

WHERE TO GO FOR INVESTMENT ADVICE

Babson Discusses Modern Youth

By Roger W. Babson

Babson Park, Mass., April 28.—We hear much regarding the delinquency of youth. Many parents are having difficulties in keeping their teen-age children at home and off the streets. This especially applies to communities near army camps, naval bases, air fields and munition plants. I'm told however, that in most cases the parents of these children are to blame because they, themselves, do not stay home. They set their teen-age children a very poor example. Furthermore, for every young person found on the streets at night probably several grownups can be found carousing in night clubs. Therefore, I feel that the first step is for a community to clear up its "delinquent parent" situation.



BABSON

HATS OFF TO AMERICAN YOUTH

During the past few weeks which I spent in Florida, I've seen many soldiers. Babson Park is near the great Avon Park Army Air Field which contains the largest practice bombing field in the world. This has given me an opportunity to meet, not only men in training, but men who have returned from all parts of the world. They certainly are a marvelous group. It is almost beyond human understanding what these boys, 20-25 years of age, are accomplishing. They truly possess a character, intelligence and training far in excess of what boys of that age had when I was in college forty years ago.

However, I wish to write on the business judgment—rather than on the fighting ability—of these young men. The tendency of us oldsters is to judge industry and investments through our own eyes and BASED UPON OUR OWN EXPERIENCE. If young people don't agree with us, we naturally assume that we are right and the young people are wrong. I have felt this way for many years; but I am gradually changing my ideas. Without doubt we are entering a new era. Such new eras come only once in about 200 years. It is difficult for us older people to adjust ourselves to these new conditions and to judge things correctly by the new standards. CONSULT MORE WITH YOUNG PEOPLE

I often attend conferences where these questions are discussed: "The future of railroads is aviation?" "Will utilities become municipally owned?" "Will the government go more into business in order to provide employment?" At these meetings we older people think we are to determine what is to happen to our investments. We make a great mistake in figuring on any such false assumption. The answers will be determined by the young people in our families and employment. Even the future of the New Deal lies with these boys and girls.

Do not be shocked by this but I believe that the opinion of most persons in the twenties as to the future of any industry or political policy is more valuable than the opinion of most persons over fifty years of age. The reason is that the future of the industry or policy depends upon what these young persons are going to buy, or do, or vote, — not according to what we older ones buy, do, or vote. I had rather have the opinion of an intelligent twenty-five year old returning service man on the future of most American industries than that of a conservative investment counselor who is judging the future by the past.

WHAT YOUTH THINKS ABOUT U. S. BONDS

Recently I was with a group of officers including graduates from Harvard Business School, Wharton School of Finance, Northwestern University and Babson Institute. We discussed

TO THE EDITOR: In the first paragraph of Mr. Babson's column for release on April twenty-first titled, "Seven Goals To Seek", in which he discusses the national debt, he says that the U. S. is probably headed for a \$3,000,000,000 debt. This was obviously a typographical error as the figure should have been \$300,000,000,000. We are sorry, indeed, for this mistake.

what would happen, after the war, to our government bonds in case the debt reaches \$300,000,000,000. These are the boys who will decide the question of whether or not the debt is to be refunded and, if so, how? It will not be decided by present Treasury officials, nor by present officers of banks or insurance companies. I will repeat the suggestions of three of these boys:

Suggestion No. 1: "I believe that the government debt of all nations should be reorganized as would be the debt of a railroad which has become to unworkable. The holder of a \$1000 government bond could be given \$250 in a new 2 1-2% thirty-year coupon bond; \$500 in a registered income bond, the interest on which could be payable at various rates according to the receipts from a new sales tax levied for this purpose; and \$250 in non-interest-bearing scrip which could be used for the payment of certain taxes. This would immediately cut the fixed interest payment down 75% and yet every bondholder should eventually get his principal back with interest depending upon the prosperity of the country."

Suggestion No. 2: "Let other countries readjust their debts in the above manner; but I shall never vote to have the United States do anything which could be called repudiation in the slightest degree. I believe a debt of \$300,000,000,000 can be supported and should be supported so that every one will get his full interest and some day his principal. All we need do is to revalue the dollar by printing more currency and thus cause an increase in national incomes proportionate to the increase in our national debt. Instead of cutting down the war debt, let us inflate prices, wages, land values, etc. Then it will be just as easy to pay interest on \$300,000,000,000 as it was to pay interest on 25% of this amount a few years ago."

Suggestion No. 3: "I have a better idea than either of you other men," said the third soldier. "I oppose either a reorganization of the debt or inflation. Both ideas are wrong. I recommend refunding the entire debt of \$300,000,000,000 for 100 years—with a 1-2 of 1% coupon. Then I should allow these bonds to be used at par for the payment of taxes and I should support them with a Federal sales tax,

the income from which could be used to call bonds by lot at a premium of 10%. A small sales tax will easily give the government \$3,300,000,000 a year which would repay the entire debt within 100 years. It is true that these bonds might at times sell at less than par; but—the fact that \$3,000,000,000 would be called each year by lot at 110—should hold prices pretty close to par. This means that taxes could be greatly reduced, infla-

tion avoided and everyone could receive par for his bonds plus as much interest as the big banks of New York are now paying depositors."

WHAT ABOUT RUSSIA?
Do not quote me as making any of these recommendations. I merely give these illustrations to show how modern youth is thinking and to urge readers to give more attention to the "crazy"

(Continued on Page Six)

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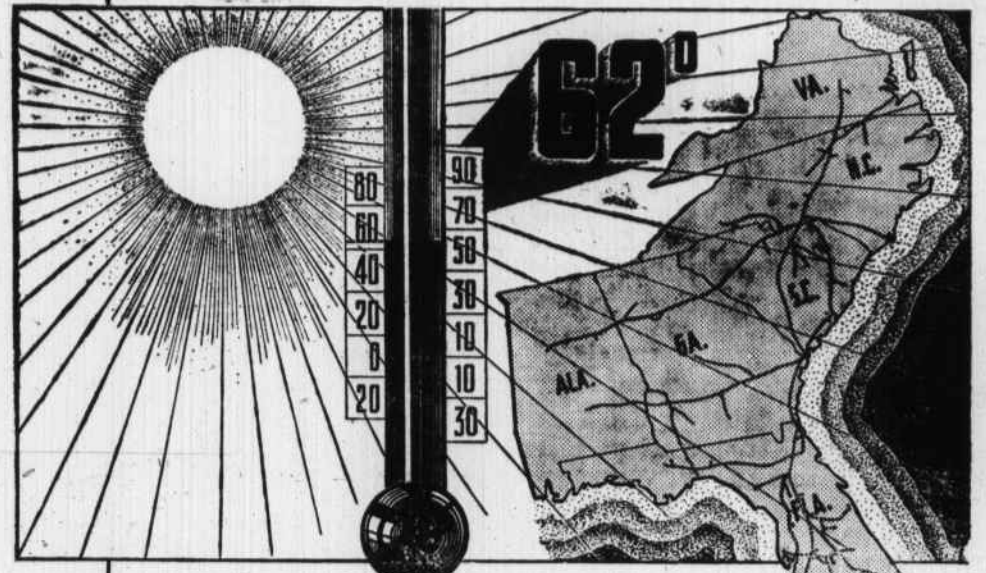
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of the South pays substantial dividends. Its mild climate requires less expensive factory construction, and temperate weather contributes to lower operating and maintenance costs.

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Condensed Financial Statement

CITIZENS BANK & TRUST CO.

Henderson, North Carolina

APRIL 13, 1944

RESOURCES		LIABILITIES	
Loans and Discounts	\$1,330,806.87	Capital Stock, Preferred	\$ 50,000.00
U. S. Government Bonds	3,411,335.00	Capital Stock, Common	125,000.00
State, County and Municipal Bonds	195,776.29	Surplus	175,000.00
Other Bonds	82,695.33	Undivided Profits	130,647.95
Corporate Stocks	4,505.00	Reserve for Preferred Stock	
Banking Premises Owned	68,000.00	Retirement	50,000.00
Less Reserve for Depreciation	5,850.00	Reserve for Preferred Stock Dividend	375.00
Furniture and Fixtures	13,872.92	Reserve for Taxes, Federal Deposit Insurance & Other Expenses	22,993.47
Less Reserve for Depreciation	5,602.25	Other Liabilities	26,991.50
Other Real Estate	2.00	DEPOSITS	6,069,627.74
Cash on Hand and due from Banks	1,544,388.47		
Other Assets	10,736.03		
Total	\$6,650,635.66	Total	\$6,650,635.66

THE ABOVE STATEMENT DOES NOT INCLUDE ASSETS OF OUR TRUST DEPARTMENT.

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