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Little Hope of Reducing Taxation Burden on British Industry Seen

Chamberlain's Plea of Need of Funds to Meet Debt Redemption Disappointing to Business Men; Budget Not Too High, Belief

By Hartley Withers
Editor The Economist
Special Cable to The Tribune
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LONDON, Feb. 20.—There was nothing new or startling in the speech of King George opening Parliament. Reference to restoration of peace in Europe, expressing hope for the successful conclusion of the Russian trade agreement, a reduction of government expenditures and complete freedom of the coal trade from government control foreshadows a bill to protect the key industries.

There may be measures also dealing with unfair abnormal competition, regulating the liquor traffic, organization of the transport industry and, if possible, reformation of the House of Lords as well as other measures having no bearing on the financial world.

The House of Commons started work on the unemployment problem with a debate which shed little or no light on the subject. The general opinion is growing that maintenance of the unemployed by the state is dangerous, demoralizing and liable to abuse. It is felt that each industry should maintain its unemployed with possibly a contribution from the state. An attempt to debate the question of public economy was suppressed by the Speaker of the House as out of order. No doubt this caused little loss, as the public is sick of the endlessly repeated hot air on the subject and is determined to obtain practical results, which the government, much alarmed by the recent elections, will try hard to produce.

Sees Little Tax Relief

J. Austen Chamberlain, Chancellor of the Exchequer, answering a deputation of representing industrialists who maintain that the burden on industry will be excessive in spite of abolition of the excess profits duty, held out no hope for a reduction of the income tax and reminded his hearers that the pre-war budget of £200,000,000—representing at the present value of money £500,000,000—had been increased by the war debt service of £325,000,000 and war pensions of £125,000,000, making a total of £950,000,000 in the aggregate.

In view of this amount a reduction in income taxes would be impossible, the Chancellor contended. With regard to the rate of debt redemption, which the deputation thought could be reduced, Mr. Chamberlain observed that a certain amount of redemption was inevitable because certain securities issued during and after the close of the war carried the privilege of being presented for tax payments.

His view was that since the government was unable to borrow funds in the present high rate money market it would be obliged to redeem a certain amount of the debts. It seems probable that the contention of business men against taxation for the purpose of debt redemption is based on misapprehension of its economic effects.

Different From Other Taxes

Sir Josiah Stamp, the leading authority here on taxation problems, maintained in a recent lecture that the effect of taxation for debt redemption service is different from other taxation. Taxes for interest on the home debt are only transfers of buying power, although they may produce some dislocation and friction, he contended.

Such taxation transfers saving power and may conceivably increase it, although if too severe it runs the danger of checking production, he said. Sir Josiah also somewhat contradicted the outcry about the nation's being taxed beyond its capacity, maintaining that we might be able to just stand a budget of £1,550,000,000 if £300,000,000 of this were for redemption of the home debt.

If this high authority is correct in his argument, the government's proposed budget of £950,000,000 seems to leave considerable margin for capital purposes, although the £950,000,000 mentioned apparently does not include any provision for debt redemption, which Mr. Chamberlain presumably will provide from arrears and from the sale of war assets.

Taxes continue to come in surprising well, and the financial position of the country is gradually improving.

Industrial Outlook More Hopeful

The industrial outlook is still bud, but even here glimmers of hope are seen, with factories occasionally restarting on increased orders booked in some lines.

There is apparently no change in the Continental situation, but favorable reports are heard of a strong undertone of German industry, with the possibility of a rapid recovery once the indemnity question is settled on a reasonable basis.

There is some possibility of this happening, too, but not so much because of a more reasonable attitude among the Allies as because of a fear of the industrial consequences if German industry is too greatly stimulated to efficiency and economy by the need of producing export goods and so cutting out Allied producers in the home and neutral markets.

Contraction of the circulation of the Bank of England and treasury notes continues.

The export credits scheme seems to have been temporarily shelved, if not entirely dropped.

STATEMENTS OF ASSETS AND LIABILITIES of THE FARMERS LOAN AND TRUST COMPANY of New York, New York, at the close of business on the 31st day of December, 1920, as shown by the annual report made by the said bank, as a trust company, to the Auditor of Public Accounts of the State of Illinois, pursuant to law, and filed in the office of the said Auditor of Public Accounts on the 31st day of January, 1921:

RESOURCES		
Real estate		$3,080,000.00
Cash on hand and due from banks		37,132,144.99
Loans on real estate, being first liens thereon		1,821,250.00
Loans on pledges of securities		85,895,684.79
Stocks and bonds		51,813,587.53
Other assets, including accrued interest		47,015,371.58
Overdrafts	$13,531.74	
Overdrafts, secured	95,412.13	
		108,943.87
		$176,866,982.76
LIABILITIES		
Capital stock paid in		$5,000,000.00
Surplus on hand		10,000,000.00
Undivided profits		772,695.50
Deposits		153,863,533.19
Other liabilities:		
Reserved for taxes, interest and dividends, etc.		1,415,443.66
Acceptances		5,815,400.41
		$176,866,982.76

State of New York, County of New York, ss:
Edwin S. Marston, one of the managing officers, and Charles A. Peabody and Henry R. Taylor, two of the directors of The Farmers Loan and Trust Company, a corporation of the State of New York, being severally duly sworn, each upon his oath states:
That he makes this affidavit for the purpose of complying with the requirements of Sections 9 and 10 of an Act of the General Assembly of the State of Illinois, entitled, "An Act to Provide for and Regulate the Administration of Trusts by Trust Companies."
That the foregoing report of the said The Farmers Loan and Trust Company, on December 31st, 1920, and exhibits accompanying the same, are true and correct in all respects to the best of his knowledge and belief.

EDWIN S. MARSTON,
CHARLES A. PEABODY,
HENRY R. TAYLOR.

Subscribed and sworn to before me, this 28th day of January, 1921.
[SEAL.] R. B. KNOX, Notary Public.

Reserve Discounts and Loans Drop 122 Millions

Smaller Reductions in Deposits and Borrowings Shown in Reports From 832 Banks

From The Tribune's Washington Bureau

WASHINGTON, Feb. 20.—Aggregate reductions of about 122 millions in loans and discounts and of 148 millions in total loans and investments, accompanied by smaller reductions in deposits and in borrowings from the Federal Reserve banks, are indicated in the Federal Reserve Board's consolidated statement of condition of February 11 of 832 member banks in leading cities.

All classes of loans and discounts show substantial decreases for the week; loans secured by government obligations, by 14 millions; loans secured by stocks and bonds, by 21 millions, and other loans mainly of a commercial character, by 87 millions. For member banks in New York City corresponding reductions of 3, 19 and 40 millions are shown. As against an increase of 5 millions in Victory notes, the banks show reductions of 9 millions in United States bonds and of 14 millions in Treasury certificates, total certificates holdings of 208 millions on February 11 constituting a low record since the termination of the war. Holdings of corporate securities declined by 9 millions, the greater part in New York City.

Accommodation of the reporting banks at the Federal Reserve banks shows a decline for the week from 1,900 to 1,873 millions, or from 11.7 to 11.6 per cent of their total loans and investments. For the New York City members a reduction of accommodation at the local reserve bank from 861 to 833 millions and a decline in the ratio of accommodation from 16 to 15.7 per cent are noted.

Government deposits fell off 41 millions at all reporting banks and about 20 millions at New York City banks; net demand deposits show a total decline of 22 millions and a larger decline of 48 millions in New York City, while time deposits show a total reduction of 6 millions, as against a gain of 2 millions at the New York City banks.

Reserve balances of all reporting banks declined by 12 millions (15 millions in New York City), and cash in vault, by 19 millions (5 millions in New York City). Since December 24 vault cash of the reporting institutions has fallen off by 42 millions, or by about 12 per cent.

Equipment Bonds

(Quoted on income percentage basis.)

Name.	Rate.	Maturity.	Bid.	Ask.
Atl Coast Line	6½	1922-'36	6.80	6.20
Balt & Ohio	4½	1921-'27	7.25	6.60
Beth Steel	7	1921-'30	7.50	7.00
Boston & A.	4½	1921-'30	7.25	6.50
Buffalo R & P	4½-5	1921-'33	7.25	6.50
do	6	1921-'23	7.25	6.50
Canadian Nat.	7	1935	6.90	6.80
Canadian Nor.	4½-5-6	1924-'29	8.50	7.00
Canadian Pac.	6	1921-'32	7.15	6.40
do	4½	1921-'28	7.15	6.40
C C C & St L.	5	1921-'29	7.25	6.50
do	6	1921-'27	7.25	6.55
Ches & Ohio	6½	1924-'37	6.70	6.30
C R I & P	4½-5	1921-'27	7.50	6.75
Chi & N W	4½	1921-'23	7.25	6.50
C St L & N O.	5	1921-'24	7.25	6.50
Del & Hudson	4½	1922	6.90	6.35
Erie	4½-5	1921-'27	7.50	6.80
Frisco Con	5	1921-'22	7.75	6.75
Ill Central	4½-5	1921-'28	7.15	6.40
do	7	1925-'35	6.65	6.30
Kan City So.	5	1921-'24	7.50	6.50
Louis & Nash.	5	1921-'23	7.25	6.40
Mich Central	6	1921-'30	7.25	6.40
do	5	1921-'30	7.25	6.40
M S P & SSM.	4½-5	1921-'26	7.25	6.50
do	7	1921-'30	7.25	6.50
N Y C Lines	4½	1922-'28	7.15	6.40
do	7	1921-'35	7.10	6.20
N Y Cent R R.	4½	1922-'32	7.15	6.40
do	7	1921-'35	7.10	6.20
N Y C & St L.	4½	1921-'35	7.30	6.50
do	5	1931	6.90	6.15
N Y, N H & H.	4½-5-6	1921-'28	8.50	7.00
Norfolk & W.	4½	1921-'24	7.00	6.25
Nor Pacific	7	1921-'30	7.00	6.25
Pac Fr Exp.	7	1925-'35	6.65	6.20
Pennsylvania	4-4½	1921-'23	7.15	6.25
Pitts & L E.	6½	1921-'25	7.10	6.20
Reading Co	4½	1921-'27	7.00	6.30
Seaboard	4½-5-6	1921-'27	7.50	6.75
Southern Pac.	4½	1921-'26	7.00	6.40
Southern Ry	4½-5	1921-'26	7.10	6.50
Union Pacific	7	1924-'35	6.65	6.20
Virginian	6	1921-'30	7.10	6.40
Wabash	5	1921	11.00	8.00

The Week's Curb Market

Industrials

Sales.		High.	Low.	Last.	Net chge.
6800	*Acme Coal	¾	⅝	¾ —	⅛
300	*Acme Pack	5⅛	5	5⅛	
1700	*Aetna Expl	10	9⅝	9⅝ +	⅝
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Sales (000 omit'd).		High.	Low.	Last.	Net chge.
400	*Md Oil of D.	22	21½	22 —	3
1600	*Merritt Oil C	12¾	12	12⅝ —	⅞
3600	*Mex Eagle	25	22½	24½ +	2
37900	Mexico Oil	1⅝	1⅝	1½ —	⅝
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Standard Oil Subsidiaries

Sales.		High.	Low.	Last.	Net chge.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Other Oil Stocks

Sales.		High.	Low.	Last.	Net chge.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Mining Stocks

Sales.		High.	Low.	Last.	Net chge.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Bonds

Sales.		High.	Low.	Last.	Net chge.
125	*Am A Ch 7½s	97¼	97	97⅛ —	¼
40	*Am T & T '22	96⅝	96½	96½ —	¼
47	*do 1924	95½	95¼	95¼ —	½
25	*Anaconda 6s	86½	86¼	86½ —	⅝
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
25	*Un Tank L 7s	100⅝	100½	100½ —	⅛
70	*West Elec 7s	99	98½	98¾ +	¼

German Internal Bonds

(Quoted dollars per 1,000 marks)

Sales.		High.	Low.	Last.	Net chge.
175	Berlin 4s	16	15	15	+ 1
50	Frankfort 5s	22	22	22	
20	do 4s	18	17½	18	+ 4
10	French 4s	50	50	50	+ 1¼
25	German Gov 5s	15	14	15	
60	Hamburg 4s	15⅝	15⅝	15⅝ —	1⅞
25	do 4½s	16½	16½	16½ +	1½
10	Vienna 4s	3	3	3	

*Unlisted. †Sells cents per share.

Cold Storage Meats Increase

State Holdings Are Greatest in Frozen Lamb, Says Report

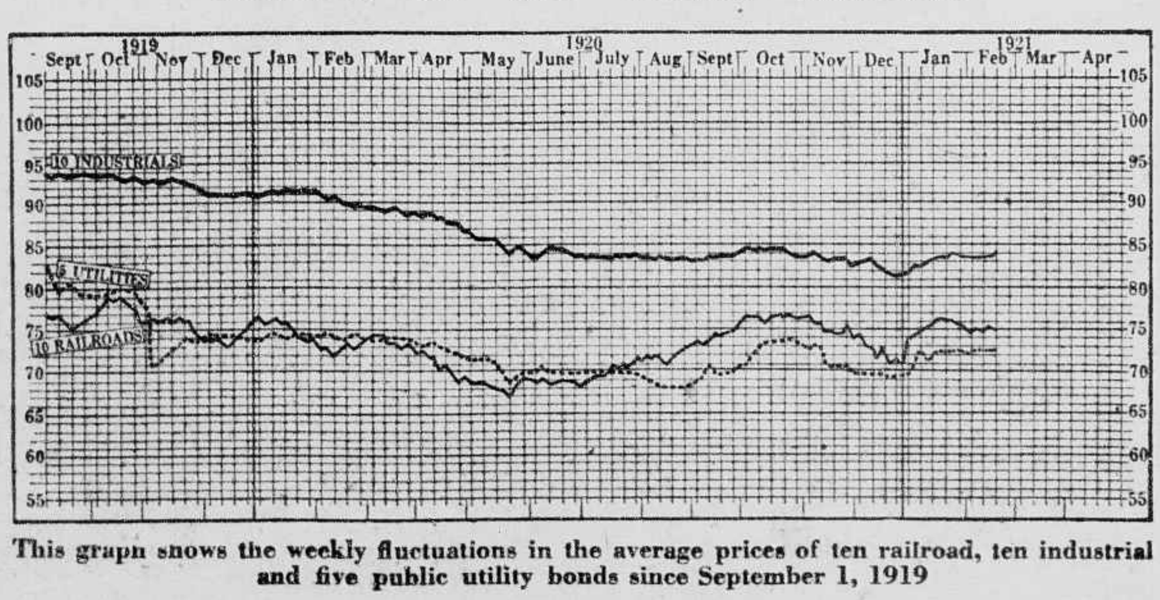
ALBANY, Feb. 20.—Cold storage holdings in the state on February 1 were much greater than on January 1, according to a report issued to-night by Eugene H. Porter, of the state division of foods and markets.

The greatest increase shown is in frozen lamb and mutton, of which, the report shows, there were more than 5,000,000 pounds in cold storage than on January 1 of this year. This is 27,000,000 pounds more than the figures for a year ago. Frozen pork shows a large increase.

The amount of frozen beef has increased nearly 1,500,000 pounds in a month, but is 21,500,000 pounds less than the amounut stored a year ago.

The quantity of butter, eggs, miscellaneous cheese, cured beef and dry salt pork has decreased.

Course of the Bond Market



This graph shows the weekly fluctuations in the average prices of ten railroad, ten industrial and five public utility bonds since September 1, 1919

Week's Bond Market

Government and Municipal Bonds

Sales.		Week's close.	1921 High.	1921 Low.
2681	U. S. Liberty 3½s	91.22	93.50	91.00
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Railway and Other Bonds

Sales.		Week's close.	1921 High.	1921 Low.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Business

THERE are daily evidences of the gradual but steady improvement of fundamental business conditions in this country. The constructive forces of progressive prosperity are gathering momentum for an ultimate general revival of business on a new and sounder basis.

During the intense industrial and commercial activity immediately following the armistice, production of commodities as a whole did not overtake demand. And the price recessions that have occurred since the peak in 1920 have been due largely to under-consumption, and not to over-production. Our shelves have gradually been getting bare of goods. Replenishment now has become necessary.

As a matter of fact, this country is under-built and must soon start construction on a large scale, which will be reflected directly or indirectly in every line of business.

More than a million new homes, it is estimated, are needed in the United States. Present State and Federal highway construction plans involve the proposed expenditure of more than a billion dollars. The railroads face the necessity of extensive construction and repairs, as well as large additions to their equipment.

And finally, we must supply the daily needs of our hundred and seven million people, who are accustomed to a high standard of living and whose per capita wealth and purchasing power are greater than those of any other nation.

In the gradual revival of business that is inevitable, this Company, with its organization of five thousand members; its capital, surplus and undivided profits of more than $60,000,000; its resources of more than $900,000,000, and its worldwide banking facilities, is prepared to render the fullest measure of service.

Guaranty Trust Company of New York

TO THE HOLDERS OF

THE NEW JERSEY STEAMBOAT COMPANY

CONSOLIDATED MORTGAGE 5% BONDS, DUE MARCH 1ST, 1921.

Receivers having been appointed for the Hudson Navigation Company (the successor corporation to The New Jersey Steamboat Company), the undersigned, who were requested by the holders of a large proportion of the above bonds to act as a Bondholders' Protective Committee, urge that all holders of the said bonds promptly deposit their bonds with The Farmers' Loan and Trust Company, 22 William Street, New York, N. Y., the Depositary under a Protective Agreement dated January 24th, 1921, whereunder the undersigned are acting as such committee. Copies of such Agreement may be obtained from the Depositary on request.

Dated New York, February 21st, 1921.

WILLIAM B. CARDOZO, New York City, Chairman. (Vice-President of The Farmers' Loan and Trust Company.)
WILLIAM H. HAYS, New York City. (Of Tate & Hays, Members of the New York Stock Exchange.)
CHARLES M. ENGLIS, New York City. (Of John Englis & Son, Shipbuilders.)
LOUIS M. GREER, New York City.
FRANK P. McCARTHY, Troy, N. Y.
BEEKMAN WINTHROP, New York City. (Of Robert Winthrop & Company.)

MANSFIELD FERRY, Counsel.
P. C. BEARDSLEE, Secretary, 22 William Street, New York, N. Y.

The National Provincial and Union Bank of England, Ltd.

$5=£1

Subscribed Capital	$199,671,600
Paid-up Capital	39,034,320
Reserve Fund	36,195,205

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VALUATION AND OPERATING EFFICIENCY

Many American Buyers To Reach Berlin Soon

Special Cable to The Tribune
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BERLIN, Feb. 20.—A large number of American buyers are expected in Berlin within the next few weeks, according to press reports here. These say that a Berlin agency, representing many American firms, has sent out notices to German manufacturers. Offers of goods are solicited, but on the express condition that the prices strictly conform to the German home prices.

The Berlin press, however, points out that this stipulation would deprive the German manufacturers of all advantages in the exchange rate and warns them that the government bureau controlling foreign trade would not permit exports under such conditions. It is charged that such an arrangement would be highly injurious to the country's general economic interests.