GOSSIP OF THE STREET—PHILADELPHIA MARKETS

BROKERS DIVIDED IN OPINION ON EFFECT OF STAMP TAX

Varying Views Expressed as to Its Influence on Buying and Selling of Stocks. Gossip of the Street

THERE was a division of opinion in the brokers' offices yesterday as to the effect which the new stamp tax would have on the business of buying and selling stocks. One broker said it would have a marked effect, as a man who was in the habit of buying and selling every day would think twice before ordering the purchase or sale of 100 shares of stock, knowing that each 100 shares par value sold would cost him $16.50, something he would have to figure in his profits. Another well-known broker said the stamp tax would not have the slightest effect on business. It is only a short time since a similar tax was taken off, he said. A similar tax, it was found, was put in operation in September, 1914, and taken off in September, 1916. During the two years it was in force, this broker said, it did not affect business one way or other, and he remarked that he did not see why it should do so now.

The tax is levied on the seller and not on the buyer, and the $16.50 on $100 par value shares is figured at 2 per cent State tax equals $2, 2 per cent Federal tax equals $2 and commission $12.50, making a total of $16.50. The 2 per cent State and Federal taxes are based on the face value of the stock shares. Shares with a face value of $50 would only require stamps for half the amounts given above.

Favorably Disposed Toward Premium Bonds

The premium bond idea for financing the Government during the war period and which was touched upon in this column last week is being strongly advocated by Edward L. Andrews, counsel for the Corporation of Foreign Bondholders of New York. Besides the premium idea, Mr. Andrews suggests issuing the bonds to mature serially in three, six and nine years. In a letter to Governor Strong, of the New York Federal Reserve Bank, he advocates the issue of these premium bonds continuously in denominations of $1000 to $10,000, and also placing them on sale continuously. He claims the fixing of a bonus to be paid upon redemption would protect the investor against depreciation after the war. In concluding his letter, he says:

"In lieu of the strained conditions as to savings which the occasional appeals by the Government bring about, with their consequent reactionary extravagance, this system of fluid lending would produce a condition of stable thrift and would keep alive the lending power of the community."

General Lethargy in Command of Bond Market

General Lethargy took command of virtually every commission and bond house in this city yesterday, and reports from New York indicated he had taken over matters there also.

The unexpected news that Colonel House and General Bliss, our representatives at the Inter-Allied War Council, were packing up to return and file their report, before most of us realized that there had been even one session of the council, was enough under ordinary conditions to have an effect on the market, but if it had, it was either not noticeable or could have been attributed to other causes. Nothing nowadays seems to affect the market. One broker remarked yesterday that the reason is that the market is at bedrock and can only be affected one way.

Nor does the assembling of Congress seem to cut much figure. Although the President's message, which will appear today in the papers, is being looked forward to with much hope. Almost every broker feels its effect will be "bullish," although this is pure guesswork. It is generally expected that Congress will make needful, if not radical, changes in the excess profits and income tax provisions of the war revenue bill.

Financial Aspects Now and in Civil War Days

The following interesting comparison of financial and economic conditions today as compared with the situation during the dark period of the Civil War in 1861 has just been issued by Edward B. Smith & Co., 1411 Chestnut street, and brings a message of faith in the future by reasoning from the past:

"The general financial situation today in many respects reminds us of the dark period of the Civil War in 1861. As that year of panic was immediately followed by almost four years of strongly advancing stock markets and great business activity, lasting until the end of the war, it will obviously pay us to compare the two periods closely.

"In 1857 a severe panic was followed by almost three years of depression. In 1860 came improvement, which was followed by the crisis of 1861, which in turn was followed by the remarkable rise of 1862 1863 and 1864. The following average of high and low prices for three important stocks (Lackawanna, Illinois Central, New York Central) will illustrate this movement, together with the record of the New York bank clearings (in billions) and failures for the country (in millions, as follows:

	1857 Low	1859 High	1860 Low	1861 High	1862 Low	1863 High	1864 High	1865 Low	1866 Low
Average of above three stocks	79	93	83	107	151	177	123	105	
New York clearings (billions)	5	6	7	8	7	11	14	15	19
United States failures (millions)	291	64	79	207	24	7	5	17	96

"Describing this period, Senator Theodore E. Burton says:

"The great demands incident to the war and the general employment of labor caused by these demands and by the withdrawal of so large a body of men as soldiers prevented the possibility of depression. The issuance of paper money, which soon depreciated in value, made the payment of debts easier and tended to prevent bankruptcies.

"In 1861 the national treasury was weak and currency began to depreciate until gold sold at 250 in paper money in 1864. With the South separate, the total wealth and resources of the North were trifling as compared with our own of today. More discouraging still, it will be recalled that from 1861 up to the battle of Gettysburg in July, 1863, the Union armies suffered a series of depressing defeats, and it was not until 1864 that there was every definite indication of final victory. In spite of all these conditions securities advanced, as shown above, from their average low of 62 in 1861 to an average high of 177 in 1864. The rise was, of course, due to a great increase in earnings which resulted from the business activity of the country and inflation of the currency. It should be noted, however, that the average price of these securities advanced from 62 to 107 in 1862, although paper money depreciated only about 29 per cent in that year.

"What is the situation today? Let us briefly review the last ten years. In 1907 we had a severe financial panic, followed by a recovery in 1909; 1912 and 1914 were years of depression; 1915 and 1916 were years of prosperity; 1917 has witnessed a severe drop in securities, much like the one in 1861, accompanying our own entry into the great war. This ten-year movement can be easily followed in the table below showing the average high and low prices of six important stocks (Illinois Central, Pennsylvania Railroad, Southern Pacific, United States Steel, American Sugar, Anaconda Copper), together with totals of United States bank clearings (in billions), United States failures (in millions) and pig iron production (in millions of tons):

	1907 Low	1907 High	1912 High	1912 Low	1914 High	1914 Low	1916 High	1916 Low	Nov. 1917
Three railroad stocks	77	122	106	77	91	73			
Three industrials	47	82	97	64	122	57			
Six stocks average	62	110	97	65	107	65			
United States clearings	145	165	172	153	260				
United States failures	197	131	207	257	199				
Pig iron production	29	24	30	23	28				

"Our treasury is well fortified and our currency sound. Our entire banking system is strong. Labor is fully employed. Business, as during the Civil War, cannot become depressed, while labor is fully employed to fill the demands of war. In spite of higher taxes and price regulations, earnings of most industries continue very large and show immense surpluses. While railroad net earnings have decreased, due to a strict Government regulation which did not exist in the sixties, there is evident in Washington an encouraging tendency to help the railroads. The Government obviously must sustain railroad credit.

"Securities have been well liquidated and are in strong hands. Many standard stocks and bonds are at panic levels in the face of activity and profits that must continue as long as the war lasts, although unfavorable military developments may cause temporary chills and uncertainty. In this connection it is interesting to note that the English stock market is now booming, particularly the oil and rubber shares.

"During the Civil War the increase of 'greenbacks' lowered their value to forty cents in gold and this was a material factor in advancing prices. This year there is another sort of inflation—a great expansion of loans resulting from the rediscounting of commercial paper under the operation of the Federal Reserve act, the issue of nearly one billion Federal Reserve notes and the rediscounting of loans made to purchasers of Liberty Bonds—all of which is made financially safe by the vast and continually increasing supply of gold in the United States. This credit expansion may well have the same influence on prices as did the currency expansion of the Civil War period. If history repeats itself we are justified in looking forward to a period of great war inflation and rising prices such as followed 1861."

Haverford Sophs Triumph

HAVERFORD COLLEGE, Pa., Dec. 4.—The sophomores won the first of the annual interclass soccer matches here yesterday on '88 Field from their big rivals, the freshmen, by a score of 3 to 1. The score at half time was 1 to 1, but in the second half the victors had everything their own way. Kamsler, Burritt, Thorpe and Collins starred for the sophs, while Wood, McKinley and Caskey excelled for the first-year men.

Miss Hayward Outplays Cline

NEW YORK, Dec. 4.—Miss Clara Hayward, the remarkable woman billiard player, of Philadelphia, proved too clever with the cue for Harry Cline here last night and won their 18.2 balk-line match by 200 to 188. Miss Hayward's high run was forty-one and she averaged 9 2-22. Cline's high run also was forty-one. He averaged 8 12-22.

PHILADELPHIA MARKETS

GRAIN AND FLOUR

WHEAT—Receipts, 162,806 bushels. The market was steady. Quotations: Car lots, in export elevator (Government standard in operation): No. 1 northern spring wheat, $2.27; No. 1 hard winter wheat, $2.27; No. 1 durum wheat, $2.27; No. 1 hard white wheat, $2.27; No. 1 red winter wheat, $2.27; No. 1 soft red wheat, $2.25 (all of the foregoing grades 56 lb. bushel less); No. 3 do, 60 lbs., No. 4, 120 lbs., No. 2 red wheat, $2.23; No. 3 do, $2.22; No. 4 do, $2.20; No. 2 hard wheat, $2.27; No. 3 do, $2.25; No. 4 do, $2.20; No. 2 soft red wheat, $2.12; No. 3 do, $2.10; No. 4 do, $2.08. White: Wheat relatively same price as red. Mixed wheat: No. 2 wheat, nominal; No. 3 yellow, nominal; western No. 4 yellow, nominal; western No. 5 yellow, nominal.

OATS—Receipts, 79,801 bushels. The market ruled firm and for higher, due to light offerings and stronger western advices. Quotations: No. 2 white, clipped, 47@48c; standard white, $3@48c; No. 3 white, 46½@47c; No. 4 white, 45@46c.

FLOUR—Receipts, 202 bbls. and 877,720 lbs. in sacks. Spot goods were steadily held, but buyers were generally slow. In actual trade demand was mainly for forward shipment, but mill offerings were comparatively light. Following are the quotations, per 196 lbs. in wood: Winter, straight, $10.10@10.25. Kansas clear, $9.75@10.25; do, patent, $10.50@11.00; spring, first clear and $10.50@10.75; do, do, mill shipments, $9.75@10.25; do, do, patent, nominally, stat. $11.50@11.75; do, patent, mill shipment, spot, $10.85@11; do, family brands, $11@11.75; soft winter, clear and fancy patent, $11@11.75; do, straight, straight, $10.10@10.25; do, do, patent, $10.25@10.50.

RYE FLOUR sold slowly at former rates. Quotations at $9.50@$10 as to quality.

PROVISIONS

The market ruled firm with a fair demand. The quotations ranged as follows: Beef, in city packet, nominal and in extra mess, nominal; in city extra mess, nominal; in city and western India mess, nominal; smoked and pickled hams, 24@26c; smoked shoulders, 16@17c; smoked pickled shoulders, 16@17c; smoked pickled hams, 24@26