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SENATE.

{ REPORT  
No. 400.

## REFUNDING OF OBLIGATIONS OF FOREIGN GOVERNMENTS.

JANUARY 16, 1922.—Ordered to be printed.

Mr. McCUMBER, from the Committee on Finance, submitted the following

### REPORT.

[To accompany H. R. 8762.]

The Committee on Finance, to whom was referred the bill (H. R. 8762) to create a commission authorized under certain conditions to refund or convert obligations of foreign Governments owing to the United States of America, and for other purposes, having had the bill under consideration, reports favorably thereon with amendments, and, as amended, recommends that the bill do pass.

### THE BILL.

Section 1 of the bill provides for the creation of a World War foreign debt commission.

The commission is to consist of five members, one of whom shall be the Secretary of the Treasury, who shall serve as chairman. The other four members are to be appointed by the President, by and with the advice and consent of the Senate. The only change made in section 1 of the House bill is the requirement that all the members of the commission except the Secretary of the Treasury shall be confirmed by the Senate. The House bill required confirmation by the Senate of all members of the commission except Cabinet officers.

Section 2 of the bill gives the commission, with the approval of the President, authority to refund or convert, and to extend the time of payment of the principal or the interest, or both, of any obligations of any foreign Government now owing to the United States, or any obligation of any foreign Government hereafter re-

ceived by the United States (including obligations held by the United States Grain Corporation, the War Department, the Navy Department, or the American Relief Administration), arising out of the World War, into bonds or other obligations of such foreign Government in substitution for those now or hereafter held by the United States.

The section also provides that the obligations received under its provisions shall be in such form and of such terms, conditions, date or dates of maturity, and rate or rates of interest, and with such security, if any, as shall be deemed for the best interests of the United States. The section also imposes a limitation upon the power of the commission not contained in the House bill, by providing that the date of maturity of any bonds or obligations due the United States by any foreign Government shall not extend beyond June 15, 1947.

Section 2 also authorizes the commission, with the approval of the President, to adjust and settle any and all claims, not now represented by bonds or obligations, which the United States now has or hereafter may have against any foreign Government and to accept securities therefor.

Section 3 specifically states that no authority is given to cancel any part of the indebtedness of any foreign Government to the United States.

Section 3 also specifically states that no authority is given to accept in substitution for existing indebtedness the obligations of countries other than the debtor countries.

Section 4 limits the authority granted by this act to three years from its passage.

Section 5 provides for the annual report of the commission.

#### THE FINANCIAL CONDITION OF THE DEBTOR NATIONS.

The necessity for the exercise of clemency in the matter of extension of the time of the payment of the principal and past-due interest becomes apparent the moment we survey the financial condition of the countries to whom we have made war advances.

It must be remembered that some of these debtor nations were bearing the brunt of the conflict and devastation for three years before we entered the war and that the war burden bears much more heavily upon them.

It must be further remembered that both France and Great Britain loaned enormous sums to their allies, the loans of the latter being about equal to the total amount loaned by the United States.

The following tables show the national debts, population, and per capita indebtedness of the United Kingdom, France, United States, and Italy; the loans to foreign Governments by France; the loans by Great Britain to her allies and Dominions; and the principal and interest owing by Great Britain, France, Italy, and Belgium to the United States:

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*National debts, population, and per capita indebtedness of the United Kingdom, France, United States, and Italy.*

National debts (converted at normal prewar value of the respective currencies):

United Kingdom.....	\$37,910,000,000
France.....	51,000,000,000
United States.....	23,922,000,000
Italy.....	18,650,000,000

Population:

United Kingdom.....	46,089,000
France.....	41,476,000
United States.....	105,683,000
Italy.....	36,740,000

Per capita indebtedness:

United Kingdom.....	822.54
France.....	1,229.62
United States.....	226.35
Italy.....	507.62

*Loans to foreign Governments by France as of June 30, 1921.*

[Converted at 5.18.]

Belgium.....	\$584,300,000		Montenegro.....	\$2,500,000
Czechoslovakia.....	106,000,000		Poland.....	208,800,000
Estonia.....	2,222,000		Rumania.....	213,000,000
Georgia.....	38,500		Russia.....	1,111,000,000
Greece.....	177,200,000		Serbia.....	300,000,000
Italy.....	9,450,000			
Latvia.....	2,220,000			2,717,888,500
Lithuania.....	1,158,000			

No interest rate has been agreed upon and no interest is being paid.

*Loans to allies and Dominions by Great Britain, Mar. 31, 1921.*

[Converted at 4.86.]

Dominions:

Australia.....	\$437,400,000
New Zealand.....	143,856,000
Canada.....	67,068,000
South Africa.....	36,450,000
Other Dominions and colonies.....	15,066,000
	\$699,840,000

Allies:

Russia.....	2,728,404,000
France.....	2,707,020,000
Italy.....	2,317,248,000
Belgium—	
(a) War.....	458,784,000
(b) Reconstruction.....	43,740,000
Serbia.....	107,406,000
Portugal, Rumania, Greece, and other allies.....	321,732,000
Relief.....	81,162,000
	8,765,496,000

Total..... 9,465,336,000

No information as to the rate of interest charged on the above loans.

*Principal and interest owing by Great Britain, France, Italy, and Belgium to the United States.*

Great Britain:		
Principal.....	\$4,166,318,358.44	
Interest.....	509,173,742.89	
		\$4,675,492,101.33
France:		
Principal.....	3,358,104,083.20	
Interest.....	358,410,444.27	
		3,716,514,527.47

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Italy:		
Principal.....	\$1,648,084,050.90	
Interest.....	202,279,732.07	
		<u>\$1,850,313,782.97</u>
Belgium:		
Principal.....	877,564,298.77	
Interest.....	42,699,698.78	
		<u>420,263,997.55</u>
Total amount due from above four debtor nations:		
Principal.....	9,550,020,791.31	
Interest.....	1,112,563,618.01	
		<u>10,662,584,409.32</u>
Total due from all other nations:		
Principal.....	600,380,514.18	
Interest.....	66,316,307.87	
		<u>666,696,822.05</u>
Percentage of total indebtedness owing to the United States by Great Britain, France, Italy, and Belgium.....		
		94.1
Percentage of total indebtedness owing by all other nations.....		
		5.9

#### FOREIGN OBLIGATIONS.

The Treasury holds \$10,150,401,305.49 of obligations of foreign Governments, distributed as follows:

##### *Obligations of foreign Governments.*

Held for advances made under the various Liberty bond acts...	\$9,434,774,829.24
Received from the Secretary of War and from the Secretary of the Navy on account of sales of surplus war materials (act of July 9, 1918).....	574,673,710.21
Received from the American Relief Administration (act of Feb. 25, 1919).....	84,093,963.55
Held by the United States Grain Corporation (act of Mar. 30, 1920).....	56,858,802.49
Total.....	<u>10,150,401,305.49</u>

The interest accrued and unpaid up to and including the last interest period upon the obligations of foreign Governments and so-called governments held by the United States amounts to \$1,178,879,925.88, and the amount of interest heretofore paid on such obligations is \$478,863,632.99. (See appendix for obligations of foreign Governments and interest on such obligations, paid and accrued and unpaid.)

#### NECESSITY FOR THE ENACTMENT OF THIS BILL.

At the present time the Treasury Department has no authority to consent to any extension of the time for payment of the principal and interest of the debts of a number of the debtor nations, and in the case of those where the debts arose from advances out of the proceeds of Liberty loan bonds the authority is to a large extent restricted.

At the present time the Treasury Department has no authority to refund, or to extend the time for the payment of the interest accrued and remaining unpaid on obligations of foreign Governments purchased by the Treasury under the Liberty bond acts, nor to refund, or convert, or to extend the time for the payment of the principal and interest due the United States under obligations of foreign

Governments, held by the United States Grain Corporation, or received by the Treasury Department from (1) the Secretary of War and from the Secretary of the Navy on account of sales of surplus war materials, or (2) the American Relief Administration.

The authority of the Treasury Department to refund or convert the obligations of foreign Governments held for advances made under the various Liberty bond acts is to a large extent restricted.

It is the opinion of your committee that the provisions of existing law are too limited to afford a satisfactory basis for the complicated refunding operations involved.

CONCLUSIONS.

Your committee believes that the proposed bill, as amended, will enable the commission, with the approval of the President, to accomplish the refunding of the foreign debt in a manner that will best protect the interests of the United States and secure the payment of the principal and interest of the debts now owing to it.

APPENDIX.

(The following is an excerpt from pages 32 to 40 of the Annual Report of the Secretary of the Treasury on the State of the Finances for the fiscal year ended June 30, 1921:)

LOANS TO FOREIGN GOVERNMENTS.

On November 15, 1921, there were held by the United States Government obligations of foreign Governments under different categories, as set out in the following statements, which show in detail the obligations of each class, the principal amount due from each country, and, in the case of loans under the Liberty bond acts, the obligations acquired under the first Liberty bond act and the obligations acquired under the second Liberty bond act, as amended and supplemented. From these statements it will be seen that the obligations purchased under the Liberty bond acts are all demand obligations and that the other classes of obligations mature at various fixed dates, beginning June 30, 1920, and extending to July 5, 1930. It is expected that the obligations held by the United States Grain Corporation (received under the act of March 30, 1920, on account of the sale of flour for relief purposes) will, in due course, be turned over to the Treasury Department, but pending the liquidation of the affairs of the corporation it still holds these obligations.

*Obligations of foreign Governments held by the Treasury for advances made under the Liberty bond acts.*

Country.	First Liberty bond act.	Second Liberty bond act as amended and supplemented.	Total under Liberty bond acts.	Present interest rate.	Maturity.
Belgium.....	\$35,000,000.00	\$312,691,566.23	\$347,691,566.23	<i>Per cent.</i> 5	Demand.
Cuba.....		8,575,000.00	8,575,000.00	5	Do.
Czechoslovakia.....		61,256,206.74	61,256,206.74	5	Do.
France.....	660,000,000.00	2,300,762,938.19	2,960,762,938.19	5	Do.
Great Britain.....	1,155,000,000.00	3,011,318,358.44	4,166,318,358.44	5	Do.
Greece.....		15,000,000.00	15,000,000.00	5	Do.
Italy.....	175,000,000.00	1,473,034,050.90	1,648,034,050.90	5	Do.
Liberia.....		26,000.00	26,000.00	5	Do.
Rumania.....		28,206,819.52	28,206,819.52	5	Do.
Russia.....	97,800,000.00	90,229,750.00	187,729,750.00	5	Do.
Serbia.....	1,500,000.00	24,675,139.22	26,175,139.22	5	Do.
Total.....	\$2,114,000,000.00	7,320,774,829.24	9,434,774,829.24	.....	

<sup>1</sup>Advances up to Sept. 24, 1917.

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Obligations received from the Secretary of War and the Secretary of the Navy on account of sales of surplus war materials (act of July 9, 1918).

Country.	Principal amount payable.	Total.	Date of obligation.	Date of maturity.	Interest rate.
					Per cent.
Belgium.....	\$19,000,000.00		Apr. 10, 1919	Apr. 10, 1922	5
	8,892,007.57		Aug. 8, 1919	Aug. 8, 1922	5
	166,483.57		Aug. 21, 1919	Aug. 21, 1922	5
	688,346.76		July 1, 1920	Apr. 9, 1930	5
	412,083.04		Aug. 1, 1920	do.	5
	399,340.64		Nov. 1, 1920	do.	5
	779,370.96		Jan. 1, 1921	do.	5
		\$29,872,732.54			
Czechoslovakia.....	5,000,000.00		May 29, 1919	June 30, 1922	5
	5,000,000.00		June 15, 1919	June 30, 1923	5
	4,902,994.94		Aug. 10, 1919	June 30, 1924	5
	2,464,950.38		Oct. 14, 1919	Oct. 14, 1922	5
	1,291,903.85		Feb. 10, 1920	Jan. 23, 1923	5
	1,962,145.87		May 1, 1920	June 30, 1925	5
		20,621,994.54			
Estonia.....	5,000,000.00		June 6, 1919	June 30, 1922	5
	5,000,000.00		June 11, 1919	June 30, 1923	5
	2,213,377.88		June 29, 1919	June 30, 1924	5
		12,213,377.88			
France.....	400,000,000.00		Aug. 1, 1919	Aug. 1, 1929	5
	774,382.59		July 5, 1920	July 5, 1930	5
	6,566,762.42		May 9, 1920	May 9, 1930	5
		407,341,145.01			
Latvia.....	2,521,869.32	2,521,869.32	June 28, 1919	June 30, 1922	5
Lithuania.....	4,159,491.96	4,159,491.96	do.	do.	5
Poland.....	10,000,000.00		June 3, 1919	do.	5
	10,000,000.00		do.	June 30, 1923	5
	10,000,000.00		July 19, 1919	June 30, 1924	5
	10,000,000.00		July 22, 1919	do.	5
	7,890,939.27		July 31, 1919	do.	5
	5,636,867.71		Oct. 1, 1919	Oct. 1, 1925	5
	3,941,803.61		Oct. 15, 1919	Oct. 15, 1925	5
	2,266,709.66		Apr. 22, 1920	Mar. 27, 1926	5
		59,636,320.25			
Rumania.....	5,000,000.00		June 27, 1919	June 30, 1922	5
	5,000,000.00		do.	June 30, 1923	5
	2,922,675.42		Aug. 13, 1919	June 30, 1924	5
		12,922,675.42			
Russia.....	406,082.30	406,082.30	Aug. 8, 1919	June 30, 1923	5
Serbs, Croats, and Slovenes.	5,000,000.00		June 13, 1919	do.	5
	5,000,000.00		Aug. 30, 1919	June 30, 1923	5
	10,000,000.00		do.	June 30, 1924	5
	50,350.28		Dec. 20, 1919	do.	5
	281,205.51		Apr. 15, 1920	Apr. 15, 1924	5
	4,646,465.20		Apr. 29, 1920	June 30, 1925	5
		24,978,020.99			
Total.....		574,673,710.21			

Obligations received from the American Relief Administration (act of Feb. 25, 1919).

Country.	Principal amount payable.	Total.	Date of obligation.	Date of maturity.	Interest rate.
					Per cent.
Armenia.....	\$3,023,412.15	\$3,023,412.15	June 30, 1919	June 30, 1921	5
Czechoslovakia.....	6,428,089.19	6,428,089.19	do.	June 30, 1923	5
Estonia.....	1,785,787.72	1,785,787.72	Aug. 11, 1919	June 30, 1921	5
Finland.....	3,289,276.98		June 30, 1919	do.	5
	4,992,649.19		July 1, 1920	do.	5
		8,281,923.17			
Latvia.....	2,610,417.82	2,610,417.82	June 30, 1919	do.	5
Lithuania.....	822,136.07	822,136.07	do.	do.	5
Poland.....	10,000,000.00		do.	do.	5
	10,000,000.00		do.	June 30, 1922	5
	81,671,749.36		do.	June 30, 1923	5
		81,671,749.36			
Russia.....	4,465,465.07	4,465,465.07	July 1, 1919	June 30, 1921	5
Total.....		84,093,963.55			

REFUNDING OF OBLIGATIONS OF FOREIGN GOVERNMENTS;

Obligations held by the United States Grain Corporation (act of Mar. 30, 1920).

Country.	Principal amount payable.	Total.	Date of obligation.	Date of maturity.	Interest rate.
Armenia.....	\$793,733.40		Nov. 23, 1919	June 30, 1921	Per cent. 5
	472,533.00		Nov. 29, 1919	do.....	5
	656,190.00		Dec. 10, 1919	do.....	5
	748,725.00		Jan. 26, 1920	do.....	5
	129,405.00		Jan. 29, 1920	do.....	5
	949,665.11		May 20, 1920	do.....	5
	181,258.83		June 17, 1920	do.....	5
		\$3,831,505.34			
Austria.....	24,055,708.92	24,055,708.92	Sept. 4, 1920	Jan. 1, 1925	6
Czechoslovakia.....	2,873,238.25	2,873,238.25	July 30, 1920	do.....	6
Hungary.....	1,685,835.61	1,685,835.61	May 29, 1920	do.....	6
Poland.....	682,147.50		Dec. 1, 1919	June 30, 1921	5
	146,632.50		Dec. 19, 1919	do.....	5
	2,146,539.37		Mar. 12, 1920	do.....	5
	961,975.89		Mar. 22, 1920	do.....	5
	1,605,665.06		Mar. 26, 1920	do.....	5
	1,054,133.66		Apr. 1, 1920	do.....	5
	804,691.99		Apr. 9, 1920	do.....	5
	637,439.67		Apr. 13, 1920	do.....	5
	313,952.37		do.....	June 30, 1920	5
	1,147,319.34		Apr. 23, 1920	June 30, 1921	5
	828,633.04		Apr. 26, 1920	do.....	5
	455,966.98		May 10, 1920	do.....	5
	769,134.29		May 12, 1920	do.....	5
	448,331.49		May 13, 1920	do.....	5
	68,553.18		May 14, 1920	do.....	5
	47,377.06		June 2, 1920	do.....	5
	30,720.85		July 7, 1920	do.....	5
	62,198.98		July 14, 1920	do.....	5
	12,111,203.15		July 13, 1920	Jan. 1, 1925	6
		24,312,514.37			
<b>Total.....</b>		<b>56,858,802.49</b>			

The interest accrued and remaining unpaid on obligations of foreign Governments purchased by the Treasury under the Liberty bond acts for the half years ending, respectively, October 15 and November 15, 1919; April 15 and May 15, 1920; October 15 and November 15, 1920; April 15 and May 15, 1921; and October 15 and November 15, 1921, is as follows:

Country.	Oct. 15 and Nov. 15, 1919.	Apr. 15 and May 15, 1920.	Oct. 15 and Nov. 15, 1920.	Apr. 15 and May 15, 1921.	Oct. 15 and Nov. 15, 1921.	Total.
Belgium.....	\$8,330,832.65	\$8,468,375.00	\$8,515,912.81	\$8,692,289.16	\$8,692,289.16	\$42,699,698.78
Czechoslovakia..	1,164,422.14	1,354,134.64	1,478,333.35	1,531,405.17	1,531,405.17	7,059,701.47
France.....	65,287,862.51	71,836,441.19	73,255,486.49	73,769,073.45	73,769,073.45	357,917,937.09
Great Britain...	101,691,907.05	101,870,458.96	101,870,458.96	101,870,458.96	101,870,458.96	509,173,742.89
Italy.....	39,050,152.83	40,442,845.74	40,765,715.11	40,820,167.12	41,200,851.27	202,279,732.07
Liberia.....		268.85	650.00	650.00	650.00	2,218.85
Rumania.....	382,818.09	625,000.00	597,302.95	580,145.49	580,145.49	2,765,412.02
Russia.....	4,713,366.30	4,685,999.25	4,693,243.75	4,693,243.75	4,693,243.75	23,479,096.80
Serbia.....	669,258.13	669,511.64	659,230.96	654,378.48	654,378.48	3,306,757.69
<b>Total.....</b>	<b>221,290,619.70</b>	<b>229,953,035.27</b>	<b>231,836,334.38</b>	<b>232,611,811.58</b>	<b>232,992,495.73</b>	<b>1,148,684,296.66</b>
Add interest accrued and remaining unpaid (in excess of certain special funds held in the Treasury to be applied on account of interest due May 15, 1918, and Nov. 15, 1918) on Russian obligations for half year ending Nov. 15, 1918, and half years ending Apr. 15, 1919, and May 15, 1919.....						6,817,885.25
<b>Total.....</b>						<b>1,155,502,181.91</b>

The interest accrued and remaining unpaid up to and including the last interest-payment date in each case on (1) foreign obligations received from the Secretary of War and the Secretary of the Navy on account of sales of surplus war supplies (act of July 9, 1918), (2) foreign obligations held by the Treasury received from the American

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Relief Administration (act of Feb. 25, 1919), and (3) foreign obligations held by the United States Grain Corporation (act of March 30, 1920), was as follows:

Country.	(1) From sales of surplus war supplies.	(2) From American Relief Ad- ministration.	(3) From sales of flour by United States Grain Corporation.	Total.
Czechoslovakia.....	\$1,029,487.63	5642,808.92	\$172,394.30	\$2,744,690.85
Estonia.....	1,221,337.80	168,330.57		1,389,668.37
France.....	492,507.18			492,507.18
Latvia.....	125,920.74	261,041.78		386,962.52
Lithuania.....	415,949.20	82,213.00		498,162.80
Poland.....	4,085,911.05	5,167,174.94	1,488,491.72	10,741,577.71
Rumania.....	1,292,267.56			1,292,267.56
Russia.....	30,428.37	445,636.47		476,064.84
Serbs, Croats, and Slovenes.....	2,133,448.72			2,133,448.72
Armenia.....		802,841.22	270,419.73	1,079,260.95
Finland.....		598,339.79		598,339.79
Austria.....			1,443,342.54	1,443,342.54
Hungary.....			101,150.14	101,150.14
Total.....	11,727,258.25	8,168,687.29	3,481,798.43	23,377,743.97

The following is an itemized statement showing the amount of interest heretofore paid by each of the foreign Governments on obligations acquired by the United States Treasury under the Liberty bond acts:

Country.	To Nov. 15, 1920.	Nov. 16, 1920, to Nov. 15, 1921.	Total.
Belgium.....	\$10,907,281.55		\$10,907,281.55
Cuba.....	1,136,865.47	\$306,057.44	1,442,922.91
Czechoslovakia.....	304,178.08		304,178.08
France.....	128,140,816.48	1,429,559.65	129,570,376.13
Great Britain.....	233,357,185.60	14,487,500.00	247,844,685.60
Greece.....	406,153.34	750,000.00	1,156,153.34
Italy.....	57,595,852.62		57,595,852.62
Liberia.....	161.10	700.00	861.10
Rumania.....	263,313.74		263,313.74
Russia.....	4,595,564.15	277,242.35	4,872,811.50
Serbia.....	636,059.14		636,059.14
Total.....	437,349,431.18	17,251,064.44	454,600,495.62

The greater part of the amount received from Russia represents the payment of certain funds realized by the Russian representatives in this country in connection with the liquidation of their fiscal operations. The amounts paid by the Governments of Cuba and Greece include interest paid up to June 30, 1921, and October 15, 1921, respectively. The amount paid by the Government of Great Britain includes interest paid up to October 15, 1921, on \$54,900,000 and up to November 15, 1921, on \$38,600,000, being the unpaid principal amounts of the obligations of that Government regarded as having been given for Pittman silver advances.

The following is an itemized statement showing the amount of interest heretofore paid by each of the foreign Governments and so-called governments on the obligations acquired under the act of July 9, 1918, on account of sales of surplus war supplies:

Country.	To Nov. 15, 1920.	Nov. 16, 1920, to Nov. 15, 1921.	Total.
Belgium.....	\$1,417,922.34	\$1,379,429.06	\$2,797,351.40
France.....		20,088,719.13	20,088,719.13
Latvia.....	136,266.19		136,266.19
Poland.....	1,176,454.11	114,198.67	1,290,652.78
Russia.....	10,179.57		10,179.57
Total.....	2,730,822.61	21,532,314.86	24,263,137.37

Interest on the obligations of the Governments of Belgium and France under this class is being paid currently as it becomes due.

No interest has been paid on the obligations of foreign Governments and so-called governments, acquired under the acts of February 25, 1919, and March 30, 1920, respectively.

In the annual report for the fiscal year ended June 30, 1920, on page 54, a statement of the credits established from April 24, 1917, up to November 15, 1920, and cash advanced against such credits, was set out as follows:

Country.	Credits established (net).	Cash advanced.	Other charges against credits.	Balances under established credits.
Belgium.....	\$349,214,467.89	\$349,214,467.89		
Cuba.....	10,000,000.00	10,000,000.00		
Czechoslovakia.....	67,329,041.10	61,256,206.74		\$6,072,834.36
France.....	3,047,974,777.24	2,997,477,800.00		50,496,977.24
Great Britain.....	4,277,000,000.00	4,277,000,000.00		
Greece.....	48,236,629.05	16,000,000.00	\$33,236,629.05	
Italy.....	1,666,280,179.72	1,631,338,986.99		\$34,921,192.73
Liberia.....	5,000,000.00	26,000.00		4,974,000.00
Rumania.....	25,000,000.00	25,000,000.00		
Russia.....	187,729,750.00	187,729,750.00		
Serbia.....	26,780,465.56	26,780,465.56		
Total.....	9,710,525,310.56	9,590,823,677.18	33,236,629.05	96,466,004.33

The balance of the credit, as above stated, in favor of France was withdrawn on August 3, 1921.

The balance of the credit of \$34,921,192.73 in favor of Italy was extended for the purpose of enabling the Italian Government to make such reimbursements in dollars to the British Government as should be found due. Disposition of this credit was as follows:

In the purchase of certain classes of commodities in this country for war purposes, and in certain other transactions connected with the war, the British Government acted for France and Italy, who periodically reimbursed the British Government out of the proceeds of advances from the United States Treasury. In settling these accounts, which had extended over many months, it was found that the amount of reimbursements still to be made by the Italian Government to the British Government was \$16,695,063.91, and that the French Government had overpaid the British Government in excess of this amount.

On March 30, 1921, an advance of \$16,695,063.91 was made to Italy for the purpose of making said reimbursement to the British Government. The indebtedness of Italy to the United States Government was increased by this amount. In accordance with an agreement, the British Government, at the time of the advance of said sum of \$16,695,063.91 to the Italian Government, simultaneously paid a like sum to the Secretary of the Treasury to be applied upon obligations of the French Government held by the United States. As a result of this application the indebtedness of France to the United States Government was reduced in a like amount by applying \$15,265,504.26 as a payment on account of the principal of the obligations of the French Government held by the United States, and \$1,429,559.65 as a payment of the accrued interest to date of payment on said sum of \$15,265,504.26. It will be noted that in carrying out this transaction no funds passed out of the United States Treasury, but that its effect was to adjust accounts as between the United States, the Italian, the French, and the British Governments.

The remaining \$18,226,123.82 of the balance of credit in favor of the Italian Government, above mentioned, was withdrawn on March 30, 1921.

The balance of the credit in favor of the Government of the Czecho-Slovak Republic is part of a credit which was granted for the purpose of assisting that Government to repatriate its troops from Siberia. The movement of these troops was carried on by the War Department and the United States Shipping Board and has now been completed, but the exact amounts owing these Government agencies by the Czecho-Slovak Government have not as yet been determined. When the advances are made to the Czecho-Slovak Government for the purpose for which the credit was established the funds will be paid over by the Czecho-Slovak Government to the War Department and the United States Shipping Board in payment for the services rendered in connection with the movement of these troops. It will be noted that if any money is advanced by the Treasury to the Czecho-Slovak Republic it will be returned to other agencies of this Government. It is not expected that the liabilities

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incurred by the movement of these troops will require advances from the United States to the extent of the entire balance of the credit.

The credits in favor of Greece were established pursuant to a special agreement made early in 1918 under which the United States, Great Britain, and France undertook to lend the Greek Government for specified purposes, in equal shares in their respective currencies, up to the equivalent of 250,000,000 francs each. It is not contemplated that any advances will be made on this account by the United States.

The credit in favor of Liberia was established only for specific purposes. The balance of this credit was withdrawn on November 4, 1921.

The following statement shows the credits established under the Liberty bond acts (after deducting credits withdrawn) and the cash advanced thereunder, as at the close of business on November 15, 1921:

Country.	Credits established (net).	Cash advanced.	Other charges against credits.	Balance under established credits.
Belgium.....	\$349,214,467.89	\$349,214,467.89		
Cuba.....	10,000,000.00	10,000,000.00		
Czechoslovakia.....	67,329,041.10	61,256,206.74		\$6,072,834.36
France.....	2,997,477,800.00	2,997,477,800.00		
Great Britain.....	4,277,000,000.00	4,277,000,300.00		
Greece.....	48,236,629.05	15,000,000.00	\$33,236,629.05	
Italy.....	1,648,034,050.90	1,648,034,050.90		
Liberia.....	26,000.00	26,000.00		
Rumania.....	25,000,000.00	25,000,000.00		
Russia.....	187,729,750.00	187,729,750.00		
Serbia.....	26,780,465.56	26,780,465.56		
Total.....	9,636,828,204.50	9,597,518,741.09	33,236,629.05	6,072,834.36

Of the foregoing advances there have been repaid up to November 15, 1921, by—

British Government.....	\$110,681,641.56
French Government.....	46,714,861.81
Rumanian Government.....	1,794,180.48
Belgian Government.....	1,522,901.66
Cuban Government.....	1,425,000.00
Serbian Government.....	605,326.34

Total repayments of principal..... 162,743,911.85

Of these repayments of principal the following were made during the period beginning November 16, 1920, and ending November 15, 1921:

Belgium.....	\$1,512,901.66
Cuba.....	925,000.00
France.....	15,265,504.26
Great Britain.....	30,500,000.00
Total.....	48,203,405.92

The repayments made by the British Government during the past year are on account of the obligations of that Government which are regarded as having been given for purchases of silver under the Pittman Act, all in accordance with the special agreement which was made regarding such obligations.

On June 28, 1921, a general settlement between the State, War, and Navy Departments and the French Government of mutual claims growing out of the war was completed.

