

SESSION I.

1921.

NEW ZEALAND.

LIABILITY OF GERMAN PROPERTY IN THE UNITED KINGDOM TO SEIZURE UNDER THE PEACE TREATY.

Laid on the Table of the House of Representatives by Leave.

[Reprint from *Board of Trade Journal*, 21st October, 1920.]

H.M. GOVERNMENT have informed the German Government that they do not intend to exercise their rights under paragraph 18 of Annex II to Part VIII of the Treaty of Versailles to seize the property of German nationals in this country in the case of voluntary default by Germany. This applies to German property in the United Kingdom or under United Kingdom control, whether in the form of bank balances, or in that of goods in British bottoms, or of goods sent to this country for sale.

It has already been announced that Germany property, rights, and interests acquired since the publication of the General License permitting the resumption of trade with Germany (*i.e.*, since 12th July, 1919) are not liable to retention under Article 297 of the Peace Treaty, which gives the Allied and Associated Powers the right to liquidate all Germany property, rights, and interests within their territories at the date of the coming into force of the Treaty.

[Reprint from *Hansard* (British), 28th October, 1920.]

Mr. ACLAND (by private notice) asked the Chancellor of the Exchequer, Whether he can make any statement in regard to the announcement by the British Government of their intention not to exercise their rights under paragraph 18 of Annex II to Part VIII of the Treaty of Versailles to seize the property of German nationals in this country in the case of voluntary default by Germany in respect of her reparation obligations.

Mr. CHAMBERLAIN.—I am glad to have an opportunity of making a statement on this matter, which has given rise to a good deal of misconception. The paragraph in question reads as follows:—

“The measures which the Allied and Associated Powers shall have the right to take, in case of voluntary default by Germany, and which Germany agrees not to regard as acts of war, may include economic and financial prohibitions and reprisals, and in general such other measures as the respective Governments may determine to be necessary in the circumstances.”

His Majesty's Government have not renounced their right to take measures such as are contemplated in this paragraph. They have merely declared that among the measures which they might take in given circumstances there will not be included a seizure of the property of German nationals in this country, whether such property is in the United Kingdom or under United Kingdom control, and whether it is in the form of bank balances, or of goods in British bottoms, or of goods sent to this country for sale.

This decision was not taken in consequence of any representations from Germany, nor was it dictated by regard for German interests. The matter has been under consideration for a long time, and it was hoped that it might be decided in connection with the general discussion of reparation questions at the Spa Conference or at the Conference proposed to be held at Geneva. In view, however, of the postponement of the latter, His Majesty's Government felt it to be impossible to continue to maintain a threat which injuriously affected British interests without offering any real security for the execution of the Treaty, since, so long as private German property in this country, and in particular private bank balances belonging to Germans, were exposed to seizure, it was fairly certain that, if the moment ever arrived when we desired to put paragraph 18 into operation, there would be no appreciable property to seize. The paragraph thus operated merely to keep business away from London and to make Germans keep their balances in neutral currencies, a course which was inconvenient to all parties, and involved clear loss to this country without any countervailing advantage.

I may add, by way of further commentary, that there has actually been a campaign in certain of the German newspapers in favour of the handing-over of these particular German assets by the German Government to the Reparation Commission in order to punish the individual German owners for sending money abroad.

With regard to the criticism that this action was taken by His Majesty's Government on their own responsibility, without obtaining the concurrence of the Allied Governments, I would say that the words of the paragraph clearly leave it "to the respective Governments" to determine what action may be necessary under the paragraph. In the opinion of His Majesty's Government it would have been both unnecessary and undesirable to seek to share the responsibility of the decision they have taken with the other Allies, thus both limiting their own freedom of action under the Treaty and giving the appearance of desiring to dictate to other Governments as to their action under the paragraph. As a matter of courtesy the decision reached was immediately communicated to the other Powers through the Ambassadors' Council, and also to the Reparation Commission through the British delegate.

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