

IRVING A. METZ

❖ ❖ P. O. BOX 452, TALLAHASSEE, FLORIDA ❖ ❖

February 24, 1945

Hon. M.S.Eccles,
Chr. of the Board,
Federal Reserve System,
Washington, D. C.

Dear Sir:

With reference to news article attached - if you want to check inflation and excessive stock market speculation, here's a suggestion that I think will do it: Tax accrued market profits as of December 31, 1945 -- thus speculators will not be so prone to bid up the prices of securities knowing that if they do not dispose of them by the end of a calendar year, they will be forced to pay taxes on paper profits.

As a matter of fact there is not 5% of the stocks quoted today that are worth in actual asset value anything like their quoted prices.

Yours very truly,


I. A. METZ

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February 27, 1945.

Mr. Irving A. Metz,
P. O. Box 452,
Tallahassee, Florida.

Dear Mr. Metz:

This is to thank you for your letter of February 24 and for your interesting suggestion for taxing accrued market profits as of December 31, 1945. Offhand, I imagine that this would be highly effective.

However, I would prefer a special wartime capital gains tax of 90 per cent that would apply not only to the stock market but to all capital assets purchased since the first of the year, or some other cut-off date, and sold within, say, a period of two years. I would reduce this rate by 10 per cent for each year that the asset is held until the present capital gains tax level is reached. I feel that the most effective case can be made with Congress for this proposal, though it is not going to be an easy matter to get Congress to act.

Sincerely yours,

M. S. Eccles,
Chairman.

ET:b

IRVING A. METZ

P. O. BOX 452, TALLAHASSEE, FLORIDA

March 5, 1945

Hon. M. S. Eccles, Chairman
Board of Governors
Federal Reserve System
Washington, 25, D. C.

Dear Mr. Eccles:

Assuming that you are open to suggestions, I offer some comment on your letter of the 27th ultimo.

Your proposed tax plan on capital gains is alright except that a professional speculator could afford to hold his stock so long as he could manipulate an advancing market, using his securities at collateral and selling "short" against the actual -- thus defeating the tax.

My suggestion of taxing accrued market profits, would deter such a market as we now have, as the speculator would be advancing the price of securities at his own expense, because as of a certain date, he would have tax liability on any accrued profit - a profit of his own making.

kind I also call your attention to the enclosed news item; it is the same of "come on" to the public that was practiced before the days of the S.E.C., and which I tho't had been ruled out. No matter how much the general public and individual participate in a stock market spree -- it is the professional stock market manipulators in the Exchanges that make the prices, whether up or down. Either way it is manipulated it is at the expense of the interior and small individual.

Something should be done to curb the current speculative fever -- someone is going to get hurt. At present market quotations, Chrysler Corporation should have assets of about four hundred million -- General Motors about one billion -- do you think either of these corporations have assets anything like these figures? And this same situation applies to 95% of stocks listed.

Yours very truly,


I. A. METZ

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March 7, 1945.

Mr. I. A. Metz,
P. O. Box 452,
Tallahassee, Florida.

Dear Mr. Metz:

I appreciate your interest and your comments on the suggestion for a special wartime capital gains tax in your letter of February 24 and March 5. Since then I have prepared and issued an explanatory statement, a copy of which I enclose.

I am passing your letters on to our economic staff to take note of your interesting suggestions.

Let me thank you also for the clipping, which I had not previously seen.

Sincerely yours,

M. S. Eccles,
Chairman.

Enclosure

ET:b

IRVING A. METZ

P. O. BOX 452, TALLAHASSEE, FLORIDA

May 5, 1945

Hon. M. S. Eccles, Chairman
Board of Governors
Federal Reserve System
Washington, D. C.

Dear Mr. Eccles:

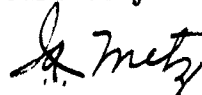
In line with previous correspondence I attach for your perusal an article appearing in current issue of "TIME", and call your particular attention to final paragraph relative to remarks of brokers.* This article is a typical "come on" for the small uninformed "would-be" speculator, who chooses to call himself an investor until he is "sheared" and finds that he has purchased quotations instead of securities.

Furthermore, it is articles of this nature that create inflation fears, and cause some people with small amounts of idle funds to enter the stock market as a supposed hedge.

I don't think any stock has increased in value to extent indicated by chart illustrated in article attached -- and whatever gains have been made in a financial way have been at the expense of the American armed forces and those who have had faith enough to purchase War Savings Bonds.

I still think something should be done to check this gambling in securities, commodities and real estate by placing such a heavy tax on accrued profits as of June 30th and December 31st of each year until such time as inflationary possibilities are no longer exist.

Yours very truly,



I. A. METZ

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* The only interest a broker has in the welfare of his customer or National consequence is ~~the~~ commission on each transaction -- whether the market advances or declines, the broker get his "take". I. A. M.

May 8, 1945.

Mr. Irving A. Metz,
P. O. Box 452,
Tallahassee, Florida.

Dear Mr. Metz:

This is to thank you for your letter of May 5 enclosing a clipping from Time Magazine, which I was interested to see. Your interest and encouragement are appreciated.

Whether the Congress is willing to take any action to curb speculation in capital assets remains to be seen, but I do not regard the outlook as very promising at the moment.

Sincerely yours,

M. S. Eccles,
Chairman.

ET:b