offer but, in agreement with Fisher about their value as an investment, he will not purchase bonds. Perhaps with a premonition of the 1929/1930 stock market collapse in general and of the Rand-Kardex stock in particular, he then advises Fisher against tying up too large a proportion of his assets in this one company.

Fisher is involved in another cause, a memorial to J. William Gibbs, Yale’s most famous professor of physics and, along with Yale professor William Graham Sumner of political economy, a key influence on Irving Fisher. Daughter Susie has been visiting, and once again Fisher expresses his pleasure with her, leaving one to surmise that his failure to discuss his other children, Irving Norton Fisher and Carol Fisher Sawyer, were slights. He takes a dig at Bacon’s past misgivings about Rand. Bacon holds to his negative opinion on Rand, but responds with emotion about Susie and the others. He announces that his two articles on Homer have been accepted by the *Classical Journal* for publication in 1926.

The December letters are housekeeping.

Nathaniel Terry Bacon dies on January 3, 1926 at “The Acorns.”

*So ends the long exchange between two brilliant men.*
Conclusions

Twelve points are central to the review of the correspondence between Irving Fisher and Nathaniel Terry Bacon. What follows in this summation are my general impressions about these points, with no attempt made to detail each point in every letter.

**Point 1:** *This collection spans almost 30 years and provides much more correspondence for an Irving Fisher biographer to examine.*

- When the Rhode Island College correspondence is merged with the vast Irving Fisher collection at Yale, I believe that biographers will find many more “match-ups” of letters. It may be possible to shorten the gaps or, perhaps, to explain why they happened. Quite frankly, I do not think a review of the Fisher files at Yale would be in my area of expertise; others could bring much more “value-added” to the search.
- The give and take between Fisher and Nathaniel Terry Bacon is clearly that of intellectual equals. Certainly, Bacon was not in awe of Fisher. Rather, he gave him some very sound financial and accounting advice. Fisher, however, just plodded along with his optimistic lenses, to his and Margie’s ruin.
- I can’t help but feel that Fisher was closer to Susie Bacon Keith than he was to his own children. He certainly showed an early interest, as well, in Leonard Bacon. Unfortunately, I have not been successful in my quest for a personal face-to-face interview with the last living Hazard family member who knew Fisher, Margie, Irving Norton Fisher, and Carol Fisher Sawyer Baumann. Perhaps a long chat with her might not have been fruitful.
- This collection of letters affords us a much more complete look at Bacon than that given in the biographies by Irving Norton Fisher and Robert Lansing Allen.
- In his book Fisher does makes a curious and valuable contribution. On pages 295 to 297, he relates a tale written by his father which appeared in the February 22, 1936 issue of Liberty. In that piece Fisher describes a powerful dream in which he, with Bacon and other friends met President Lincoln on the roof of a Union League clubhouse in Philadelphia. Bacon and Fisher each grabbed one of Lincoln’s arms as the Lincoln statue started to move and then speak. The next morning he was ready to tell the world of this meeting.

...My eyes moistened with the memory. I longed to tell the world. Of course the world would be skeptical. “There were scores of witnesses,” I said to myself but unfortunately, I had neglected to take their names. “Anyhow,” I thought “Nat Bacon was there—he will confirm my story.” Suddenly I remembered that Nat had been dead for several years.
**Point 2:** Nathaniel Terry Bacon deserves a biography, and there is enough information in the Nathaniel Terry Bacon Papers at Rhode Island College to start one.

- His father and paternal grandfather are historical figures. So is his wife Helen. I believe that the Bacon’s marriage was an arranged one, as was probably true of the marriage of Mary “Polly” Hazard to Wallace Campbell. He was a “Renaissance Man” and a very good role model for his children, Leonard, and Susie.
- Certainly, Pulitzer Prize winner Leonard Bacon is worthy of a biography, as well. The strong interest of Nathaniel and Helen Bacon in the economic and social conditions of people of color in the South deserves some sort of historic commemoration.
- Thus far I have not been able to drum-up any interest in Bacon, Helen Hazard Bacon, Irving Fisher, Caroline Hazard, or Leonard Bacon in the Peace Dale community. I thought, for example, that the Peace Dale Congregational Church would yield some interest but, alas, none was noted. Perhaps a history student at the University of Rhode Island could be enticed to make him the subject of a master’s thesis.

**Point 3:** This collection of letters adds a deep business, finance, and accounting dimension to the biographical portraits created by Irving Norton Fisher and Robert Lansing Allen.

- As the reader might already suspect, I am more drawn to the accounting aspects, or lack of accounting aspects, of Irving Fisher. I have much sympathy with the very noted Australian accounting theorist Ray Chambers in his piece “Income and Capital: Fisher’s Legacy” (*Journal of Accounting Research*, Spring, 1971, pp. 137-148). His most telling criticism comes on p. 148:

  ...Fisher, like many other economists, avers that wealth at a point of time is given by the sum of the products of quantities and resale prices. And this, we believe, does harmonize with popular and commercial usage. It is, for example, the kind of information which bears on solvency, a matter which persons and corporations alike disregard at their peril. Fisher at one point deals with this; but his alter comments on the nature of a merchant’s balance sheet are quite at odds with the determination of solvency. We cannot pay present debts with the capitalized value of an expected income stream unless a market price exists for this type of claim.

- Richard Mattessich, a renowned Canadian accounting theorist, in his *Two Hundred Years of Accounting Research* (2008) credits Fisher with influencing John Canning’s 1929 book, *The Economics of Accounting*, by (172). As I hold a strong bias that accountants and many others have become careless and foolish about solvency, I wished that Fisher
had been more solvency conscious in his personal holdings and in his businesses. However, Mattessich does well to remind us about the problem of the purchasing power of money, a key contribution from Fisher. There is no doubt the Rand/Kardex issuance of stabilized bonds deserves an academic study.

- I wish that Fisher had followed his own advice, given in his classic September 1907 article, “Over-Capitalization Deceitful” in the *Journal of Accountancy*:

  ...It is true that the capitalization of a railroad company, or of any other company is “merely a matter of bookkeeping,” but honesty requires that bookkeeping should record fact and not fiction. There can be no object in a false capitalization except the object behind any false statement, namely, deceit (344-345).

- Fisher seemed very careless, almost deceitful, in his comments about Index Visible goodwill and his failure to amortize Index Visible’s intangible assets. However, worse was yet to be. I am referring here to his involvement with the notorious Garland fraud of the 1930’s. His role in puffing-up the intangible asset on the books of Farland led to public ridicule. So far as I know, no one has put this case into the accounting literature. Fisher did seem to have some savvy about Index Visible’s merger with Rand/Kardex. However, let me quote from Irving Norton Fisher’s biography.

  ...Once at Whimsy Cot, Mother asked a little plaintively what Father expected to live on, if his investments remained on a non dividend paying basis. He replied with a touch of impatience: “I don’t care if they never pay dividends, as long as their earnings reveal substantial underlying value.” But when earnings sank out of sight, he recognized that these long shots would probably never amount to anything in his lifetime (INF, 284).

**Point 4.** My research supports the theory of an arranged marriage between Irving and Margaret Fisher. This topic could be explored further.

- I believe that their son and biographer, Irving Norton Fisher, may have missed this. There were just too many coincidences present to believe that Margie was not “snookered into” the marriage.
- Rowland Hazard, having hired Fisher’s father to be pastor of the Peace Dale Congregational Church, observes Irving from about his first to his 13th year. Fisher’s father is buried near the Hazards in the Peace Dale Cemetery. Fisher revisits the church after his father’s burial. Rowland Hazard lends him $1,000 (which was repaid). Fisher is
invited to a party in New Haven where—surprise—he is reacquainted with Margie at a meeting arranged by her sister, Caroline Hazard.

- The Fisher wedding was a “Giant Affair” in the Peace Dale Congregational Church. Rowland Hazard sponsors Fisher’s sabbatical in Europe, gives Margie “Whimsycot” on Ocean Road off Narragansett Pier, and builds for them a mansion in New Haven just outside the Yale campus.
- When one considers all of this, along with the other “arranged marriages” noted in Point #2, there can be little doubt of the work of Rowland and Caroline Hazard.

**Point 5.** *There is much more information to be uncovered regarding the relationship between Fisher’s surviving daughter, Carol(ine) Fisher Sawyer Baumann, and Carl Jung, the world-famous psychologist.*

- An Irving Fisher biography done now would have in it a much more “Psycho-history” element than that of the earlier biographies.
- At the risk of becoming “sensational,” a comparison between Irving Fisher and Carl Jung would certainly attract attention. I, for one, would love to read a clinical analysis of the sickness and death of Fisher’s oldest daughter.

**Point 6.** *There is much undiscovered archival material for business historians in the Papers of Nathaniel Terry Bacon.*

- This is especially true on the Solvay Process Company, a key component of Allied Chemical.
- Unfortunately, these academics seem not to be aware of this rich store of business material at Rhode Island College.

**Point 7.** *These papers add a great deal to the local histories of South Kingstown and Narragansett, which were one from the early 1700’s to 1888, and I am most disappointed by the apparent lack of interest locally.*

**Point 8.** *More people need to know about these papers.*

- I strongly recommend that Rhode Island College mount an exhibit highlighting the 122 letters between Fisher and Hazard and, perhaps, kick-off the exhibit with a program discussing their unique relationship.
- Although not a local hero, Fisher remains a significant national and international figure. I believe that his importance would draw scholars and lead to a greater appreciation of the Nathaniel Terry Bacon Collection.
• There are still grandchildren of Leonard Bacon available, as well as their Hazard relatives.

**Point 9.** *This collection provides additional information on Caroline Hazard and might lead someone to do the difficult (or at least expensive) research on Caroline Hazard whose research sources are on opposite ends of the U.S.*

• It shows her role as an aunt to Leonard Bacon, a significant American poet.
• She should be credited with financing Fisher and his research from 1930 to 1945.
• Caroline Hazard was an artist and song writer of note, as well as a College President and local historian.

**Point 10.** *This collection of letters adds a bit to Fisher’s 1932 book, Booms and Depressions, and might encourage a comparison between him and Ben S. Bernanke, Chairman of the Board of Governors of the Federal Reserve System (2006- ).*

• Chairman Bernanke, a scholar of some note of the Great Depression, seems to be following Fisher’s views as set forth in this book.
• While I realize I am “out-of-field” in this matter, I do urge a match-up of Fisher’s book and Bernanke’s writings and policies.

**Point 11.** *This collection of letters provides examples of “inside information” and thereby adds to the literature of “insider trading.” (Poor Elmer Keith is the prime character here.)*

**Point 12.** *This collection of letters illustrates Fisher’s passion for personal wealth and, subsequently, financial independence from the Hazards.*

• Fisher hated being a pawn to the Hazards and their businesses.
• He was probably furious at his dependence on Margie and her family.
• A good ending for this book comes from the biography by Irving Norton Fisher. He quotes from a June 17, 1925 letter his father sent to him just after just after the Index Visible and Rand/Kardex merger.

_I hope you can solve this fall and winter your life work problem. Irrespective of self-expression in your work, you will find a deep satisfaction in paying your own way. This has been one of my own “suppressed desires” ever since I was married and until last Saturday when the desire was satisfied at last._

_Naturally I never discussed this with you before. But having paid my_
way and supported others going through college and then entering a profession which scarcely pays a living wage, I have felt ever since I married, despite all Mother’s sweet wishes that “all mine shall be thine” and despite every effort to be sensible about it, that I was not enjoying our joint income as I would if I contributed a larger part of it.

That feeling, as much as anything, was the reason I turned to inventing as a chance to make money. I felt it would be foolish and quixotic to go into business or try to make money by work and so sacrifice the professional work, ambitions and usefulness to gratify what seemed even to me a foolish but irrepressible whim....

... 

The money itself is not needed greatly for added personal comforts and neither Mother nor I want it for swelling around. So it is dedicated primarily to the causes in which Mother and I are interested. (221-222)
Selected References


