As to getting the line of growth: Take a certain well-known industrial company as an illustration. We find that its net profits have increased since 1906 as follows:

| | |
|---|---|
| 1906 | $1,774,315 |
| 1907 | 2,152,621 |
| 1908 | 2,156,877 |
| 1909 | 2,394,498 |
| 1910 | 2,907,874 |

The amount earned on the common stock for these years was·

| | |
|---|---|
| 1906 | 4.09% |
| 1907 | 6.18% |
| 1908 | 6.13% |
| 1909 | 7.52% |
| 1910 | 10.42% |

and current earnings are at the rate of 12 per cent.

It is obvious that this company is in a position to disburse dividends within a very short time. Suppose the common stock is selling in the neighborhood of 40 and that within two years (figuring liberally) the issue will be placed upon a 5 per cent. dividend basis, in which time it should legitimately sell in the neighborhood of 75. A hypothetical transaction in this stock would show as follows:

| | |
|---|---|
| 100 shares at 45 | $4,500 |
| Two years' interest on the above at 5% | 450 |
| Total cost at the end of two years | $4,950 |

Assuming that two years from now the stock begins to pay 5 per cent. dividends, the net return on cost would be approximately 10 per cent,—in addition to the increased value of the principal, amounting to $2,550, or approximately 50 per cent.

This is the way money is made in securities. In order to operate thus, it is not necessary for a person to hang about a stock ticker all day. The latter kind of speculation is an entirely different proposition.

And is it not better to place your funds in growing properties such as the above, where even though no immediate dividends are forthcoming, their payment is more than reasonably certain and the reward very much larger than could be obtained by simply investing in a security for its 4, 5 or 6 per cent. returns?

By way of proving how some of the very large operations of this character are conducted, we have good authority for stating that within the last several months Mr. H. C. Frick has been selling his U. S. Steel preferred at around 115, and buying common stock at about 75, his reason being the expectation that the common will, before long, pay larger dividends than the preferred and sell at a much higher price. Mr. Frick does not believe in a 6 per cent. return when he can eventually realize 10 or 15 per cent. dividends on the same money, besides doubling or trebling his principal.

This was the fundamental idea beneath E. H. Harriman's great fortune. Once when Mr. Harriman was offered an investment which would net him 10 per cent., he said: "I am not a 10 per cent. man. I want something that will grow!"

That's the secret of this game of long swing operations—get in the line of growth.

There is a book published under the title of, "The Use of the Margin." It is designed to show how a man may employ his spare time to best advantage. It does not refer to margins on speculative ventures. Suppose you have half an hour a day which you can apply to the study of any subject which interests or will pay you. Can you think of anything which would return such liberal dividends as the study of securities?

*(Continued in the March issue.)*