3. They also will switch some of their present savings from bonds and bank accounts to common stocks. This might easily add a billion dollars or more to the supply of risk capital.

The one-half billion dollars of tax savings and the funds switched from other investments into common stocks is not enough to end the shortage of risk capital. But it is a start.

Before passage of the tax law, risk capital had been growing increasingly scarce.

One measure of the scarcity is that last year only four-tenths of 1% of national income went into new common stocks. In 1925, a year of normal prosperity, almost 3% of national income was invested in new common stocks.

Another measure is that between 1940 and 1947 people actually reduced their holdings of corporate stocks and bonds by nearly a billion dollars. During the same period, people salted away almost $150 billion in such safe havens as cash, bank deposits, and government bonds.

This drought of risk capital hit us just when we need a vastly increased flow of risk capital to finance the expansion and improvement of our American productive machine. We need risk capital to search for new oil fields and to build new pipelines and refineries. We need capital to expand our over-loaded electric and gas utilities. We need it to finish re-equipping our airlines and railroads and bus lines. We need it to modernize our textile production. We need it to keep pace in the magical, booming chemical industries. We need it to launch the new industry of television.

We need capital for all this work and for much more besides. And we must do all this work if we are to keep the United States dynamic and if we are to create new and better jobs.

The tax cut comes just in time. As the last editorial in this series showed, the flow of risk capital must double or triple if we are to avoid a cutback in industrial expansion next year. A major reduction in industrial expansion because of a shortage of risk capital would menace our prosperity. Whenever capital expansion has sagged, the whole economy has sagged. That is the record. That is why every American has a crucial interest in breaking the shortage of risk capital.

other tax changes to assure enough risk capital ... healthy industry and healthy employment.

We should encourage the rapid depreciation ... replacement of plants and equipment to k... America efficient.

We should eliminate the double taxation of stock... holders' incomes.

We should permit full averaging of good ye... and bad in calculating income tax payments.

We should cut tax rates again as soon as we ca...

The tax cut of 1948 will prime the flow of capit... We must keep it flowing.

The tax cut also encourages our successful me... and women to work harder and more effectively.

The McGraw-Hill editors collected some solid *facts to show how seriously heavy taxes have di...* couraged business leaders. Here they are:

1. One out of seven persons the editors questioned said that they had turned down positions with greater responsibilities because heavy taxes would take most of the greater pay that went with the harder job.

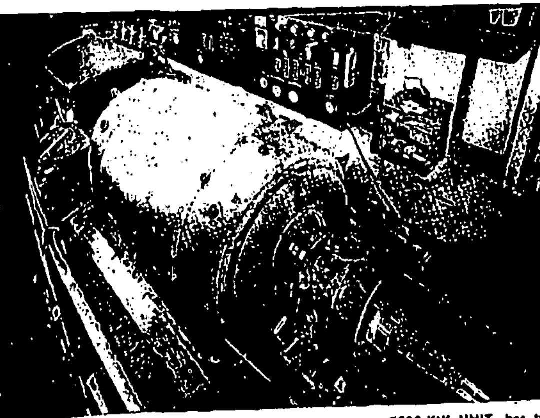
2. Six out of ten executives would be more inclined to accept a more responsible job now that taxes will let them keep more of the added pay such a job would bring.

We all have a stake in incentives which make men work harder, especially talented men. The more we each work, the more we all have.

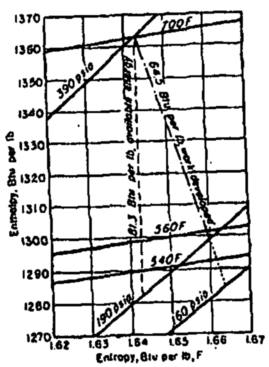
The tax reductions so far made will leave the government more than enough revenue to meet all its expenses, including the proposed defense expenses, and still reduce the national debt. If more defense money becomes necessary, vigorous economy on less essential government expenses will make possible both stronger military defenses and a better tax system. We need both.

Only a prosperous America can be strong enough to remain free—and to help keep the rest of the world free.

James H. McGraw, Jr.



7500-KW UNIT, has turbine, left, fitted with two steam chests, eight governor valves; operates between 375 and 175 psig

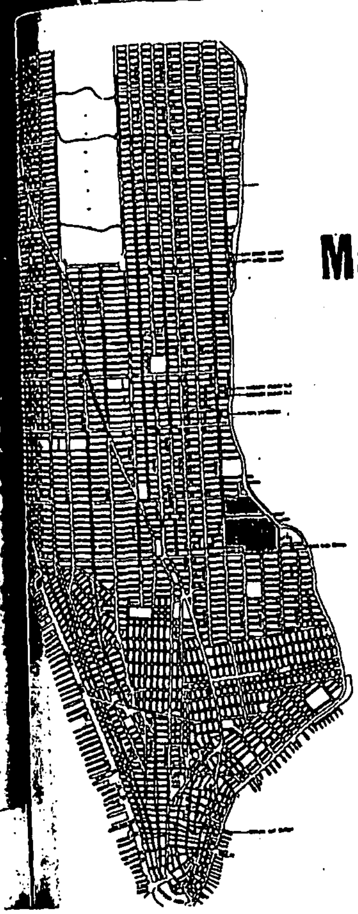


MOLLIER CHART shows only about 64.5 Btu per lb of steam convertible to work

District Steam Supply Makes Byproduct Energy

Steam demands on the New York Steam Corporation system make it possible to generate additional electricity economically. Here's how it's done with backpressure turbine at East River Station of Consolidated Edison Company of New York, Inc

By M J STEINBERG, *Division Engineer, System Engineering Department Consolidated Edison Co of New York*



NEW YORK STEAM CORP system is divided into uptown and downtown districts. East River Station, formerly tied to southern end of uptown area by 14th St main only, will have added tie through 1st Av main, (dotted). Shaded area is Stuyvesant Town and Peter Cooper housing developments (near East River Station) which district steam will serve

▶ STUDIES MADE IN 1934 indicated appreciable fuel economies could be realized by combining electrical power generation and steam supply for district heating. This was one of several factors that influenced installation at the Waterside Station of "topping" units that will provide topping capacity of 336,000 kw upon completion of the modernization program.

This installation provides a flexible system for utilizing topping-turbine exhaust steam either in low-pressure con-