

REPORT OF THE WORLD WAR FOREIGN DEBT COMMISSION.

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MESSAGE

FROM

THE PRESIDENT OF THE UNITED STATES,

TRANSMITTING

A LETTER FROM THE SECRETARY OF THE TREASURY SUBMITTING A COPY OF THE REPORT OF THE WORLD WAR FOREIGN DEBT COMMISSION DATED MAY 2, 1923, TOGETHER WITH A COPY OF THE AGREEMENT REFERRED TO THEREIN PROVIDING FOR THE SETTLEMENT OF THE INDEBTEDNESS OF THE REPUBLIC OF FINLAND TO THE UNITED STATES OF AMERICA, AND THE LETTER OF APPROVAL OF PRESIDENT HARDING.

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JANUARY 16, 1924.—Read, referred to the Committee on Finance, and ordered to be printed.

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*To the Congress of the United States:*

I am submitting herewith for your consideration a copy of the report of the World War Foreign Debt Commission, dated May 2, 1923, together with a copy of the agreement referred to therein, providing for the settlement of the indebtedness of the Republic of Finland to the United States of America. The agreement was executed on May 1, 1923, with the approval of President Harding, subject to the approval of Congress pursuant to authority conferred by act of Congress approved February 9, 1922, as amended by act of Congress approved February 28, 1923.

I recommend the approval and authorization of this agreement  
CALVIN COOLIDGE.

THE WHITE HOUSE, *January 16, 1924.*

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WORLD WAR FOREIGN DEBT COMMISSION,  
*Washington, January 14, 1924.*

MY DEAR MR. PRESIDENT: I beg to call your attention to a report of the World War Foreign Debt Commission, dated May 2, 1923, and

to the agreement referred to therein providing for the settlement of the indebtedness of the Republic of Finland to the United States of America. Copies of the report of the commission and of the agreement are inclosed herewith.

In accordance with the suggestion contained in the last paragraph of the report of the commission, President Harding duly indorsed his approval on the two counterparts of the agreement on May 3, 1923, and returned them to me by letter bearing the same date, copy of which is also inclosed herewith.

It is assumed that you will desire to submit the agreement to Congress for its consideration and approval. With the thought that it may prove of assistance, I am taking the liberty of inclosing herewith a form of communication addressed to Congress, which you may find appropriate.

The Treasury will be happy to furnish any further information or assistance which you may desire.

Faithfully yours,

A. W. MELLON,  
*Secretary of the Treasury and  
Chairman of the World War Foreign Debt Commission.*

The PRESIDENT,  
*The White House.*

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THE WHITE HOUSE,  
*Washington, May 3, 1923.*

MY DEAR MR. SECRETARY: I am returning herewith two copies of the agreement entered into by the Government of the Republic of Finland in arranging for the settlement of its indebtedness to the Government of the United States. In so much as the settlement is along the line of the agreement made with Great Britain I am very sure that the Congress will promptly give its sanction immediately upon the settlement being called to its attention.

I am glad to convey my commendation to the World War Foreign Debt Commission for bringing about this early and wholly satisfactory adjustment.

Very truly yours,

WARREN G. HARDING.

Hon. A. W. MELLON,  
*Secretary of the Treasury, Washington, D. C.*

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WORLD WAR FOREIGN DEBT COMMISSION,  
*May 2, 1923.*

The PRESIDENT:

The World War Foreign Debt Commission, created under the act of Congress approved February 9, 1922, as amended by the act of Congress approved February 28, 1923, having received the representative appointed by the Government of the Republic of Finland to consider the funding of the obligations of that Government arising out of the World War and held by the United States, reports as follows:

The Government of the Republic of Finland designated as its representative Mr. Axel Astrom, envoy extraordinary and minister plenipotentiary at Washington, who conferred with the commission in Washington and presented in full the financial and economic situation in Finland, emphasizing particularly the burden imposed upon his Government in making payments to this country by reason of the existing adverse exchange. After full consideration by the commission of the problems involved in funding the debt of Finland to the United States, the minister stated that he would be willing to enter into an arrangement on behalf of his Government, subject to ratification by the Parliament of Finland, to fund the obligations in question on the basis of the terms recently agreed upon between this country and Great Britain; the total amount of the indebtedness to be determined as of December 15, 1922, accrued interest to that date on obligations held being computed at 4½ per cent per annum, repayment of the indebtedness so determined to be provided for by the issue, at par, as of that date, of bonds in the principal amount of \$9,000,000, and the immediate payment in cash of any amount found to be due over and above that figure. This proposal was accepted by the commission, subject to your approval and that of Congress by act or joint resolution.

A form of agreement, setting forth in detail a settlement upon the above terms, was thereupon prepared by the commission and presented to the minister in order that he might communicate with his Government with a view to obtaining its ratification by the Parliament of Finland before its April adjournment. Thereafter, the commission was advised by the minister that the Parliament of Finland, on April 10, 1923, had passed a bill authorizing a funding of the debt upon substantially the terms submitted, and that he accordingly was in a position to sign, on behalf of his Government, an agreement in the form prepared by the commission.

On April 16, 1923, at a meeting of the commission held at the office of the commission, room 272, Treasury Building, Washington, D. C., at 9.30 o'clock a. m., at which all members of the commission were present throughout the meeting, the following resolution was unanimously adopted:

*Resolved*, That the Secretary of the Treasury as chairman of the World War Foreign Debt Commission, with the approval of the President and subject to the approval of Congress, be, and hereby is, authorized and directed to execute for the commission, on behalf of the Government of the United States of America, an agreement with the Government of the Republic of Finland providing for the funding of the indebtedness of that Government to the Government of the United States of America substantially in the form agreed upon by the commission under the terms of the act of Congress approved February 9, 1922, as amended by the act of Congress approved February 23, 1923.

I have accordingly executed for the commission and on behalf of the Government of the United States an agreement substantially in the form agreed upon by the commission under the applicable statutes, subject to your approval and that of Congress. I have the honor to hand you herewith for your approval the agreement executed in two counterparts, and one copy thereof for your records.

The commission believes that a settlement of the debt of the Government of the Republic of Finland to the United States on

the basis specified is fair and just to both Governments, and unani-  
mously recommends for submission to Congress the terms embodied  
in the agreement herewith.

I should appreciate it if after indorsing your approval on the two  
counterparts of the agreement you would return them to me in  
order that I may transmit one copy to the Minister of Finland and  
the other to the Treasurer of the United States, to be held pending  
such action as Congress may see fit to take in the matter.

Respectfully submitted.

A. W. MELLON,

*Secretary of the Treasury and Chairman of the Commission.*

AGREEMENT, MADE THE FIRST DAY OF MAY, 1923, AT THE CITY OF  
WASHINGTON, DISTRICT OF COLUMBIA, BETWEEN THE GOVERN-  
MENT OF THE REPUBLIC OF FINLAND, HEREINAFTER CALLED  
FINLAND, PARTY OF THE FIRST PART, AND THE GOVERNMENT OF  
THE UNITED STATES OF AMERICA, HEREINAFTER CALLED THE  
UNITED STATES, PARTY OF THE SECOND PART.

Whereas Finland is indebted to the United States as of December  
15, 1922, upon obligations maturing June 30, 1921, in the aggregate  
principal amount of \$8,281,926.17, together with interest accrued  
and unpaid thereon; and

Whereas Finland desires to fund said indebtedness to the United  
States, both principal and interest, through the issue of bonds to the  
United States, and the United States is prepared to accept bonds  
from Finland upon the terms and conditions hereinafter set forth;

Now, therefore, in consideration of the premises and of the mutual  
covenants herein contained, it is agreed as follows:

1. *Amount of indebtedness.*—The amount of the indebtedness to be  
funded, after allowing for cash payments made or to be made by  
Finland, is \$9,000,000, which has been computed as follows:

Principal amount of obligations to be funded.....	\$8, 281, 926. 17
Interest accrued thereon from June 30, 1919, and June 1, 1920, respectively, to December 15, 1922, at the rate of 4½ per cent per annum....	\$1, 027, 389. 10
Less—Payment in cash made by Finland March 8, 1923, on account of interest.....	300, 000. 00
	727, 389. 10
Total principal and interest, accrued and unpaid, as of December 15, 1922.....	9, 009, 315. 27
To be paid in cash by Finland, May 1, 1923.....	9, 315. 27
Total indebtedness to be funded into bonds.....	9, 000, 000. 00

2. *Repayment of principal.*—In order to provide for the repayment  
of the indebtedness thus to be funded, Finland will issue to the  
United States at par, as of December 15, 1922, bonds of Finland in  
the aggregate principal amount of \$9,000,000, dated December 15,  
1922, and maturing serially on each December 15 in the succeeding  
years for 62 years, in the amounts and on the several dates fixed in  
the following schedule:

December 15—		December 15—	
1923	\$45,000	1955	\$128,000
1924	45,000	1956	131,000
1925	47,000	1957	136,000
1926	49,000	1958	141,000
1927	50,000	1959	146,000
1928	52,000	1960	151,000
1929	53,000	1961	156,000
1930	55,000	1962	162,000
1931	55,000	1963	167,000
1932	58,000	1964	173,000
1933	62,000	1965	179,000
1934	62,000	1966	185,000
1935	65,000	1967	192,000
1936	67,000	1968	199,000
1937	69,000	1969	206,000
1938	71,000	1970	213,000
1939	74,000	1971	220,000
1940	76,000	1972	228,000
1941	79,000	1973	236,000
1942	82,000	1974	244,000
1943	84,000	1975	253,000
1944	87,000	1976	262,000
1945	90,000	1977	271,000
1946	93,000	1978	280,000
1947	96,000	1979	290,000
1948	100,000	1980	301,000
1949	103,000	1981	312,000
1950	107,000	1982	322,000
1951	110,000	1983	333,000
1952	114,000	1984	345,000
1953	118,000		
1954	122,000		
		Total	9,000,000

*Provided, however,* That Finland may at its option, upon not less than 90 days' advance notice to the United States, postpone any payment falling due as hereinabove provided to any subsequent June 15 or December 15 not more than two years distant from its due date, but only on condition that in case Finland shall at any time exercise this option as to any payment of principal, the payment falling due in the next succeeding year can not be postponed to any date more than one year distant from the date when it becomes due unless and until the payment previously postponed shall actually have been made, and the payment falling due in the second succeeding year can not be postponed at all unless and until the payment of principal due two years previous thereto shall actually have been made.

All bonds issued or to be issued hereunder to the United States shall be payable to the Government of the United States of America, or order, shall be issued in such denominations as may be requested by the Secretary of the Treasury of the United States, and shall be substantially in the form set forth in the exhibit hereto annexed and marked "Exhibit A." The \$9,000,000 principal amount of bonds first to be issued hereunder shall be issued in 62 pieces, in denominations and with maturities corresponding to the annual payments of principal hereinabove set forth.

3. *Payment of interest.*—All bonds issued or to be issued hereunder shall bear interest, payable semiannually on June 15 and December 15 in each year, at the rate of 3 per cent per annum from December 15, 1922, to December 15, 1932, and thereafter at the rate of 3½ per cent per annum until the principal thereof shall have been paid.

4. *Method of payment.*—All bonds issued or to be issued hereunder shall be payable, as to both principal and interest, in United States gold coin of the present standard of value, or, at the option of Finland, upon not less than 30 days' advance notice to the United States, in any bonds of the United States issued after April 6, 1917, to be taken at par and accrued interest to the date of payment hereunder: *Provided, however,* That Finland may at its option, upon not less than 90 days' advance notice to the United States, pay up to one-half of any interest accruing between December 15, 1922, and December 15, 1927, on the \$9,000,000 principal amount of bonds first to be issued hereunder, in bonds of Finland dated and bearing interest from the respective dates when the interest to be paid thereby becomes due, with maturities arranged serially to fall on each December 15 in the succeeding years up to December 15, 1984, substantially in the manner provided for the original issue in paragraph 2 of this agreement, and substantially similar in other respects to the original issue of bonds under this agreement.

All payments, whether in cash or in bonds of the United States, to be made by Finland on account of the principal or interest of any bonds issued or to be issued hereunder and held by the United States, shall be made at the Treasury of the United States in Washington, or, at the option of the Secretary of the Treasury of the United States, at the Federal Reserve Bank of New York, and if in cash shall be made in funds immediately available on the date of payment, or if in bonds of the United States shall be in form acceptable to the Secretary of the Treasury of the United States under the general regulations of the Treasury Department governing transactions in United States bonds.

5. *Exemption from taxation.*—The principal and interest of all bonds issued or to be issued hereunder shall be paid without deduction for, and shall be exempt from, any and all taxes or other public dues, present or future, imposed by or under authority of Finland or any political or local taxing authority within the Republic of Finland, whenever, so long as, and to the extent that beneficial ownership is in (a) the Government of the United States, (b) a person, firm, or association neither domiciled nor ordinarily resident in Finland, or (c) a corporation not organized under the laws of Finland.

6. *Payments before maturity.*—Finland may at its option, on any interest date or dates, upon not less than 90 days' advance notice to the United States, make advance payments in amounts of \$1,000 or multiples thereof, on account of the principal of any bonds issued or to be issued hereunder and held by the United States. Any such advance payments shall first be applied to the principal of any bonds which shall have been issued hereunder on account of interest accruing between December 15, 1922, and December 15, 1927, and then to the principal of any other bonds issued or to be issued hereunder and held by the United States, as may be indicated by Finland at the time of the payment.

7. *Exchange for marketable obligations.*—Finland will issue to the United States at any time, or from time to time, at the request of the Secretary of the Treasury of the United States, in exchange for any or all of the bonds issued or to be issued hereunder and held by the United States, definitive engraved bonds in form suitable for sale to the public, in such amounts and denominations as the Secretary

of the Treasury of the United States may request, in bearer form, with provision for registration as to principal, and/or in fully registered form, and otherwise on the same terms and conditions, as to dates of issue and maturity, rate or rates of interest, exemption from taxation, payment in bonds of the United States issued after April 6, 1917, and the like, as the bonds surrendered on such exchange. Finland will deliver definitive engraved bonds to the United States in accordance herewith within six months of receiving notice of any such request from the Secretary of the Treasury of the United States, and pending the delivery of the definitive engraved bonds will, at the request of the Secretary of the Treasury of the United States, deliver temporary bonds or interim receipts in form satisfactory to the Secretary of the Treasury of the United States within 30 days of the receipt of such request, all without expense to the United States. The United States, before offering any such bonds or interim receipts for sale in Finland, will first offer them to Finland for purchase at par and accrued interest, and Finland shall likewise have the option, in lieu of issuing any such bonds or interim receipts, to make advance redemption, at par and accrued interest, of a corresponding principal amount of bonds issued or to be issued hereunder and held by the United States. Finland agrees that the definitive engraved bonds called for by this paragraph shall contain all such provisions, and that it will cause to be promulgated all such rules, regulations, and orders as shall be deemed necessary or desirable by the Secretary of the Treasury of the United States in order to facilitate the sale of the bonds in the United States, in Finland, or elsewhere, and that if requested by the Secretary of the Treasury of the United States it will use its good offices to secure the listing of the bonds on the stock exchange in Helsingfors.

8. *Cancellation and surrender of demand obligations.*—Upon the execution of this agreement, the payment to the United States of cash in the sum of \$9,315.27 as provided in paragraph 1 of this agreement, and the delivery to the United States of the \$9,000,000 principal amount of bonds of Finland first to be issued hereunder, together with satisfactory evidence of authority for the execution of the agreement and the bonds on behalf of Finland by its envoy extraordinary and minister plenipotentiary at Washington, the United States will cancel and surrender to Finland, at the Treasury of the United States in Washington, the obligations of Finland in the principal amount of \$8,281,926.17, described in the preamble to this agreement.

9. *Notices.*—Any notice, request, or consent under the hand of the Secretary of the Treasury of the United States shall be deemed and taken as the notice, request, or consent of the United States, and shall be sufficient if delivered at the legation of Finland at Washington or at the office of the minister of finance in Helsingfors; and any notice, request, or election from or by Finland shall be sufficient if delivered to the American Legation at Helsingfors or to the Secretary of the Treasury at the Treasury of the United States in Washington. The United States in its direction may waive any notice required hereunder, but any such waiver shall be in writing and shall not extend to or affect any subsequent notice or impair any right of the United States to require notice hereunder.

10. *Compliance with legal requirements.*—Finland represents and agrees that the execution and delivery of this agreement and of the

bonds issued or to be issued hereunder have in all respects been duly authorized and that all acts, conditions, and legal formalities which should have been completed prior to the making of this agreement and the issuance of bonds hereunder have been completed as required by the laws of Finland and in conformity therewith.

11. *Counterparts*.—This agreement shall be executed in two counterparts, each of which shall have the force and effect of an original.

In witness whereof Finland has caused this agreement to be executed on its behalf by its envoy extraordinary and minister plenipotentiary at Washington, thereunto duly authorized, and the United States has likewise caused this agreement to be executed on its behalf by the Secretary of the Treasury, as chairman of the World War Foreign Debt Commission, with the approval of the President, all on the day and year first above written, subject, however, to the approval of Congress, pursuant to the act of Congress approved February 9, 1922, as amended by the act of Congress approved February 28, 1923, notice of which approval, when given by Congress, will be transmitted in due course by the Secretary of the Treasury of the United States to the legation of Finland at Washington.

THE GOVERNMENT OF THE REPUBLIC OF FINLAND,  
[SEAL.] L. ASTROM,  
*Envoy Extraordinary and Minister Plenipotentiary.*

THE GOVERNMENT OF THE UNITED STATES OF AMERICA.  
For the commission:  
[SEAL.] By A. W. MELLON,  
*Secretary of the Treasury, and Chairman of the  
World War Foreign Debt Commission.*

Approved:  
WARREN G. HARDING, *President.*

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EXHIBIT A.

(Form of bond.)

THE GOVERNMENT OF THE REPUBLIC OF FINLAND.

Sixty-two year 3-3¼ per cent gold bond, dated December 15, 1922—maturing  
December 15, . \$ . No.

The Government of the Republic of Finland, hereinafter called Finland, for value received, promises to pay to the Government of the United States of America, hereinafter called the United States, or order, on the 15th day of December, , the sum of dollars (\$ ), and to pay interest upon said principal sum semiannually on the fifteenth day of June and December in each year, at the rate of three per cent per annum from December 15, 1922, to December 15, 1932, and at the rate of three and one-half per cent per annum thereafter until the principal hereof shall have been paid. This bond is payable as to both principal and interest in gold coin of the United States of America of the present standard of value, or, at the option of Finland, upon not less than thirty days' advance notice to the United States, in any bonds of the United States issued after April 6, 1917, to be taken at par and accrued interest to the date of payment hereunder. This bond is payable as to both principal and interest without deduction for, and is exempt from, any and all taxes and other public dues, present or future, imposed by or under authority of Finland or any political or local taxing authority within the Republic of Finland, whenever,

so long as, and to the extent that, beneficial ownership is in (a) the Government of the United States; (b) a person, firm, or association neither domiciled nor ordinarily resident in Finland, or (c) a corporation not organized under the laws of Finland. This bond is payable as to both principal and interest at the Treasury of the United States in Washington, D. C., or, at the option of the Secretary of the Treasury of the United States, at the Federal Reserve Bank of New York.

This bond is issued under an agreement, dated May 1, 1923, between Finland and the United States, to which this bond is subject and to which reference is made for a further statement of its terms and conditions.

In witness whereof, Finland has caused this bond to be executed in its behalf at the city of Washington, District of Columbia, by its envoy extraordinary and minister plenipotentiary at Washington, thereunto duly authorized.

THE GOVERNMENT OF THE REPUBLIC OF FINLAND.

By \_\_\_\_\_,  
*Envoy Extraordinary and Minister Plenipotentiary.*

Dated, DECEMBER 15, 1922.

(Back.)

The following amounts have been paid upon the principal amount of this bond:

Date.	Amount paid.
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