

College Investments Not Risky

By TOM ROUNTREE
Battalion Editorialist

In a letter to the editor appearing in the Houston Post of Oct. 31, certain objections were raised to the proposed constitutional amendments which will be voted upon Nov. 13.

The main objections to the amendment which would change the method used to invest the funds of the Permanent University Fund were:

"The fact that the spending and taxing power of the Federal government may be exercised in a manner that will reduce both the value of the stocks and the income from them." Another objection is "the value of stocks will go down during a deflation and by taking chances in the stock market more can be lost to this fund in value in a day than the increase in income from stocks as compared with the income from bonds would amount to in years."

The first objection or danger cited is a two-edged possibility as although the government may increase their taxes, bonds, with the exception of certain municipal bonds are not exempt from Federal Income taxes. With this in mind, when the question of stocks being taxed is raised, it must remember that bonds are also susceptible to taxation.

When a person "speculates" on the stock market there can be no question that there is an ever present danger of stock losses within one day. The reason for this is that a speculator, for the most part, is concerned primarily with the stock appreciating. In long range investment program, the object is to receive the largest dividend possible that is commensurate with safety and you are not primarily concerned with the short term appreciation or depreciation of the stocks.

The investment program of the Board of Regents of the University of Texas is definitely a long range program and is not concerned with short term speculation.

The letter to the Post advances the idea that in one day as much could be lost with bonds as could be made with stocks as compared with the income from bonds would amount to in years. If it is true that that much could be lost in a single day, and it is highly improbable with present day security control both by the government and the exchanges, if that amount could be lost in a day then it is also possible to realize a profit that would be more than the income which could be realized from bonds in years.

However, the thing to remember is that if such a loss or profit occurred it would only be a paper loss as the purchase of stocks would be an investment and not a speculation. Again the differentiation is not only in the degree of risk involved but in the period of time involved. For the loss or profit to be anything but a paper loss or profit in the long run it would be necessary for the issuing companies to become almost non-existent. Even during the so called Great Depression the major companies didn't disappear. The people who held stocks in such firms as RCA, General Electric, General Motors and some of the others, would realize a rather large appreciation if they decided to sell their stocks today.

Of course there is some element of risk in the proposed plan but, it is of paramount importance to remember that there is an element of risk involved in any investment regardless of whether it is in bonds, stocks, or what have you. The risk involved is minimized as the only stocks that would be eligible for purchase would be those which have paid dividends for ten consecutive years and are listed upon an exchange which is registered with the Securities and Exchange Commission.

This proposed amendment will allow A&M and the University of Texas to realize a much greater return on their investment in a manner that is almost identical to a system that has been used with a high degree of success for years by such colleges and universities as Harvard, Yale, Princeton, Cornell, California, and MIT just to mention a few.

The success of the plan has been shown by the fact that colleges and universities that use the plan have realized returns of 4 to 6 per cent on their endowment funds.

It is the duty of every citizen of Texas to go to the polls Nov. 13 and show the other people of the country that Texas is not only the largest state in the Union but one of the more progressive.

NATO To Change European Defense

Washington, Nov. 9.—(AP)—Administration officials said today the North Atlantic Treaty Organization (NATO) most likely will be called on to scale down its Western European defense plan along lines recommended here this week by Gen. Dwight D. Eisenhower.

Because of the financial difficulties of Britain and other Allies, these officials said, it is almost certain that a 12-nation "wise men" group will propose the downward revision during the NATO Council meeting opening Nov. 24 at Rome. The committee headed by Ambassador W. Averell Harriman is due to submit its interim report at this session. Named at the Ottawa meeting in September, and there given the "wise men" delegation, it is making a country-by-country survey of the ability of the NATO allies to bear the arms burden im-

posed by the 1950 "middle term" master plan.

Go By '54

This calls for a defense force of more than 90 divisions by mid-1954, which with air and naval backing was deemed sufficient by military planners to cope with a full scale invasion of Western Europe.

The prospective downward revision means on its face fewer divisions by the target date, but, under General Eisenhower's recommendations, a force ready for action in the meantime. In the light of inflationary troubles of France, Italy, and neighbor nations, and Prime Minister Winston Churchill's warning that Britain faces the threat of national bankruptcy, American authorities are convinced a realistic shakedown is inescapable. Involved in this is the proposal pressed by Eisenhower for a speedup of arms deliveries aimed at assuring an integrated fighting force-in-being of up to 30 divisions some time next year.

All the original and revised planning reportedly is based on the expectation that West Germany soon will be able and willing to start making a contribution.

Officials who have a direct role in top level arms planning indicated to a reporter that there is less worry in the administration over the risk of trimming the long range defense program than over the current economic troubles of the NATO allies.

The recent effect of the arms buildup on Western European economies is viewed as the threat of a genuine new crisis. Extent of the buildup was indicated by a State Department prediction yesterday that the rate of military production in Europe next year will be double what it was at the time of the attack on Korea.

Allied Warplanes Bag Three MIGs

U.S. Eighth Army Headquarters, Korea, Nov. 9.—(AP)—Allied warplanes sent three Communist jets crashing to the ground in flames today, U. S. Fifth Air Force reported.

Two other Russian-made MIG-15s were damaged. The air force said all Allied planes returned safely to base. Two aerial duels were fought over northwest Korea, with 52 American jets pitted against about 50 Communist planes. It was one of the few times the two sides have met on near-even terms. On the ground, Chinese forces threw a series of small attacks before daylight at Allied positions near Yonchon and Kumsonng.

US, Russia Running Around In Circles: Will It Ever End?

By JAMES MARLOW

Washington, Nov. 9.—(AP)—This is where we came in, not once but many times.

The United States denounces Russia in the United Nations; Russia denounces the U. S. in the same place.

The U. S. offers a peace plan which the Russians spit on; the Russians offer a peace plan which we spurn.

And it's while both sides are talking peace, suggesting how it can be brought about, that they denounce each other hardest.

And the net result is more bitterness between the two than there was before, if that's possible.

Which seems to add up to this: peace is no nearer than it was more than a year ago when the Korean war started; and the arms race continues.

All this happens in the United Nations where the nations are supposed to work together but where the U. S. and Russia work against each other.

When Secretary of State Acheson made his pitch for peace in the U. N. in Paris yesterday he at the same time took the skin off the Russians and their foreign minister, Andrei Vishinsky.

Vishinsky in turn heaped scorn on the U. S., telling the delegates that during the night he almost died laughing when he thought of the American peace proposal.

This makes a pretty spectacle for the people of the world who in the end, if there is a war, will have to do the dying.

In the space of a piece like this there's no room to examine in detail the plans offered by either side.

But one point in the American plan—mentioned by President Truman in his nationwide broadcast Tuesday night—can illustrate how tough it would be to work out a peace plan and how long it would take.

After the armaments of all the nations were known, through the investigations of U. N. inspection teams, and after the nations agreed

to cut down on their arms, Mr. Truman said:

"As the facts are revealed, progress can be made toward working out by mutual agreement the exact amounts and kinds of armaments and armed forces which each country will finally be permitted to have.

"It might be possible, for example, to agree that each country would have armed forces proportionate to its population, with a ceiling beyond which no country could go. Furthermore, each country might be limited to using no more than a fixed portion of its national production for military purposes."

Russia and its satellites have a population of about 800,000,000. The U.S. and the non-Communist countries of Western Europe have a population of about 400,000,000.

So if nations were permitted arms according to population, the Communists would outnumber us two to one. Congress would hardly approve that. You can imagine now the fight.

And if all the other points in the U. S. program met Russian approval—inspection and count of arms and agreement to disarm—the whole business after months or years of haggling might break down on this point of arms accord-

ing to population.

But Mr. Truman suggested a country might be limited in its arms in accordance with its production ability. If that were the formula, the Chinese, who have no production, would have no arms. They'd hardly go along on that, particularly since we lead in production.

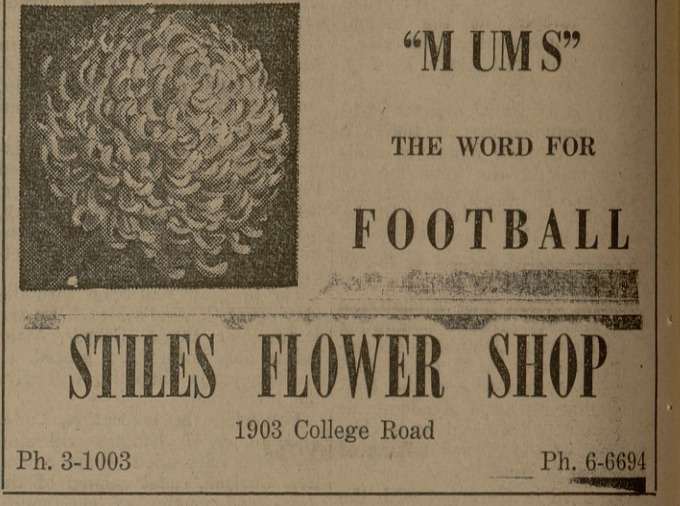
No, peace isn't simple. And the solution won't come tomorrow.

Congressman Will Speak Here Nov. 23

Cong. W. R. Poage of Waco, will address the Fifth Annual Training and Safety Conference for the Rural Electric Cooperatives of Texas, here Nov. 23-24.

The address will be given at a banquet session of the conference Nov. 23 at 7 p. m.

Top-flight men in the electric cooperative field will attend and take part in the conference, sponsored by the Texas Engineering Extension Service in cooperation with the Texas Rural Electric Cooperatives, and the Texas Educational Agency, Vocational Division.



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Eisenhower Gains Truman's Support

Nov. 8.—(AP)—The New York Times said today that President Truman offered to support Gen. Dwight D. Eisenhower as a presidential candidate next year when the two conferred in Washington this week.

The General did not accept the offer, the Times said, nor did he "specifically reject it."

Arthur Krock, the Washington correspondent of the Times, reported that the offer "necessarily concerned only the Democratic nomination."

Similar Offer

The offer, Krock said, repeated "a similar offer with respect to 1948" which Mr. Truman made to Eisenhower at the Potsdam conference in 1945.

The published account was denied early today by the White House. Asked for comment, presidential press secretary Joseph Short said the dispatch "is not true" Short declined to elaborate.

There was no immediate comment from Eisenhower.

Krock's story said Eisenhower "strongly implied" rejection of the offer "by suggesting that great difficulties were presented by his fundamental disagreement with the administration on labor politics. Proposed amendments to the Taft-Hartley act and other policies and programs in the domestic field that have been sponsored by Mr. Truman.

Taking into account several possible developments in both parties, Krock said that eventually Eisenhower "might just possibly be able to make a platform accommodation with the Democrats."

Krock wrote that he was assured yesterday by a person whom he believes to be "thoroughly reliable and informed" that "such was the exchange between the two."

Krock mentioned the possibility that Eisenhower might be the Republican candidate for president, or might support Sen. Robert A. Taft of Ohio for the nomination.

Truman Sponsorship

The story said sponsorship by President Truman would be cer-

tain to win Eisenhower the Democratic nomination if he would accept.

The story might be followed by "categorical and even angry denials," Krock said. He reported that he tried without success to submit the account to Mr. Truman and ask for comment.

Krock said Eisenhower—now back in Europe—does not know whether President Truman will be the Democratic candidate next year if the General is not, "or whether the prior nomination of Gen. Eisenhower by the Republican convention would influence Mr. Truman's decision or how."

"And the President does not know," the story added, "what the General's ultimate decision will be. He knows only, as a result of the conversation, that some of his major acts and policies—which the Democratic convention traditionally would be expected to endorse—are opposed by Gen. Eisenhower."

Democrat?

Krock said that if Eisenhower could not agree with the Democratic platform it would be "most unlikely" that he would be offered the nomination or could accept it.

The story mentioned the possibility that Eisenhower might "announce himself a Republican" before the GOP National Convention, and become that party's nominee. Krock reported, however, that some of Eisenhower's intimates say he "intends to try in advance of the Republican convention to discover whether he and Sen. Robert A. Taft of Ohio can agree on certain policies for platform endorsement, and on eliminating the influence of both reactionaries and left-wingers in the party."

If the two men can agree, Eisenhower will support Taft as the nominee, Krock said. "If this agreement cannot be made," the story added, the General "does not yet know whether he would become Mr. Taft's rival candidate, or decline to support the Republicans."

"Should the General make this attempt, and it fails, he might just possibly be able to make a platform accommodation with the Democrats. And there is plenty of time," Krock wrote.

The Battalion

Lawrence Sullivan Ross, Founder of Aggie Traditions
"Soldier, Statesman, Knightly Gentleman"

The Battalion, official newspaper of the Agricultural and Mechanical College of Texas, is published by students five times a week during the regular school year. During the summer terms, The Battalion is published four times a week, and during examination and vacation periods, twice a week. Days of publication are Monday through Friday for the regular school year, Tuesday through Friday during the summer terms, and Tuesday and Thursday during vacation and examination periods. Subscription rates \$6.00 per year or \$1.50 per month. Advertising rates furnished on request.

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Flights of Future May Seem Strange

San Antonio, Nov. 9.—(AP)—You may wear heavy clothes to keep cool in the rocket planes of the future. And you will need a breeze in the cabin in order to light your cigarette.

These are unexpected results of flying where, because of your speed, there is no gravitation.

They were described by Dr. K. Buettner of the Aviation School of Medicine to the airforce symposium here on physics and medicine of the upper atmosphere.

American rocket planes already fly so high that in their maneuvers the pilots at times have no weight. Ships of the future are expected to fly that way for long periods.

Not only the pilot but the air inside the pressurized cabin will lose all weight. Dr. Buettner said that when air has no weight, it will no longer circulate, unless driven by fans. If the fans stop there will be no air movement to cool your skin.

Furthermore the sun's direct rays are so hot on the ship that if the air circulation inside breaks down, the air may get dangerously hot. In that case, Dr. Buettner said, heavy clothing may be the best protection. He has made laboratory experiments with heat that a person can just barely stand. Heavy clothes lengthen that period.

The point in such a circulation accident in a rocket ship is to stay conscious long enough to repair the air system.

Another risk would be suffocation. The weightless air you breathe would not move far enough away from your face to keep you from breathing it over and over.

British Buyers Discount 'Fray' Main Block

Washington, Nov. 9.—(AP)—The dispute over what discount might be offered British buyers of Iranian oil was reported today as one of the main stumbling blocks to possible settlement of the Anglo-Iranian oil controversy.

Reliable informants said Iran has offered to sell Britain up to 70 per cent of its oil production at a price about 15 per cent below the world market level.

Britain was reported holding out for a discount of around 4 to 50 per cent before it consents to recognize Iran's decision to nationalize the billion dollar Anglo-Iranian Oil Company.

The state department is continuing intensive efforts to persuade both sides to compromise their differences so they can work out a long-range purchasing and selling arrangement.

Prime Minister Mohammed Mossadegh of Iran, who has been conferring here with American mediators for the past two weeks, is reported anxious to reach an understanding with Britain before he returns to Tehran.

Mossadegh has been criticized by some pro-government newspapers at home, and apparently fears political and economic repercussions if he returns without definite plans to unblock the flow of Iranian oil to the world market.



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