This book builds upon the research and scholarship of others. While the notes make this clear, some contributors deserve special mention. Natalie Grow’s PhD dissertation, “The ‘Boston-Type Open-End Fund’—Development of a National Financial Institution: 1924–1940,” placed Paul Cabot’s activities in context and greatly enriched my understanding of the events of this period. Her bibliography of sources was an especially useful aid. But I only found these sources, and others, due to the resourcefulness of Paul Keane, a researcher (and something of a detective) working in the Washington, D.C. area.

While I heard all of the Paul Cabot stories directly from the source himself, I would not have remembered them all without the interviews, particularly those conducted by Jessica Holland for the Columbia University Oral History Research Office Collection.

The best part about writing a book is the new friends one makes and the old friendships that are rekindled. The following contributed to this work by supplying information, documents, photographs, advice, and, most importantly, encouragement: Bernard Bailyn, Frederick Ballou, Bob Beck, George Bennett, Peter Bennett, Francis H. Burr, Frederick C. Cabot, Paul Cabot Jr., Paul Cabot III, Wayne DeCesar of the National Archives and Records Administration, Charles Ellis, Charles Flather, Bill Frohlich, Bart
ACKNOWLEDGMENTS


I also wish to acknowledge John C. Bogle, Richard H. Daniel, Matthew P. Fink, and Ron Rosenbaum, who helped me with the Columbia University Press edition of this book.

This biography of a little-known figure, written by a totally unknown biographer, started out as an author-published book in 2006. I am very grateful to Bridget Flannery-McCoy and Myles Thompson of Columbia University Press for seeing its value and potential, and for helping me through the publishing process.
Introduction

That Passion for Reality

[He felt] hatred of all shams, scorn of all mummeries, a bitter merciless pleasure in the hard facts. And that passion for reality was beautiful in him. . . . He was a millionaire, and yet scrupulously simple . . .

—GEORGE SANTAYANA, THE LAST PURITAN

How can I write objectively about someone I liked and admired? In the case of Paul Cabot, this question almost answers itself. He wouldn’t have had it any other way. Paul is often associated with the phrase, “First, you’ve got to get the facts. Then you’ve got to face the facts,” the quintessential expression of hardheaded rationalism, applied to the investment business. He faced the facts about stocks, business associates, and himself.

Why am I writing about Paul Cabot? To explain this I must go back to 1978. In that year I completed my PhD in history without prospects for a good academic job. So I entered a six-week program that prepared humanities scholars for positions in business, and I went to work at Paul Cabot’s State Street Research & Management Company. Six years later, in 1984, the program sponsors asked me to contribute an essay for a book chronicling the experiences of its graduates. The essay traces the path that led to this work.

In that essay I compared the values of successful scholars and successful investors by drawing parallels between the thinking of historian Oscar Handlin and that of Paul Cabot. The former was the dissertation advisor to my dissertation advisor, Bernard Bailyn; the latter founded the company I was then working for and hired, trained, and influenced the men who had hired, trained, and influenced me.