

GOSSIP OF THE STREET

FINANCIAL WORLD INDORSES
PRESIDENT'S PLEA FOR EARLY
ACTION ON TAX LEGISLATION

Investors Anxious to Have Definite Basis for Conclusions—New Freight Rates Hit War Work Gossip of the Street

TO WHAT extent the coming taxation legislation will affect stocks no one can predict until the plan crystallizes into some definite shape. There is more anxiety in financial circles over its probable effect on industries than on any other class of goods. While it is acknowledged that most of the industries are in good condition and making good profits at the present time, yet just how far the coming taxation will eat into these profits is a question. For this reason the action of President Wilson in addressing Congress on this subject and his unusual speed in the matter is hourly approved on all sides.

A stock exchange New York house not long ago sent out a compilation of the earnings and taxation of fourteen representative industrial concerns for 1917 which is rather illuminating. The earnings were given as averages, and the war taxes amounted to \$125,000,000, or almost one-half of the earnings. There is only a slight tax on taxing a business out of existence, and it is not at all likely that Congress can or will attempt to make such a tax on the present taxes on corporate earnings, but the public is very anxious.

As regards this subject a well-known downtown banker said yesterday that a wholesale merchant told him he would be safer if he should dispose of his present business, on which he was paying very heavy taxes, and invest the proceeds in securities at present prices. He said the thought of additional taxation had almost resolved him to do so, but consideration for some twenty-five faithful employees made him decide to keep on.

New Freight Rates Affect War Work

The raising of freight rates still is a frequent subject of conversation in the financial district, some leaders pointing out that it is bound to have far-reaching effects which perhaps every one looks for when the order was put out, and that it not true that a complete reorganization of rates in many of the most important materials used for war purposes.

"Rates are an index of price," he said, "the basic commodity for all steel products. The increased freight rates will add twenty to twenty-five cents a ton to the cost of anything of value, will be added through taxation."

"This will place the responsibility of a steel schedules, and will hit all the way through manufacturing, a state of iron and steel to an extent which would be impossible to compute exactly, but which must shortly be in evidence after June 20, when the new freight rates become effective."

In view of the increase in freight rates and the prospective additional new taxation, a group of men, investors who were recently bullish on steel are now in line to hold off from buying until the situation shapes itself in such a way that they can form more definite conclusions.

The Loop Ave. Service men are on this subject.

"The advance in freight rates just announced at Washington will bear heavily on raw and steel costs. With close to two tons of raw materials and supplies represented in a ton of steel, the new freight schedule means \$2 to \$3 additional per ton of finished material. While this increase does not at the rate a reduction in prices when the Government now allows to seize a proportion of the output obviously works against the putting up prices on itself. Ease of profit subject to heavy taxation, have a very different look when derived from a tax made to the general consumer."

Another week may pass before the committee of the War Industries Board and the railroads complete the data which will decide how long the industry must continue itself to war and directly contribute to war. Meanwhile, there is a summary rejection of requests of Government preparations to lay hold of the machinery of steel production."

War-Chest Drive Reveals Thrift

A party of the representatives of banking and investment houses in connection with the War-Chest have met with some strange experiences.

One whose destiny lies in the heart of the Italian colony said he wandered into a small shop. He said he considered \$50 a fair appraisement of the value of the contents. He was met by the proprietor, a fitting admirer to the surroundings according to specifications given and also for safety reasons stated. Considering he had made a mistake in intruding with such an offering and wondering how he could retreat with the lie face on the matter, this collector ventured somewhat as follows:

"Mr. ——, I was requested by Mr. Stoeckly to call on you for him and ask if you would contribute a sum to the War-Chest."

Mr. —— immediately brightened up and in his musical Italian dialect replied:

"Ah yes, I was expecting Mr. Stoeckly to come and call. Mr. Stoeckly is my good friend. Yes, I will subscribe—here he took a wallet from his pocket—this sum bill now and give my note for another \$100 for July 1st which he did."

"And," said this War-Chest solicitor, "there are hundreds of him, but no one would believe it until they go and find out for themselves."

Express Merger Received Calmly

There was very little interest manifested in the Government's plans for the reorganization of the principal express companies, and any opinions offered were to the effect that since the Government controls the postal post and the railroads it was logical that the express business should follow.

One broker remarked that the consolidation of the express business would eventually prove of great convenience to the public.

"Only a few days ago," he remarked, "a friend of mine had occasion to send a large package to an express company's office to be forwarded to a certain address. He had, for several reasons, great difficulty in having it taken from his home to the express office. There he was told the destination of the package was not in that particular express company's territory."

Consolidation will do away with inconveniences of this nature, as well as many others which are obvious to those who have occasion to patronize express companies to any great extent.

The general comment in the street over the merger of express companies was, "What will McAdoo spring on us next?"

Tax-Free Bonds Most Popular

Manager Lewis of Prather & Co., investment bankers, who is one of the committee for the war-savings stamp campaign, was saying yesterday that those enframed in the sale of war stamps find that when a man buys his first stamp more than half the battle to continue buying and saving is over. He told of a plan inaugurated a few days ago which is proving a big success. It is on the usual lottery basis, and he explained it by saying that \$1000 worth of war-savings stamps cost during the present month \$32. Eighty-three chances of \$10 each are sold, which at once dispose of \$1000 worth of stamps except the \$2.

Then for the drawings there are a number of prizes for the winners, but every one draws at least \$1 worth of stamps. The highest prize is \$50 worth of stamps and the next is \$30, etc.

There are two points gained by this plan. In the first place, the sale of \$1000 war-savings stamp is guaranteed in short order; and second, eighty-three men are started on a war-savings campaign of their own.

One of the recent developments in the bond market is the advance in the quotations for the 3½ per cent tax-free Liberty Bonds, which are now quoted around par, as compared with much lower quotations earlier in the year. It is said in the bond and investment houses that the demand for these bonds recently has been very large. Attention has also been called to the latest issue of Liberty Bonds, the 4½s, which are now quoted at a discount of nearly 3 points from the offering price. One well-known banking and investment house says the reason for this condition arises from many holders of the 4½s, especially among the wealthy classes, disposing of their 4½s to reinvest in the tax-free 3½s. This, it is said, is not through a lack of patriotism, but merely for the desire to avoid trouble in calculating what the necessary taxes should be.

An indication of the unusual demand for tax-free bonds, is the fact that in the last eight days more than \$40,000,000 of the 5 per cent tax-free Federal farm-loan bonds have been disposed of at 101 and yielding a little more than 4½ per cent to the redeemable date.

PHILADELPHIA MARKETS

GRAIN AND FLOUR

WHEAT—Receipts, 2000 bush. Market firm, quotations, reduced as follows: Our lots, in the regular standard grades—No. 1 northern spring, \$2.42; No. 1 hard winter, \$2.27; No. 2 soft winter, \$2.17; No. 2, \$2.10; soft winter, \$2.05; No. 3, \$1.85; No. 4, \$1.75; No. 5, \$1.62; No. 6, \$1.50; No. 7, \$1.40; No. 8, \$1.30; No. 9, \$1.20; No. 10, \$1.10; No. 11, \$1.00; No. 12, \$0.90; No. 13, \$0.80; No. 14, \$0.70; No. 15, \$0.60; No. 16, \$0.50; No. 17, \$0.40; No. 18, \$0.30; No. 19, \$0.20; No. 20, \$0.10; No. 21, \$0.05; No. 22, \$0.02.

Special maximum prices—only to be applied when the other grades are in short supply.

MAXIMUM—Maximum price containing

10% more than 14½ cent per bush.

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