

lot of excited fellows so stimulated by the day's events that they have trouble getting to sleep. They lie there on the pillow, mentally thumbing their portfolios like a rosary: "Let's see, Polaroid was up six today, I got a hundred and fifty Polaroid, I still got the one hundred eighty Xerox, that was up five, I got that Digital Equipment, then there's the three hundred Control Data—no, I sold fifty, that was dumb—but the Digital, let's see, at sixty-four, times three, carry the eight, my God, I'm getting rich, so I'm worth forty-two and sixteen is fifty-eight there and thirteen is, what did I just have, fifty-eight or fifty-six..."

What happens is that they start dropping digits and pretty soon it bugs them, so they get up and silently steal over to the phone table and take out a pen and a piece of paper and then they steal into the bathroom, turn on the light, and start adding up the numbers. The wife wakes up.

"Herbert, are you all right?"

"I'm all right."

"What are you doing in there? What's the matter?"

Now Herbert cannot say that he is in the bathroom adding up his portfolio in a state of high excitement, because wives do not understand the emotional power of the marketplace. So Herbert says instead that he has a headache, and he takes the cap off the aspirin bottle, rattles the aspirin, and runs the water, but no aspirin actually leave the bottle. The wife is satisfied. There is nothing new in this. Balzac had exactly the same scene, only without the aspirin. That was in another country, but emotions are universal and there is no stopping the flow of the seasons.

18: TIMING, AND A DIVERSION: THE COCOA GAME

The further we come along, the more apparent becomes the wisdom of the Master in describing the market as a game of musical chairs. The most brilliant and perceptive analysis you can do may sit there until someone else believes it too, for the object of the game is not to own some stock, like a faithful dog, which you have chosen, but to get to the piece of paper ahead of the crowd. Value is not only inherent in the stock; to do you any good, it has to be value that is appreciated by others. (Analysts at White, Weld walk around repeating "I have always preferred recognition to discovery" because that is an aphorism of one of the partners.)

It follows that some sort of sense of timing is necessary, and you either develop it or you don't. You could have a chapter on how to swim, but it wouldn't teach you a tenth as much as getting tossed into the water.

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THE MONEY GAME

The best chapter written on this problem of timing was done by an unknown second-century author who wrote under the pen name of Koholeth, or the Preacher. What survives of Koholeth is not much, but it says all there is to say on this subject. (If you seem to hear a faint rock beat behind what follows, it is because Pete Seeger made a song, "Turn, Turn, Turn," out of this passage of Koholeth and the Byrds made a hit record of it.) In later versions of the Old Testament, Koholeth appears as Ecclesiastes, so you have the best chapter on timing right there on your shelf already.

To everything there is a season,

And a time to every purpose under the heaven:

A time to be born, and a time to die;

A time to plant, and a time to pluck up that which is planted;

A time to break down, and a time to build up;

A time to mourn, and a time to dance;

A time to cast away stones, and a time to gather stones together;

A time to keep, and a time to cast away;

A time to rend, and a time to sew;

A time to keep silence, and a time to speak;

and so on.

There isn't anything else to say. There are some markets that want cyclical stocks; there are some that do a fugal counterpoint to interest rates; there are some that become as stricken for romance as the plain girl behind the counter at Woolworth's; there are some that become obsessed with the future of technology; and there are some that don't believe at all.

If you are in the right thing at the wrong time, you may be right but have a long wait; at least you are better off

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than coming late to the party. You don't want to be on the dance floor when the music stops.

If what you are doing doesn't seem to be working, the game may not be on even, though the brokers continue to mail out recommendations, and the pundits say things are getting fatter than ever, and the customers' men are busy with smooth reassurances.

It may be all very well to say: *When there's no game, don't play*, but the Propensity is very strong among those who have been playing. I once got involved in another game because the main game was not on, and the best I can say is that it kept me out of the main game at the right time. This particular cautionary tale is slightly aheld, but since it contains international intrigue, lust, greed, piracy, power, valor, racism, witchcraft, and mass psychology, I am including it.

At that time the Dow-Jones average was pointing for 1,000, and all over Wall Street, the lads were so busy calling their customers with buy recommendations that their index fingers were beginning to bleed from all the dialing. I was sitting in the Great Winfield's seedy office, the same Great Winfield who hired the Kids. We were both watching the stock tape chug by, lazily, like two Alabama sheriffs in a rowboat watching the catfish on a hot spring day.

"They ain't movin' right," said the Great Winfield, crossing one cowboy boot over the other. Years ago, as an earnest and sincere young man, I saw the Great Winfield wear suits from Paul Stuart and Tripler, back when he was trying to be a good boy on Wall Street. Then he made some money and bought a ranch and figured that if the Establishment didn't like him (and it didn't), why should he like the Establishment. So he gave away his Establishment clothes and came down to his office in corduroy coats and cowboy boots, his ranch identity, you see, coffee pekin' in

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an iron pot—as I said before, the whole Marlboro country commercial bit.

The Great Winfield does not bother with real facts. They only confuse things. He just watches the tape, and when he sees something moving, he hops aboard for a while, and when it stops moving, he gets off, just like a bus. This is good for about a million dollars a year.

Tape traders like the Great Winfield develop a feel for how these stock symbols "act," whether Polaroid is feeling bouncy or whether KLM wants to lie down and go to sleep for a while. The tape tells the story, they say, and they sniff and inhale the atmosphere and proceed on what their Indian-guide awareness tells them.

"No, sir, they ain't bitin', it's time to go home," said the Great Winfield. Now, with hindsight this looks pretty acute, because there was the market near its all-time peak, so a lot of people were obviously buying, and there was the Great Winfield packing up, because the tape was telling him the game was not afoot any more.

"We should all go away for a year and come back fresh, just as everybody is fatigued from riding the market down and watching it rally," said the Great Winfield. "But we can't do nothing for a whole year, so I have us something that will give us ten times our money in six months."

I began to tune in—\$1,000 in January becomes \$10,000 in July wins my attention any time.

"Cocoa," said the Great Winfield. "There isn't any cocoa. The world is just about out of it."

Now all I know about cocoa is that it comes in little red cans in Cristede's, and as far as I could see there were a lot of little red cans on the shelves.

But the Great Winfield was warming up, in hypnotic tones. He does this with each little discovery, sort of hypno-

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tizes himself. Then he can generate practically infinite enthusiasm for it.

"My boy," said the Great Winfield, "when the world is just about out of something that it wants, the price goes up. The Cocoa Exchange is unregulated. A three-cent rise in cocoa doubles your money. It's going to be wild. Come along for the party."

What the price of cocoa is depends on how much cocoa there is. The main crop is picked from October to March, so along about February or March every year, with the current crop in the bag, the speculation starts about the next year's crop. Now starts the political and international intrigue.

"My informants in Ghana tell me things are in a bad way," said the Great Winfield, sounding like M giving 007 a new assignment. My informants in Ghana, he said. Usually his informant is one company treasurer, but now suddenly he is far-reaching and international.

"The Redeemer, Mr. Kwame Nkrumah, has built himself palaces and a socialist state. The socialist state is printing forms; bureaucrats are supposed to go out and count the cocoa and fill in the forms so the Ghana Marketing Board knows what it is doing. But under the Redeemer, the bureaucrats do not go out and count the cocoa because if they fill in the wrong numbers it throws the five-year plan out of kilter and they are executed. So they find out what the numbers are supposed to be and they fill in those numbers. Consequently, no one knows how much cocoa there is. And my informants tell me there isn't any."

It is impossible to resist: international intrigue, the mockery of socialism, the chance to profit by the tides of history. "Tell me the game," I said.

"You buy a contract on the New York Cocoa Ex-

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change," said the Great Winfield. "The seller promises to deliver to you, say next September, thirty thousand pounds of cocoa at the current price, twenty-three cents. Ten-percent margin, an unregulated market. One contract, one thousand dollars. Cocoa goes up three cents and you double your money. Cocoa goes up six cents, and you triple your money."

"Cocoa goes down three cents, I lose all my money," I said.

"How can cocoa go down?" said the great Winfield. "Cocoa is going to forty cents. *Minimum*. Six times your money. With some luck, cocoa is going to fifty cents, nine times your money. In 1954, cocoa went to seventy cents." Anyone can buy or sell cocoa in New York—just the way you can buy and sell flax, hides, silver, wheat, and just about any other commodity. Just bring money to your broker. These contracts for future delivery enable the producers and consumers to hedge their operations and they lubricate the flow of commerce.

Rapid calculation showed me a repeat of 1954 would bring \$15,000 for every \$1,000 contract. I went away, called a broker I knew who had never heard of the Great Winfield, just to get another pipeline open, and pretty soon for only \$5,000 somebody was going to deliver me 150,000 pounds of cocoa in September.

Very heady stuff, being an international cocoa speculator. All of a sudden I was meeting guys I had never met before, fellow members of the International Cocoa Cabal. I met a tweedy consultant type whose business takes him to West Africa. We bought each other drinks.

"I do believe," said the consultant, "that our dark brothers have fabricated the figures. There is no cocoa."

Two weeks later the Redeemer, Mr. Kwame Nkrumah, was paying a social call in Peking when the Opposition

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took the country away from him—all but the \$25 million the Redeemer has stashed somewhere—and the afternoon papers had eight-column headlines, REVOLUTION IN GHANA. My phone rang. It was the Great Winfield's assistant.

"The Great Winfield," he said, "wanted you aboard in the cocoa game because you are a Communicator and you know people. So call up somebody in West Africa and find out who took over Ghana and what does it mean for cocoa."

The Great Winfield had \$3 million worth of cocoa, and by hypnotizing me into five contracts he had an intelligence service. But now I wanted to know myself, so there I was on the phone at midnight with a CBS correspondent I once met, his voice fading and burbling from Accra in distant Ghana. The situation was confused, he said. I wanted to know were the new fellows from a cocoa-producing tribe or not. The CBS man said he didn't know, but he thought some of the new cabinet was from the interior, where they produce the cocoa.

Now people I don't know were calling me out of the blue, saying, "You don't know me, but what do you hear from Ghana? Is the new government pro-cocoa or not?"

Cocoa went to twenty-five cents. Now without putting up any more money I could buy two more contracts.

There was a dinner for the cocoa industry and a man from Hershey gave a speech and said there was plenty of cocoa for everybody. The next day, faced with this vast surplus, cocoa plummeted—cocoa is an unregulated market—so fast they had to shut up the trading. At the bottom the man from Hershey steps in and buys from the panickers. This confuses me. Why should he buy if there is going to be plenty later?

Now I suddenly realized there were three lions in the

middle of this ring called Hershey, Nestle, and M&M, and we were all mice trying to cast them in a net. Hershey has only to lean on the market and the mice are mouse pâté. Hershey, Nestle, and M&M have to buy the real cocoa down the road somewhere, and meantime they were hedging themselves with millions of dollars, buying and selling cocoa contracts.

The object of the game is for the mice to keep the cocoa away from the lions so that the lions have to pay up for it when it comes time to make the chocolate bars. However, if the lions catch the mice, they skin them and take their cocoa contracts away, and then they can pay the going rate for cocoa. In their pockets they have the mice's contracts.

After the Hershey speech there was a mouse panic, cocoa dropped to twenty-two cents, and I got a margin call and several rolls of Tums. Happily, cocoa bounced to twenty-four cents immediately and I was saved.

The Great Winfield was on the phone, soothing, "Hershey and M&M are trying to get cheap cocoa contracts, panicking the speculators," he said. "Well, we don't panic. They know there isn't any cocoa, that's why they're trying this. The farmers aren't spraying the trees. They're leaving the farms. This crop is already bad. If next year's crop is bad, we'll see cocoa at forty cents, at fifty cents, at sixty cents. The chocolate people will be screaming for cocoa, their backs to the wall."

Cocoa went to twenty-five cents, and now I was beginning to get reports from brokers saying cocoa should be going up soon. That should have warned me, but it didn't. The phone rang. It was the Great Winfield's assistant.

"I am distressed to report violence in the cocoa-producing country of Nigeria," he said, and the Great Winfield picked up the extension.

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"Civil war!" he said happily. "Civil war! The Hausas are murdering the Ibos! Tragedy! I don't see how they can get the crop in, do you?"

I didn't. Of course, a little research would have shown that the trouble between the Ibos and Hausas was in the East and North and the cocoa was in the West, where the Yorubas live, but there we were, a part of every headline. Now the bulletins came thick and fast.

"I am grieved to report," said the Great Winfield's assistant, "that General Ironsi, head of Nigeria, has been murdered. Civil war. No cocoa."

Cocoa went up to twenty-seven cents.

"I am grieved to report," said the Great Winfield's assistant, "that the main rail line to the coast was blown up this morning. The Great Winfield had nothing to do with it, no matter what they are saying in London. We abhor violence. We love truth. Truth is that there is no cocoa, and that Hershey will be screaming for it at sixty cents."

"Seventy cents!" cried the Great Winfield, on the extension. "Not bad, making a couple million when the stock market is falling apart, eh?"

Now I heard a rumor from another quarter that the Great Winfield was asking his friends in the drug industry if there was any way of injecting a tree so it would catch Black Pod, a dreaded cocoa disease.

"Wait a minute," I said. "You told me there wasn't any cocoa, the trees haven't been sprayed in five years, the farmers are leaving the farms, civil war, riot, chaos, no cocoa. Now all of a sudden there's cocoa out there and we need a plague so it won't grow and the price will go up."

"Don't worry about it," said the Great Winfield. "The crop is going to be very bad. A little rain now, a little outbreak of Black Pod, and we've got 'em. You ever see cocoa trees with all their pods turning a horrible black? A

terrible thing to behold, terrible. I think we'll get seventy cents for our cocoa."

I heard another rumor: A doctor walked into the Philadelphia warehouse where the cocoa comes in and discovered rats. Rats! He was shocked. He embargoed the warehouse. The doctor was a friend of the Great Winfield's and had bought five contracts. Two hours later the Hershey doctor arrived at the warehouse and un-embargoed it, and the rats were all gone. I had no way of checking the story. I was building up my own set of anxieties: We needed rain, heavy rain, to encourage the Black Pod. If only torrential rains would burst from the heavens over Ghana, we had a chance for a Black Pod epidemic and sixty-cent cocoa. It was so much on my mind that I introduced myself to a Ghanaian diplomat at a cocktail party.

"Tell me, sir," I said, "*is it raining in your country now?*"

"It always rains in August," he said.

"I know," I said, "but is it raining *hard?* *Torrentially?*"

The Ghanaian diplomat stared at me as if I were some kind of nut and walked away.

Meanwhile, to an old tape-trader, cocoa was not acting well. It had faltered at twenty-seven cents. The volume was huge. It was drifting down, and no one knew whether there was any cocoa or how big the crop would be. The Great Winfield decided we must send our man to West Africa to find out if it was raining and whether the Dreaded Black Pod Disease was spreading and whether indeed there was any cocoa crop at all. The Great Winfield picked Marvin from Brooklyn, a busted cocoa trader. Marvin usually bought a few cocoa contracts, pyramided them, made a lot of money, then got killed, went broke, and then hustled around for odd jobs trying to get a stake to get back in

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the game. At the time, Marvin was in the broke stage, so he could perform the mission. Marvin weighs 240 pounds, wears glasses, and had never been west of the Catskills or north of Hartford, and as far as I could tell, he didn't know a cocoa tree from an elderberry bush. To him cocoa was a piece of paper traded on Wall Street, but Marvin was Our Man in West Africa. I went up to Abercrombie & Fitch with him. The Great Winfield had \$3 million worth of cocoa at stake, and he was paying Marvin \$500 and expenses.

As Marvin got togged out in his safari suit, I was beginning to get vague feelings this was no investment but a chapter from some early Waugh.

Marvin bought a hunting knife, a compass, a kit that kept the martinis cold, a waterproof cover for the cards. We spent a serious hour talking to a salesman about a Wesley Richards .475. That is an elephant gun.

"You're not going to run into any elephants, you're going to count cocoa," I said.

"You never can tell what you need," Marvin said, taking a careful bead on the elevator of Abercrombie & Fitch, the barrels wavering uncertainly.

Then we went to a drugstore where Marvin got pills for dysentery, jaundice, snake bite, yellow fever, ragweed allergy, poison ivy, and constipation. He also got 100 Meprobamate, a tranquilizer. Then we went to Kennedy, and Marvin hefted himself and his kits into a Pan American jet. He gave a gallant wave of his hand and was gone. Only twenty-four hours later we got our first intelligence.

RAINING OFF AND ON

MARVIN

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THE MONEY GAME

Back to our man in Ghana went a cable:

GET PRODUCTION FORECAST BASED NUMBER TREES WHAT
WEATHER HOW MANY TREES DISEASED WHAT PRICE TO
FARMERS

WINFIELD

Back came a cable:

BRITISHER IN HOTEL SAYS SAME NUMBER OF TREES AS
LAST YEAR AND CAPSID FLY UNDER CONTROL

"Capsid fly? Capsid fly?" I said.

"Eats cocoa trees," said the Great Winfield's assistant.

"Damn it, I didn't send him there to sit in the hotel," roared the Great Winfield. "Tell him to get out and check the cocoa warehouses, the major plantations, find out about the crop. I got three million bucks in this and cocoa is down to twenty-six cents."

"Maybe he doesn't feel safe without that elephant gun," I said. Cocoa was down to 25.5 cents. Somebody knew something we didn't know, or perhaps the lions were frightening the mice again, no way to tell. The next cable was not much help.

BRITISHER HERE SAYS SOME BLACK POD IN ASHANTI REGION
LEAVING FOR ASHANTI REGION TOMORROW STOP IT HAS
STOPPED RAINING

MARVIN

In the next two days, cocoa dropped a hundred points to 24.5 cents. I got a margin call and they sold two of my contracts. The Great Winfield scowled and wondered where the hell Marvin was. I visualized Marvin, in his inimitable way, going up to a Ghanaian outside a warehouse, asking, "Say, boy, any cocoa in there?" And the Ghanaian

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saying, "Nosuh, boss, no cocoa in deah." And then, as Marvin trudges off, the Ghanaian, who had been to the London School of Economics, goes back in the warehouse, chock-full of cocoa, puts his Savile Row suit back on, gets on the phone to the next warehouse, and says in crisp British tones, "Marvin heading north by northwest."

That was the last we heard from Marvin for some time. Apparently it happened this way: Marvin rents a car and a driver. The road turns into a mud track and the mud track becomes impassable, so the driver goes ahead to get some help. The driver doesn't return and Marvin sets forth by himself, gets lost, finds himself stumbling through the dark humid jungle, gnats and flies buzzing around his head, the laughter of howling monkeys overhead. Leeches six inches long fasten themselves to his legs. His safari suit is soaked through.

Hours later, frantic and nearly out of his mind, Marvin stumbles to a clearing, to find himself surrounded by grinning citizens pointing spears at him. The grinning citizens seize him and strip him of his clothes. Marvin lets out a great scream.

Meanwhile on the other side of the world cocoa has plummeted another hundred points and the Great Winfield sent another cable:

NO NEWS EXYU LONDON REPORTS CROP AT LEAST FAIR
CABLE AT ONCE

WINFIELD

The grinning citizens have now laid down their spears and are hoisting Marvin into a big vat of oil heated by a fire. Marvin is bellowing like a steer on the way to the steak house.

In New York, the panicked speculators were unloading

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THE MONEY GAME

their cocoa and the price plummeted to twenty cents. At that price the gentlemen from Hershey and M&M were at the Cocoa Exchange buying. Cocoa had gone down three cents from the original twenty-three cents and M&M got all my cocoa contracts. The Great Winfield was unavailable. Brooding, said his assistant.

It turns out the grinning citizens with the spears are friendly. They know when a visitor comes through the jungle with leeches, a bath of warm oil soothes the hurt. So they are doing Marvin a favor by stripping him and plunking him in the warm oil, and as a matter of fact, after a few more bellows Marvin stops screaming when he finds out the oil is not boiling. He is a rather delectable morsel at 240 pounds, but the citizens dry him off and feed him and trot him along to a police outpost, and eventually to a government cocoa station, where his own driver is waiting to be paid.

There were revolutions in Nigeria and Ghana and outbreaks of Black Pod, and railroads blown up, but apparently something like this happens almost every year and there is still a cocoa crop.

So there was a cocoa crop. Not big. Not small. Medium.

But the cocoa crop was less than consumption, so going into next year's crop there will be very small supplies.

I was busted and the Great Winfield's assistant was busted. The Great Winfield himself lost about half his contracts and kept half. "If you can't make it one way, you make it another," he said cavalierly, and went off to chase the shorts in KLM and Solitron Devices, and made his cocoa loss back in the chase.

Marvin has been back a while now. The warm oil really did heal his leech bites, and he is willing to go back to Ghana or Nigeria any time anyone will send him. Just give

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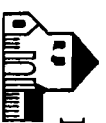
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him a stake to get back in the game and he will have his safari suit packed.

Every once in a while, I glance at cocoa quotations. Nigeria has broken up into real civil war. Ghana has devalued its currency. Black Pod is everywhere. A bad crop and cocoa could be at fifty cents. Every year the world uses up more cocoa than is produced, and yet the price of cocoa seems to stay in the same range. It doesn't make sense, so I have to assume that in this game the lions are too far ahead of the mice. I know which side I am on, and the next time someone says there is nothing going on in the stock market, but an interesting situation has come up in commodities, I am going off to some mouse beach and wait in the sun until it all blows over.

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THE MONEY GAME!

'ADAM
SMITH'



RANDOM HOUSE
NEW YORK

Tenth Printing

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Acknowledgment is hereby made to Harcourt, Brace & World, Inc., Macmillan & Co. Ltd., The Macmillan Company of Canada Ltd., and The Trustees of the Estate of the late Lord Keynes for permission to reprint from *The General Theory of Employment, Interest, and Money*, by John Maynard Keynes.

Library of Congress Catalog Card Number: 68-14526

Manufactured in the United States of America

Designed by Carl Weiss

Some portions of the book previously appeared in *West*, *The Atlantic Monthly*, and the *World Journal Tribune*. Copyright © 1966, 1967 by World Journal Tribune, Inc.