

Paragraph Settings

Flush left

Flush right

Justified

Centered

Random or asymmetrical



But, in a larger sense, we can not dedicate, we can not consecrate, we can not hallow this ground. The brave men, living and dead, who struggled here, have consecrated it, far above our poor power to add or detract. The world will little note, nor long remember what we say here, but it can never forget what they did here. It is for us the living, rather, to be dedicated here to the unfinished work which they who fought here have thus far so nobly advanced. It is rather for us to be here dedicated to the great task remaining before us—that from these honored dead we take increased devotion to that cause for which they gave the last full measure of devotion—that we here highly resolve that these dead shall not have died in vain—that this nation, under God, shall have a new birth of freedom—and that government of the people, by the people, for the people, shall not perish from the earth.

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Flush right, rag left

Justified

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Random or mixed

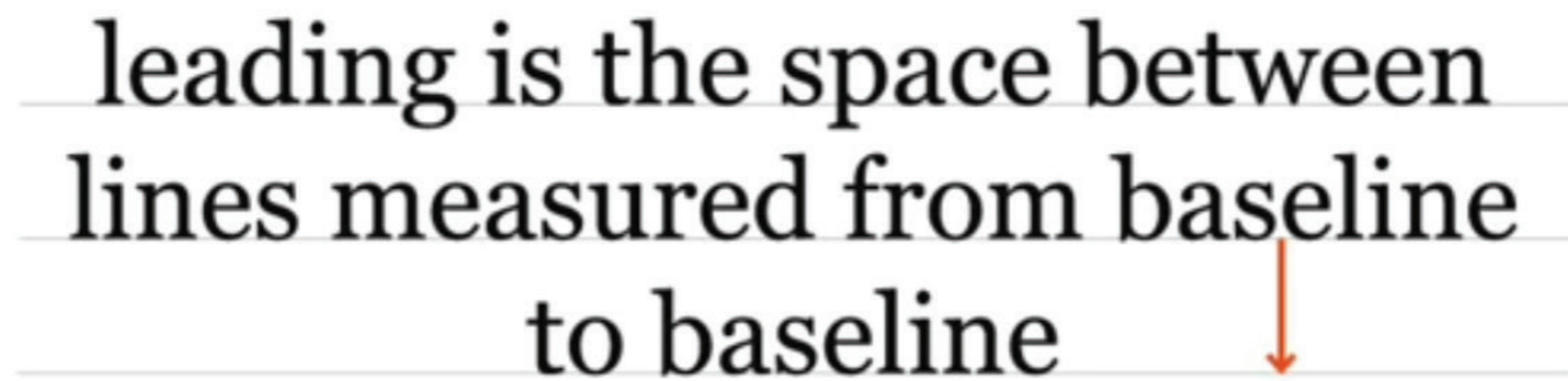
FLUSH LEFT, RAG RIGHT:
AWKWARD RAG

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BALANCED RAG

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leading is the space between
lines measured from baseline
to baseline



NEW YORK

FORWARDERS AND BROKERS

THE NEW YORK FREIGHT

ASSOCIATION

STILES

PRINTED
ON THIS

EVENT

STILES
PRINTED
ON THIS
EVENT

Normal leading is 2 points greater than the font size

WITHOUT TRACKING AND HYPHENATION: GAPS AND “RIVERS” OF SPACE

Four score and seven years ago our fathers brought forth on this continent a new nation, conceived in liberty, and dedicated to the proposition that all men are created equal.

Now we are engaged in a great civil war, testing whether that nation, or any nation, so conceived and so dedicated, can long endure. We are met on a great battlefield of that war. We have come to dedicate a portion of that field, as a final resting place for those who here gave their lives that that nation might

live. It is altogether fitting and proper that we should do this.

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A widow is a very short line – usually one word, or the end of a hyphenated word – at the end of a paragraph or column. A widow is considered bad typography because it leaves too much white space between paragraphs or at the bottom of a page.

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INDENT

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He walked up hill in the mire by the side of the mail, as the rest of the passengers did; not because they had the least relish for walking exercise, under the circumstances, but because the hill, and the harness, and the mud, and the mail, were all so heavy, that the horses had three times already come to a stop, besides once drawing the coach across the road, with the mutinous intent of taking it back to Blackheath.

Reins and whip and coachman and guard, however, in combination, had read that article of war which forbade a purpose otherwise strongly in favour of the argument, that some brute animals are endued with Reason; and the team had capitulated and returned to their duty.

With drooping heads and tremulous tails, they mashed their way through the thick mud, floundering and stumbling between whiles, as if they were falling to pieces at the larger joints.

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CHAPTER X

The Critics

HAVING retired home, he sent for some new books to dissipate his distress, and he invited several scholars to dinner for the purpose of recreation. Twice as many came as he had invited, like wasps attracted by honey. These parasites were urgent to eat and talk; they praised two sets of persons, the dead and themselves, but never their contemporaries, except the master of the house. If one of them made a witty remark, the others lowered their eyes and bit their lips in annoyance because they had not said it themselves. They had less dissimulation than the mages because the objects of their ambition were smaller. Each of them sought the post of a lackey and the reputation of a great man; they said insulting things to each other under the delusion that they were being witty. They had heard something of Babouc's mission. One of them privately begged him to exterminate an author who had not sufficiently praised him five years before; another asked for the death of a citizen who had never laughed at his comedies; a third required the extinction of the Academy because he had never been able to get into it. When the meal was over, each of them went away alone, because in the whole gang there were not two men who could endure each other or even speak except at the houses of the rich men who invited them to their tables. Babouc felt it would be no great hardship if these vermin perished in the general destruction.

CHAPTER XI

The Philosophers

AS soon as he had got rid of them, he began to read some new books. He at once recognised the spirit of his guests. He read with indignation those journals of calumny, those archives of bad taste, dictated by envy, baseness and hunger; those cowardly satires where the vulture is spared and the dove torn to pieces; those novels devoid of imagination where are to be found the portraits of so many women whom the author does not know.

He threw all these detestable works in the fire and went out in the evening for a walk. He was introduced to an old scholar who had not come to increase the number of his parasites. This scholar always avoided the crowd; was acquainted with men, profited by it, and was reserved in his communications. Babouc talked to him regretfully of what he had read and seen.

"You have been reading very paltry books," said this wise man of letters, "but in all ages and countries and in all *genres*, the bad abounds and the good is rare. You received the dregs of pedantry in your house because in all professions those who are least worthy to appear always thrust themselves forward with the greatest impudence. Truly wise men live among themselves, in retired tranquillity; among us there are still men and books worthy of your attention."

While he was speaking, they were joined by another man of letters; their talk was so pleasant and instructive, lifted so far above prejudices and so agreeable to virtue, that Babouc confessed he had never heard anything like it.

Overrated

The subprime-mortgage meltdown could—
finally—end the credit-ratings racket

LATE LAST YEAR, officials from Moody's Investors Service gave a PowerPoint presentation to a group of mortgage lenders in Moscow. There were the usual arcana about what the ratings mean and how the agency creates them. Along with competitors Standard & Poor's and Fitch Ratings, Moody's serves as an unofficial umpire in major league finance, helping investors and underwriters gauge what to buy and what to avoid. Many big investors aren't allowed to even touch bonds that don't have the blessing of a good credit rating.

by **Jesse Eisinger**

ILLUSTRATION BY RYAN CHRISTIE

BUT MIDWAY THROUGH the presentation, Moody's revealed a significant, and ultimately more dangerous, role that the agencies play in financial markets. The slides detailed an "iterative process, giving feedback" to underwriters before bonds are even issued. They laid out how Moody's and its peers help their clients put together complicated mortgage securities before they receive an official ratings stamp. But this give-and-take can go too far. Imagine if you wanted a B-plus on your term paper and your high-school teacher sat down with you and helped you write an essay to make that grade.

The Russian lenders had just been let in on one of the dirtiest open secrets in the mortgage-ratings world, one that may have played a part in creating the housing bubble that's now popping. The ratings agencies have had a bigger role in the subprime-mortgage meltdown than most people know. So far, rate investors have focused on—and upcoming congressional hearings and investigations will probe—the agencies' overly optimistic ratings for packages of subprime mortgages, many of which are now blowing up. It's becoming clear that the ratings agencies were far from passive raters, particularly when it came to housing bonds. With these, the agencies were integral to the process, and that could give regulators and critics

the ammunition they've been looking for to finally force the Big Three to change. The credit-ratings agencies "made the market. Nobody would have been able to sell these bonds without the ratings," says Ohio attorney general Marc Dann, who is investigating the agencies for possibly aiding and abetting mortgage fraud. "That relationship was never disclosed to anybody."

The ratings that were ultimately assigned proved too generous, considering the state of the market. To make matters worse, the agencies were much too slow in downgrading the housing bonds, overlooking signs of excess that almost everyone else recognized. In July, in a last-ditch effort to make amends, Moody's and S&P downgraded hundreds of mortgage bonds—the equivalent of slapping food-safety warnings on meat that's already rotting in the sales.

Ratings-agency officials concede that they work with Wall Street banks, even if they don't exactly shout it from the rooftops. "You start with a rating and build a deal around a rating," explains Brian Clarkson, Moody's co-C.O.O. But the agencies reject the accusation that they take an active role in structuring deals.

The problem is that the deals the agencies helped build are falling apart, and the raters are emerging as one of the main reasons. The market for mortgage derivatives is rearing up. Loans on subprime mortgages are far greater than expected. And fears are growing that a credit crisis could spread, spilling over into structured corporate and commercial-real-estate bonds, also rated by the agencies. In late July, Countrywide, one of the biggest players in the mortgage market, reported that it was seeing a sharp rise in defaults—and not just among homeowners with bad credit.

Critics are piling on. Joseph Mason, a DePaul University finance professor, and Josh Rousey, managing director of the independent research firm Graham Fisher, outline in a report how the agencies have become actively involved in structuring the subprime-mortgage business. They've presented a series

of papers to the Hudson Institute, a right-leaning Washington think tank. Separately, a collection of Italian and European Union lawmakers sent a letter to German Chancellor Angela Merkel suggesting that the E.U. consider breaking the credit-ratings cartel.

JOHNS MOODY introduced credit ratings in 1909, with railroad bonds. Demand for an independent financial review of railroads was growing because of the industry's volatility. Moody later moved into corporate bonds and made his mark in the wake of the 1929 stock market crash, when none of Moody's top-rated bonds defaulted. Over the next several

decades, his (and his competitors') ratings became knit into the nation's financial and regulatory fabric.

Moody's and S&P dominated for decades, and their business model was straightforward: Investors bought a subscription to receive the ratings, which they used to make decisions. That changed in the 1970s, when the agencies' opinions were deemed a "public good." The Securities and Exchange Commission codified the agencies' status as self-regulatory entities. The agencies also changed their business model. No longer could information so vital to

Home Wreckers

The big credit ratings agencies are accused of "rotting" mortgages from loans that should never have been sold. If thousands of "rotten" loans (\$1.42 trillion in residential mortgages) really went to 2004,

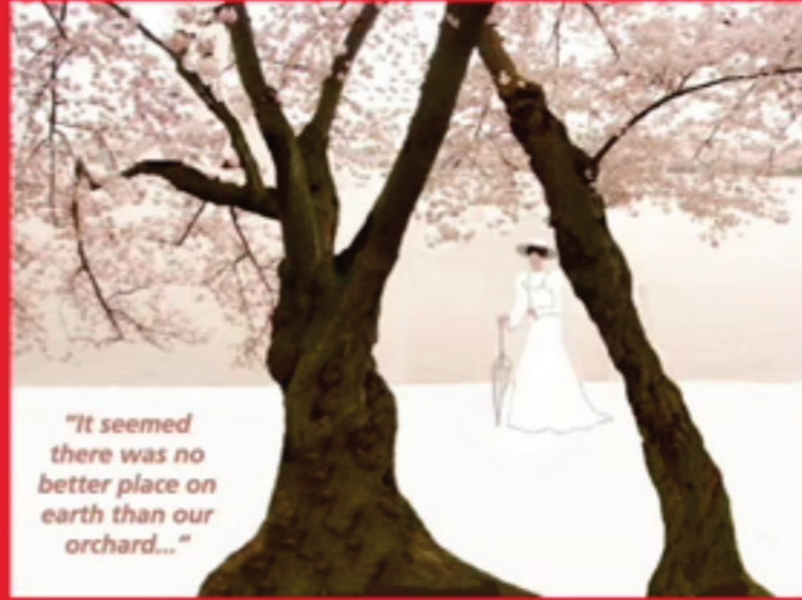


① "Protected" loans from government agencies such as Fannie Mae and Freddie Mac. These are considered the least likely to go bad. ② Subprime loans, made to people with poor credit. These are the riskiest. ③ "Aaa's" loans, made to those whose credit is between prime and subprime. ④ Large mortgages and others.

Flush Left

Walking the dog Theater in
Anton Chekhov's

The **CHERRY ORCHARD**



*"It seemed
there was no
better place on
earth than our
orchard..."*

P521

PERFORMANCE
SPACES FOR THE
21ST CENTURY

12 performances

Thursdays-Sundays July 5—22

directed by David Anderson
with original music by Jonathan Talbott

cast

Lily Balesen * / Glenn Barrett / Paul Boothroyd

Lora Lee Ecobelli * / Josephine Elwood

Joseph Freeman / Simon Frishkoff / Kevin Kilb / Phillip X Levine

Gabriel Rodriguez / John Romualdi * / Nancy Rothman *

David Wade Smith / Natalie Li-Ting Wong

* Member, Actors' Equity Association

previews: July 5, 6, 7 & 8

2980 ROUTE 66

1 MILE NO. OF CHATHAM VILLAGE

VISIT P521CHATHAM.ORG FOR

COMPLETE PROGRAM INFO

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Flush Left

Justified

► their recurrence. But we often don't.

Post-Columbia, Robin Dillon-Merrill and Catherine Tinsley, two researchers at Georgetown's McDonough School of Business, have been attempting to figure out how our near-miss blind spot really works. In one study, they asked NASA employees and MBA students to rank different versions of a mission scenario. One described a highly successful project; the other project nearly self-destructed but was ultimately saved by a lucky break. Regardless, subjects ranked both missions as equally well done. Why? Most of us grade outcomes in binary terms. Success is good. Failure is bad. "People don't learn from a near miss, they just say, 'It worked, so let's do it again,'" Dillon-Merrill says. Other studies have shown that the more often someone gets away with risky behavior, the more likely they are to repeat it;

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there is a sort of invincibility complex. "For ego protection reasons, we like to assume that past events are a product of what we controlled rather than chance," Tinsley adds.

Thanks to the Columbin, NASA is trying to address this problem. To fight the instinct to treat each near miss as a success, Ed Rogers, chief knowledge officer at NASA's Goddard Space Flight Center, gives NASA managers a training exercise based on the Georgetown tests to show how they fall into the binary trap. The FAA, meanwhile, has gone further. The agency realized that many reports of in-flight errors were probably being treated as one-off mistakes. Since there are so many variables that go into an in-flight close call, it was hard for safety officers to spot patterns. To fix this, they asked their partner, systems engineering firm Mitre, to look at each element of flight—including mechanical, procedural, and geographic. Mitre took the FAA's database of crew and air traffic errors and

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The more reports, the better. According to the Process Improvement Institute, a risk analysis firm, across many industries there are between 50 and 100 near misses recorded per serious accident, and about 10,000 smaller errors occur during that time. To keep the intel coming, though, institutions need to embrace people's baser instincts. People may be keen to report near misses right after an accident but are prone to falling

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Most accident investigations work backward to determine the causes. A more effective way to curtail disasters is to get better at spotting the near miss. One great success in near-miss awareness is Dow Chemical. The company has seen an 80 percent drop in serious accidents since it started a new program to push close-call reporting. The company is proof that modern disaster prevention can and should be about stopping trouble before it strikes, not cleaning up afterward. [Ben Feynster \(ben.feynster@gmail.com\)](mailto:ben.feynster@gmail.com) also writes about inflatable mascots on page 98.



SMART THINGS ABOUT QUICKSAND

1

It's less dangerous than you think. Quicksand never swallows people whole; the human body is too buoyant. That said, thrashing about will only tighten the quicksand's grip. Physicians and geologists advise wiggling your legs slowly to form pockets of air and water around you until there's room to pry yourself free and climb out.

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It has only one constant, and it's not sand. Quicksand is just a generic term for a naturally occurring viscous pit that you can get stuck in. It can have clay or silt in addition to—and sometimes even instead of—sand. Water is generally a must, so quicksand is much more common near bays, marshes, and swamps than, say, deserts.

3

Indy's quicksand dip might have been possible. Or not. The science is iffy when it comes to his encounter with a "dry sand pit" in *Kingdom of the Crystal Skull*. Physicians have created so-called dry quicksand by mating very fine grains of sand with a controlled airflow instead of water (an object placed on sand that has lots of air between its grains will sink). But the jury is still out on whether it could happen in nature and not just much-maligned sequels. —Marco Calvita

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