
THE ITALIAN DEBT SETTLEMENT

MESSAGE

FROM

THE PRESIDENT OF THE UNITED STATES

TRANSMITTING

COPY OF AN AGREEMENT, DATED NOVEMBER 14, 1925, EXECUTED BY THE SECRETARY OF THE TREASURY AS CHAIRMAN OF THE WORLD WAR FOREIGN DEBT COMMISSION PROVIDING FOR THE SETTLEMENT OF THE INDEBTEDNESS OF THE KINGDOM OF ITALY TO THE UNITED STATES AND APPROVED PURSUANT TO LAW

DECEMBER 8, 1925.—Read; referred to the Committee on Finance and ordered to be printed

To the Congress of the United States:

I am submitting herewith for the consideration of the Congress a copy of an agreement, dated November 14, 1925, executed by the Secretary of the Treasury as chairman of the World War Foreign Debt Commission, providing for the settlement of the indebtedness of the Kingdom of Italy to the United States of America. The agreement was approved by me on November 14, 1925, subject to the approval of Congress, pursuant to authority conferred by act approved February 9, 1922, as amended by act approved February 28, 1923, and as further amended by act approved January 21, 1925.

I believe that the settlement upon the terms set forth in the agreement is fair and just to both Governments and recommend its approval.

CALVIN COOLIDGE.

THE WHITE HOUSE,
December 8, 1925.

AGREEMENT,

Made the fourteenth day of November, 1925, at the City of Washington, District of Columbia, between the KINGDOM OF ITALY, hereinafter called ITALY, party of the first part, and the UNITED STATES OF AMERICA, hereinafter called the UNITED STATES, party of the second part.

Whereas, Italy is indebted to the United States as of June 15, 1925, upon obligations in the aggregate principal amount of \$1,647,-869,197.96, together with interest accrued and unpaid thereon; and

Whereas, Italy 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 Italy upon the terms 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 indebtedness to be funded, after allowing for certain cash payments made or to be made by Italy is \$2,042,000,000, which has been computed as follows:

Obligations taken for cash advanced by Treasury.....	\$1, 648, 034, 050. 00	
Accrued and unpaid interest at 4¼% per annum to December 15, 1922.....	251, 846, 654. 79	\$1, 899, 880, 705. 69
Accrued interest at 3% per annum from December 15, 1922, to June 15, 1925.....		142, 491, 052. 93
		<u>\$2, 042, 371, 758. 62</u>
Deduct payments made on account of principal since December 15, 1922.....	\$164, 852. 94	
Interest on principal payments at 3% per annum to June 15, 1925.....	7, 439. 34	\$172, 292. 28
		<u>\$172, 292. 28</u>
Total net indebtedness as of June 15, 1925.....		\$2, 042, 199, 466. 34
To be paid in cash upon execution of agreement.....		199, 466. 34
		<u>199, 466. 34</u>
Total indebtedness to be funded into bonds.....		\$2, 042, 000, 000. 00

2. *Payment.*—In order to provide for the payment of the indebtedness thus to be funded Italy will issue to the United States at par bonds of Italy in the aggregate principal amount of \$2,042,000,000, dated June 15, 1925, and maturing serially on the several dates and in the amounts fixed in the following schedule:

June 15—		June 15—	
1926.....	\$5, 000, 000	1938.....	\$14, 600, 000
1927.....	5, 000, 000	1939.....	15, 200, 000
1928.....	5, 000, 000	1940.....	15, 800, 000
1929.....	5, 000, 000	1941.....	16, 400, 000
1930.....	5, 000, 000	1942.....	17, 000, 000
1931.....	12, 100, 000	1943.....	17, 600, 000
1932.....	12, 200, 000	1944.....	18, 300, 000
1933.....	12, 300, 000	1945.....	19, 000, 000
1934.....	12, 600, 000	1946.....	19, 600, 000
1935.....	13, 000, 000	1947.....	20, 000, 000
1936.....	13, 500, 000	1948.....	20, 600, 000
1937.....	14, 200, 000	1949.....	21, 200, 000

June 15—		June 15—	
1950.....	\$22,000,000	1970.....	\$44,500,000
1951.....	23,000,000	1971.....	46,000,000
1952.....	23,800,000	1972.....	47,500,000
1953.....	24,600,000	1973.....	49,000,000
1954.....	25,400,000	1974.....	50,500,000
1955.....	26,500,000	1975.....	52,000,000
1956.....	27,500,000	1976.....	54,000,000
1957.....	28,500,000	1977.....	56,000,000
1958.....	29,600,000	1978.....	59,000,000
1959.....	30,500,000	1979.....	61,000,000
1960.....	31,500,000	1980.....	62,000,000
1961.....	32,500,000	1981.....	64,000,000
1962.....	33,500,000	1982.....	67,000,000
1963.....	34,500,000	1983.....	69,000,000
1964.....	35,500,000	1984.....	72,000,000
1965.....	36,500,000	1985.....	74,000,000
1966.....	38,000,000	1986.....	77,000,000
1967.....	39,500,000	1987.....	79,400,000
1968.....	41,500,000		
1969.....	43,500,000	Total.....	\$2,042,000,000

Provided, However, That Italy, at its option, upon not less than ninety days' advance notice to the United States, may postpone any payment on account of principal falling due as hereinabove provided, after June 15, 1930, 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 Italy shall at any time exercise this option as to any payment of principal, the payment falling due in the second succeeding year can not be postponed at all unless and until the payments of principal due two years and one year previous thereto shall actually have been made. All such postponed payments of principal shall bear interest at the rate of $4\frac{1}{4}\%$ per annum payable semiannually.

3. *Form of Bond.*—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, and shall be signed for Italy by its Ambassador at Washington, or by its other duly authorized representative. The bonds shall be substantially in the form set forth in the exhibit hereto annexed and marked "Exhibit A", and shall be issued in 62 pieces with maturities and in denominations as hereinabove set forth and shall bear no interest until June 15, 1930, and thereafter shall bear interest at the rate of $\frac{1}{8}$ of 1% per annum from June 15, 1930, to June 15, 1940; at the rate of $\frac{1}{4}$ of 1% per annum from June 15, 1940, to June 15, 1950; at the rate of $\frac{1}{2}$ of 1% per annum from June 15, 1950, to June 15, 1960; at the rate of $\frac{3}{4}$ of 1% per annum from June 15, 1960, to June 15, 1970; at the rate of 1% per annum from June 15, 1970, to June 15, 1980, and at the rate of 2% per annum after June 15, 1980, all payable semiannually on June 15 and December 15 of each year.

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 Italy, upon not less than thirty days' advance notice to the United States, in any obligations of the United States issued after April 6, 1917, to be taken at par and accrued interest to the date of payment hereunder.

All payments, whether in cash or in obligations of the United States, to be made by Italy on account of the principal of or interest on 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 obligations 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 obligations.

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 Italy or any political or local taxing authority within Italy, 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 Italy, or (c) a corporation not organized under the laws of Italy.

6. *Payments before Maturity.*—Italy, at its option, on June 15 or December 15 of any year, upon not less than ninety days' advance notice to the United States, may 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 be applied to the principal of such bonds as may be indicated by Italy at the time of the payment.

7. *Exchange for Marketable Obligations.*—Italy 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 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, if any, exemption from taxation, payment in obligations of the United States issued after April 6, 1917, and the like, as the bonds surrendered on such exchange. Italy 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 deliver, at the request of the Secretary of the Treasury of the United States, temporary bonds or interim receipts in form satisfactory to the Secretary of the Treasury of the United States within thirty 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 Italy, will first offer them to Italy for purchase at par and accrued interest, if any, and Italy shall likewise have the option, in lieu of issuing any such bonds or interim receipts, to make advance redemption, at par and accrued interest, if any, of a corresponding principal amount of bonds issued hereunder and held by the United States. Italy 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 Italy 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 such stock exchanges as the Secretary of the Treasury of the United States may specify.

8. *Cancellation and Surrender of Obligations.*—Upon the execution of this Agreement, the delivery to the United States of the principal amount of bonds of Italy to be issued hereunder, together with satisfactory evidence of authority for the execution of this Agreement by the representative of Italy and for the execution of the bonds to be issued hereunder, the United States will cancel and surrender to Italy at the Treasury of the United States in Washington, the obligations of Italy held by the United States.

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 Embassy of Italy at Washington or at the office of the Ministry of Finance at Rome; and any notice, request, or election from or by Italy shall be sufficient if delivered to the American Embassy at Rome or to the Secretary of the Treasury at the Treasury of the United States in Washington. The United States in its discretion 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.*—Italy represents and agrees that the execution and delivery of this Agreement 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 have been completed as required by the laws of Italy 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 Italy has caused this Agreement to be executed on its behalf by Giuseppe Volpi di Misurata, its Plenipotentiary at Washington, thereunto duly authorized, subject, however, to ratification in Italy, 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, 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, and as further amended by the Act of Congress approved January 21, 1925, all on the day and year first above written.

THE KINGDOM OF ITALY,
By GIUSEPPE VOLPI DI MISURATA,
THE UNITED STATES OF AMERICA,
For the World War Foreign Debt
Commission:

By A. W. MELLON,
Secretary of the Treasury and Chairman of the Commission.

Approved:

CALVIN COOLIDGE,
President.

EXHIBIT A.

(Form of Bond.)

THE KINGDOM OF ITALY.

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No.

The Kingdom of Italy, hereinafter called Italy, for value received, promises to pay to the Government of the United States of America, hereinafter called the United States, or order, on June 15, 19 , the sum of Dollars (\$), and to pay interest upon said principal sum after June 15, 1930, at the rate of $\frac{1}{8}$ of 1% per annum from June 15, 1930, to June 15, 1940, at the rate of $\frac{1}{4}$ of 1% per annum from June 15, 1940, to June 15, 1950, at the rate of $\frac{1}{2}$ of 1% per annum from June 15, 1950, to June 15, 1960, at the rate of $\frac{3}{4}$ of 1% per annum from June 15, 1960, to June 15, 1970, at the rate of 1% per annum from June 15, 1970, to June 15, 1980, and at the rate of 2% per annum after June 15, 1980, all payable semiannually on the 15th day of December and June in each year. 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 Italy, upon not less than thirty days' advance notice to the United States, in any obligations 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 Italy or any political or local taxing authority within Italy 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 Italy, or (c) a corporation not organized under the laws of Italy. 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 pursuant to the provisions of paragraph 2 of an Agreement dated November 14, 1925, between Italy and the United States, to which Agreement this bond is subject and to which reference is hereby made.

In witness whereof, Italy has caused this bond to be executed in its behalf by its Ambassador Extraordinary and Plenipotentiary at Washington, thereunto duly authorized, as of June 15, 1925.

THE KINGDOM OF ITALY:

By

Ambassador Extraordinary and Plenipotentiary.