

January 16, 1940

[Finland's War Debt]

1267

FDR Speech File

January 16, 1940

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CAUTION: Extreme care must be exercised to avoid premature publication.

STEPHEN EARLY

Secretary to the President

January 16, 1940.

My dear Mr. President:
(My dear Mr. Speaker:)

Last month when the Republic of Finland paid the regular installment on her debt to the United States, I directed the Secretary of the Treasury to place the money in a separate account pending such action, if any, as the Congress might desire to take with respect to it.

There is without doubt in the United States a great desire for some action to assist Finland to finance the purchase of agricultural surpluses and manufactured products, not including implements of war. There is at the same time undoubted opposition to the creation of precedents which might lead to large credits to nations in Europe, either belligerents or neutrals. No one desires a return to such a status.

The facts in regard to Finland are just as fully in the possession of every Member of the Congress as they are in the Executive Branch of the Government. There is no hidden information; and the matter of credits to that Republic is wholly within the jurisdiction of the Congress.

This Government will have early occasion to consider a number of applications for loans to citizens and small countries abroad, especially in Scandinavia and South America. That raises the question for the determination of the Congress as to whether my recommendation made to the Congress some months ago, for enlarging the revolving fund in a relatively small sum, for relatively small loans, should be considered. It goes without saying that if the applications for loans can be acted upon favorably by the Congress, this matter will be kept within the realm of our neutrality laws and our neutrality policies.

An extension of credit at this time does not in any way constitute or threaten any so-called "involvement" in European wars. That much can be taken for granted.

It seems to me that the most reasonable approach would be action by the Congress authorizing an increase in the revolving credit fund of the Export-Import Bank and authorizing the Reconstruction Finance Corporation to purchase loans and securities from the Export-Import Bank to enable it to finance exportation of agricultural surpluses and manufactured products, not including implements of war.

It is wholly within the discretion of the Congress to place a ceiling on the amount of such loans. Whether this legislation should include an additional increase in the revolving credit fund of the Export-Import Bank, in order to provide for additional loans to increase our trade with South and Central America, is also within the discretion of the Congress.

Very sincerely yours,

FRANKLIN D. ROOSEVELT

Honorable John N. Garner,
President of the Senate of the United States,
Washington, D. C.
(Honorable William B. Bankhead,
Speaker of the House of Representatives,
Washington, D. C.)

SECOND DRAFT

January 18, 1940.

LETTER TO

THE SPEAKER
THE VICE PRESIDENT

Last month when the Republic of Finland paid the regular installment on her debt to the United States, I directed the Secretary of the Treasury to place the money in a separate account pending such action, if any, as the Congress might desire to take with respect to it. Since that time many suggestions have been made as to what we should do to assist Finland and how it might be done should anything be undertaken.

There is without doubt in the United States a great desire for some action to assist Finland to finance the purchase of agricultural surpluses and manufactured products *not including implements of war.* There is at the same time undoubted opposition to the creation of precedents which might lead to large credits to nations in Europe, either belligerents or neutrals. No one desires a return to such a *status.* ~~situation.~~

The facts in regard to Finland are just as fully in the possession of every Member of the Congress as they are in the Executive Branch of the Government. There is no hidden information, and the matter of credits to that Republic is wholly within the jurisdiction of the Congress.

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This Government will have early occasion to consider a number of applications for loans from citizens and small countries abroad, ^{especially} ~~both~~ in Scandinavia and South America. That raises the question for the determination of Congress as to whether my recommendation made to ~~the~~ Congress some months ago, ~~partly in this connection~~, for enlarging the revolving fund in a relatively small sum, ^{relatively} for ~~thoroughly~~ small loans, ~~namely in the amount of~~ ~~\$100,000,000~~, should be considered. It goes without saying that if the applications for loans can be acted upon favorably by the Congress, this matter will be kept within the realm of our neutrality laws and our neutrality policies. ~~It is primarily a question for Congress etc.~~

A 7 An extension of credit at this time ~~to Finland or to Sweden or Norway~~ does not in any way constitute or threaten any so-called "involvement" in European wars. That much can be taken for granted.

It seems to me that the most reasonable approach would be action by the Congress authorizing an increase in the revolving credit fund of the Export-Import Bank and authorizing the Reconstruction Finance Corporation to purchase loans and securities from the Export-Import Bank to enable it to finance exportation of agricultural *not including implements of war.* surpluses and manufactured products. ~~Such legislation~~ *H* ~~would enable additional loans.~~ It is wholly within the

discretion of the Congress to place a ceiling on the amount of such loans. Whether this legislation should include an additional increase in the revolving credit fund of the Export-Import Bank, in order to provide for additional loans to increase our trade with South and Central America, is also within the discretion of the Congress. ~~It will be noted that I made a recommendation for this at the first session of this Congress.~~

Very sincerely yours,

SECOND DRAFT

January 16, 1940.

LETTER TO

THE SPEAKER
THE VICE PRESIDENT

Last month when the Republic of Finland^{land} paid the regular installment on her debt to the United States, I directed the Secretary of the Treasury to place the money in a separate account pending such action, if any, as the Congress might desire to take with respect to it. Since that time many suggestions have been made as to what we should do to assist Finland and how it might be done should anything be undertaken.

There is without doubt in the United States a great desire for some action to assist Finland to finance the purchase of agricultural surpluses and manufactured products, ^{not including surplus cotton yarn} There is at the same time undoubted opposition to the creation of precedents which might lead to large credits to nations in Europe, either belligerents or neutrals. No one desires a return to such a ^{status} situation.

The facts in regard to Finland are just as fully in the possession of every Member of the Congress as they are in the Executive Branch of the Government. There is no hidden information, and the matter of credits to that Republic is wholly within the jurisdiction of the Congress. *See 1932*

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It seems to me that the most reasonable approach would be action by the Congress authorizing an increase in the revolving credit fund of the Export-Import Bank and authorizing the Reconstruction Finance Corporation to purchase loans and securities from the Export-Import Bank to enable it to finance exportation of agricultural surpluses and manufactured products. *not excluding supplement of some* Such legislation ~~would enable additional loans.~~ *H* It is wholly within the discretion of the Congress to place a ceiling on the amount of such loans. Whether this legislation should include an additional increase in the revolving credit fund of the Export-Import Bank, in order to provide for additional loans to increase our trade with South and Central America, is also within the discretion of the Congress. It will be noted that I made a recommendation for this at the first session of this Congress.

Very sincerely yours,

This Government will have early occasion to consider a number of applications for loans from citizens and small countries abroad, both in Scandinavia and South America. That raises the question for the determination of Congress as to whether my recommendation made to Congress some months ago, partly in this connection, for enlarging the revolving fund in a relatively small sum for thoroughly small loans, namely in the amount of \$100,000,000, should be considered. It goes without saying that if the applications for loans can be acted upon favorably by the Congress, this matter will be kept within the realm of our neutrality laws and our neutrality policies. It is primarily a question for Congress etc.

January 18, 1940

DRAFT OF PROPOSED LETTER TO:

THE SPEAKER
THE VICE PRESIDENT

The Congress is as fully aware as the Executive Branch of the Government of the situation which confronts the Republic of Finland.

For many years Finland has consistently paid the principal and interest on our loan to her and is today confronted with the obvious necessity of making many purchases from other nations for the purpose of fighting for her independence.

I see no reason why the Legislative and Executive Branches of the Government should not cooperate fully and wholly without partisanship in determining whether this country should make available for the Republic of Finland additional sources for ~~acquiring~~ ^{filling}, without delay, her urgent and immediate needs.

When last month the regular installment on the Finnish debt to the United States was paid to the Treasury, I directed the Secretary of the Treasury to place the money received in a separate account pending such action as the Congress might desire to take. The amount, however, is very small -- only \$ 275,000. (?)

Many suggestions have been made. Among them are suggestions that the Congress remit the December payment to the Finnish Government, or that the Congress remit future payments by the Finnish Government. In another category fall the suggestions that the United States should loan to the Finnish Government, out of the Treasury of the United States, a sum equal to the total amount of payments by Finland on her debt to us. These payments amount to approximately \$8,000,000.

It has been suggested, however, that this whole question should be removed from the category of the existing debt and removed from any category of loan or gift by the Treasury of the United States. This can be accomplished by Congressional authority to the Export-Import Bank, operating independently, or through the Reconstruction Finance Corporation to extend an additional loan, over and above the \$10,000,000 already loaned to the Finnish Trading Corporation, such new loan to be of substantial size.

After consulting with a number of leaders of the Senate and House of Representatives, I would be willing to approve the authorization of such a loan by one of

the regular Government lending agencies, up to an amount

not to exceed \$25,000,000. It has also been suggested

that authority be given within ^{*this limit of 25,000,000*} ~~such sum~~ to make such a

loan to a Swedish or Norwegian company, with the

objective of transferring, with the utmost speed,

essential articles which can most readily be obtained *by Finland*

from Sweden or Norway.

January 15, 1940

DRAFT OF PROPOSED LETTER TO:

THE SPEAKER
THE VICE PRESIDENT

The Congress is as fully aware as the Executive Branch of the Government of the situation which confronts the Republic of Finland.

For many years Finland has consistently paid the principal and interest on our loan to her and is today confronted with the obvious necessity of making many purchases from other nations for the purpose of fighting for her independence.

I see no reason why the Legislative and Executive Branches of the Government should not cooperate fully and wholly without partisanship in determining whether this country should make available for the Republic of Finland additional sources for ^{filling} ~~acquiring~~, without delay, her urgent and immediate needs.

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the regular Government lending agencies, up to an amount not to exceed \$25,000,000. It has also been suggested that authority be given within ^{limit of \$25,000,000} ~~such sum~~ to make such a loan to a Swedish or Norwegian company, with the objective of transferring, with the utmost speed, essential articles which can most readily be obtained ^{by Finland} ~~be~~ from Sweden or Norway.

The Speaker
Frank D. O.

I suggest that the Congress give consideration on a purely non-partisan basis to increasing the revolving credit fund of the Export-Import Bank from \$100,000,000 to \$200,000,000, and authorize the Reconstruction Finance Corporation to purchase loans and securities from the Export-Import Bank to enable it to finance the exportation of agricultural surpluses and manufactured products, limiting the amount that the Reconstruction Finance Corporation may have invested in such loans at any one time to \$100,000,000. Any such purchases to be made on terms and conditions acceptable to the Reconstruction Finance Corporation and approved by the Federal Loan Administrator.

This legislation would enable the Export-Import Bank and the Reconstruction Finance Corporation to make some additional loans to the Finnish-American Trading Corporation for the benefit of Finland, as well as a loan to Sweden, if it should be determined to grant all or any part of a request for \$25,000,000 which the Export-Import Bank has from the Swedish Government.

It is desirable that we increase our trade with South and Central America, and to accomplish this will require some credits. These can be taken care of in the authorization I suggest.

The legislation should provide that no loans shall be made to finance the purchase of implements of war by any country.

Approach

Last month when Finland paid the regular installment on her debt to the United States I directed the Secretary of the Treasury to place the money in a separate account pending such action, if any, as the Congress might desire to take with respect to it.

Since that time many suggestions have been made as to what we should do to assist Finland, and how it might be done should anything be undertaken.