68TH CONGRESS, 2d Session | SENATE | DOCUMENT No. 169

SETTLEMENT OF POLISH DEBT TO THE UNITED STATES

MESSAGE

FROM THE

PRESIDENT OF THE UNITED STATES

TRANSMITTING

THE REPORT OF THE WORLD WAR FOREIGN DEBT COMMISSION, DATED NOVEMBER 14, 1924, TOGETHER WITH A COPY OF THE AGREEMENT PROVIDING FOR THE SETTLEMENT OF THE INDEBTEDNESS OF THE GOVERNMENT OF THE REPUBLIC OF POLAND TO THE GOVERNMENT OF THE UNITED STATES

DECEMBER 3 (calendar day, DECEMBER 4), 1924.—Read; referred to the Committee on Finance and ordered to be printed

To the Congress of the United States:

I am submitting herewith for your consideration a copy of the report of the World War Foreign Debt Commission, dated November 14, 1924, together with a copy of the agreement referred to therein, providing for the settlement of the indebtedness of the Government of the Republic of Poland to the Government of the United States of America. The agreement was executed on November 14, 1924, and was approved by me on that day subject to the approval of Congress, pursuant to authority conferred by act of Congress approved February 9, 1922, as amended by act of Congress approved February 28, 1923.

I recommend the approval of this agreement.

CALVIN COOLIDGE.

THE WHITE HOUSE,
December 4, 1924.

WORLD WAR FOREIGN DEBT COMMISSION—FUNDING POLISH DEBT

[Copies of report and agreement of November 14, 1924]

WORLD WAR FOREIGN DEBT COMMISSION,
Washington, November 14, 1924.

The PRESIDENT:

The World War Foreign Debt Commission, created under the act of Congress approved February 9, 1922, as amended by the act of Congress approved February 28, 1923, desires to make the following report regarding the refunding of the obligations of the Government of the Republic of Poland held by the United States:

AUTHENTICATED U.S. GOVERNMENT INFORMATION GPO

The Government of the Republic of Poland designated as its representative to appear before the commission Dr. Władysław Wroblewski, its present envoy extraordinary and minister plenipotentiary at Washington. Doctor Wroblewski conferred with representatives of the commission, stating that he had been instructed to advise the commission of the desire of his Government to effect a refunding of its indebtedness to the United States upon the same basis as that embodied in the refunding agreement concluded between Great Britain and the United States as of December 15, 1922, subject, however, to certain modifications. After discussion with the commission Doctor Wroblewski agreed to conclude a settlement as of December 15, 1922, substantially on the terms of the settlement concluded by the United States with Great Britain, except for a provision under which Poland shall have the option to liquidate amounts due under the agreement prior to 1930 in part by certain semiannual payments aggregating $10,000,000, the balance in bonds of Poland similar in terms to those originally issued.

After full consideration, an agreement on the foregoing basis was executed on behalf of Poland by its envoy extraordinary and minister plenipotentiary at Washington, subject to the approval of the President and Council of Ministers of Poland, and on behalf of the United States by the Secretary of the Treasury as chairman of the World War Foreign Debt Commission, subject to your approval and that of Congress.

I have the honor to hand you herewith for your approval two executed counterparts of the agreement and one unexecuted copy thereof for your files.

If the agreement meets with your approval, I shall appreciate it if you will sign the two counterparts and return them to me so that I may transmit one copy to the minister of Poland and the other to the Treasurer of the United States to be held pending such action as may be taken by the President and Council of Ministers of Poland and by Congress.

The commission believes that the settlement of the debt of the Government of the Republic of Poland to the United States on the basis specified is fair and just to both Governments, and recommends that the terms embodied in the agreement be submitted to Congress for its approval.

Respectfully submitted.

A. W. Mellon,
Secretary of the Treasury and
Chairman of the World War Foreign Debt Commission.

The President,
The White House.

Agreement made the fourteenth day of November, 1924, at the City of Washington, District of Columbia, between the Government of the Republic of Poland, hereinafter called Poland, party of the first part, and the Government of the United States of America, hereinafter called the United States, party of the second part.

Whereas Poland is indebted to the United States as of December 15, 1922, upon obligations in the aggregate principal amount of $159,666,972.39, together with interest accrued and unpaid thereon; and

Whereas, Poland 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 Poland upon the terms and conditions 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 the indebteness to be funded, after allowing for cash payments made or to be made by Poland, is $178,560,000, which has been computed as follows:

Principal amount of obligations to be funded	$159, 666, 972. 39
Interest accrued and unpaid thereon to December 15, 1922, at the rate of 4¼ per cent per annum	18, 898, 053. 60
Total principal and interest accrued and unpaid as of December 15, 1922	178, 565, 025. 99
To be paid in cash by Poland November 14, 1924	5, 025. 99
Total indebtedness to be funded into bonds	178, 560, 000. 00

2. *Repayment of Principal.*—In order to provide for the repayment of the indebtedness thus to be funded, Poland will issue to the United States at par, as of December 15, 1922, bonds of Poland in the aggregate principal amount of $178,560,000, dated December 15, 1922, and maturing serially on each December 15 in the succeeding years for 62 years, in the amounts and on the several dates fixed in the following schedule:

December 15—		December 15—	
1923	$560, 000	1955	$2, 500, 000
1924	925, 000	1956	2, 600, 000
1925	950, 000	1957	2, 700, 000
1926	975, 000	1958	2, 800, 000
1927	1, 000, 000	1959	2, 900, 000
1928	1, 025, 000	1960	3, 000, 000
1929	1, 050, 000	1961	3, 100, 000
1930	1, 075, 000	1962	3, 200, 000
1931	1, 100, 000	1963	3, 300, 000
1932	1, 125, 000	1964	3, 400, 000
1933	1, 150, 000	1965	3, 500, 000
1934	1, 200, 000	1966	3, 600, 000
1935	1, 225, 000	1967	3, 700, 000
1936	1, 250, 000	1968	3, 800, 000
1937	1, 275, 000	1969	3, 900, 000
1938	1, 300, 000	1970	4, 000, 000
1939	1, 325, 000	1971	4, 100, 000
1940	1, 350, 000	1972	4, 200, 000
1941	1, 400, 000	1973	4, 400, 000
1942	1, 450, 000	1974	4, 600, 000
1943	1, 500, 000	1975	4, 800, 000
1944	1, 550, 000	1976	5, 000, 000
1945	1, 600, 000	1977	5, 200, 000
1946	1, 675, 000	1978	5, 400, 000
1947	1, 750, 000	1979	5, 800, 000
1948	1, 825, 000	1980	6, 200, 000
1949	1, 900, 000	1981	6, 800, 000
1950	1, 975, 000	1982	7, 400, 000
1951	2, 075, 000	1983	8, 200, 000
1952	2, 200, 000	1984	9, 000, 000
1953	2, 300, 000		
1954	2, 400, 000	Total	178, 560, 000

Provided, however, That Poland, at its option, upon not less than ninety days' advance notice to the United States, may postpone any payment falling due as hereinabove provided, except those falling due on or before December 15, 1929, hereinafter referred to in paragraph 4 of this Agreement, 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 Poland shall at any time exercise this option as to any payment of principal, the payment falling due in the next succeeding year can not be postponed to any date more than one year distant from the date when it becomes due unless and until the payment previously postponed shall actually have been made, and the payment falling due in the second succeeding year can not be postponed at all unless and until the payment of principal due two years previous thereto shall actually have been made.

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, shall be issued in such denominations as may be requested by the Secretary of the Treasury of the United States, and shall be substantially in the form set forth in the exhibit hereto annexed and marked "Exhibit A." The $178,560,000 principal amount of bonds first to be issued hereunder shall be issued in 62 pieces, in denominations and with maturities corresponding to the annual payments of principal hereinabove set forth.

3. *Payment of Interest.*—All bonds issued or to be issued hereunder shall bear interest, payable semiannually on June 15 and December 15 in each year, at the rate of 3 per cent per annum from December 15, 1922, to December 15, 1932, and thereafter at the rate of 3½ per cent per annum until the principal thereof shall have been paid.

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 Poland, 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: *Provided, however,* that with reference to the payments on account of principal and/or interest falling due hereunder on or before December 15, 1929, Poland, at its option, may pay the following amounts on the dates specified:

June 15, 1925	$500, 000	June 15, 1928	$1, 250, 000
December 15, 1925	500, 000	December 15, 1928	1, 250, 000
June 15, 1926	750, 000	June 15, 1929	1, 500, 000
December 15, 1926	750, 000	December 15, 1929	1, 500, 000
June 15, 1927	1, 000, 000		
December 15, 1927	1, 000, 000	Total	10, 000, 000

and the balance, including interest on all overdue payments at the rate of 3 per cent per annum from their respective due dates, in bonds of Poland dated December 15, 1929, bearing interest at the rate of 3 per cent per annum from December 15, 1929, to December 15, 1932, and thereafter at the rate of 3½ per cent per annum until the principal thereof shall have been paid, such bonds to mature serially on December 15 of each year up to and including December 15, 1984, substantially in the manner provided in paragraph 2 of this Agreement, and to be substantially similar in other respects to the bonds first to be issued hereunder.

All payments, whether in cash or in obligations of the United States, to be made by Poland on account of the principal or interest of 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 Poland or any political or local taxing authority within the Republic of Poland, 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 Poland, or (*c*) a corporation not organized under the laws of Poland.

6. *Payments before Maturity.*—Poland, at its option, on any interest date or dates, 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 first be applied to the principal of any bonds which shall have been issued hereunder on account of principal and/or interest accruing between December 15, 1922, and December 15, 1929, and then to the principal of any other bonds issued hereunder and held by the United States, as may be indicated by Poland at the time of the payment.

7. *Exchange for Marketable Obligations.*—Poland 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 or to be 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, 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. Poland 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 Poland, will first offer them to Poland for purchase at par

and accrued interest, and Poland shall likewise have the option, in lieu of issuing any such bonds or interim receipts, to make advance redemption, at par and accrued interest, of a corresponding principal amount of bonds issued or to be issued hereunder and held by the United States. Poland agrees that the definitive engraved bonds called for by this paragraph shall contain all such provisions, and that it will cause to be promulagted 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 Poland 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 the stock exchange in Warsaw.

8. *Cancellation and Surrender of Obligations.*—Upon the execution of this Agreement, the payment to the United States of cash in the sum of $5,025.99 as provided in paragraph 1 of this Agreement and the delivery to the United States of the $178,560,000 principal amount of bonds of Poland first to be issued hereunder, together with satisfactory evidence of authority for the execution of the Agreement and the bonds on behalf of Poland by its Envoy Extraordinary and Minister Plenipotentiary at Washington, the United States will cancel and surrender to Poland, at the Treasury of the United States in Washington, the obligations of Poland in the principal amount of $159,666,972.39, described in the preamble to this Agreement.

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 Legation of Poland at Washington or at the office of the Minister of Finance in Warsaw; and any notice, request, or election from or by Poland shall be sufficient if delivered to the American Legation at Warsaw 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.*—Poland represents and agrees that the execution and delivery of this Agreement and of the bonds issued or to be issued hereunder 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 and the issuance of bonds hereunder have been completed as required by the laws of Poland 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 Poland has caused this Agreement to be executed on its behalf by its Envoy Extraordinary and Minister Plenipotentiary at Washington, thereunto duly authorized, 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, all on the day and year first above written, 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, notice of which approval, when given by Congress, will be transmitted in due course by the Secretary of the Treasury of the United States to the Legation of Poland at Washington.

THE GOVERNMENT OF THE
REPUBLIC OF POLAND,

By WLADYSLAW WRÓBLEWSKI,
Envoy Extraordinary and
Minister Plenipotentiary.

[SEAL.] THE GOVERNMENT OF THE
UNITED STATES OF AMERICA,

For the Commission:

[SEAL.] By A. W. MELLON,
Secretary of the Treasury, and
Chairman of the World War
Foreign Debt Commission.

Approved:

CALVIN COOLIDGE,
President.

EXHIBIT A.

(Form of bond.)

THE GOVERNMENT OF THE REPUBLIC OF POLAND.

Sixty-two year 3–3½ per cent Gold Bond

Dated December 15, 1922—maturing December 15,

$ No. .

The Government of the Republic of Poland, hereinafter called Poland, for value received, promises to pay to the Government of the United States of America, hereinafter called the United States, or order, on the 15th day of December, , the sum of Dollars ($), and to pay interest upon said principal sum semiannually on the fifteenth day of June and December in each year, at the rate of three per cent per annum from December 15, 1922, to December 15, 1932, and at the rate of three and one-half per cent per annum thereafter until the principal hereof shall have been paid. 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 Poland, 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 Poland or any political or local taxing authority within the Republic of Poland, whenever, so long as, and to the extent that, beneficial ownership is in (*a*) the Govern-

ment of the United States, (*b*) a person, firm, or association neither domiciled nor ordinarily resident in Poland, or (*c*) a corporation not organized under the laws of Poland. 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 under an Agreement, dated November 14, 1924, between Poland and the United States, to which this bond is subject and to which reference is made for a further statement of its terms and conditions.

In Witness Whereof, Poland has caused this bond to be executed in its behalf at the City of Washington, District of Columbia, by its Envoy Extraordinary and Minister Plenipotentiary at Washington, thereunto duly authorized.

The Government of the Republic of Poland:

By

Envoy Extraordinary and
Minister Plenipotentiary.

Dated, December 15, 1922.

(Back.)

The following amounts have been paid upon the principal amount of this bond:

Date.	Amount paid.

O