

An Imagined Portfolio of American Stocks

*Bought a month ago, it would
have shrunk in capital value*

On August 29, when the JOURNAL decided to run a monthly commentary on the New York investment market, prices of that day, of the stocks listed in the box on this page, were taken from a broker's board: an imagined portfolio was made up. The reader will note comparative prices, of the same day in September. All the stocks were lower except Wrigley. Oddly, that company had shortened hours, raised wages, and yet its stock had gone up. Those things happen.

The portfolio was intended to be general, choice of stocks conservative. It is still believed it bears that character. There is a zest of speculation in it, as in the bank stocks perhaps, but not too much. An old glorifying the Grand National Steeplechase run at Liverpool March 15 every year, that ventures without risk of getting hurt are not ventures at all; that is, he said it in rhyme, of which this is a paraphrase. Now you might get hurt by certain items in our portfolio, but let's just follow their fortune through a year and see how much that hurt may be.

Each selection was justified with a reason. Man-slaughter and mayhem are sometimes so justified, but good conduct always is. An insight into the reasons:

The railroads. You can't kill railroads tapping good territory. There is too much public interest in them. Everyone has a vital personal interest in great railroads. If you own none of their securities, you own insurance. Kill the railroads and you kill life insurance, for the insurance companies hold rail securities in bundles. Besides, in many countries, as in Canada and the United States, railroads are essentials for national defense; there is no means but railroads to move supplies and troops enough about for a mobilized army. Besides again, railroads can accommodate freight and passengers as no other land facilities of transportation can, and better than air-machines can.

Over one of our portfolio roads, a man traveled from Detroit to Buffalo in 5 hours; in a bus he made the same trip in 12 hours, very tiring. Electrical devices made his train trip safety itself; the engineer might have died at the throttle and no mishap come to the train, and if the engineer ignored a slow order, electricity instantly made up the neglect and a reprimand wire awaited the engineer at the next stop. Our traveler was able to work and sleep as the perfect train sped on. All that has happened to that road is the hard times, competition has counted immaterially. This equally applies to the whole list. Take the lowest, the Canadian Pacific. It is a fair guess that this road is not far from dividend resumption. It paid dividends on its common from 1882 to 1931 (latter half), and from 1911 to 1931, or during 20 years, it paid 10% a year.

You can't suspect the good old Santa Fe, nor the still older and equally famous Union Pacific. As for the Pennsylvania,

it probably without a peer in the world both as to management and territory.

Bought on September 29, Santa Fe at its last dividend, for last year, would pay more than 5%; so would Union Pacific, while Pennsylvania would pay more than 6%.

Remaining items in the portfolio embrace good banks, prime steel companies always in on the shipbuilding, automobile companies, foods, drugs and Wrigley's. These were chosen because their activities are basic and their markets insatiable. Money always has a market, so do foods, drugs, automobiles and steel. Contrary to common assumption, there is going to be a great deal of building in the

United States in the very near future. Housing there is going to consume building materials, steel included, in great bulk. It is not, in many cities, what it should be at all; replanning and rebuilding neighborhoods under the new financing arrangements must be wholesale and continue for years. Taxes are going to be lower, too. Not necessarily federal taxes, but municipal and state taxes—the bulk of all taxes Americans pay. They have been lowered in Iowa amazingly, they have been lowered in Oklahoma 40%. This will stimulate building. Jobs are already more secure, another upping factor.

True, there is still a deal of maladjustment affecting industries in America from the farms up. Difficulties in the way of adjustment are still tremendous, but the goodwill of the people is unbroken—it is even more tremendous. On the other hand, there are rascally chisellers everywhere. A Maryland woman writes her Oklahoma woman friend that wrapping her tomatoes in paper and trucking them to the New York produce market, she is given 1 cent a pound for them. The Oklahoma woman, though she and her husband owe nothing and are happy that their taxes are 40% lower than last year's, reports scant food for the stock and wheat not worth the cutting—bringing then 33 cents a bushel. It is these things, these widespread farm calamities, that explain in most part the low figures in our portfolio of stocks. Maybe the new codes will aid the Maryland woman; the produce merchants tell her the chain stores haggle the prices down—"when we have red tomatoes they want 'em green, and when

we have 'em green they want 'em red." Chisellers. The woman tells her Oklahoma woman friend that anyway, though the summer's figures show her more in debt, her farm has provided 60 families with work enough to keep them from want. That's that tremendousness of spirit mentioned above. (All the letters, *Atlantic*, September, give a grassroots viewpoint of a bad situation.) On the whole, there is no reason to be discouraged about our conservative little portfolio. Let's open it again next month, when General Hugh Samuel Johnson has had 4 weeks more in which to have at the chisellers.

Some Typical American Common Stocks

	Sept. 29	Aug. 29
Railroads—		
A. T. and S. F.	55	69
Canadian Pacific	13-1.2	16-3.4
Pennsylvania	30	38-1.2
Union Pacific	110-1.2	130
Baltimore and Ohio	27	35-3.8
Atchison, Topeka and Santa Fe has paid a 1933 dividend of \$3; Pennsylvania, \$2; Union Pacific, \$3; Canadian Pacific is effecting many economies of operation and cooperating arrangements with the Canadian National such as combined trains, mutual use of trackage, etc.; Baltimore and Ohio is putting earnings into physical betterments such as air-conditioned fast trains.		
Banks—		
Chase	22-3.8	28
Empire Trust	17-3.4	20
National City	19-1.8	
Irving Trust	24-3.4	36-7.8
Chase has declared a dividend of \$1.40; Empire Trust, \$1; National City, \$1.		
Steel—		
Bethlehem Steel	33	41-5.8
U. S. Steel	46	57-1.4
Food Products—		
California Packing	33	20
Corn Products	86-1.2	89-1.2
General Foods	19	37-3.8
Automobiles—		
Chrysler	40-5.8	46-3.4
General Motors	28-1.4	35-1.8
Others—		
Drug, Inc.		46-1.2
Wrigley (chewing gum)	53	51