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securities reflected this gain in earnings by an appreciation of \$992,060,000 during the year, for at close of 1925 these companies were appraised in the security markets at \$7,940,350,000, and at the end of 1926 at \$8,932,410,000. Earning power capitalized at slightly more than 9 for 1 represented the gain in the market's appraisal of leading industrial securities the past year.

"If there has been any inflation in securities due to tremendous speculative activity in 1926 it is not apparent from this comparison of earnings with stock market valuations. All indications are that the enhanced valuations have been fully justified by the gain in industrial earning power and ease in money.

"Earnings were more conservatively valued at end of 1926, bearing a relation to market value of 1 to 11.744, against 1 to 12.130 in the preceding year. Whereas the securities of these industrial companies were selling at 12.130 times annual earnings at end of 1925, they were selling at 11.744 times their earnings at end of 1926."

From Inquiring Readers

THE copper situation is one which concerns a great many people, particularly the copper stock situation. One of our readers puts it this way:

"I have been carrying 50 shares of Chile Copper on a conservative margin for some time. At present it shows me a loss of about a point. When I bought, I had in mind increasing my margin as I could until I owned the stock outright. I notice, however, that the price of copper metal is comparatively low: *i. e.*, approximately one-half cent a pound less than Chile's average selling price for 1925, during which year they little more than earned their dividend. I would expect this low price for copper to have quite an unfavorable effect on the earnings for 1926, with a corresponding effect on the value of the stock. Please let me know whether you think I am over-emphasizing the effect of this point.

"I believe Anaconda owns 51 per cent of the Chile stock. Could Anaconda manipulate the earnings of the two companies in such a way as to help Anaconda and to the detriment of Chile? If they could, would there be any point in their doing it?

"What do you think of Chile as an investment over a few years?"

Our analysis follows:

"To answer your first question, I would say that I think your analysis of the price situation is correct. It is difficult to forecast the probable future of copper prices. Production is interna-

This review is very interesting because it reveals a condition quite contrary to general belief, not only during 1926, but at the present moment. Vast numbers of the public and a great many "financial authorities" have been saying for a long time that stocks were "too high." Doubtless some were—and are. But it is our belief that no stock is high which is, first, a share in a stable corporation under proved management; second, purchasable at a price well below its demonstrated value; third, purchasable at a price that is well within demonstrated earning power.

The writer is not one of those who advocate nothing but stocks and no bonds, but when stocks are being considered, let them be considered as dispassionately as possible and with a keen realization, not only of the fluctuation in market value, but also of the growth in real value which comes as a result of sound management and financial policies in essential lines of business—and in a growing country like the United States of America.

W. L. S.

tional; so is consumption. A factor which we cannot put our fingers on now may change the balance one way or another. Further, there is always to be considered the reaction of the market price of the stock to a vast category of influences, none of which at this time seems favorable on the bull side.

"I do not think that Anaconda would manipulate figures as you outline. The large corporations tend nowadays to lean over backward to be strictly accurate in their bookkeeping.

"As an investment over a period of years, with due regard to the peculiar situation of the copper industry, we would regard Chile as a good 'business man's risk.' We do not think that there is any great likelihood of loss and that there is considerable likelihood of appreciation. There would, in our opinion, be less risk in carrying General Electric or United States Steel, for example, on a margin for 'long-pull' profit than there would be in carrying Chile.

"Frankly, I cannot explain why Chile is low priced in comparison with some of the other copper stocks. The reason may be that there has not been the speculation in Chile which there has been in some of the others, and that consequently the price has not been driven up."

THIS from a reader in California is interesting:

"I expect to have in a few days about

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\$15,000 for investment, and, as I now own real estate, part of which is income-producing, and which with bonds and mortgages give me an income on which I can live, I am considering putting \$5,000 to \$8,000 in a few common stocks as an investment, though of course I should wish to buy reasonably low and likely make a shift if the price of any went *very* high.

"I am interested in Canadian Pacific R. R.; United Fruit; United States Steel; Union Pacific R. R.; and Atchison.

"I believe in diversification, but do not wish to carry it to an extreme, and think perhaps four or five are enough.

"I am considering putting some funds into bonds which will hold their price or advance and wait for stocks to come down, but I might wait in vain.

"I want safety first and yield (or the chance to profit by sale) second. I shall appreciate any information you may give me about any of these stocks, or about the time to buy, which will help me decide which I should buy, or which I should buy the most of."

We liked this letter for several reasons, the chief one being that the writer tells enough of what is on her mind to enable us to give a rather better reply than we can make to many somewhat blind and blank inquiries. When an inquirer sends in the single question, as, for example, "What do you think of Blank and Company first-mortgage sixes?" we have much more difficulty in writing a helpful answer than we would have if we had received an amplified question or series of questions such as the letter just quoted. Just as it is easier to make an intelligent answer to a person with whom you are talking than it is to a person who, a thousand miles away, writes a letter, so it is easier to answer a letter which gives some of the atmosphere of the situation about which it is written than to answer a single-question letter.

Part of our reply:

"The stocks you mention are of investment rank, and your funds would in all probability be reasonably safe if diversified among them.

"You ask when is the right time to buy. This question is very difficult to answer. In general, the best time to buy stocks is when the market is not too high. If you buy with the expectation that your purchases will never sell at less than you paid for them, you are almost certainly bound to be disappointed.

"We believe that the so-called 'high-priced, low-yield' stocks are more profitable to own in the long run than the stocks which yield a high return. If this is true, it does not make a great deal of difference when purchases are made."



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The Book Table

Edited by EDMUND PEARSON

For Authors During Lent

IT is notorious that we do not buy a book if we can get it by any other means—fair or partly fair. We borrow it from a friend or from a library. We purloin a hasty reading of it in a book-shop, or we content ourselves with a review. The woman who cheerfully pays ten dollars for an hour or two in Ye Pansy Beauty Shoppe will moan aloud at the thought of spending two dollars for a book. The man who thinks himself highly privileged when he acquires—at cost of seven dollars—a bottle of chemicals labeled Genuine Old Vatted Mist o' the Mountain turns a pathetic face upon the neighbor who recommends him to give half that amount for a book. Librarians and writers of book reviews are free from these temptations, but naturally it takes strong provocation to make one of them part with money to get a book as his personal property.

When I say that I went forth and bought Mr. Fowler's "A Dictionary of Modern English Usage"¹ with no purpose other than my own pleasure, I have exhausted my powers of praise. The publishers have not sent it to The Outlook for review, nor have they or the author expressed the slightest concern whether I read it or talk about it. This article is written with the intent to recommend, to any reader who may not have seen it, a book which I would choose as one of the five most entertaining and useful of the past year.

There is a celebrated author who frequently reports that he finds great joy in reading "The Concise Oxford Dictionary." I have heard this denounced as affectation, although I am sure that the author is perfectly sincere. Why should not a writer take as much pleasure in examining words—the tools of his trade—as an automobile mechanic in looking at the various contrivances used in his business? We are all authors of something or other, writers and readers for certain minutes or hours of the day, and any fresh and original work about the English language must concern us all.

Mr. Fowler's earlier work, "The King's English," which he wrote with his brother, now dead, was a useful but

rather a painful book. It may be that there are professional writers who could read it and find their withers unwrung. After thirty minutes with it, my feelings are invariably those of the man who read the guide to etiquette, and discovered that his whole life had been one big social blunder. The "Dictionary of Modern English Usage" seems a little kindlier, somewhat more mellow and tolerant. Yet it contains enough to give us all much cause for shame.

It is, in a sense, a dictionary. It is an alphabetical list of words and phrases which, for one reason or another, we need to consider to-day. But far more than that, it is a series of entries, sometimes merely a few lines, sometimes a few pages, which should be prescribed for everybody studying English composition, for editors of magazines and newspapers, for authors everywhere, and even for the pontiffs of the Academy of Arts and Letters. A man may make many blunders and still write good, vigorous English. It is not enough for him merely to avoid double negatives and split infinitives. He may say "ain't" and "gosh darned" and still be a good talker. But if he tries to adorn his writing with shabby and shop-worn metaphor, or his conversation with Miss Nancyish pruderies, he is hopeless.

Mr. Fowler is tolerant about many an ancient bugaboo. He showed in his earlier book that the split infinitive—that ancient touchstone—was a sin committed, not only by good writers, but even by the purists. He is gentle toward all of us poor miserable sinners who mangle the English language day by day. But many of his brief articles in this book will make us blush under the bedclothes.

Consider, for example, his remarks about "Battered Ornaments." Under this heading he refers to such "elegant variations" as the use of "daughter of Eve" instead of woman; such foreign scraps as *dolce far niente* and *gang agley*; such old phrases as "in durance vile;" and such ancient quotations as "Tell it not in Gath" or "balm in Gilead." He writes about "Feminine Designations," and lifts his bold hand (for ninety men out of a hundred are completely terrified by women) against those women poets who feel insulted if they are called poetesses. He is delightful on the topic of "Genteelism." This

¹ A Dictionary of Modern English Usage. By H. W. Fowler, Joint Author of "The King's English," "The Concise Oxford Dictionary," and "The Pocket Oxford Dictionary." The Oxford University Press, London and New York. \$3.

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