



BY FRANCIS H. SISSON, PROMINENT AMERICAN FINANCIER

THE funding of the French debt to the United States Government was the outstanding fiscal event of the last month, which was replete with interesting financial developments. Among the other noteworthy happenings were the ratification of the Italian and Belgian and lesser debt agreements by the United States Senate, the adoption of a budget by France finally for the current fiscal year, the reduction of the rediscount rate by the New York Federal Reserve Bank, and a brief, but not serious, run on some banks in Cuba. The strike in Great Britain has not had pronounced effect in the financial world up to this writing (a few days after the inauguration of the strike), but the uncertainties of the situation reduced sales on the New York Stock Exchange on May 5 to 658,763 shares, the smallest volume of business since Oct. 29, 1924, and on the same day French and Belgian exchange broke to their lowest levels. There was also slight reaction in some commodity prices. In this connection, it should be remembered that the United Kingdom is by far the largest foreign customer of the United States. Out of total exports from this country in 1925, valued at almost \$5,000,000,000, the United Kingdom took more than \$1,000,000,000 worth, or about 21 per cent.

The reduction of the rediscount rate by the Federal Reserve Bank of New York from 4 to 3 1-2 per cent. on April 22 was a prompt recognition of the further easing that had developed in the money market.

The annual report of the Federal Reserve Board, made public on April 11, outlined the policy which was generally accepted as sounding a warning to those who engage in major speculative operations that future policies will be so shaped as to discourage, through the control exercised by the Reserve Banks and the Reserve Board over discount rates and credits extended to member banks, any tendency toward operations in the stock market that threaten the orderly development of business.

The decision to increase the rate of the New York Reserve Bank to 4 per cent. was, the report stated, withheld until Jan. 3, because there had been no speculation in the commodity markets, despite the upward climb in security values, a

somewhat unusual occurrence, and it was not desired to make credit more costly to this country, thus unbalancing the international situation simply because security loans had reached unusual proportions.

BANK CREDIT TO ENGLAND

Benjamin Strong, Governor of the New York Federal Reserve Bank, appeared before the House Committee on Banking and Currency on April 12 and defended the Federal Reserve System's existence, justified the continuance of the so-called war powers, and told the committee that not only had the system the right to engage in certain foreign transactions to which reference had been made, but that it was good policy to do so. In this way, also, he justified the granting in May, 1925, of a 200,000,000 credit to the Bank of England, of which, he said, nothing has thus far been actually advanced. Governor Strong declared that the system was not created to aid any one industry or class, but to help all alike, and he included in his list of general beneficiaries the producers and consumers, the importers and the exporters. He added that one of the biggest things the system could do was to safeguard our markets abroad by the granting of credits with which our foreign customers could buy American surpluses. Great Britain, he pointed out, was a large buyer of our exports, particularly of cotton, adding that there was no better way for us to maintain our foreign markets than to stabilize the exchange so that the American seller would know the value of the exchange in which he was being paid, and the way also opened for the sale of his products. The \$200,000,000 credit, which was placed at the disposal of the Bank of England for two years from May, 1925, was not to be taken as a precedent, Governor Strong asserted.

U. S. STEEL DIVIDEND

The common stock of the United States Steel Corporation was placed on a regular 7 per cent. annual dividend basis at a meeting of the Board of Directors on April 27. Since the first quarter

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