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**T**HE inter-Government debt situation and the tax reduction question in connection with the new revenue bill were the leading topics in finance during the last month.

The United States Treasury on Dec. 15, 1925, received payments aggregating \$95,253,371.85 from seven foreign Governments on account of their funded indebtedness to the United States. The entire amount will be applied toward the reduction of the public debt. The Governments making payments were Great Britain, Belgium, Czechoslovakia, Finland, Hungary, Lithuania and Poland. Two of the nations making payments—Belgium and Czechoslovakia—negotiated debt-funding agreements with the United States that have not yet been ratified by Congress.

The New York Federal Reserve Bank advanced its rediscount rate from  $3\frac{1}{2}$  to 4 per cent. on Jan. 7, 1926. The rate had been lowered from 4 to  $3\frac{1}{2}$  per cent. on June 12, 1924. The increase was regarded as of no immediate importance, because the effect of such an increase had been largely discounted in December, when it was expected to follow the increase in the Bank of England rate to 5 per cent. The change placed the New York rate on a parity with that prevailing in the eleven other centres of the Federal Reserve system. The advance in the rate was made when the usual seasonal conditions were bringing about easier conditions in the money market. The renewal rate on call loans had fallen from 6 to 4 per cent. and rates on time money had just become slightly easier. Thus the advance had no apparent relation to conditions in the money market at the moment. As a result of the increase in the rediscount rate the buying rate on acceptances in the New York district was advanced  $\frac{1}{4}$  per cent. on all maturities.

Gross earnings of Federal Reserve Banks increased \$3,500,000, to \$41,800,000, in 1925, as compared with 1924, while current expenses during last year amounted to \$27,500,000, or \$900,000 less than the year before.

There was a turnover in checks in the United States of \$512,063,011.279 in 1925, which compared with \$455,769,342,491 in 1924, which was the record until the total established last year superseded it. Before that 1920 held the record in exchange of checks.

During 1925 member banks of the Federal Reserve system in the leading cities increased their total loans and investments by \$1,100,000,000, to \$19,700,000,000, a larger total than at any previous time. There was little change for the year in net demand deposits of these banks, while their time deposits increased by \$500,000,000.

Customs receipts set a new high mark for the six months from June to the end of last year, with a total income of \$292,621,815, or approximately \$43,000,000 more than the record established in the half year ended Dec. 31, 1923. Only 55 per cent. of these receipts were collected at New York, as contrasted with 75 per cent. of all custom receipts collected there several years ago. Decreases were also shown in Boston and Philadelphia.

Imports into the United States in November were valued at \$378,000,000, while exports were valued at \$448,000,000, providing a favorable balance of trade of \$70,000,000.

For the first eleven months of 1925 exports were \$4,441,000,000, compared with \$4,145,000,000 for the corresponding period in 1924, and imports were \$3,831,000,000, as contrasted with \$3,276,000,000 for the first eleven months of 1924.

Net operating income of Class 1 railroads for November, as announced on Jan. 6, amounted to \$106,924,330. That was at an annual rate of slightly less than  $5\frac{1}{2}$  per cent. on the Interstate Commerce Commission valuation and of 4.82 per cent. on property investment on the book value of the carriers.

#### RAILROAD INCOME GAIN

Net operating income for the first eleven months of 1925 aggregated \$1,041,689,000, compared with \$899,666,000 during the corresponding period of 1924. The increase was due to a gain in freight traffic of approximately 6 per cent. and to additional economy and efficiency in operation. Gross operating revenue for the eleven months was \$5,661,646,000, compared with \$5,481,488,000 in the first eleven months of the preceding year. Gross revenue for November amounted to \$532,746,000, compared with \$505,797,650, and operating expenses were \$384,461,770, contrasted with \$374,359,595.

Twenty-one roads operated at a loss during November, of which fourteen were in the Eastern