

RELEASE OF AMERICA'S LIEN UPON AUSTRIA'S
ASSETS, ETC.

MARCH 9 (calendar day, MARCH 15), 1922.—Ordered to be printed.

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

REPORT.

[To accompany S. J. Res. 160.]

The Committee on Finance, to whom was referred the resolution (S. J. Res. 160) authorizing the extension, for a period of not to exceed 25 years, of the time for the payment of the principal and interest of the debt incurred by Austria September 4, 1920, for the purchase of wheat from the United States Grain Corporation, and for other purposes, having had the same under consideration, report favorably thereon with certain amendments, and as amended recommend that the resolution do pass.

THE PURPOSE OF THE RESOLUTION.

The purpose of this resolution is to authorize the Secretary of the Treasury to extend, for a period not to exceed 25 years, the time of payment of the principal and interest of the loan by the United States Grain Corporation to Austria for the purchase of flour under the provisions of the act of March 30, 1920, and to release the Austrian assets pledged for the payment of such loan if substantially all the other creditor nations waive their similar liens upon Austrian assets. The Austrian obligation held by the United States Grain Corporation for \$24,055,708.92, principal amount, is dated September 4, 1920, bears interest at 6 per cent, payable semiannually, and is due January 1, 1925. No interest has been paid upon this obligation. This note is one of a series known as "Relief Series B of 1920." Other Austrian obligations issued under this same series and with the same security are as follows:

Great Britain:	
Dollars.....	16,000,000
Pounds.....	5,650,460
Lira.....	8,863,960
France:	
Dollars.....	16,000,000
French francs.....	513,410
Lira.....	36,388,34

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Italy:	
Dollars.....	16, 000, 000
Lira.....	154, 785, 340
Netherlands, florins.....	14, 407, 200
Switzerland, Swiss francs.....	24, 075, 680
Norway, kronen.....	1, 631, 520
Denmark, kronen.....	1, 255, 100
Sweden, kronen.....	100, 695

THE AUSTRIAN OBLIGATION.

The following is a copy of the aforementioned obligation:

REPUBLIC OF AUSTRIA, *City of Vienna, American Mission, ss:*

I, John F. Simons, vice consul of the United States of America at the American mission, Vienna, Austria, do hereby certify that the signature of Dr. Richard Reisch, secretary of state for finances of the Austrian Republic, at the foot of the paper hereto annexed, is his true and genuine signature, made and acknowledged in my presence, and that the said Dr. Richard Reisch is personally known to me.

In witness whereof I have hereunto set my hand and affixed the consular seal of this mission this 12th day of October, A. D. 1920.

[SEAL.]

JOHN F. SIMONS,

Vice Consul, attached to the American Mission at Vienna, Austria.

No. 5166. No fee prescribed.

OBLIGATION FOR AUSTRIA.

[Relief Series B of 1920.]

Obligation of the Government of Austria—Twenty-four million sixty-six thousand seven hundred ninety-eight dollars and fifty-six cents (\$24,066,798.56). Relief Series "B" of nineteen hundred and twenty. No. 1.

The Government of Austria for value received, promises to pay to the Government of the United States of America, or assigns, on the first day of January, nineteen hundred and twenty-five, the principal sum of twenty-four million sixty-six thousand seven hundred and ninety-eight dollars and fifty-six cents (\$24,066,798.56), on which interest will be paid half yearly at the rate of six per cent (6%) per annum from date of this obligation to the date of payment. Both the principal and the interest of this obligation will be paid in gold coin of the United States of America, of the standard weight and fineness existing at the date of this obligation at the Treasury of the United States of America in the city of Washington, District of Columbia, or at the option of one holder, at the subtreasury of the United States of America in the city of New York.

The principal and interest of this obligation will be paid without deduction for and will be exempt from any and all tax and/or charge, present and future, imposed by authority of the Government of Austria or its possessions, or by any political or taxing authority within Austria.

This obligation is one of a series of obligations of similar tenor but in different amounts and payable in different currencies, all maturing on the first day of January, nineteen hundred and twenty-five, designated as "Relief Series B of 1920."

The Government agrees that no payment will be made upon or in respect of any of the obligations of said series issued by the Government of Austria before, at, or after maturity, whether for principal or for interest, unless a similar payment shall simultaneously be made upon all obligations of the said series issued by the Government of Austria in proportion to the respective obligations of said series.

Pursuant to the powers conferred upon it, the Reparation Commission has authorized the Austrian Government, under the control of the Austrian section of the Reparation Commission, to issue the present series of bonds, which shall be a first charge upon all the assets and revenues of Austria, and shall have a priority over costs of reparation under the treaty of Saint-Germain, or under any treaty or agreement supplementary thereto, or under arrangements concluded between Austria and the allied and associated powers during the armistice signed on November 3, 1918, without prejudice to the obligations of Austria to pay the expenses of the armies of occupation, of the Reparation Commission, and of restitution, and to make deliveries and payments in kind under the treaty of Saint-Germain (except under article 181, and paragraph 19 of Annex II of Part VIII) and under any protocols or agreements in force to the

extent to which such deliveries may be required by the Reparation Commission or, in accordance with the provision of the said treaty, protocols, or agreements, by an interested power.

In witness whereof the Government of Austria has caused this obligation to be executed and its official seal attached by Dr. Richard Reisch, secretary of state for finances, duly authorized and empowered for that purpose.

Dated September 4, 1920.

Signed for the Government of Austria:

Witness:

Dr. SIMON.

Dr. SCNULLER.

R. REISCH,
Secretary of State for Finances.

Dr. MAX WARD BECK,
President of the Order Office.

Countersigned for the Austrian section of the Reparation Commission:

KLOBUKOWSKI.
SCARAMANGA.

The foregoing obligation has been taken from the Government of Austria in payment of food commodities sold by the United States Grain Corporation to the Government of Austria.

The United States Grain Corporation finds that the Government of Austria is entitled to an allowance amounting to eleven thousand and eighty-nine dollars sixty-four cents (\$11,089.64) for damaged flour on the steamship *Gudvun* and that the foregoing obligation should be credited in the said amount.

UNITED STATES GRAIN CORPORATION,
EDW. M. FLESH,
Vice President and Treasurer.

Dated at New York, N. Y., November 4, 1920.

MEETING NO. 31—DECISION NO. 383.

VIENNA, AUSTRIA, October 12, 1920.

"Under the powers conferred upon it by the note 'Advances to Austria,' dated May 21, 1920, the Austrian section approves the sale on credit by the United States Government to the Austrian Government of one hundred and ninety-seven thousand five hundred and twenty tons, nineteen hundred and seventeen pounds (197,520 tons, 1,917 pounds) of flour of a money value of twenty-four million sixty-six thousand seven hundred and ninety-eight dollars and fifty-six cents (\$24,066,798.56) and authorizes two of its members to execute the completion of the obligation of the Government of Austria on prescribed bond, Relief Series B of 1920 for the above transaction, countersigning in the name of the section the bond on the approved form, which will be presented to them by the unofficial American representative."

The section, in accordance with the above decision, authorized H. E. M. Klobukowski, representing France, and Signor Scaramanga, representing Italy, to countersign the bond in the name of the Austrian section, Reparation Commission.

Attest:

FRED B. BATE,
General Secretary Austrian Section.

THE NECESSITY FOR THE PASSAGE OF THE RESOLUTION.

Your committee is advised that hundreds of thousands of the people of Austria are on the verge of starvation and will perish from hunger and the diseases that accompany starvation unless relief is obtained. Your committee does not believe that it was intended when two years ago the aforementioned credit was given to Austria to save her people that this loan should result in tying her hands and rendering her helpless, with the result that the starvation of her people would only be delayed.

Your committee is advised that the situation in Austria is worse now than when the loan was made and that the months between

now and the coming harvest will be the worst that Austria has experienced. Under these circumstances it seems that relief should be given at once by release of the assets pledged for the payment of this loan and like loans from other nations. Many of Austria's creditor nations either by formal action or through diplomatic channels have assured Austria that they would take action similar to the action proposed in this resolution. It is believed that all of Austria's creditor nations will take such action. The resolution provides that the release of the assets pledged for the payment of the loan of the United States Grain Corporation shall take effect only when substantially all the other creditor nations have also waived their liens.

Austria came into existence as a nation immediately after the armistice in 1918 with a new government and with the resources of the people depleted by four years of war. To keep alive, it was necessary to borrow money for the purchase of food on any terms available. All of the assets of the nation were pledged as security for relief loans which are payable to various nations in their respective currencies, but all secured by the same liens on the property of Austria. With its assets so mortgaged, the Government now finds itself unable to make new borrowings for economic purposes. It is not suggested that the United States and other creditor nations shall cancel the debt of Austria, but that the assets of the nation should be released from what is practically a mortgage and the payment of interest postponed. The necessity of such action is urged by the Government of Austria with the practical end in view that the credit of the nation may be improved and funds borrowed to rehabilitate the finances and again set in motion the productive capacity of the nation. We are not now collecting any of the accruing interest on the Austrian indebtedness for the reason that the income of the Austrian Government is not sufficient to meet the necessary expenses of functioning as a government. Under her present condition therefore, our lien, while valueless to us, operates as a great hindrance to her efforts to so regulate and control her economic affairs as to place the country on a more nearly normal basis, which will enable her sooner to meet her national obligations.

While under the act recently passed by Congress for refunding our foreign debt, the commission would have authority to postpone payment of the obligation and the interest until 1947, it is doubtful if the commission would be able to act promptly enough to render the necessary aid when it is most needed. The entire membership of the commission is not yet confirmed and it will probably be two or three months at least before the negotiations with Austria can be advanced to a stage that will enable a final adjustment that will afford Austria the relief that is so urgently needed at the present time.

Your committee believes that the failure of Congress to immediately authorize deferment of this debt and the release of the Austrian assets pledged for the payment of the same, a debt which Austria is not in a condition to pay for a considerable time, will make impossible further loans which would place Austria in a position of physical and economic rebirth, and therefore recommend that the resolution do pass.