tage. Municipal purchases might be expanded if tax exemption were assured, and apprehension of Federal Government tampering with the tax-exempt feature relieved. The investment in municipal bonds can be increased only if companies require tax exemption. This implies a level of underwriting income sufficiently high to encourage purchase of tax-exempt income securities. The only really important factor in deciding whether municipal bonds should be acquired is the profit position of the company. There certainly is no incentive to buy municipals when no tax liability exists.

The independent companies noted that the biggest factor that would contribute to the expansion of investments in these securities would be an increase in underwriting profits. Profitability is the big factor since this influences the attractiveness of the investment in tax-exempt securities. Other items that would affect this would be more attractive yields and a deterioration in common stock as an investment.