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PROPOSED LOAN TO THE REPUBLIC OF LIBERIA.

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MESSAGE

FROM THE

PRESIDENT OF THE UNITED STATES,

TRANSMITTING

A LETTER FROM THE SECRETARY OF STATE RELATIVE TO THE  
PROPOSED LOAN TO THE REPUBLIC OF LIBERIA.

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July 27 (calendar day, August 1), 1921.—Read; referred to the Committee on Finance  
and ordered to be printed.

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THE WHITE HOUSE,  
Washington, July 29, 1921.

Hon. CALVIN COOLIDGE,  
*President of the United States Senate.*

MY DEAR MR. PRESIDENT: I am inclosing to you herewith, for submission to the Senate and reference to the proper committee, a letter addressed to me by the Secretary of State relating to the grant of a loan to the Republic of Liberia. The entire situation and our obligations are set forth in the letter of the Secretary of State, and I beg to submit them for the consideration of the Congress.

It is impossible to escape the conviction that we have an obligation which the executive branch of the Government can not discharge without the properly expressed approval of the Congress.

Very respectfully, yours,

WARREN G. HARDING.

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DEPARTMENT OF STATE,  
Washington, July 29, 1921.

THE PRESIDENT:

I beg to submit the following considerations with respect to the proposed loan to the Republic of Liberia:

An examination of the course of the negotiations produces the conviction that commitments have been made by this Government which impose a moral obligation to make the loan. The negotiations

were had and proceeded to the point of an announced commitment at a time when the broad authority conferred in connection with the prosecution of the war was adequate to the consummation of the plan, and the fact that this authority may not be deemed longer to exist, while making it impossible to proceed without congressional sanction, does not, in my judgment, change the fact that assurances were given which should be made good.

The history of the negotiations, as they appear from the information at my command, may be stated as follows:

Liberia being at war with the enemies of the United States, a loan credit of \$5,000,000 was extended by the Secretary of the Treasury on September 9, 1918, under the authority of the act of April 24, 1917, "To authorize an issue of bonds to meet expenditures for the national security and defense, and for the purpose of assisting in the prosecution of the war, to extend credits to foreign Governments, and for other purposes." On September 12, 1918, the Government of Liberia was notified of the opening of this credit and negotiations were initiated covering the terms, service, and general purposes of the loan. The loan plan drawn up was intended to safeguard the money so advanced by American administration, of expenditures and collection of revenues, and also to provide for repayments of all moneys due other foreign creditors, which would mean their withdrawal from participation in the financial and other public affairs of Liberia. The Governments interested were advised of the opening of this credit. The loan plan for various reasons was not submitted to the Liberian Government until June 15, 1920, and the Liberian Legislature requested certain modifications. It was clearly understood, both by the Liberian Government and by the Government of the United States, at that time, that there was no question of a withdrawal of the offer of the money already promised, the time when the credit should be made available merely depending on a satisfactory agreement as to details of administration.

Relying on the assurance that the United States was ready to enter into a definite agreement, the President of Liberia came to Washington some time ago with other plenipotentiaries to conclude the negotiations. In anticipation of this journey and at the request of this Government, the Liberian Government gave to him and his associates full and necessary authority to conclude the loan plan, and since that time it is understood they have been prepared to sign an agreement providing for the necessary administrative measures adequately to secure the loan.

It should also be pointed out, in appreciating the moral obligation of this Government, that the Republic of Liberia, which had her origin largely through the efforts of American citizens and at various times has sought the aid and counsel of this Government, decided, upon the entrance of the United States into the war, to make common cause with this country and the Allies against Germany. It was largely in consequence of this participation that the economic situation of Liberia was imperiled and that her Government was compelled to make appeal for financial aid. It was in these circumstances that Liberia was assured that the United States, her traditional friend, who had been generous in assistance to the other nations fighting against Germany, would come to her relief.

In view of these circumstances and of the obligation to which they give rise, to which we can not fail to be sensitive, I need not dwell upon the facts that the extension of this loan is highly important from the standpoint of the proper protection and promotion of American commercial interests on the West Coast of Africa. The advantages which will accrue to our people are not to be ignored, although in the presence of the considerations already mentioned they need not be detailed or stressed.

In conclusion, permit me to observe that, apart from any question of our obligation or of any benefits accruing to ourselves, our people have always been especially interested in the welfare of Liberia because of the close relation which its prosperity may be deemed to have to all that pertains to the advancement of the Negro race. The Republic of Liberia has been fostered through American interest, and at this critical time in her history we have opportunity to give a practical expression of our continued solicitude and by coming to her aid in this severe exigency to promote permanent relations of the closest friendship.

Respectfully,

CHARLES E. HUGHES.

THE PRESIDENT,  
*The White House.*

