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April 7th, 1945

Dear Sir:

Is there inflation in today's stock prices ?

The "Financial World" writes as follows:

"The average investor fails to realize how very little inflation there has been in the stock market so far - until he recalls that, generally speaking, stock prices are not much higher than they were when the war broke out in the Fall of 1939, though since that time wholesale commodity prices have risen over 40 per cent and hourly wage rates 50 per cent.

It would seem, therefore, that since the Fall of 1939 inflation has taken place everywhere else more than it has in the stock market. Nor should it be overlooked that the greatest cause of inflation - the increase in our Government debt - has been accentuated by a 400 per cent enlargement since 1939, with a much further increase ahead."

If industry is to function it must be able to get new capital when it needs it. Shareholders should be convinced that they own very desirable properties and that they are playing an important part in advancing our economy in making their savings available to industry.

The United States never could have grown as it has in the past if a very large part of our people had not been willing to take chances. If it does not continue to grow it may not be able to provide jobs for a growing population. Peace should bring productive enterprise to sustain the real values of wealth reflected in the market place.

There is practically no war boom to liquidate in the stock market.

I have confidence in America's future.

The future is in us.

In God I trust.

Very truly yours,  
A. patriotic Investor.

April 7th, 1945

You should not overlook the facts

I.) that from average level of 5 pre-war years,  
1935-1939, industrial stocks have risen only 11%

II.) that in 1937

United States Steel	were highest	126	today	64
Standard Oil of New Jersey	" " "	76	" "	59
American Can Company	" " "	121	" "	93
American Tobacco Company	" " "	139	" "	72
Consolidated Edison	" " "	49	" "	27
General Motors	" " "	122	" "	65
Johns Manville	" " "	155	" "	110
General Electric	" " "	64	" "	42

and that in the meantime the purchasing power declined 40% .

After 3 years of war, when the war is in its last stage and victory is in sight you propose excess profit-taxes (90%) on stocks which were bought after January 1st 1945.

What about losses ?

Please keep in mind that uncertainties and sudden changes are creating widespread confusion.

Very truly yours,  
 A patriotic Investor.