

American Commons Chosen in September Register Gains

Profit could now be taken, or portfolio adjustments made—conditions are progressively encouraging

Current market reports are not a bit discouraging about our imagined portfolio of American commons as an investment. The currency policy of the United States is settling down, on the one hand; on the other, the country, especially the financial part of it, is settling down to the currency policy. Authorities seem about agreed that buying up the American yearly silver production, from 24,000,000 to possibly 50,000,000 ounces a year, coining half and storing the other half, will effect no inordinate inflation or debasement of the currency. It will, however, it is supposed, checkmate silver extremists: it is one of President Roosevelt's adroit compromises.

The part silver on a new basis is to play in world trade remains to be disclosed. The metal may get too buoyant, but London probably has a controlling hand over it both through influence in China and Spain and actual power in India. As to the dollar, valued cheaper than the full gold dollar it is intended to have a stable value; confidence in young Morgenthau, though he is a liberal, in the treasury office seems widespread enough to induce the country to go ahead under the newly revised currency legislation.

On its own part, the United States is spending, spending tremendously. This year's budget gets no worry, the balance over a series of years seems to be the administration's plan: to spend more now than is collected, with the idea of spending less when collections increase. But the treasury situation plainly indicates an early effort for more income taxes from large incomes, while this is strongly recommended to Roosevelt by his liberal advisers as a practical means of the periodical redistribution of wealth. If business keeps on picking up, it will be done quite without regard to what the government may demand out of its profits. Men will willingly wait and see about that.

On the whole, the foundations of business are solidifying again. The most noticeable disturbing element remaining is the sullen attitude of many farmers, effecting class organizations and threatening to blow the lid off unless much of what they want is granted. The daily press speaks small about buyers' strikes, among the farmers, but they do exist and there is no telling what may come of them. On the other hand, in *Time* the Des Moines *Register and Tribune*, leader in the corn belt, with nearly 300,000 circulation daily, stresses the Federal loans to farmers of 40 cents a bushel against their corn (of last summer's growth), saying that as this money is received it is spent. If so, it is spent for consumer goods; and if the farm situation is mended by such processes the temper of the farmers will surely improve and widespread noncoöperation with the recovery program will be averted.

Industry generally in the United States is on the mend, with everything reported most favorably from Montevideo—the Pan American conference—and even the Cuban and the general West Indian situation tending to clear up. In America, it was hard in many cases, impossible in some, to get the bank-deposit guaranty law accepted; now however,

it is no longer an obstacle and the prophesy is that one result will be easier bank credit. It is noticeable how much opinion is catching on, that bad men are more often to blame for disaster than bad laws: the banks are likely to look to it that the Federal examination of banks be effective, and that, for example, such messes as are being disclosed as having existed at Detroit are not soon repeated. Incidentally, because the guaranty applies to accounts of \$2,500 and less, many small banks pay more into the guaranty fund than some of the large ones (which in turn, under mandate of the Glass act of last year, are sloughing their investment affiliates).

The natural result of this will be that the small banks will tend less to follow the lead of the big ones, which would have been well when the urge for foreign bonds swept the country.

Good bankers, always greatly in the majority, will go along with the administration and the senate banking committee and rejoice to be rid of colleagues who played the game not wisely but too well.

The latest *Index*, for January, carries data from the very worst period of last year, the October-November slump during which inflation terrified the land and the big push against NRA was made. Yet see for yourself:

October and November carloadings, up 251,761 over 1932's same period.

October and November pigiron production, up 1,155,512 tons over 1932's same period.

October and November business failures, down 1,903 below 1932's same period.

Shares trade on the New York stock exchange, October and November, up 20,762,445 over 1932's same period.

October and November New York City bank clearings, up 2.6 billion over 1932's same period.

October and November U. S. imports, up 95 million over 1932's same period. Exports, up 69 million.

October factory employment index, 73.9 against 61.1 in October 1932. Building contracts index, 35 against 29.

That industry's position has improved since these data were gathered is of general report. America is looking about for an industry that will turn the trick in consumer goods like popularization of the automobile turned it 20 years ago. That would start money flowing and keep it flowing. It is the hope that the new streamlined cars will be the new toys for people to play with. Chrysler has some forward with what he calls *airflow* cars and patented the name. Truly streamlined cars are so different from all earlier types that if they do catch on it is bound to be in a big way. America, too, still holds high command in the world automobile trade; think with what a popular and radically new auto type would mean, consumption of 25% of all steel manufactured, 54% of all iron, 80.4% of all rubber, 43% of all plate glass, 53% of all leather, 12.3% of all tin, 85% of all gasoline and 57% of all lubricating oil . . . and all these figures for 1932, far below a normal year and with a type of car that was fading out of popularity. Add 34% of all lead produced, 28.8% of all nickel, 11.1% of all copper. Well, if it isn't the automobile it will be something else: when Americans come into possession of money again they are going to give themselves a spree; they have been on short rations a long time and they have had their fill of what was styled saving, which turned out to be trying to lift yourself by your bootstraps.

If what is going on now is the first manifestation of a relapse to normalcy, the stocks we have been cherishing are at least as good as we guessed them to be 5 months ago.

	QUOTATIONS UP TO DATE		
	Nov.	Jan. 2	Feb. 1
Rails—			
A. T. and S. F.	46-1/8	56-3/4	71-1/8
Canadian Pacific	13	12-7/8	16-5/8
Pennsylvania	25-3/4	30-3/8	37-1/2
U. P.	108-7/8	113	129
B. and O.	25-5/8	23-3/8	32-7/8
Banks—			
Chase National	19	19-1/2	29
Empire Trust	15-1/2	15	20-1/4
Irving Trust	13-3/4	13-7/8	17-3/4
National City	20-5/8	21-1/2	28-1/4
Steel—			
Bethlehem	32-3/8	37-1/8	47-1/4
U. S.	43	48-5/8	57-1/8
Food Products—			
California Packing	20-1/8	19-3/4	27
Corn Products	69-1/8	75-1/2	n. q.
General Foods	31-3/8	32-3/4	36
Automobiles—			
Chrysler	46-5/8	58	57-5/8
General Motors	31-3/8	35-5/8	40-7/8
Others—			
Drug, Inc.	55-5/8	55-3/4	56
Wrigley's	55-5/8	55-3/4	56