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DEUDA PÚBLICA

11. HACIENDA PÚBLICA
11.03 SISTEMA MONETARIO
INTERNACIONAL
11.03.01 DEUDA EXTERNA
01.04.03 MÉXICO

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MEXICAN RAILWAYS DEBT 823,246,520 PESOS

Principal Due Bondholders Is 479,-
268,644, Remainder Interest in
Arrears, Statement Says

Special to THE WALL STREET JOURNAL

MEXICO CITY—Total indebtedness of National Railways of Mexico is 823,246,520 pesos, of which 479,268,644 pesos represents principal due bondholders and remainder interest in arrears, according to a second statement on Mexico's foreign debt issued by Ministry of Finance.

Total debt is itemized as follows: Mortgages, guaranteed by government, principal 115,497,150 pesos, interest 73,008,234 pesos; mortgages not guaranteed by government, principal 294,863,230 pesos, interest 209,270,584 pesos; debts represented by notes and certificates, principal 68,08,264 pesos, interest 61,699,958 pesos.

Interest in arrears, totaling 343,977,876 pesos, is itemized as follows: 1914-1922, 191,568,042 pesos; current interest 1923-1927, 107,325,090 pesos; post agreement interest 1928-1929, 45,084,744 pesos. Current interest 1923-1927 includes 91,691,510 pesos in cash warrants and 15,625,580 pesos in scrip.

Actual indebtedness of railways is only 799,742,150 pesos, the statement explains, since credit of 23,504,370 pesos has been placed to account of bondholders.

Finance Ministry's statement describes in detail each bond issue and gives history of the company including mention of reorganization this year in order to be able to resume payments. Railways' bond issues with greatest circulation December 31, 1929, are listed as preferred gold 4½% National Railways of Mexico bonds, expiring in 50 years, issued in 1907, of which outstanding principal is 169,608,230 pesos and interest 122,117,924 pesos; general guaranteed mortgage 4% gold bonds expiring in 70 years, issued in 1907 with outstanding principal 101,497,150 pesos and interest 62,928,234 pesos.

National Railways debt figures prominently in Mexico's total foreign indebtedness with which the New York meeting scheduled to begin today will deal.

25 JUN. 1930

DO
104
DO

221 THE WALL STREET JOURNAL
52 New York, U.S.A.
44 Broad Street.

30

Ann

Notleidende mexikanische Privatanleihen.
In einer in Genf abgehaltenen Versammlung der Besitzer von sfr-
Anleihen der Cia. Algodonera e Industrial de la
Laguna (Lavin) und Negociacion Agricola de Hico
y Anexas ergab sich lt. „N. Zür. Ztg.“ ein trübes Bild. Bei der
Lavin soll der Umtausch der Bons in Aktien und Kassenscheine
stattfinden, bei der Hico in Agrarbons der Mexikanischen
Nationalbank, beide unter beträchtlichen Einbußen der For-
derungsbeträge. In der Versammlung fand sich keine Mehrheit zur
Annahme der Vorschläge.

JUL 1930

P62 FRANKFURTER ZEITUNG d
m3 Frankfurt a.M. Alemania
Potodamer Strasse 133.

ARREGLO DE LA DEUDA MEJICANA

La Marina y Habana

Se anuncia que se llegará a él
en la conferencia de New York

24 JULIO 1920

CIUDAD MEXICO, Julio 23 (AP.)

—El periódico «Excelsior» publica esta noche que según sus informes, la conferencia de las deudas de México que hace tres semanas que se celebra en Nueva York, ha tenido completo éxito, solucionando el problema de las deudas exteriores y ferroviarias mexicanas. Esta noche salieron de Nueva York para Europa los delegados ingleses y alemanes en la Comisión de Banqueros Internacionales que con el Ministro de Hacienda de México, señor Luis Montes de Oca, y sus auxiliares, negociaban el arreglo. Los banqueros Mr Lamont, asumieron la representación de los norteamericanos, a los que presentaron sus colegas ausentes.

«Excelsior» dice también que dentro de unos días se conocerá las condiciones del acuerdo, y que los banqueros consintieron en posponer el pago de los intereses de la deuda ferroviaria, hasta que los Ferrocarriles mexicanos no dispongan de un sobrante de cincuenta millones de pesos, que serán empleados en la construcción de nuevas líneas. En los centros oficiales se confirma la noticia.

" La Marina"
Habana.

* Das dritte mexikanische Schuldenabkommen.

Ein „Dawes-Plan“ für Mexiko.

3 d
27 JUL. 1930

□ Berlin, 26. Juli.

Nach 2½jährigem völligen Stillstand des Zinsen- und Amortisationsdienstes und nach den beiden ersten Reorganisationsabkommen von 1922 und 1925 ist nunmehr als Ergebnis der mehrwöchentlichen New Yorker Konferenz zwischen dem mexikanischen Finanzminister und den Vertretern der internationalen Banken ein drittes Abkommen zustande gekommen, das den seit 1913 mit kurzen Intervallen stockenden Schuldendienst Mexikos endgültig regeln will. Es sieht als Grundprinzip eine Vereinheitlichung sämtlicher mexikanischer Anleihen in zukünftig zwei oder, wenn man will, drei Anleihen vor. Die Gläubiger müssen sowohl hinsichtlich der rückständigen als auch hinsichtlich der laufenden Zinsen in einer bis 1936 bemessenen Uebergangszeit erhebliche Opfer bringen, wofür aber ihr Kapitalanspruch generell erhalten bleibt. Die Rückstände werden nahezu annulliert (vergl. unten). Für Mexiko soll der neue Plan etwas ähnliches bedeuten wie der Dawes-Plan für Deutschland, wenn auch die Sicherungen erheblich kleiner sind.

Die mexikanische Regierung, die nach dem letzten Abkommen von 1925 bei voller Erfüllung etwa US-Doll. 42—43 Mill. zu zahlen gehabt hätte, wird nach dem neuen Plan ab 1936 eine feststehende Pauschalsumme von Doll. 15 Mill. zu zahlen haben. Als Uebergangsleistung hat sie ab 1931 Doll. 12.5 Mill. abzuführen, eine Summe, die jährlich steigt, bis 1936, wie gesagt, Doll. 15 Mill. erreicht werden. Diese Zahlungen sind gesichert durch die gesamten Ein- und Ausfuhrzölle, während nach dem letzten Abkommen nur ein Teil dieser Einnahmen haftete. Auch scheinen Vorkehrungen getroffen zu sein, um eine laufende Abführung dieser Einnahmen zu gewährleisten. Diese Beträge müssen hinreichen sowohl für den laufenden Zinsen- und Tilgungsdienst als auch für Einlösung der rückständigen Zinsen.

Es werden zukünftig zwei Anleihen geschaffen, von denen die eine die direkten Staatsschulden vereinheitlicht, die andere alle Eisenbahnschulden. Zu den direkten Staatsschulden werden neben den bekannten Anleihen auch die Tehuantepec-Anleihen gezählt, die an sich Eisenbahnanleihen darstellen, aber staatlich garantiert waren. Diese Besserstellung ist als ein Erfolg des deutschen Emissionshauses zu buchen. Bei den direkten Staatsschulden wird ein Unterschied gemacht zwischen den seither zollgesicherten Anleihen (5proz. Goldanleihe von 1899, 4proz. von 1904 und 6proz. von 1913) und den übrigen (für Deutschland interessierend vor allem 5- und 3proz. Silberanleihe, Tamaulipas, Irrigation, Tehuantepec, Veracruz). Der Hauptunterschied zwischen diesen beiden Kategorien ist, daß bei den Anleihen der ersten Kategorie die zukünftig als Normalsatz geltende 5proz. Verzinsung bereits 1935 erreicht wird, bei den Anleihen der zweiten Kategorie dagegen erst 1936. Dagegen wird bei beiden Kategorien der Zinsendienst gleichmäßig am 1. Januar 1931 mit 3 pCt. beginnen. Das Umtauschverhältnis für die zahlreichen Einzelanleihen in die beiden Vereinheitlichungsemissionen steht noch nicht fest, es wird Gegenstand eines besonderen Abkommens zwischen den Banken und den Anleihehabern sein. Bei dem Umtauschverhältnis wird nach unseren Informationen nicht nur die seitherige Normalverzinsung berücksichtigt werden, sondern auch die Währung, auf die die Anleihen lauteten, ihre seitherige Sicherstellung und Laufzeit. Die Inhaber der seither mit weniger als 5 pCt. verzinslichen Anleihen werden also zukünftig ein geringeres Nominale erhalten. Doch ist die Umtauschrelation infolge der verschiedenartigen Umrechnungsschlüssel nicht einfach so, daß z. B. eine 4proz. Anleihe durchweg mit 80 pCt. umgetauscht wird. Da durch diese nicht feststehende Relation ein ziemliches Unsicherheitsmoment entsteht, sollten die Emissionshäuser für baldige völlige Aufklärung sorgen, ebenso wie bei zahlreichen anderen Einzelheiten der Vereinbarung. Die Amortisation der Anleihen, die bisher verschiedenartig war, wird zukünftig einheitlich binnen 45 Jahren erfolgen, und zwar aus einem sinking fund, entweder durch Rückkauf oder durch Auslösung. Die neuen Umtauschbonds werden auf Dollars, Pfunde und franz. Francs lauten, wahrscheinlich auch auf Mark usw. Die Einlösungsstellen in Deutschland bleiben natürlich erhalten, und die neue Anleihe wird an den deutschen Bör-

sen ebenso wie an den Auslandsbörsen eingeführt werden und demnach arbitragefähig sein. Für die neue Anleihe hatten, wie gesagt, die gesamten Zölle, mit der Maßgabe, daß neue Bonds mit der gleichen Sicherstellung ausgegeben werden können, eine Klausel, die nicht ganz klar ist.

Rückstände: Es wird während der nächsten 3 bis 5 Jahre aus den mexikanischen Pauschalzahlungen ein Fonds von annähernd Doll. 11.75 Mill. gebildet, um die Rückstände wie folgt einzulösen: die Scrips Serie A mit 2 pCt., die Scrips Serie B mit 1 pCt. ihres Nennwerts und die sog. Current Interest Scrips Cash Warrants, die für die von 1923—27 fälligen Kupons ausgegeben waren, mit 10 pCt. Die Inhaber der A- und B-Scrips, die dem Plan beitreten, haben das Recht, sofortige Bareinlösung zu verlangen, während die Cash-Warrants offenbar erst von 1934/36 eingelöst werden.

Hinsichtlich der Eisenbahnschulden hat das Bankenkomitee mit der mexikanischen Regierung ein grundsätzliches Abkommen geschlossen, wonach die Eisenbahnen einer neuen Gesellschaft übertragen werden sollen. Das Komitee hofft in unmittelbarer Zukunft den Bondinhabern einen Plan über die Konsolidierung ihrer Schulden zu unterbreiten. Dabei soll ein Generalpfand für diese Schulden bestehen bleiben, und der Teil, der seither von der Regierung garantiert war, wird zukünftig die gleiche Garantie tragen. Auch hier findet sich aber eine unklare Klausel: es sei Vorsorge getroffen, daß eine erste Hypothek offenbleibt, um zukünftigen Kapitalbedarf der Eisenbahn-Gesellschaft befriedigen zu können. Bei den Eisenbahn-Anleihen (in der Hauptsache National Railway and Railroads) wird der Zinsendienst 1931 mit 2½ pCt. aufgenommen werden, um bis 1936 auf 5 pCt. zu steigen. Auch hier soll ein Fonds für die Einlösung der rückständigen Kupons geschaffen werden, die zu den gleichen Bedingungen wie bei den direkten Staatsschulden erfolgen wird. Hinsichtlich des Umtauschverhältnisses der einzelnen Anleihen in die Konsolidierungsanleihe verlautet bisher nichts.

Sobald das Abkommen von Mexiko ratifiziert ist, werden die Banken die Besitzer der Anleihen zur Einreichung ihrer Stücke zwecks Zustimmung auffordern. Wenn alles glatt geht, würde also am 1. Januar der erste Kupon der Anleihen eingelöst werden können.

Eine gleichzeitig erscheinende gemeinsame Veröffentlichung des mexikanischen Finanzministers und der Banken stellt noch fest, daß Mexiko eine neue gesicherte Anleihe erst dann aufnehmen darf, wenn der Zinsendienst für die jetzt geregelte direkte Schuld auf dem Normalsatz von 5 pCt. angelangt ist, also nicht vor 1936. Die Eisenbahngesellschaft, die seither zwar schon formell selbständig war, aber praktisch doch weitgehend unter Staatseinfluß stand, sei eigentlich Bankrott gewesen. Das jetzt vorgesehene Verfahren laufe auf eine Liquidation mit Zustimmung der mexikanischen Regierung hinaus. Von den 20 Mill. Doll., auf die die Inhaber der Eisenbahnanleihen während der nächsten fünf Jahre verzichten, sollen 5 Mill. für Verbesserungen des Betriebs verwandt werden. Regierung und Bahn verzichten gegenseitig auf alle Ansprüche, die sie gegeneinander haben. Der Minister und die Bankenvertreter erklären, daß das jetzt abgeschlossene Abkommen als fair zu betrachten sei.

*

m New York. (Transradio.)

In Bondholder- und Händlerkreisen wird hier das neue mexikanische Schuldenabkommen angesichts der als niedrig angesehenen Kurse der mexikanischen Werte als relativ günstig beurteilt. Die Verteilung der neuen konsolidierten Anleihestücke soll nach Maßgabe der Sicherheit der alten Stücke erfolgen; zunächst sollen also die Inhaber der garantierten Werte nach Maßgabe der ihnen zustehenden Zinsen berücksichtigt werden, sodann erst die Inhaber der ungesicherten Stücke. Wieviel hierbei auf die verschiedenen alten Stücke entfällt, steht z. Zt. noch nicht fest. Man nimmt an, daß die hiesigen Bondinhaber zustimmen werden, aber erst wenn weitere Einzelheiten bekannt sind, an denen es z. Zt. noch z. T. fehlt.

p62 "FRANKFURTER ZEITUNG
n 3 Frankfurt a. M. Alemania.
Potsdamer Strasse 133.

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CONSOLIDAN LA DEUDA MEJICANA

La Marina Habana

27 JUL 1930

Un convenio con ese objeto fué firmado ayer en N. York

NUEVA YORK, julio 26 (A. P.) —Un convenio para la consolidación de la deuda exterior de México, tanto la del gobierno como la ferroviaria, se firmó hoy en las oficinas de J. P. Morgan and Company, sujeto a la aprobación del Congreso mejicano y de los tenedores de las obligaciones.

El plan consiste en la reducción de la deuda, que es de 513 millones de pesos a 492 millones, con el interés del cinco por ciento, así como una importante reducción de los intereses atrasados, los cuales ascienden ya a cerca de doscientos millones de pesos.

El gobierno mejicano deberá garantizar la nueva deuda consolidada, por la cual se cambiarán los antiguos bonos, con los ingresos de las aduanas.

La discusión del convenio se ha venido haciendo desde hace varias semanas entre Luis Montes de Oca, ministro de Hacienda mejicano, y una comisión internacional de banqueros, presidida por Thomas W. Lamont, de la firma Morgan, en representación de la Gran Bretaña, Francia, Alemania, Suiza y Bélgica.

"La Marina"
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MEXICO AND ITS DEBT.

Even though the provisional agreement for the resettlement of Mexico's External Debt has arrived in London, there is yet no definite statement of the amount of new bonds offered in exchange for the old. This is the point in which bondholders are primarily concerned. It is impossible to express a view of the fairness or otherwise of the plan in the absence of the requisite data. THE FINANCIAL TIMES is able to-day to give supplementary details of the scheme, but no specific mention of the most vital consideration, as the individual bondholder will see it, is available. It is due to him that this information shall be given. The adjustment of the call on a country's revenues by creditors to its ascertained capacity to pay is a process with which investors have become familiar, but they are entitled to have the case for sacrifice and the question of equity proved.

5 AGOS. 1930

Down to the present holders of the Mexican securities affected know nothing of the considerations which have led up to the agreement now under discussion. Responsible people, admittedly, have been satisfied of the need for reducing the annual demand upon Mexico for external obligations to stated amounts. Definite abandonment of expectations raised by the earlier plan and a further whittling down of claims are proposed without, it would seem, disclosure of any figures of revenues and taxation upon which can be based an intelligent estimate of the position. Methods are to be provided under which new bonds can be issued. With these in contemplation, it would have been thought there would be, as an essential preliminary act, the presentation of fact upon which the right of the debtor to a decent credit status could be measured. Absence of guidance of the kind is all against Mexico's own interest when it comes to endeavouring to enlist the support of the private investor.

It should follow from the fact that the settlement has been described as honourable to the Government and fair to bondholders that the situation has been explored thoroughly. Unification of the bonds into two series—"A" for the direct and "B" for the unsecured debt—both charged on the Customs revenue, would appear a reasonable measure of simplification and consolidation. But how are the priorities to be reflected in the allotment? It is provided that account shall be taken of them. That would imply substitution of new for existing obligations in differing percentages. New York advices have referred to a sharp reduction in the amounts payable to certain beneficiaries under the agreement; but whether that relates to principal as well as arrears and future interest we have no idea. It is well nigh unthinkable that those who negotiated the settlement stopped short of assessing the value of the respective issues under the plan. A member of the Stock Exchange has reckoned, on the basis of the stipulated annual payments, that the exchange will be, or that it could be, par for par. An allotment which disregarded priorities might create dissatisfaction, but calculations based on the possibility of it are worth mentioning as illustrating the need for prompt official information.

"Financial Times"
Londres.

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Le règlement de la dette mexicaine

Suivant le *Journal of commerce*, l'accord de principe intervenu à New-York entre le comité international des banquiers et les représentants du gouvernement mexicain comportera — s'il est adopté par les porteurs, — un premier payement le 30 juin 1934.

9 AGOS. 1934



P40 "LE TEMPS".
11 Paris, Francia.
5 Rue des Italiens.

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Se Cree que México Repudiará el Convenio Lamont-Montes de Oca

15 AGOS. 1930

El Embajador Morrow ha convencido al Gobierno de que ese convenio otorga al Comité Internacional de Banqueros privilegios a que no tiene derecho

Servicio Especial para LA PRENSA

Ciudad de México, agosto 14.—La nota sensacional de la semana en México, ha sido constituida sin duda alguna por la declaración de que el Embajador Morrow posee un plan financiero para el arreglo de las Deudas de México, más benéfico para el país que el concertado entre el Secretario de Hacienda, Sr. Montes de Oca, y el Comité de Banqueros Internacionales.

El Embajador se ha negado a comentar el asunto; pero ya se asegura que cuando el Congreso Federal se reúna el día primero de septiembre rechazará el acuerdo Lamont-Montes de Oca.

EL PRESIDENTE

La actitud asumida por el Embajador Morrow, que se considera como francamente amigable para México, significa un rompimiento definitivo entre la casa Morgan y el Sr. Morrow. El Embajador y banquero posee un plan para el arreglo de la deuda que permitirá a México pagar sus obligaciones totales, sin dejar pendiente el arreglo de parte de la Deuda Interior, como según parece quedaría en caso de aprobarse el acuerdo Lamont-Montes de Oca.

Los primeros informes acerca de la concertación de dicho convenio, aseguraban que el Presidente Ortiz Rubio estaba de acuerdo con la gestión realizada por su

Secretario de Hacienda; pero un estudio detallado del arreglo parece haber llevado al Primer Magistrado al convencimiento de que no es beneficioso para México y que el plan Morrow sería el que vendría a resolver la difícil situación que se ha creado con motivo de la Deuda Exterior.

PRIVILEGIOS

Según los conocedores del plan Morrow, éste permitiría consolidar la totalidad de la Deuda de México, la externa y la interna, por medio de la emisión de bonos, estableciendo un sistema de pagos que permitiría a México poseer el dinero necesario para atender a sus más urgentes necesidades, entre las que se cuenta el problema de la educación pública, y al mismo tiempo asegurar la paz del país y elevar el standard de vida en la nación.

El punto de vista del Embajador Morrow es que nada ganaría México concertando un arreglo para el pago de la Deuda Exterior juntamente con la de los Ferrocarriles Nacionales, pues en es-

ta forma se crearía un grupo privilegiado de acreedores, lo cual sería, en opinión del Embajador Morrow, grandemente perjudicial para la rehabilitación financiera de México.

Mediante la aplicación del plan Morrow, México estaría en condiciones de adquirir al contado las tierras que necesitara para entregárselas a los campesinos.

El Embajador cree que la re-

construcción financiera de la República es ahora más urgente que nunca, y poniendo a disposición del Gobierno a su cuerpo de expertos y hasta su propia experiencia y habilidad financieras, presta un favor definitivo a la República Mexicana, en contra de la casa Morgan de Nueva York.

Se dice en esta ciudad, que el Embajador Morrow ha expresado la opinión de que el acuerdo Lamont-Montes de Oca otorga a los banqueros internacionales privilegios a que no tienen derecho.

Al adoptar una actitud contraria a la casa Morgan, el Embajador Morrow se ha movido por la simpatía que siente hacia México. El Sr. Morrow no solamente quiere que México pueda pagar sus deudas de acuerdo con sus posibilidades, sino también que dicho pago se efectúe en forma de que el país cuente con suficientes recursos, para ocuparse al mismo tiempo de su progreso, especialmente en materias de educación.

Son muchos los que piensan que debe apreciarse el hecho de que exista en estos momentos un Embajador en México, que no solamente se preocupa por asegurar la paz entre las dos naciones, por el tiempo que ure su actuación diplomática, sino que tiene interés también en asegurarla para los tiempos venideros.

A este respecto, el Sr. Morrow ha obrado más como un banquero que como un diplomático. Un futuro conflicto en México, dejaría en difícil posesión a los intereses que no están asegurados por el plan Lamont-Montes de Oca, pues mientras éstos tendrían asegurado su dinero aquéllos se verían realmente en airada posición para reclamarlo. Esto es lo que trata el Embajador Morrow de evitar.

Y hay que hacer constar que el Sr. Morrow no ha manifestado que desapruaba el tratado Lamont-Montes de Oca, pero su plan difiere por completo del mencionado, lo cual se explica claramente porque las cordiales relaciones que existían entre la Embajada y la Secretaría de Hacienda de México, pertenece en ya al pasado.

P2 LA PRENSA. d.
p2 San Antonio Texas, E.U.A.
20 N. Sta. Rosa Ave.

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MEXICO AND DEBT AGREEMENT.

**Approved by the
Government.**

18 AUG. 1930

U.S. CONGRESS ACTION AWAITED.

MEXICO CITY, August 16.—The Mexican Government has approved the debt settlement which was reached in New York last month. Before it becomes effective, however, the agreement must be ratified by the United States Congress.—*Reuter.*

Note.—The reduction and refunding of Mexico's direct external and railway debts were provided for in the agreement which was signed in July by the Mexican Finance Minister, Senor Montes de Oca, and Mr. Thomas W. Lamont, chairman of the International Committee of Bankers. The total debt of about \$513,000,000 (£102,600,000) is to be refunded into \$492,000,000 in Bonds bearing 5 per cent. interest. There is also to be a substantial reduction in the interest arrears, which in the case of the direct debt now amount roughly to \$200,000,000 (£40,000,000).

The Mexican Railway, which is now insolvent, is also to be reorganised.

FINANCIAL NEWS

Queen Victoria

Date 18 - 8

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MEXICAN DEBT.
18 AUG. 1930
AGREEMENT APPROVED
GOVERNMENT.

MEXICO CITY, 16TH AUGUST.

The Mexican Government has approved the debt settlement which was reached in New York last month. Before it becomes effective the agreement must be ratified by the United States Congress.—Reuter.

* * * The reduction and refunding of Mexico's direct external and railway debts were provided for in the agreement, official details of which appeared in THE FINANCIAL TIMES on 26th July, and was signed by the Mexican Finance Minister, Senor Montes de Oca and Mr. Thomas W. Lamont, chairman of the International Committee of Bankers. The total debt of about \$513,000,000 (£102,600,000) is to be refunded into \$492,000,000 (£98,400,000) in bonds bearing 5 per cent. interest. There is also to be a substantial reduction in the interest arrears, which in the case of the direct debt now amount roughly to \$200,000,000 (£40,000,000).

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FINANCIAL TIMES

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Mexican Debt.

THE Mexican Government has approved the debt settlement which was reached in New York last month. It now requires to be ratified by the United States Congress.

22 AGOS. 1930

TELEPHONE SERVICE

Cutting from Stock Exchange
Dated 22-8 1930

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27 AUG. 1930

MEXICO'S NATIONAL DEBT

To be Settled in One Plan.

27 AUG. 1930

New York, Tuesday.

Mexico's entire national debt, including the agrarian debt and claims of foreigners for compensation for damages suffered in revolutions, will be settled in one integral plan based upon Mexico's capacity to pay.

This statement was made yesterday (according to the Associated Press correspondent in Mexico City by Senor Montes de Oca, Finance Minister, in connection with a report made by him to President Rubio on the agreement signed on 25th July by the Minister and Mr. Thomas W. Lamont, chairman of the International Committee of Bankers of Mexico. This agreement will be one of the first measures attended to by the Mexican Congress which convenes on 1st September.—Reuter.

BELFAST NEWS LETTER

Belfas

Date 27-8-70 19

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MEXICAN AGREEMENT.

Copies of the agreement of July 25, 1930, between the United Mexican States and the International Committee of Bankers are now available in London for inspection by bondholders at the office of the committee, 1, Broadstreet-place and at the office of Morgan Grenfell and Co., 23, Great Winchester-street.

4 SEPT. 1930

EVENING STANDARD

Shoe Lane, E.C.

Date

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MEXICO AGREEMENT.

COPIES AVAILABLE.

4 SEPT. 1930

It is understood that copies of the agreement of July 25 last between the United Mexican States and the International Committee of Bankers are now available in London for inspection by bondholders at the office of the Committee, 1 Broad-street-place, E.C., and at the office of Morgan, Grenfell and Co., 23 Great Winchester-street, E.C.

Full details of the agreement, under which facilities are to be given to Mexico for the resumption of the service on its foreign debt, appeared in THE FINANCIAL NEWS on July 26.

INTERNATIONAL BANKING CORPORATION

FINANCIAL NEWS

Queen Victoria Street

.....49.....193

SETTLEMENT OF MEXICO'S DEBTS.

5 SEPT. 1930

5 SEPT. 1930

FURTHER DETAILS OF AGREEMENT WITH BANKERS.

DISCHARGE OF ARREARS.

FIRST PAYMENT OF FIVE MILLION DOLLARS.

Further details are now available of Mexico's debt agreement, an outline of which appeared in *THE FINANCIAL TIMES* of 26th July last.

While the proposed agreement contains the broad outlines of a settlement, there is no information of the basis of exchange of old bonds for new—a point on which holders are much exercised in mind.

THE FINANCIAL TIMES New York correspondent cables that \$5,000,000 has been paid by Mexico to the International Committee of Bankers, being a portion of the amount which the Government covenants to pay during next year.

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"FINANCIAL TIMES" SPECIAL.

The text of the provisional agreement for the settlement of Mexico's debts, entered into between the Mexican Finance Minister and the Chairman of the International Committee of Bankers on Mexico, was yesterday available in London for limited inspection. Copies were deposited for perusal at the offices of the Committee and at the office of Messrs. Morgan Grenfell and Co. The documents were marked "Confidential," and it was explained at both offices that at the moment an undertaking had been given not to dispose of the copies.

Such scrutiny as was permitted afforded the information that the agreement embodies a plan to consolidate Mexico's direct debt of \$500,000,000 (and \$200,000,000 unpaid interest) by a new issue of bonds which will unify the different issues now outstanding. The agreement would also extend facilities to Mexico for the resumption of the service on its foreign debts through the reduction of the amounts due for arrears of interest to a minimum sum and through the extension of the term of payment to 45 years.

New Bonds.

The loan contract provided by the agreement will create a sum to be known as the United Mexican States Refunding Gold Loan of 1930. The loan will be represented by bonds of two series, which will be issued and delivered to the International Committee of Bankers.

Bonds of the two series—"A" and "B"—are to be issued. Both series will carry 3 per cent. interest, gradually rising to 5 per cent., "A" bonds reaching this rate in 1935 and "B" in 1936. The "A" bonds are to be exchanged for the present secured direct debt and "B" are to be exchanged for the unsecured debt.

Funds for the payment of interest and sinking fund on the bonds are to be issued under the loan contract, and sums for the purchase for retirement of several other items will be payable by the Government as follows:—

1931	\$12,500,000
1932	\$13,000,000
1933	\$13,500,000
1934	\$14,000,000
1935	\$14,500,000

By this scale of progression the standard payments will by 1936 have attained the annual total of \$15,000,000, and thereafter this sum will be maintained for the remainder of the contractual period. It is estimated that the sinking fund commencing next year will be sufficient to retire the entire issue in 45 years, either by purchase in the market or by redemption at 100.

As partial payment on account of the amount payable for 1931, the Mexican Government will remit to the committee within 30 days after the execution of the agreement \$5,000,000. Until 1936 payments will be made to the International Committee in New York.

The Mexican Government pledges full faith and credit and Customs revenues are to be deposited.

Necessary Minimum.

The Committee may declare this agreement and the loan contract operative after 51 per cent. of the aggregate principal amount of all Government obligations have been deposited for exchange. Unless with the consent of the Mexican Government the agreement cannot be declared operative until 40 per cent. of the Government's debts have been deposited.

It is provided that depositors of bonds will be entitled to receive temporary bonds or deposit receipts. These Governmental obligations will remain on deposit with the Committee and will be cancelled and delivered to the Government upon the delivery by the Government, and the acceptance by the Committee, of definitive bonds in exchange for the temporary bonds or deposit receipts.

The annual payments to be made by

the Mexican Government for the years 1931-35 include amounts to be devoted to a special fund for the retirement of certain items. These amounts are to be the balance of the annuities after deducting the interest and sinking fund, which will aggregate \$11,755,000 during the five years.

The special fund thus created will be utilised for retirement by purchase in the following manner:—

(a) at 1% of the face value thereof, receipts for interest in arrears, Class B, of an aggregate face value of	\$46,965,726
(b) at 2% of the face value thereof, receipts for interest in arrears, Class A, of an aggregate face value of	64,223,446
(c) at 10% of the face value thereof, current interest scrip of an aggregate face value of	13,219,207
Unpaid cash warrants, overdue coupons and interest on the Government obligations calculated to 1st January, 1931, of an aggregate face value of	61,214,608
Current interest scrip on railways obligations of an aggregate face value of	7,812,798
Overdue cash warrants on railways obligations, for which the Government remains responsible under the plan and agreement of 16th June, 1922, executed between the Government and the Committee, of an aggregate value of	17,772,159

The Mexican National Railways are at present considered insolvent. In order to make possible its financial rehabilitation it has been considered necessary to reduce its obligations through the reduction of arrears of interest, as in the case of the direct debt, and through the renunciation by the bondholders of part of the interest payable during the next five years.

The amounts available in this way, being over \$25,000,000, will be invested in additions and improvements in order to enable the company to operate with greater economy.

It is intended that the existing debt should be consolidated in a new issue secured by a general mortgage to bear interest beginning with 2½ per cent., gradually rising to 5 per cent., and payable in 45 years from 1936, when regular amortisation is due to begin.

Official Debts Cancelled.

It is planned to refund all indebtedness now existing, such as floating obligations. All claims and demands between the Government and the company will be cancelled in order to enable the new company to begin its operations with a minimum of floating debt.

A responsible official of Messrs. Morgan Grenfell and Co. told THE FINANCIAL TIMES that, within narrow limits, the proposition amounted to an invitation to exchange stock upon new terms. Both parties to the agreement seemed perfectly satisfied, and the terms were apparently such as would appeal to bondholders. The centre of the situation, he declared, was obviously in New York, and much depended on the American attitude.

FIRST PAYMENT.

FIVE MILLION DOLLARS ON ACCOUNT OF 1931.

FROM OUR OWN CORRESPONDENT.

NEW YORK, 4TH SEPT.

The executive head of the International Committee of Bankers on Mexico says that there is nothing new in the debt situation aside from the payment just announced of \$5,000,000 by Mexico to the International Committee in accordance with agreement reached on 25th July, 1930. This \$5,000,000 is to be part of the total of \$12,500,000 which the Mexican Government is to pay during 1931.

He says that the plan will not be ready for publication until it has been ratified by the Mexican Congress, which was only convened on 1st September. The call for deposit of outstanding bonds, including details of the exchange of new bonds for outstanding bonds, will not be made until after the agreement has been ratified by Mexico. The committee has no information as to when the Mexican Congress will take up the agreement for ratification.

** In London yesterday Mexican bonds were firm, the Six per Cents. closing at an advance of ½ at 29½.

"Financial Times"
Londres.

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Le règlement de la dette mexicaine

En dehors des points que le *Temps* a déjà précisés, diverses dispositions de l'accord intervenu entre le gouvernement mexicain et le comité international des banquiers pour le règlement de la dette méritent d'être signalées. 11 SEPT. 1930

Rappelons tout d'abord que le montant de l'emprunt de conversion est fixé à 167,490,000 dollars mexicains, dont 139,390,000 dollars mexicains d'obligations série A et le solde en obligations série B.

A propos des avantages accordés à la série A. il est prévu que sur les versements mensuels, un sixième est destiné à la série A, afin de former un fonds équivalent au montant des intérêts pendant six mois. Ce n'est qu'une fois ce chiffre atteint qu'un autre sixième est affecté au service de la série B.

Le Mexique ne pourra émettre d'autres emprunts jouissant des mêmes avantages que l'emprunt de conversion prévu par l'accord que si le service de celui-ci a été fait régulièrement pendant trois ans consécutivement et si d'autre part les recettes douanières couvrent au moins deux fois le service des bons en circulation.

Le versement, par le gouvernement mexicain, des 6,480,000 dollars devant annuler les intérêts arriérés de la dette des chemins de fer, se fera de 1936 à 1938.

Le gouvernement mexicain pourra acquérir la totalité des actions ordinaires de la nouvelle société à créer pour la reprise des chemins de fer nationaux et les actions privilégiées 5 0/0 dans une proportion telle, que sa participation au capital de la nouvelle société atteigne 65 0/0. La proportion entre les actions privilégiées et les actions ordinaires sera de 47 à 53.

Les recettes douanières du Mexique qui doivent garantir l'emprunt de conversion seront centralisées au Banco de Mexico. Le gouvernement ne pourra disposer des excédents qu'une fois les paiements mensuels effectués.

Les versements du gouvernement mexicain doivent être faits le 1^{er} de chaque mois, à partir du 1^{er} janvier 1931, soit directement au comité des banquiers, soit par l'intermédiaire du Banco de Mexico.

PHO "LE TELEPS".
11 Paris, Francia.
Rue des Italiens.

16 SEP 1930

THE FINANCIAL NEWS. TUESDAY.

MEXICO'S EXTERNAL DEBT.

New York Agreement in Detail.

SCOPE OF CONSOLIDATION LOAN.

16 SEPT. 1930

We publish below, in abridged form, the text of the Report presented to the President of the Mexican Republic by the Minister of Finance concerning the arrangements recently made in New York with the International Committee of Bankers for the signature of a new agreement embracing the external debt of Mexico and the mortgage debt of the national railways of that country:—

The new agreement was signed on July 25 of this year in accordance with special powers granted by the law of January 25, 1929, which invested the Federal Executive with the necessary authority, thus enabling the Minister of Finance to enter into negotiations with the International Committee of Bankers.

16 SEPT. 1930

THE MEXICAN DEBTS.

After a survey and classification of the various Mexican Debentures and Bonds affecting the issue, the debts for which the Federal Government assumes responsibility, in accordance with the above-mentioned agreement, are re-grouped as follows:—

A.—GUARANTEED DEBTS.

5 per Cent. Mexican Consolidated External Debt of 1899	\$48,292,711
4 per Cent. Gold Mexican External Debt of 1910	\$50,688,126
6 per Cent. Ten-year Treasury Bonds of the Federal Government of the U.S. of Mexico, 1913	\$29,100,000
Mexico City Loan, 1899.....	\$6,719,675
Loans bank for irrigation work and agricultural development, 4½ per Cent. 35 Years Redeemable Gold Bonds	\$21,877,100

3 per Cent. Mexican Consolidated Internal Debt of 1885...	\$20,898,125
5 per Cent. Loan of the Tehuantepec National Railway	\$9,305,210
4½ per Cent. Loan of the Tehuantepec National Railway	\$1,851,730
5 per Cent. Bonds of the State of Vera Cruz, 1902	\$415,600
5 per Cent. Bonds of the State of Vera Cruz, 1907	\$332,000
5 per Cent. Bonds of the State of Tamaulipas, 1903	\$370,750
5 per Cent. Bonds of the State of Tamaulipas, 1907	\$398,300
5 per Cent. Bonds of the State of Sinaloa, 1907	\$233,350

Total \$190,482,677

B.—NON-GUARANTEED DEBTS.

4% Gold 1904 Debt of the U.S. of Mexico	\$37,037,500
5% Redeemable Internal Debt, 1894	\$47,149,100

Total \$84,186,600

C.—INTEREST.

"A" and "B" Certificates in arrears	\$111,089,172
Cash Warrants and Scrip	\$58,443,052
Interest due after the 1925 term	\$41,575,720

Total \$211,107,944

Grand total \$485,777,221

"It should be noted here," the Finance Minister's Report goes on, "that the payment of interest for the period 1923-1927 was guaranteed by the export and production duties on petroleum, quite apart from specific guarantees which remained in force after the period indicated.

"With reference to the 3 per Cent. Consolidated Internal Debt of 1885, it may be said that this assumed the nature of a per-

petual debt, owing to the fact that its redemption was not fixed in the agreement affecting that issue, and that up to the present date interest only has been paid. For redemption to take place, it would be necessary to admit bonds and coupons in payment of common lands belonging to the nation.

"We know the position in which the various debts stood before the July 25 Agreement was signed, and it should now be stated that the annual amount necessary, to cover the redemption of the capital and the payment of interest on these debts, in accordance with the original contracts and with the agreement of 1925, would have amounted to practically \$70,000,000 from 1928 to 1933 inclusive. This amount would have increased to nearly \$95,000,000 per annum during the three following years; to more than \$40,000,000 per annum during the six years following, and to more than \$80,000,000 in 1942. These sums do not include the debt service of the National Railways of Mexico.

"In short, the position of the external debt before the Agreement of July 25 of this year was as follows:—

Capital of the old debts	\$274,669,277
Accumulated interests up to the 31st of December, 1930, after deduction of the payment of \$37,405,765.85 made in accordance with the previous agreements	\$21,107,944
Total of old debts	\$485,777,221
The nominal value of the new debt is reduced in accordance with the last Agreement to the total amount of	\$267,493,250

The reduction effected amounts, therefore, to the sum of \$218,283,971
 "The above reduction represents 45 per

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cent. of the total amount owed by the Nation.

"The new debt requires a maximum annual payment of \$15,000,000 but the payments affecting the first five years will be below that amount, as explained later.

ADVANTAGES OF NEW AGREEMENT.

"We will now deal with the general stipulations contained in the agreement signed on July 25, 1930, and the advantages resulting therefrom.

"It was stipulated that the fifteen debts which formed part of the previous agreements (see Schedule A) be consolidated in one, so that the nation will only be responsible for the new loan replacing the previous debts, instead of having to attend to different obligations in accordance with the respective laws and contracts.

"A fixed rate of interest will be paid on the total amount of the new debt, whereas before, varying rates of interest had to be paid on the different debts mentioned. All this will facilitate the general management and payment of the debt.

"The capital corresponding to the different debts awaiting redemption at the time of signing the new agreement totalled \$274,669,277, in accordance with the schedules. This will be replaced by a new issue, the bonds corresponding to which will be given in exchange for the securities corresponding to the former debts. The nominal value of this issue will be \$267,493,250, with interest at the rate of 5 per cent. per annum, and the bonds will be redeemable in forty-five years from the

issue of bonds of the new loan, should a more favourable rate of interest be found possible, exchanging the same immediately for others carrying a rate of interest below 5 per cent. In the previous agreements, no operation affecting the redemption of bonds could take place before ten years had elapsed.

SECURITY OF THE NEW DEBT.

"The new debt is secured solely by all the Customs receipts of the Federation. This guarantee was given by previous Governments in connection with the loans mentioned in this Report.

"Both the Consolidated External Debt of 1899 and the 4 per Cent. Gold Bonds of 1910 jointly enjoyed by way of security 62 per cent. of the import and export duties, and the 6 per Cent. Bonds of 1913 had as security the balance of 38 per cent. of the above-mentioned duties. It will thus be seen that these three issues alone enjoyed the security granted now for the whole of the Consolidated Debt.

"It should be noted here that the procedure established in the agreements which preceded the issues 1899, 1910 and 1913, to render the guarantee covering the bonds effective, has been modified as set forth in the agreement of July 25, 1930.

"In accordance with the agreements of 1899, 1910 and 1913, the export and import duties could only be covered at the respective Customs houses by means of special certificates which the parties interested had to obtain at the National Bank of Mexico, which, in this wise, collected the duties directly, taking from them the amounts necessary to effect the service of the securities guaranteed by such duties and handing over to the Government whatever balance remained.

"Now, however, and in accordance with the stipulations affecting the new agreement and the contract for the issue of a loan attached thereto, the duties will be collected by the Customs houses and lodged with the Bank of Mexico in order to cover monthly one-twelfth of the annual payment. The bank will place each month at the disposal of the Government any surplus.

first of January, 1931, by means of a half-yearly cumulative sinking fund.

"As will be seen, there is a difference of \$7,196,027 between the nominal amount of the old debts and the value of the new issue. This difference does not really come under the heading of a reduction, for it must be taken into account that the new bonds will earn interest at the rate of 5 per cent., and the interest corresponding to some of the old debts fluctuated between 3 and 6 per cent. It is, therefore, necessary to make the corresponding adjustment based on the various rates of interest. On a 5 per cent. basis, the parity calculation affecting the old debts gives a total equivalent to \$255,837,800.

"Now, this parity would be correct if the bonds earned the rate of interest of 5 per cent. from 1931, but as they will earn a smaller rate of interest during the first five years, the amount given is proportionally increased. Further, although the issue of bonds for the new debt will amount to \$267,493,250, the actual value of the payments to be made, in accordance with the agreement, is smaller owing to the reduced rates of interest payable during the first five years.

The said actual value at the rate of 2½ per cent. half-yearly amounts to \$260,713,300
 Comparing this sum with the nominal value of the pre-existing debts, i.e. \$274,669,277

The resulting difference is \$13,955,977

"This amount represents the reduction arrived at taking into account, on the one hand, the difference due to the changes in the rates of interest and, on the other hand, the concession made in virtue of the fact that the bonds will only earn the rate of interest of 5 per cent. from the year 1936.

TWO SERIES OF BONDS.

"The draft agreement for the new loan stipulates the issue of two series of bonds, 'A' and 'B.' Both series will bear interest at the rate of 3 per cent. for the first year, gradually increasing until 5 per cent. is reached. The bonds corresponding to the 'A' series will reach that rate of interest in 1935, and those corresponding to the 'B' series in 1936.

"The 'A' Bonds (preferential series) will be exchanged for those of the Guaranteed Debts (5 per Cent. of 1899; 4 per Cent. Gold of 1910, and 6 per Cent. of 1913) and the 'B' Bonds for the securities of varying nature corresponding to the non-guaranteed debts.

"As stated, the Customs duties form the only security for the service of the new loan. The other specific securities enjoyed by the previous debts—including the duties affecting petrol—have been eliminated.

"The nature of the security affecting the other secured debts (5 per Cent. of 1899, 4 per Cent. of 1910, and 6 per Cent. of 1913) suffers no modification, for, as already explained, the new loan will be divided into two series, 'A' and 'B,' the bonds of the former being exchanged for bonds corresponding to the debts previously guaranteed, and those of the latter for the securities corresponding to the non-guaranteed debts. With reference to the rate of interest, the preference shown in favour of bonds of the 'A' series is set out in the following table:—

Year.	'A' Series.	'B' Series.
1931	3%	3%
1932	3%	3%
1933	4%	3%
1934	4%	3½%
1935	5%	4%
1936	5%	5%

"As soon as the service of the debt is running normally, the Government will be permitted to deal with new loans, inasmuch as the agreement allows the Government to offer the same guarantee for any new issues in contemplation, without the necessity of compromising other official sources of revenue. Although for some time to come it will be advisable for the Government to refrain from increasing the volume of its external debt, it should be noted that the prerogative mentioned signifies a reduction of the guarantee as affecting the total amount of the new loan.

CHANNELS FOR SERVICE OF DEBT.

"The various services concerning the pre-existing debts were entrusted to foreign banks or to private banking institutions established in Mexico, this arrangement being one of the aspects of the indirect guarantee on which the creditors relied in addition to the direct guarantees offered. From now onward, the service of the National Debt will be entrusted to the Bank of Mexico, acting in the capacity of Agents to the Government; but during the first five years, payments will be made through the International Committee of Bankers, the Bank of Mexico being empowered to appoint a representative, thus assuring itself of the Government's intervention from the very commencement of the service.

"On the other hand, the International

The preliminary investigations made by the Treasury before the new agreement was signed showed that the Government's capacity for payment for the service of the external obligations of Mexico could be fixed at a maximum of \$15,000,000 per annum (\$7,500,000 half-yearly). Such payment made over a period of forty-five years at the rate of 5 per cent. per annum (2½ per cent. half-yearly), corresponds to the nominal value of the new issue of \$267,493,250, and the annual payment will be used to redeem the capitals of all the debts.

Nevertheless, and as indicated in the following table, the annual payments will be smaller during the first five years:—

Years.	Amounts.
1931	\$12,500,000
1932	\$13,000,000
1933	\$13,500,000
1934	\$14,000,000
1935	\$14,500,000
1936 and following years...	\$15,000,000

On account of the annual payment corresponding to 1931, and by way of a deposit, the International Committee of Bankers is to receive \$5,000,000 during the current year, the balance to be paid in 1931.

In accordance with the conditions which were set forth in the 1925 Agreement, the service of the debt was surcharged during the first seventeen years, commencing in 1928, as indicated in Schedule C.

Owing to the impossibility of making such yearly payments, and the convenience of determining an amount compatible with the exigencies of the Budget, it became necessary to arrange for the fixed annual payment of \$15,000,000, payable by means of an unavoidable extension of the period fixed for redemption to forty-five years. Every annual payment is proportional to the time during which it is paid, and for that reason it was not possible to offer a smaller annual payment, particularly as the acceptance in the world's markets of loans with a redemption period exceeding forty-five years is highly improbable.

The annual payment undertaken represents approximately 10 per cent. of the total amount of the expenditure budgeted for, while the service of the external debt in the financial year 1912-13 represented more or less 23 per cent. of the said total.

In accordance with the agreement the Government may—as soon as the payment of the service commences—withdraw the

Committee of Bankers reserves the right of appointing a representative on the board of the Bank of Mexico, from the moment this bank undertakes the complete service of the debt after the period of five years before mentioned.

REDEMPTION OF INTEREST IN ARREAR.

The *modus operandi* for the conversion of the old debts into one (as affecting capital only) has already been dealt with. It remains now to explain the arrangements made for the redemption of unpaid interest, from 1914 up to December 31, 1930, including Special Certificates 'A' and 'B', Cash Warrants, Scrip, and 'Coupons due' (1928-29-30), totalling \$211,107,944, after deduction of \$37,405,765.85 paid in accordance with the arrangements embodied in the agreements of 1922 and 1925.

The following table indicates the amounts falling under the description of unpaid interest:—

Certificates corresponding to Class 'A' interest in arrear	\$64,223,446
Certificates corresponding to Class 'B' interest in arrear	\$46,865,726
Cash Warrants and interest from 1928 to 1930 on the direct debt	\$61,214,608
Scrip (direct debt)	\$13,219,207
Cash warrants (railways)	\$17,772,159
Scrip (railways)	\$7,812,798
Total	\$211,107,944

With the object of redeeming the unpaid interest mentioned, it has been agreed to create a fund, taking for that purpose every year the necessary amounts from the payments made by the Government to the creditors for the service of the new debt. In other words, the said fund will be constituted with the money of the bondholders themselves and will amount to the total of \$11,755,000 necessary in order to retire the various securities, which represent the interest referred to at the following rates:—

Class 'A' Certificates for interest in arrear, at 2 per cent. of their nominal value.

Class 'B' Certificates for interest in arrear, at 1 per cent. of their nominal value.

Cash Warrants, Scrip and Coupons due 1928-29-30 up to December 31, 1930, at 10 per cent. of their value.

The annual payments below \$15,000,000 payable during the first five years of the debt service, as well as the formation of a fund for the redemption of interests, im-

the bondholders entitled to the payment of interest in arrear will retain their original rights.

PURCHASE OF BONDS IN THE MARKET.

Apart from the advisability of entering into the agreement above outlined for the consolidation of the External Debt, mention should be made of the fundamental reason which prevented the redemption of the Mexican Debt by means of purchases in the market, as so many people have suggested.

The laws and agreements which preceded the Mexican debts contained unavoidable clauses of a preventive character which must be respected, even if only in obedience to the most elementary principles of ethics. For the Mexican Government to purchase its own bonds in the market while in arrears in its debt service would be tantamount to committing a censurable action, for the mere suspension of the service is sufficient to produce an immediate fall in the Stock Exchange quotations. It would be equally censurable to withdraw the guarantee which the debts have enjoyed from their origin in accordance with the agreements entered into.

It is opportune to repeat here that in accordance with the clauses contained in the agreement of July of this year the Government is entitled to redeem the new bonds at market prices, provided always that the debt service is punctually carried out. The Government is also empowered to withdraw the issue should a more favourable rate of interest be procurable.

The Mexican Government is thus in a position to redeem the National Debt by means of purchases in the market as long as the debt service is adequately maintained, and this privilege, properly exercised, is quite in harmony with the most strict moral code of any administration.

THE PUBLIC DEBT IN GENERAL.

In undertaking the fulfilment of an agreement binding the U.S. of Mexico for a period of forty-five years to the obligations outlined in this Report, the Government has shown its faith in the continuity of the administration and has to a certain extent gratified its desire to place its credit abroad on a firm footing, reassuming, as stated, the service of all the debts now consolidated in the new loan made possible by the agreement of July 25, 1930.

The debts referred to were incurred before the Revolution. The Government

posed upon the creditors the necessity of accepting rates of interest under 5 per cent. during five years.

"In spite of the preceding remarks, the Sinking Fund will not be affected by the diminutions referred to, in consequence whereof the total debt will be redeemed in a maximum period of forty-five years.

"So long as the service for the payment of interest operates correctly, the Sinking Fund will be applied to the purchase of the new bonds at market prices, the Government deriving a profit from such purchases as long as the said securities are quoted under their nominal value. Drawings will only take place when the bonds are quoted at par or above par.

"The formation of a fund for the redemption of unpaid interest as agreed upon, will *de facto* represent for the Government the total cancellation of same. Nevertheless, it is most important to take into consideration the advisability of effecting the debt service punctually during the first five years, or of augmenting the annual payments during the first three years, for as long as the fund for the redemption of interest due is not constituted,

(Continued on following column.)

could not, however, arrive at an agreement concerning the payment of Mexico's external obligations without giving the same consideration to the payment of the debts contracted during and after the Revolution, considering itself bound to honour them quite as much as the pre-Revolution liabilities.

"The Mexican Government has always maintained that the problem affecting the National Public Debt must be solved on the lines of an integral plan, including every legitimate liability corresponding to the Government.

"Among these the following will be attended to immediately:—

A.—Home debts, the study of which has been entrusted to the Committee for the Adjustment of the Interior Public Debt.

B.—Agrarian Public Debt.

C.—Banking Debt.

D.—Claims lodged before the different International Commissions.

"Although the law of January 25, 1929, mentioned at the beginning of this Report, outlines the basis for the arrangement of the above liabilities, a plan for the total solution of the problem affecting the National Debt will be presented in due course to the Mexican Congress."

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MEXICAANSCHЕ STAATSSCHULD.

26 NOV. 1930 De staat Vera Cruz verzet zich tegen de schulden-overeenkomst.

De regeering van den staat Vera Cruz heeft, naar uit Mexico City wordt gemeld, een motie aangenomen, waarin er op wordt aangedrongen dat de bekende overeenkomst met het internationaal bankierscomité, betreffende de regeling der Mexicaansche schulden, voorloopig niet zal worden geratificeerd. Aan de andere staten van de republiek wordt verzocht moties van dezelfde strekking ter kennis van de centrale regeering te brengen.

De regeering van Vera Cruz acht het noodzakelijk, dat vóór ratificatie eerst een onderzoek zal worden ingesteld naar den economischen toestand van Mexico en tevens naar de bankiers, die als vertegenwoordigers der obligatiehouders zijn opgetreden. Tevens wensch zij, dat bepaald zal worden, dat de interestbetaling eventueel niet in geld, maar in export-artikelen zal mogen plaats hebben.

De Telegraaf, 'Berlijn

P100 "DE TELEGRAAF" 2d
h1 Amsterdam, Holanda
N.E.Voorburgwal 225,

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* Ungünstige Aussichten für das Mexikaner-Abkommen.

Opposition der Einzelstaaten.

27 NOV. 1930

□ Berlin, 26. Nov. (drahtlich).

Wie man weiß, hat sich im mexikanischen Parlament von vornherein gegen die Ratifizierung des New Yorker Schuldenabkommens vom Sommer d. J. Opposition erhoben. Deren Gewicht droht nunmehr dadurch eine Verstärkung zu erfahren, daß nach unseren Informationen elf von den 28 Einzelstaaten des mexikanischen Bundes gegen die Ratifizierung protestieren. Die Bundesregierung habe nach ihrer Ansicht nicht das Recht, in einer so schwierigen Wirtschaftslage dem Lande neue Belastungen aufzuerlegen. Man verweist dabei vor allem auf das gestiegene Silberdisagio und wohl überhaupt auf die Währungsfrage.

Ob nach alledem die Regierung gewillt und in der Lage sein wird, die Ratifikation noch pünktlich durchzusetzen, erscheint zum mindesten zweifelhaft, zumal wenn man die besonderen politischen Verhältnisse des Landes berücksichtigt. Es ist also zu befürchten, daß die mexikanischen Anleihegläubiger wieder einmal enttäuscht werden. Dabei wäre es sicherlich in Mexikos Interesse, den von seinem Finanzminister unterschriebenen Vertrag anzunehmen, weil andernfalls der letzte Glaube an den guten Willen des Staates zerstört wird. Wenn die Opposition betont, daß durch die Wiederaufnahme des Schuldendienstes dem Lande neue Belastungen auferlegt würden, so ist dies nicht richtig, da nach den Regierungsplänen die Zahlungen durch anderweitige Ersparnisse aufgewogen werden sollten. Aufwendungen für den Schuldendienst von höchstens 10 pCt. der Staatseinnahmen können gewiß nicht als untragbare Last bezeichnet werden. In der Tat haben schon vor Jahren der jetzt wieder nach Mexiko berufene amerikanische Sachverständige Sterret sowie Prof. Davis bei wesentlich geringeren Staatseinnahmen eine solche Summe für tragbar

erklärt. Was aber die Währungsfrage betrifft, durch die angeblich dem Staat eine etwa 25 pCt. höhere Belastung auferlegt wäre als vorgesehen, so ist zu beachten, daß, an den Ziffern des Außenhandels gemessen, die Zahlungen nicht als unangemessen betrachtet werden können. Außerdem wäre, da die schwierige Wirtschaftslage des Landes natürlich nicht zu verkennen ist, das Bankenkomitee sicherlich zu jedweden Entgegenkommen im Rahmen des Vertrages bereit. Vorläufig richtet es, wie man hört, seine Bemühungen in stärkster Form darauf, doch noch eine pünktliche Ratifikation des Abkommens zu erreichen, um so mehr, als dieses infolge der Vereinheitlichung der Gesamtschulden auch in technischer Hinsicht einen großen Fortschritt bedeutet hätte.

Man hat übrigens Grund zu der Annahme, daß das soeben von der Türkei gegebene schlechte Beispiel im Punkte der Erfüllung von Staatsverpflichtungen und Staatsverträgen, in Mexiko nicht ohne Beachtung geblieben ist. Umsomehr ist immer wieder zu betonen, daß die Banken in der ganzen Welt sich und ihre Kunden nur durch größte Solidarität gegen böswillige Schuldner vor Schaden bewahren können. Wenn ein Staat wie jetzt die Türkei sich nicht scheut, einen nach größten Bemühungen geschlossenen Vertrag mit voller Absicht zu verletzen und ein solches Vorgehen ungestraft bleibt, so muß dies die internationale Schuldnermoral aufs äußerste untergraben. Leider waren erst in jüngster Zeit Durchbrechungen der internationalen Gläubigersolidarität zu beobachten. Ungarn, das für zahlreiche Vertragsverbindlichkeiten noch keinen Pfennig gezahlt hat, wurde erst soeben unter maßgebender Beteiligung von Rothschild London ein Kredit eingeräumt von dem Bankhaus, das verschiedene dieser Vorkriegsanleihen herausgebracht hat.

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LABOR CHIEF ASSAILS MEXICAN DEBT ACCORD

Luis N. Morones Demands Publication of Text and Direct Negotiations With Creditors.

6 DEC. 1931

6 DEC. 1931

Special Cable to THE NEW YORK TIMES.

MEXICO CITY, Dec. 5.—An attack on the debt accord recently reached with the International Committee of Bankers on Mexico was made last night in a speech by Luis N. Morones, former Minister of Industry, Commerce and Labor, before the Regional Confederation of Labor, which is affiliated with the American Federation of Labor.

Señor Morones, who once headed the organization he addressed, asserted that present conditions are not favorable to immediate ratification of any agreement, that Mexico should treat directly with her creditors, most of whom are in Europe, instead of with the bankers, and that the text of the accord should be made public without further delay.

The labor meeting was held to consider means of combatting the business depression. It unanimously resolved that the biggest step in that direction would be harmony between labor and capital.

The world situation is intensified in Mexico because, instead of being accompanied by falling prices, the slump here has the effect of increasing prices, since Mexican currency has a silver basis and the value of this metal has dropped more than that of many commodities. Gold currency commanded a premium of more than 13 per cent in quotations today.

Among other proposals reported likely to be placed before the Mexican Congress to meet the situation is the declaring of a moratorium on foreign payments. Tariffs already have been increased, and virtually dictatorial powers in public finance have been accorded to the President until next August.

p20 THE NEW YORK TIMES. d
81 New York. U.S.A.
Times Bldg. Times Sq.

Mexican Debt Faces Revision

MEXICO CITY, Dec. 8.—(Universal)—The Mexican debt agreement, negotiated with the International Bankers' Committee in New York, last Summer, is being revised, it was reported here today, and will not be submitted to the Mexican Congress for ratification until next year.

8 DEC. 1930

Reliable sources state there are indications of the modifying of the agreement, despite its having been approved by President Ortiz Rubio. The present Congress, it is believed, would not ratify the plan in its present condition.

The agreement was negotiated by Montes De Oco, minister of finance, and Thomas W. Lamont of J. P. Morgan and Company in New York, against the advice of then Ambassador Dwight W. Morrow.

"Jornal Post, Express"
Rochester Ny.

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\$7,500,000 VOTED FOR MEXICAN DEBTS

Budget for 1931 Now Carries \$20,000,000 for Retirement of Public Obligations.

SPECIAL SESSION LIKELY

Secretary of the Interior Declares Congress Will Convene Again Soon to Discuss Labor Code.

Special Cable to THE NEW YORK TIMES. MEXICO CITY, Dec. 20.—The Chamber of Deputies, following a lengthy debate, has approved a 15,000,000-peso (\$7,500,000) appropriation for payment of foreign debts. The 1931 budget total for payment of public debts now is 40,000,000 pesos, including 19,000,000 pesos for the interior debt and 6,000,000 pesos for pensions.

The almost unanimous approval of the bill followed a statement by Deputy Carlos Dario Ojeda of Vera Cruz, who said: "If we desire credit for the nation, we must first comply with our promises, supporting energetically the patriotic attitude of the President of the republic."

The principal opposition came from the Chihuahua Deputies, who originated a project for a ten-year postponement of debt payments. Enrique Hernandez Gomez suggested that if 15,000,000 pesos must be set aside they should be used for agricultural development.

Deputy Francisco Trejo of Mexico City explained that, even if the Lamont-Montes de Oca pact were not approved, Mexico would still be bound to pay her debts, pointing out that the Pani-Lamont treaty is still in effect.

When Donaciano Carreon, chairman of the committee on public debts, introduced the measure in the Chamber of Dec. 1, he pointed out that the 15,000,000-peso item was reserved, pending Congressional ratification of the Lamont-Montes de Oca agreement. Ratification of this agreement is still unaccomplished as Congress's adjournment on Dec. 31 draws near.

Secretary of the Interior C. Riva Palacios stated yesterday, according to El Universal, that a special session of Congress would be called to discuss a labor code. He regarded it as unlikely that anything except

the code would be discussed at the special session. The new draft of the labor code is being studied by the Cabinet.

Secretary of Industry Aaron Saenz stated, following Thursday's Cabinet meeting, the President of the republic proposes to offer a measure to satisfy the legitimate interests of both capital and labor. The original draft of the code, which was attacked viciously by capital, was tabled by Congress last year.

During the past week the Deputies have been busy on the budget, which the Senate probably will get next

week. Among the Chamber's activities was the raising of the communications appropriation by 2,000,000 pesos, making the total 47,189,472 pesos. The increase is to be applied to road projects in all sections of the republic.

The total estimated income for 1931, on which the budget is based, as sent to the Chamber for approval by the budget committee, is 295,500,000 pesos.

banks had offered the government a credit up to \$30,000,000 to steady the Mexican silver currency. It was said that the government had not yet accepted any offers but was studying them in an effort to determine which was the most favorable.

The credit and loan reports have had a salutary effect in checking the heavy silver discount against gold, and silver has recovered its values sharply.

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g1 New York. U.S.A.
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