January 16, 1961

Dear Dr. Sabin:

Please find enclosed 2 tear sheets from this week's BARRON'S with your letter to the editor regarding the oral polio vaccine.

With best regards.

Yours sincerely,

Kurt Bloch
Associate Editor

Dr. Albert M. Sabin
The Children's Hospital Research Foundation
Elland Ave. and Bethsedea
Cincinnati 29, Ohio
enc.
li. History Repeat?"

To the Editor:

"Say I comment on Richard
sell's article: "Will History
a?"

one can quarrel with Mr.
Sell's conclusion that the
et market is fundamental-
ent from the market in
However, the evidence he
does not necessarily justify
mplication of his article
the trend of stock prices
ly to be downward until
ields on the Dow Industri-
exceed 6%.

The originator of the Dow
ory is quoted as saying that:
hen a stock sells at a price
ch returns only about 31/2% the
vestment, it is obvious-
ere there be some
cial reason for the estab-
price." Is it not fairly
ous that we now have
pecial reasons" for the low
ields on the high-grade stocks
hich dominate the Dow Jones
ustrial Stock Index? I would
ay that these reasons include:
) The preference for stocks
anced as compared with bonds be-
ause of the long-term outlook
flation, under the modern
itical philosophies; (b) In-
vestor emphasis on growth pros-
ts versus current income;
and (c) High taxes, which make
reinvested income more valuable
han dividends to the average in-
vestor, and which discourage
ft-taking and therefore tend to
mpermanently create scarcity
values for good stocks. Mr. Dow
ould undoubtedly recognize
se considerations as being
valid if he were alive today.

Mr. Russell fails to point out
that the Dow-Jones Industrials
old on a yield basis of 3.3%
at its high in 1926, and that in
that year, low-priced stocks also
ad declined sharply. In 1926
(as will probably be true for
960), earnings declined to be-
elow the levels of the preceding
year, with a further setback wit-
nessed in 1927, when a minor
prise readjustment was to
run its course. Money was being
being made relatively easy, partly be-
ecause of efforts to help Europe;
and there was growing con-
ence in the theory that the
RB could and would prevent
the development of a major de-
line in business.

By early 1927, however, our
top financial leade rs became
concerned about the outlook for
stock prices because of the low
ields, and apparently underrat-
ed the growing interest in equi-
ties on the part of the public,
resulting from Edgar Law-
rence's book ("Common Stocks
Long-Term Investments"), as
well as the promotional adver-
sising of newly formed invest-
ment trusts. The net result was
a further sharp advance into the
summer of 1929, helped, of
course, by low margin require-
ments.

We well may ask: "Will His-
ory Repeat?"—but this can be
a very misleading question if
it merely applies to yield cycles
which can be greatly influenced
by the type of factors enumerated
above.

Anthony Gaubis,
Anthony Gaubis & Co.,
Investment Counselors,
New York, N.Y.

* * *

Two-Way Radio
To the Editor:

Regarding the note on
the oral polio vaccine (Barron's,
December 12, 1960), I wish to
correct an error and a misstate-
ment of my views.

Tests carried out on the oral
vaccine as used abroad, as well
as in the U.S.A., so far have in-
dicated the presence of only one
monkey virus — not 40. This
virus has been shown not to
multiply in human beings when
it is given by mouth, and to be
completely without effect in the
millions of humans who have
swallowed it.

As for my own view, it
already is clear that no oral vac-
cine will be available for the
polio season of 1961; therefore,
thousands of preventable cases
of paralysis and hundreds of
deaths will occur. Unless some-
thing is done soon, there will
not be enough vaccine to pre-
vent the cases which we know
will occur in 1962.