

A BRIEF TALK BY MR. MUNSEY ABOUT INVESTMENTS AND THE BUSINESS OUTLOOK

LAST month we published in this magazine an article on investments for the people—I mean particularly the small investors. We were impelled to do so because of the extraordinary opportunity at that time to buy bonds and stocks and other securities at a phenomenally low price—at bargain prices, in fact.

Fortunately for those who have not yet invested, securities still remain at bargain prices. The chief reason why there has been no greater advance since that article was written is the disturbed money situation. This element is still very much disturbed, though it is gradually clearing up. The average price of money on call in New York during December has ranged from about fifteen to twenty-five per cent. With interest charges at these figures, there could be no normal and healthy advance in the price of securities. Moreover, the whole situation has been greatly aggravated by a feeling of uncertainty as to the business outlook generally and our financial prospects in particular. As a people, we are prone to be far up on the heights where prosperity is radiant, or down in the depths where gloom shuts in hard and fast all about us.

A middle ground would be more sane, but we are not a middle-ground race—not a phlegmatic race. We have imagination, temperament, initiative, courage to do and dare. And these qualities naturally cause us to overdo—to make the pace so hot that something breaks, everything breaks. This is what has happened recently with us, what has happened a good many times in our history.

When it comes, the tumble is so great that we feel the jolt, and know something has happened. Some of us see stars; others are paralyzed. Confusion and pessimism possess us, and the wail of awful night and despair is caught up on the wings of gray, grim gloom and carried throughout the length and breadth of the land.

This is feeling, sentiment, fear, alarm—not thinking, not the kind of reasoning that squares itself to common sense, and common sense is the best thing under the canopy of heaven by which to square anything. And it is this very common sense that is already beginning to right us and to

dispel the hysteria of senseless panic, and that will restore confidence in the money world and again place its great strong shoulder to the wheels of industry.

There is no legitimate reason for a long period of great depression. Money will undoubtedly get much easier after the first of the year, and clearing-house certificates will have disappeared within the next two or three weeks. Our people as a people—the eighty millions, I mean—are rich. Their farms, for the most part, are free from mortgages, and the farmer has a good home, money in bank, and money in his pocket. His wife and children have more comforts—have better food, dress better, and live bigger, fuller lives—than ever before in our history.

And what is true of the farmer is equally true of the manufacturer, the shopkeeper, and the wage-earner. At no time in the history of the world has the wage-earner had an income to compare with that which he is now getting, and which he has been getting for a number of years.

And this prosperity on the part of the farmer, the mechanic, the middlemen—THE WORKERS OF AMERICA—has lifted them up to a higher plane of life where the poverty and starvation and misery of old conditions do not obtain.

Now what does this mean when applied to the outlook for business? Doesn't it mean that the farmer, whose land is yielding a rich harvest, will continue to give his family the comforts to which they have attuned themselves? Will they not wear quite as good shoes and dress as neatly and as becomingly as they have been doing? If not, why not? Their income will doubtless be as large, or nearly as large.

And so, too, with the wage-earner, and with all the workers who have employment. They will all wish to live as comfortably as they have been living, and will all seek in rational measure the luxuries they have been enjoying.

LIVING WELL HAS BECOME A HABIT WITH OUR PEOPLE, and this means that our factories must hum with the whirl of machinery to make possible the continuance of this habit—a habit that lifts man to a higher plane, a life worth while.

And as the factories start up work on full time and with a full force, which they must do very soon to supply the demand, the unemployed will again find themselves money-earners. As they become money-earners, they will join the money-spenders—the great consumers—eighty millions of them, to say nothing of the millions across the seas.

This panic did not come about from a congestion of manufactured articles, as has been the case on other recessions. WE HAD NOT overdone our manufacturing. Our warehouses were not glutted with stocks of unsold goods. On the contrary, most manufacturers were running overtime, and turning out products to the limit of their capacity, and even then could not meet the demand.

This was the case when the money panic struck us two months ago. There was prosperity everywhere—in every branch of industry and in every phase of business. There were no idle men, no idle workers. The earth was yielding up enormous riches in crops and gold and silver and copper and coal and iron and other minerals. Every condition save the money condition was healthy, vigorous, and sound. But we were over-extended. There had been too much high finance, too much highway robbery under the name of FINANCE, and primarily, fundamentally there wasn't money enough in the country to do the work we were doing, and there isn't money enough in the world to-day to do the world's work as we are now doing it.

But with the return of confidence, the money that has been taken out of circulation and hoarded will return to the channels in which it moves under normal conditions. And then our manufacturers and merchants and builders and business men of all callings will be able to get the necessary capital with which to carry on their enterprises. I don't mean that we shall jump suddenly into high-pressure production again, and I should regret seeing it. But I do hold that we shall have a shorter period of paralysis of business than ever before in our recessions, for the reason that everything favors a speedy recurrence of normal activities—good, healthy activities. I cannot analyze it in any other way, and in so far as my scope will permit me, I am squaring myself, both in my business and in my investments, to this conclusion.

If I am right in my reasoning, the price of securities will show a marked advance with the easing off in the rate of interest on money, and with the general improvement in business which cannot be delayed very long. With the disappearance of the short, cold days of winter and the return of spring, with sunshine and blue skies, there will come back to us that inspiration and hope and good cheer that stimulate confidence and give to it grit and courage.

This little talk which I intended in the outset to be mainly about investments, I see is confined almost wholly to the business outlook. But after all, isn't the business of the country so vital to the value of securities that a discussion of the industrial and commercial situation best measures that value? Next month we will handle this investment theme in a different way, giving more specific information on certain properties.

I am appending a small list of securities, repeating some of those mentioned last month, and adding others, all of which are well worth your consideration as big-paying investments and, I think, perfectly safe investments. Moreover, they will show a handsome advance in price. I wish to repeat what I said last month, that I am advising INVESTMENTS—stock or bonds taken out and paid for, not speculation. Avoid speculation as you would avoid death. Where one man wins at this game of chance, thousands lose. We hear of the winners—their winnings are published to the whole world with great *reclame*, while the myriad of losers fall unnoted

by the wayside, some perishing, others impoverished and embittered for life. But investing in good securities—BUYING OUTRIGHT, is as legitimate as any other form of employing your money.

RAILROAD STOCKS

	Highest price 1906		Highest price 1907		Closing price Dec. 28		Annual dividend rate		Yield to purchaser
Atchison	110½	..	108¼	..	70¾	..	6	..	8.5
Atchison (preferred).....	106	..	101⅝	..	85	..	5	..	5.9
Baltimore and Ohio.....	125⅞	..	122	..	81¾	..	6	..	7.3
Baltimore and Ohio (preferred).....	99½	..	94½	..	75	..	4	..	5.3
" Big Four " (preferred).....	118	..	108½	..	90	..	5	..	5.8
Canadian Pacific.....	201½	..	195½	..	151	..	7	..	4.6
Chicago and Northwestern.....	240	..	205	..	136½	..	7	..	5.1
Chicago, Milwaukee and St. Paul (pfd.)	218	..	165½	..	133	..	7	..	5.2
Great Northern.....	348	..	189¾	..	116⅞	..	7	..	6
Manhattan Elevated.....	162	..	146	..	116	..	7	..	6
Nashville and Chattanooga.....	149½	..	147	..	99½	..	6	..	6
Norfolk and Western.....	97⅞	..	92¼	..	64⅞	..	5	..	7.8
Pennsylvania	147½	..	141⅞	..	109½	..	7	..	6.4
Reading	164	..	139⅞	..	93½	..	4	..	4.2
Reading (first preferred).....	96	..	92	..	75	..	4	..	5.3
Southern Pacific.....	97½	..	96¼	..	73⅝	..	6	..	8.2
Southern Pacific (preferred).....	120½	..	118⅞	..	109½	..	7	..	6.3
Union Pacific.....	195⅞	..	183	..	117¾	..	10	..	8.5
Union Pacific (preferred).....	99¼	..	96	..	80	..	4	..	5

INDUSTRIAL STOCKS

American Sugar (common).....	157	..	137½	..	99¼	..	7	..	7.1
American Telegraph and Telephone..	144⅞	..	133	..	101	..	8	..	7.9
American Woolen (preferred).....	110⅞	..	102⅞	..	81¼	..	7	..	8.6
International Paper (preferred).....	90	..	81	..	54	..	6	..	11.2
Mackay Companies (preferred).....	..	..	71	..	59	..	4	..	6.5
Pacific Coast.....	142	..	124⅞	..	75	..	6	..	7.9
Pressed Steel Car (preferred).....	105	..	99⅞	..	67	..	7	..	10.5
Railway Steel Spring (preferred)....	107	..	99½	..	77	..	7	..	8.9
Republic Iron and Steel (preferred)..	110½	..	100	..	66	..	7	..	10.6
U. S. Rubber (first preferred).....	115	..	109⅞	..	77½	..	8	..	10
United States Steel (common).....	50¼	..	50⅞	..	26⅝	..	2	..	7.5
United States Steel (preferred).....	113¼	..	107¾	..	87¾	..	7	..	8

BONDS

	Price in December, 1906		Price in December, 1907		Rate of interest		Yield to purchaser
Atchison (convertible).....	107	..	85⅞	..	4	..	4.6
Atlantic Coast Line.....	97¾	..	85	..	4	..	4.7
Brooklyn Rapid Transit (convertible).....	94¾	..	68⅞	..	4	..	5.8
Chicago, Burlington and Quincy (joint)....	100¼	..	92½	..	4	..	4.3
Delaware and Hudson (convertible).....	108½	..	94	..	4	..	4.3
Erie (convertible).....	104	..	55	..	4	..	7.2
Lake Shore.....	98¼	..	88	..	4	..	4.5
Louisville and Nashville.....	102	..	94½	..	4	..	4.2
Norfolk and Western.....	99¾	..	92	..	4	..	4.3
Northern Pacific.....	103¾	..	99½	..	4	..	4
Pennsylvania (convertible).....	94¼	..	90⅞	..	4	..	4.4
Reading (general).....	100½	..	93¾	..	4	..	4.2
Southern Railway.....	116	..	95	..	5	..	5.3
Union Pacific (convertible).....	..	..	84¾	..	4	..	4.7
United States Steel (sinking fund).....	97½	..	85	..	5	..	5.9
Wisconsin Central.....	90¼	..	80	..	4	..	5

THE ARREST OF JIM THRONG

BY BURKE JENKINS

AUTHOR OF "HER WAY," ETC.

STRAIGHT up the shimmer of heat rose from the scorching sand. A blistering sun beat upon the back of the traveler, headed west; for it was not yet noon.

The squeaking stirrup-leathers chafed raspingly against the cowhide boot-legs in the monotony of the little pony's pace, while slung holster and felt-covered canteen thumped at intervals on the rider's thigh. The pack animal, head extended in unwilling lead, and out of time to the mount, clattered stones in wearied clumsiness.

The horseman wore a gray flannel shirt, with two buttons open at the throat, and sleeves rolled to the elbow, revealing a thick chest and forearms, deeply browned and sinewy. His left arm swung loose and swayed with the pony's step; his right arm, crooked at the elbow and held well up, guided bridewise the loose-hanging lines. Occasionally, at a stumble of the little animal, the rider would jerk him up, and for a moment would be somewhat shaken from the thoughts which set his broad upper lip in lines of tension.

The sun passed overhead and began to look under the hat-brim. It was already past time for the midday halt. No spot differed from another sufficiently to mark any distinction as a resting-place; so, with the indifference of worn custom, the traveler grunted a halt and swung himself slowly from the saddle.

He flung the bridle-lines forward over the pony's ears. Head down and rooted to the untied lines of command, it stood panting, bellows-sided, and with pulsating nostrils. Stepping stiffly, the man went back to the pack-animal and unfastened two morrals. Into each of these he poured a measure of corn, and

then slipped them over the panting noses. The beasts crunched away at the grains instinctively, but with little zest.

He loosened the cinch-girth and drew off the heavy saddletree, flung it beside the horse, and removed the damp blanket beneath which the hair lay wet and plastered with the edges foamed. He stroked the hot back and examined where the saddle had galled; then he turned, took from a saddle-bag half a dozen biscuits, and seated himself Turk-fashion alongside the trail. He munched this dry fodder, which clung to the teeth, and strove to wash it down by applications of the canteen of water, alkali-whitened and cutting. The pewter neck tasted bitter, and the gurgle lent no refreshment.

The sun was at its hottest. He took off his broad-brimmed felt hat, which was sweated through to the unraveled ribbon, and fanned his red-banded forehead. His brain was becoming numb to reason and taking on the fire of the desert.

"Here, here, Jim, boy!" he muttered to himself. "This devil of a scorch never got the best of you yet. 'Twon't be long. He's tiring. He's not far ahead, and his fires are getting closer together. So, Jim, boy, keep your thinking outfit clear. You've got your toys, remember; all part of your trade."

He reached to a hip-pocket and brought out a pair of handcuffs, to which the prairie dryness forbade a spot of rust. He gave them an unnecessary furbish on his sleeve and returned them to the pocket with a grunt. Mounting again, he pulled his hat-brim low, and set off toward the sun, now an hour toward setting.

And all this while before him lay the