

# TELLURIDE NEWS LETTER

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MAY, 1935

## Problems for Convention

By S. R. Levering

This year's Convention faces a number of problems requiring careful thought and wise decision. This article has been written with the hope of focusing attention upon some of these problems prior to Convention. It will have served its purpose if additional thought and suggestions are contributed to the Convention.

Of our present membership of 64, less than one-half are actively pursuing a course of study. Of those who are, almost half complete their course this year. At Cornell Branch there are 14 members of Telluride Association and nine non-members, besides Professor Burr and the graduate guests. Of the 14 Association members, nine definitely will depart at the end of this term, and probably there will be two more in addition, leaving but three Association members who are definitely returning.

These figures give some indication of the constantly recurring necessity of choosing capable, loyal, active members and prospective members. At this Convention, selection of new members and undergraduate guests will be particularly important. Chancellor Johnson reports about 15 individuals whose applications for membership will be acted upon, and at least twice as many non-members who are applying for preferment. Of the latter, a number are reported to be outstanding students at Yale, Princeton, Chicago, Minnesota, Washington, and other universities.

The investment and management of our trust funds requires wise determination. At no time in the Association's history has it been so difficult to find suitable investments for funds which must be reinvested. Government bonds and other bonds of the highest rating are selling to yield in general three per cent or less. Furthermore, bonds of this type are selling far above par, and a decline in market value sooner or later appears inevitable. Bonds of any type

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## June 11, 10 A. M.

The 1935 Convention will convene at Telluride House in Ithaca on June 11th, at 10 o'clock in the morning. All members who are planning to attend should notify the Arrangements Committee in advance of the time of their arrival. We should like to take this opportunity to remind Alumni that their presence at Conventions is encouraged; all who plan to attend will kindly communicate with the Committee here.

Members who have not already done so are expected to send signed and witnessed proxies to the Credentials Committee. Such proxies are most important for those who plan not to attend some or all of the sessions of the Convention, but they are expected from all members.

## Tentative Committee Appointments

(In each case, the chairman and vice chairman are listed first.)

**Membership**—Fellows, Ch., Peterson, VCh., Aird, Allen, Falconer, Read, Rust, Sabine, Sweeting, Yarrow.

**Finance**—Kelly, Ch., Burchard, VCh., Bailey, Balderston, Brauner, Jarrett, Kuder, Laylin, Reinhardt, G.F., Spooner, Walcott.

**Endowment**—Reinhardt, P.H. Ch., Sharp, VCh., Bannister, Davy, L.G., Monaghan, Reich, Whitney, Whittle.

**Deep Springs**—Matson, Ch., Withrow, VCh., Biersach, Mansfield, J.S., Scarlett, Williams.

**Preferment**—Sheridan, Ch., Arent, VCh., Atkinson, Carnes, Layton, Mansfield, H.C., Ohlinger, Richtmyer, Wright.

**Cornell Branch**—Dimmler, Ch., Newell, VCh., Roberts, Cavanaugh.

**Program and Credentials**—Sweeting, Ch., Arent.

**Resolutions**—Roberts, Ch., Allen.

**Judiciary**—Bannister, Ch., Sullivan.

## Some Questions of Finance

By Armand W. Kelly

The uncertainties of the present economic and political situation aggravate the problem of maintaining and increasing our trust fund, and at the same time deriving sufficient income for operation. Some inflation is bound to accompany recovery, if and when it comes, and with greenback and credit expansion sentiment strong in Washington, inflation of greater or less degree may be forced on the country whether there is business recovery or not. On the other hand, we have no guarantee that the depression is ended, and if we tried to protect ourselves against inflation by shifting from fixed income securities to equities, we might find ourselves holding shares of shrinking value and small annual return. There are many perplexities of similar nature which will face the coming Convention, and I wish here to call attention to some of the possible solutions.

Last February Sid Walcott had the firm of C. W. Young & Co., make a preliminary analysis of our investments, excluding our holdings of Telluride Power and Utah Fire Clay, and I shall attempt to summarize their findings for the consideration of Association members.

The Young Company confirms the judgment of most of us in recommending that, under conditions of economic stability, our Endowment Fund should be restricted to investments in highest grade bonds and preferred stocks. But there are two reasons why such restriction is impossible at present.

(1) If we invested the market value of our present holdings in high grade securities, our income would be so curtailed that operation would be impossible.

(2) We must make allowance for some inflation, which will raise our expenses. For these seasons, C. W. Young & Co. suggests that our Endowment be set up with a Security Fund of 60 per cent and a Growth Fund of 40 per cent.

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MAY, 1935

We are sorry to learn of the death of Bill Layton's mother, on May 22, following an operation. Mrs. Layton had been in the hospital in New York for about two months undergoing treatment for a serious illness.

## Problems for Convention

(Continued from page 1)

yielding four to five per cent and having the stability and security desirable for trust fund investments are hard to obtain. The Association already holds a rather high per cent of its assets in stocks and bonds which now would be classed as rather speculative, and it is a question whether further investments should be made in this field.

I believe that at least moderate credit inflation is probable within the next two or three years, and that poorly controlled credit or currency inflation is entirely possible. This raises another serious problem in safeguarding our trust funds. The trend toward government ownership of public utilities and railroads may seriously affect our holdings in these fields.

In my opinion it is vitally necessary that each member be thoroughly informed and ready to contribute to the solution of these and other financial problems facing the Convention. The Convention must determine the major policies. This cannot be left to the custodians.

As Mr. Schaaff has ably pointed out in a previous *News Letter*, the experience of all endowments which attempt to exist without additions from time to time is an eventual decline in earning assets, because of losses which cannot be completely avoided. If Telluride Association is to maintain its present scale of operations or increase its usefulness,

its endowment must be increased in ways supplementary to the present addition of one tenth of each year's earnings to the trust fund. This problem is worthy of careful study. A committee has been appointed to bring definite recommendations on methods of increasing our endowment to this Convention.

Mr. Hayes and others have called attention to the fundamental purpose of Telluride Association as a force contributing to the nation and society of which we are a part. This Convention may well study and discuss this fundamental purpose in the light of economic and political forces now at work in our society.

Professor Burr will serve again this year as elector in the eighth quinquennial election to the Hall of Fame, New York University's memorial to famous Americans dead at least 25 years. Professor Burr has served in this capacity since the beginning of the Century.

## CORNELL BRANCH

W. B.

The Branch has been glad to welcome the parents of several of our members since the last issue of the *News Letter*. We have had visits from Mr. Anderson Pace, Col. and Mrs. Joseph Matson, and Mr. Christopher Morley. Mr. C. N. Whitman has also paid a brief visit to the Branch. Tom Fairchild stopped in Ithaca for the weekend of April 26. He was on a vacation from his legal studies at the University of Wisconsin and arrived from Madison via Princeton and New York.

Prosperity seems to be just around the next corner for at least two of our members. Robert Sheridan has accepted a position as an engineer in the construction department of the Eastman Kodak Company in Rochester. Orville Sweeting will teach science and mathematics next year at the Ludlowville High School, a few miles north of Ithaca on Lake Cayuga.

Robert Sheridan has been awarded the Charles Lee Crandall prize in civil engineering. This prize of \$80 is given to the student writing the best essay showing research in a field

## Theodore G. Moore

Taken from a letter to Chancellor Johnson dated April 29:

"Did you say a personal note for the *News Letter*? Tell the boys I am 19 years older than when I left Ithaca (with the aid of Alejandro Cota or I would have ridden the rods), and know less. Have been a rag peddler for seven years and while the horse and wagon I started out with has progressed into a LaFayette, can still say that if I had to leave town suddenly, would still have to ride the rods (unless Alejandro Cota should show up suddenly). You can tell the younger generation that the biggest and best thing I got out of the Association was that for four years I lived and worked with the finest bunch of 100 percent men that I ever saw gathered together into one group, bar none. There is nothing that they learn in school that compares with what they learn from associating with the men in their own group."

of engineering that is of public interest. Sheridan's paper was a study of modern houses.

Earl Ohlinger has recently been initiated into Tau Beta Pi, national honorary architectural and engineering society.

Walter Balderston, George Manner, and Orville Sweeting were elected to Phi Beta Kappa at the spring elections.

Aviators and would-be flyers of Cornell have organized the Cornell Flying Club. Kenneth Turner is a charter member of the group.

The Branch assisted in the entertainment of prospective Cornell students on Cornell Day, May 11. On this weekend the alumni organizations brought high school seniors to Ithaca where they were shown the University and some of the activities on the campus. The Branch entertained eight guests, of whom some were applicants for preferment or for Deep Springs.

Charles Brunelle and Robert Gorrell have parts in the eighth annual Revue of the Cornell Dramatic Club.

**Some Questions of Finance**

*(Continued from page 1)*

They find that our present holdings of common stock and second rate bonds which can be classified as Growth Fund amount to 30.8 per cent of the total, and hence recommend that we transfer about \$40,000 to favorably situated common stocks. Their total did not include Telluride Power or Utah Fire Clay, however, both of which would be in the Growth Fund class and which would raise the present Growth Fund percentage to over 60 per cent if we use cost price. If we accept their 40 per cent figure as satisfactory we should rather decrease than increase our holdings of Growth Fund securities. They consider that our Growth Fund securities (not including Telluride Power and Utah Fire Clay) are reasonably well diversified and yielding a relatively high return, averaging about 5.28

ing too many eggs in any one basket. This would permit a spread of risk over about 26 issues. At present there are 20 issues ranging in market value from \$1,060 to \$47,000. They recommend sale of the following to reduce over-investments:

- Port N. Y. Authority Term. 4½'s 1955,
- Bangor & Aroostook Ry. Washburn Ext. 5's 1939,
- B. & A. Ry. Piscataquis Div. 5's 1943,
- Great Northern Ry. 1st Mort. 5½'s 1952,
- Northern Pac. Ry. 1st Mort. "B" 6's 2047,
- B. F. Goodrich Rubber Co. 6½'s 1947.

It may be recalled that there was some discussion of our overinvestment in rails at the last convention.

The Young Co. submits the subjoined Diversification Plan for the Security Fund:

**Diversification Plan for Security Fund**

	% Security Fund	% Total Fund
U. S. Governments	15	15
Tax Exempt Governments, Corporates and Municipals	10	
Foreign		
United Kingdom	10%	
Canada	5	
Other foreign Dollar	5	12
Domestic Railroad	20	12
Domestic Utility	20	12
Domestic Industrial and Financial	15	9
	100	60

per cent. They feel that our holdings of Consolidated Investment Trust common are too great a percentage of the Growth Fund, and also that better diversification would be obtained by shifting from the Baltimore and Ohio 6's of 1995 which they include in this Fund.

The company feels that our Security Fund holdings require some shifting to obtain broader diversification and better marketability. On a rating scale on which 50 per cent represents the line of safety, and 100 per cent a riskless security, the average weighted quality of our Security Fund investments is 75.5 per cent. They regard this as too low, and think that this quality should be stepped up to the high 80's before we can be satisfied.

They suggest that we should adopt a basic unit of \$10,000 in any one security, which would prevent carry-

To put the above plan into effect would necessitate the net purchase of about \$98,000 of U. S. and Foreign Government and Industrial obligations with a major reduction in rails and minor readjustment in utility securities. I should be inclined to reduce the percentage of U. S. Governments because they are now selling to yield about 2½ per cent which seems low enough to indicate a fall in price in the near future. Also, with the foreign exchange situation in such a tangle, I think that a fund like ours which cannot be readily shifted should avoid foreign investments.

Whether or not we decide to change our security holdings to conform to the "Young Plan" or any other plan, we shall have to make decisions on the reinvestment of called bonds and distributions of Pacific

Coast Building and Loan and Union Trust Co. This will amount to from \$20,000 to \$90,000 for reinvestment during the year.

**DEEP SPRINGS**

E. L. G. Z.

May 9, 1935

The student body made its annual trip during the first week of April which was, this year, to Yosemite. Though dampened by rain, the excursion was profitable and pleasant. The outstanding event was a sight-seeing trip conducted by the Park Naturalist, Bert Harwell.

The spring planting has been completed. The green of the rapidly growing grain and alfalfa gives the Ranch a cheerful, spring-like appearance. Even the two new checks of corn help to make Deep Springs an oasis in the desert. Frost destroyed most of the apple blossoms, but a small crop of apples seems assured.

Through the efforts of Mr. Gilbert and Curator Niederhauser, the museum has been rearranged, the minerals catalogued, and other exhibits put out on display. The entire rear of the museum building has been furnished with rugs, pictures, tables, lamps, and new show cases. The student body shows interest in the project, and the feeling is generally expressed that from now on the museum will grow and take on more importance.

During the month of April we have entertained a number of guests, mostly applicants, their parents, and friends. Mr. H. R. Waldo and Mr. P. N. Nunn spent a week-end with us. Mr. and Mrs. Julian Steward, who are now doing research in Death Valley, spent a week at Deep Springs, where Dr. Steward delivered three excellent lectures.

The May 4 student body election resulted as follows:

- President .....Harry Scott
- Labor Commissioner ....Paul Swatek
- Student Body Trustee....Fred Bullen
- Advisory Committee..George Stewart
- Miles Fellows
- Charles Waldo
- Treasurer .....Warren Horsfall
- Secretary .....Charles Collingwood

The student body wishes to express thanks to those who have made donations of books this year, particularly to Mr. Harvey Mansfield, whose contributions have been nu-

merous and very useful in our United States history course.

The meeting of the Trustees is scheduled for May 12. The student body will present two plays for the Trustees' approval, and the modern European history class intends to dramatize the Versailles Peace Conference.

Everyone at Deep Springs is sorry to see this year come to a close. The student body greatly appreciates the work of Mr. Gilbert, Mr. Roberts, and Dr. Peterson. Our lecturers, Professor Burr, Mr. E. M. Johnson, Dr. John Olmsted, Commander Bryant and Dr. Steward, have contributed much to the year's success.

Dr. Robert Aird writes to the Chancellor on April 25:

"I expect to go East the end of May. I am scheduled to visit various clinics, especially the neurological clinics in Boston and attend as guest of Dr. Naffziger the Montreal convention of the American Neurological Society and the Philadelphia meeting of the Neuro-surgical Society.

"My work here is going along very nicely. My new method of encephalography is working out fine, and I am doing all the cases in the hospital now. Various other studies are also developing nicely, and I have two publications in press now."

The latest word from Robert Mansfield locates him in Aden, Arabia. He plans to do some work in Tripoli, Tunis, and Algiers, in Potsdam, Germany, and if time permits in Abinger, England, before returning to this country in August.

Mr. and Mrs. Lee Davy are the parents of a son, born about the middle of April. The newest addition to the Davy family is still innominate.

## Merit vs. Need

"In 1930 our esteemed fellow-member, Father Ed, gave me two of his poems for musical setting. One of these, entitled 'Memory,' prompted me to make a setting for solo voice with piano accompaniment, which found some favor with singers and actually had a few public performances. Two years ago I showed the song to Charles Dawe, a rugged Welshman who directs the Orpheus Male Chorus in Cleveland, Ohio. He took kindly to it, and suggested that it be amplified into a choral setting for his group. I spent some time in broadening it out properly, and even though I knew it possessed 'no commercial value' (a publisher's rejection formula), I made bold to submit it to various houses.

"Carl Fischer, Inc., apparently has recognized the authors as Telluriders of the original stamp, and has let the merit of the song operate instead of its need. Possibly the editors had been reading *King Lear*, and decided to 'reason not the need.' At any rate, the song is accepted for publication and will soon be ready for distribution. The authors hope that royalties will flow like individual freedom from those truths, etc., in harmony with the Creator.

May 3, 1935 "Parker Bailey"

## Stanley Schaub

Old timers will be glad to hear from Stanley Schaub, who was guest at the House in 1916-17. Before that he had been at Claremont Branch. The piano which Schaub won as a prize while attending the New England Conservatory of Music rests in our music room.

During the War, Schaub was manager of the Newark plant for manufacturing a certain product by a process which his father had developed.

After the War, the business settled at Lawrenceburg, Indiana. Schaub kept up his music in haphazard fashion during the time he was connected with the business, and when business became worse because of the depression, returned to it. Since then he has been practicing, teaching and arranging orchestra work. About ten years ago the family moved to Westfield (about 19 miles from New York), where Schaub became established in teaching, which has been very satisfactory and dependable. About four years ago, he was married, and "so far we aren't responsible for an increase in the Emergency Relief, but have hopes."

## Added to Files

*The Relaxation Inverter*, by H. J. Reich for *Electrical Engineering*.

*The Barnacle*, Feb. 16, 1931, containing *Preparedness — A Cause of War*, by S. R. Levering, and *Preparedness — An Aid to Peace*, by L. G. Davy.

*Mirror Making by the Evaporation Process*, Sept., 1934, *Scientific Monthly*, by Robley C. Williams.

*Ultra-Violet Stellar Spectra with Aluminum-Coated Reflectors, II. Energy-Curves from Lambda 4550 to Lambda 8000*, July, 1934, *Astrophysical Journal*, by Robley C. Williams.

*Properties of Evaporated Films of Aluminum over Chromium*, July 15, 1934, *Physical Review*, by Robley C. Williams.

*On the Reagin Content of Blister Fluid*, reprinted from the *Journal of Allergy*, May 1934, by W. C. Spain and John M. Newell, D. Sc.

*The Ultrafiltration of Ragweed Pollen Extracts*, reprinted from the *Journal of Allergy*, July, 1934, by W. C. Spain and John M. Newell, D. Sc.