assurance that a stable income will be derived therefrom indefinitely. Followers of this principle neglect the importance of the effects which the everchanging value of the monetary unit has on a fixed income.

In support of this doctrine of "trustee securities" argument is frequently heard to the effect that over the long term deflation and inflation balance one another and that the investor need therefore pay no heed to the immediate gyrations of money, but should console himself with the belief that by and large the purchasing power of the income from his fund will be about the same from one generation to another. Complete refutation of this theory cannot be found in any statistical evidence now existing but there is historical verification of the fact that prices of goods and services have been rising gradually and intermittently for about twenty-five centuries. Such a phenomenon is no mere accident but is the result of the chronic impecuniousness of governments and their consequent willingness to debase the currency whenever national bankruptcy threatens.

The second school of thought, more liberal in its views, believes that a judicious selection of bonds and stocks is the soundest method of conserving wealth. Adherents to this policy understand that investments cannot be left to themselves. Constant supervision is, they feel, the only guarantee that their incomes will be sufficient to enable them to maintain their position relative to society as a whole. I am in absolute accordance with the views of this group but I do not approve of the distortion which has been characteristic of the supervisory activities of some of its members. I am a firm believer in the principle of diversification and in the value of statistical analysis but there are many instances of over-emphasis in these two departments, frequently at the expense of fundamental reasoning. The sound investment manager should not concern himself too highly with the relative attractions of good securities but should endeavour to anticipate the major phases of economic development through which we are passing and to capitalize on his knowledge. His first duty is to decide the proportion which bonds and stocks should occupy in the funds under his supervision and his second is to assure himself that his various mediums are reliable and representative of the best in the two categories. There is also a third point