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{ REPORT
No. 274

POSTPONING PAYMENT OF FINLAND INDEBTEDNESS TO UNITED STATES

MAY 9 (legislative day, MAY 8), 1941.—Ordered to be printed

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

REPORT

[To accompany S. J. Res. 74]

The Committee on Finance, to whom was referred the joint resolution (S. J. Res. 74) to authorize the postponement of payment of amounts payable to the United States by the Republic of Finland on its indebtedness under agreements between that Republic and the United States dated May 1, 1923, May 23, 1932, and May 1, 1941, having considered the same, report favorably thereon without amendment and recommend that the joint resolution do pass.

The joint resolution provides for the postponement at the option of Finland of the payment of amounts payable to the United States during the period from January 1, 1941, to December 31, 1942, inclusive. In the event of the exercise by Finland of the option to postpone such payments the Secretary of the Treasury would be authorized to make on behalf of the United States an agreement with Finland for the payment of the postponed amounts in 40 semiannual installments, the first 2 installments to be paid during each of the 19 calendar years following. The joint resolution also provides that the amounts postponed shall not bear any interest beyond the dates when such amounts first become payable under existing agreements.

The joint resolution has the approval of the Secretary of the Treasury and the Secretary of State, as indicated by the following communications which are attached hereto and made a part of this report.

THE SECRETARY OF THE TREASURY,
Washington, May 8, 1941.

Hon. WALTER F. GEORGE,
*Acting Chairman, Committee on Finance,
United States Senate, Washington, D. C.*

MY DEAR MR. CHAIRMAN: Reference is made to your letter of May 6, 1941, enclosing a copy of Senate Joint Resolution 74, to authorize the postponement of payment of amounts payable to the United States by the Republic of Finland

on its indebtedness under agreements between that Republic and the United States dated May 1, 1923, May 23, 1932, and May 1, 1941.

The joint resolution provides for the postponement at the option of Finland of the payment of amounts payable to the United States during the period from January 1, 1941, to December 31, 1942, inclusive. In the event of the exercise by Finland of the option to postpone such payments the Secretary of the Treasury would be authorized to make on behalf of the United States an agreement with Finland for the payment of the postponed amounts in 40 semiannual installments, the first 2 installments to be paid during the calendar year beginning January 1, 1945, and 2 to be paid during each of the 19 calendar years following. It is also provided that the amounts postponed shall not bear any interest beyond the dates when such amounts first became payable under existing agreements.

The amounts payable to the United States by Finland which would be subject to postponement under the proposed joint resolution are as follows:

Date payable	Funding agreement May 1, 1923		Moratorium agreement, May 23, 1932	Postpone- ment agree- ment, May 1941	Total
	Prncipal	Interest			
June 15, 1941.....		\$139,037.50	\$19,030.50	\$13,695.06	\$171,763.06
Dec. 15, 1941.....	\$79,000	139,037.50	19,030.50	13,695.06	250,763.06
June 15, 1942.....		137,655.00	19,030.50	13,695.06	170,380.56
Dec. 15, 1942.....	82,000	137,655.00	19,030.50	13,695.06	252,380.56
Total.....	161,000	553,385.00	76,122.00	54,780.24	845,287.24

Finland's indebtedness for relief supplies aggregated \$8,281,926.17 and was represented by obligations of \$3,289,276.98 dated June 30, 1919, and \$4,992,649.19 dated July 1, 1920. As a result of the negotiations initiated in 1922 by the World War Foreign Debt Commission, the Congress by an act approved March 12, 1924, authorized a refunding agreement with Finland under which interest on the original indebtedness at the rate of 4½ percent per annum to December 15, 1922, amounting to \$1,027,389.10 was added to the original debt, and after a cash payment of \$309,315.27 by Finland, the balance of \$9,000,000 with interest at 3 percent per annum from December 15, 1922, to December 15, 1932, and thereafter at 3½ percent per annum, was to be repaid over a period of 62 years. Each semiannual installment has been promptly paid by Finland except the installments due in the fiscal year 1932 which were postponed under the moratorium proposed by President Hoover and authorized by the joint resolution of Congress approved December 23, 1931, and the installment due on December 15, 1940, which was postponed pursuant to the joint resolution approved June 15, 1940. The postponed installments due in 1932 are being repaid in 10 annuities with interest at 4 percent per annum from July 1, 1933, and the postponed installment due on December 15, 1940, is to be repaid in 10 annuities with interest at 3 percent per annum from January 1, 1941.

Since 1923, Finland has paid to the United States the sum of \$6,050,689.77, of which \$960,398.17 represented principal and \$5,090,291.60 represented interest. This includes the payment of \$159,398 by Finland on June 15, 1940.

The Treasury has no objection to the enactment of the proposed joint resolution if the Congress determines to grant a further measure of assistance to the Republic of Finland. Finland was one of the first nations to come forward in 1922 to make arrangements for repaying to this Government amounts representing the cost to it of relief supplies which it had received. World conditions which have prevailed during the past few years have seriously affected that country. The United States has recognized this situation. The Congress enacted the joint resolution approved June 15, 1940, to postpone payment of amounts due from Finland in 1940, and the Export-Import Bank has granted certain credits to that Government. The resources available to Finland are undoubtedly needed to provide the necessities of life for the Finnish people.

The proposal embodied in the joint resolution will assist Finland to maintain the enviable record of its credit relationship with the United States. The difficulties now confronting Finland recommend our helpful attitude toward that debtor.

The Department has been advised by the Bureau of the Budget that there is no objection to the submission of this report to your committee.

Very truly yours,

H. MORGENTHAU, JR.,
Secretary of the Treasury.

POSTPONE PAYMENT OF FINLAND'S DEBT

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DEPARTMENT OF STATE,
Washington, May 7, 1941.

The Honorable WALTER F. GEORGE,
*Acting Chairman, Committee on Finance,
United States Senate.*

MY DEAR SENATOR GEORGE: Pursuant to the request in your letter of May 6, 1941, the Department of State has examined Senate Joint Resolution 74, to authorize the postponement of payment of amounts payable to the United States by the Republic of Finland on its indebtedness under agreements between that Republic and the United States dated May 1, 1923, May 23, 1932, and May 1, 1941.

I believe it is desirable under the existing conditions to offer Finland a respite from payments on its relief indebtedness of 1919-20 to the United States, and that the terms of the offer proposed in Senate Joint Resolution 74, covering payments due during the calendar years 1941 and 1942 and providing for postponed payment thereof in 20 years beginning January 1, 1945, are entirely appropriate and in the interest of both countries.

I hope that the joint resolution may receive the prompt approval of the Congress.

I have been informally advised by the Bureau of the Budget that there will be no objection to the submission of this report to the committee.

Sincerely yours,

CORDELL HULL.

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