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O.K., Freshmen, It's Time to Study the Real World

By BEN STEIN

SUMMER is just about over - boohoo - and college students have been heading back to campus, to the books and the parties and to their first classes of the fall term. It all makes me think of my first few weeks at Columbia back in September 1962. I was a bewildered freshman, overwhelmed with the heady mixture of Contemporary Civilization, Humanities, Physics for Poets (really unbelievably difficult physics), wrestling and - was it English Lit? Who knows. Anyway, a lot of time has passed since then. John F. Kennedy was president. The schools in the Deep South were still segregated. The Vietnam War had not started in deadly earnest. Nelson A. Rockefeller was a mighty force on the Republican scene.

But what I have been thinking about lately, as I hover briefly at 60 years of age, is what I wish we had been told when school began that halcyon September - when the world was calm but about to blow up, or so we all thought, over the Cuban missile crisis. Outside speakers usually come to campus in the late fall (how well I know - I am often one of them) and then again at graduation to deliver their messages. But wouldn't it make sense for the good speakers to come just as school is starting? And might it make sense for them to talk not only about the great metaphysical and spiritual issues of life, but also about what makes up so much of life: the material?

Until I got to my later economics courses with the redoubtable Prof. C. Lowell Harriss, and until sophomore year, when it was my luck to have as a mentor and friend the visiting professor Milton Friedman, the greatest economist since Adam Smith, I knew little of how to get and spend and invest. (My father, a good although not great investor, should have told me, but he was genuinely shy.) And, truth to tell, they just scratched the surface about personal finance in what they taught about monetary policy or money and banking. I still know less than I would like to know about the material world and all other parts of life, but here, in outline form, is what I wish I had been told when I was a cowering 17-year-old in Hamilton Hall. I'll save the ruffles and flourishes for when I talk to my dogs.

First, you will have a highly annoying roommate at some time in college. This is inevitable. He will have bad breath, will skip classes, will smoke reefer in your room, will steal food from your refrigerator. This is excellent training for many of the people you will have to work with later in life. Learn to get rid of him or move out yourself. (My favorite was a roommate who owned only one pair of socks, which he never washed. The smell was so bad my other roommates and I used to spray them with Lysol every night just to stay alive. Finally we booted him out. What a great day that was.)

Second, and far more important, in college you are given the privilege of learning two incredibly important tasks: to work and to think. You should not avoid these tasks or shrink from training for them. To be able to think clearly is incredibly rare. If your professors can teach you to do it, if your readings of Chaucer, Plato and (especially) Aristotle can teach you to do it, go for it. Clear thought will guide you all your life, especially in your work and investment decisions.

Even more vital is the ability to work. Many college students think that work is slavery and captivity. Far from it. Labor is dignity, mental health, a grasp on reality. Freud said that nothing grounds a person so powerfully in reality as putting emphasis on work ("Civilization and Its Discontents"). In "Tommy," the Who said that "freedom tastes of reality" - at least I think that's what they're saying. Work, especially when combined with clear thought, makes possible a career of plenty and achievement and pride. Work is the key that turns almost any lock in the material world.

I might put it this way: Thanks to God's grace, I am able to live in a beautiful part of Beverly Hills. I often take friends on walks through my neighborhood to show off the homes, most of which are far more magnificent than mine. My friends ask, "How did the people who live here get these houses?" My usual answer is, "They work incredibly hard." To be sure, they also work smart, but it is a rare middle-aged man or woman on Maple Drive who has not put in superhuman work hours, at least during the prime earning years.

Or, I could put it another way: I attend a 12-step group frequently. We all pour out our hearts and souls. Consistently, those who are happiest are the ones who work regularly and diligently. The ones who are most filled with rage and self-loathing are the ones who do not work. Work manufactures self-esteem.

Next, high earnings are largely a function of choosing the right field. Or, as Warren Buffett said in an annual report years ago, it is far better to be ordinary in a great business than to be great in a mediocre business. Over the years, I have seen it. Smart men and women in finance and corporate law always grow rich, or at least well-to-do. Incredibly smart men and women in short-story writing or anthropology or acting rarely do.

Of course, not everyone wants to work in finance or law. Those are tense, difficult fields with combative people in them. But they do yield immense material benefits, will not be outsourced (my spelling checker does not recognize this word - how times change) anytime soon and are likely to offer a decent retirement. Work at what you like, for sure. But go in knowing that certain fields pay much better than others.

Vitality, success in life is so much about connections and whom you know, those staples of *bubbe meises* (a Yiddish term meaning something like "grandma's wisdom") and so little about memorizing even the greatest of plays, like "Richard II," or knowing how to weigh the moon, that there should be a special seminar in making and keeping connections. It is embarrassing and demeaning that this should be so, but it is so and has always been so.

I have read what in my opinion are the two greatest works of economics ever written: "The Wealth of Nations" by Adam Smith and "The Monetary History of the United States" by Milton Friedman and Anna Jacobson Schwartz, my mother's best friend from Barnard. Neither book makes much reference to connections, except for a sneering reference by Smith to "aldermen's wives" and their obsession with "place." And on the macro level, connections mean little. But on a personal level, they mean everything.

Another key is to invest for your retirement early, and in a sensible, highly diversified way. I was lucky when I entered school. I had a few thousand dollars. I idiotically tried to pick stocks, and I did fantastically well at first, with Douglas Aircraft and (maybe it was) TRW. But over time, picking stocks turned out to be a stupendous waste of time and money (especially commissions).

If I had been smart enough to buy something like Spiders or Diamonds, those very low-cost exchange-traded funds that track indexes and just hold onto them, I would be a lot better off now. Of course, those funds didn't exist then, but I could have replicated them to some extent with a broadly based mutual fund.

In fact, I could easily be retired and sailing the lakes of northern Idaho. If you are old enough to have sex, you are old enough to start saving in a sensible way for your retirement, as my investment guide, Phil DeMuth, says. It will make a huge difference. If you start when you are young, you cannot fail, thanks to the power of compound interest and the long-term gains of the stock market. If you start when you are old, you have to do it by huge self-denial.

Habits of thrift are for winners. Enjoying yourself without spending a huge amount of money is a brilliant thing to learn. Getting married to someone with like views - and staying married - offers the gift of peaceful, sleep-filled nights.

I suppose that there is more. But how I wish someone had started me a lot earlier on the path to understanding the material world. I like those lakes in Idaho. And I will never be young again.

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