

Part III contains those matters not falling under either of the first two headings, but which are considered to be of sufficient general interest for incorporation in this report.

4. I have deemed it advisable to refer briefly to several matters dealt with in my previous reports to enable the developments during the year to be readily perceived.

## PART I.—REALIZATION AND DISPOSAL OF ENEMY PROPERTY IN NEW ZEALAND.

### RIGHT OF ALLIED AND ASSOCIATED POWERS TO RETAIN AND LIQUIDATE ENEMY PROPERTY.

5. *Provisions under Treaties of Peace re Private Property.*—By Article 297 of the Treaty of Versailles, and the similar provisions in the Treaties of Peace with Austria, Hungary, Bulgaria, and Turkey, the Allied and Associated Powers have reserved the right to retain and liquidate (if it is deemed expedient) all property rights and interests within the territory of such Allied or Associated Powers belonging at the date of the coming into force of the respective treaties to such German, Austrian, Hungarian, Bulgarian, or Turkish subjects or companies controlled by them. The property rights and interests so retained and liquidated may be charged in the first place by the Allied or Associated Power concerned with the payment of the amounts due in respect of—

- (1.) Claims by the nationals of that Allied or Associated Power with regard to their property rights and interests, including companies and associations in which they are interested in German, Austrian, Hungarian, Bulgarian, or Turkish territory; or
- (2.) Debts due to the nationals of such Allied or Associated Power by German, Austrian, Hungarian, Bulgarian, or Turkish nationals.
- (3.) The payment of certain claims growing out of acts committed by the German, Austrian, Hungarian, Bulgarian, or Turkish Government or authority before the Allied or Associated Power entered into the war.

In the second place they may be charged with the payment of amounts due in respect of claims by the nationals of such Allied or Associated Power with regard to their property rights and interests in the territory of the other former enemy Powers in so far as those claims are otherwise unsatisfied. The power to retain and liquidate property applies to the property rights and interests of German, Austrian, Hungarian, Bulgarian, and Turkish nationals irrespective of their place of residence, whether it is in former enemy territory or in territory belonging to an Allied, Associated, or Neutral Power.

6. *Disposal and Crediting of Final Balance.*—Any final balance in favour of Germany or any of the other former enemy Powers shall be reckoned, in accordance with the provisions of Article 243 of the Treaty of Versailles or the similar provisions in the other treaties, as credits to Germany or such other former enemy Powers in respect of their reparation obligations. These credits are given through the Reparation Commission.

7. *Payment of Compensation to former Enemy Subjects.*—Under paragraph (i) of Article 297 of the Treaty of Versailles, and similar paragraphs in the other Treaties of Peace, the Governments of the former enemy Powers have undertaken to compensate their nationals in respect of the sale or retention of their property rights or interests in Allied or Associated States.

8. *Comments made by Lord Justice Younger's Committee.*—The intention of these provisions has been clearly outlined in the following extract taken from the interim report, dated 5th May, 1922, of the committee appointed by the Board of Trade to advise upon applications for the release of property of ex-enemy aliens in necessitous circumstances :—

The treaties have not in these clauses, as seems to have been supposed, ignored the hitherto well-established principle of international law that private property of an enemy subject on land is restored to him after peace.

Clause 297 proceeds upon the basis of that principle, and gives effect to it by purporting to bind the former enemy Power concerned to make to each of its nationals whose property has been retained by an Allied or Associated Power compensation for the value of the property so retained. It is true that the obligation is expressed in language less precise than was prudent, and this lack of precision has provided scope for evasion, which is unfortunate, but the intent of the Treaty is clear enough.

Each ex-enemy Power accepted the obligation, and accordingly, on a loyal construction of the Treaty, all that really ought to have happened as the result of that clause was that there was thereby effected by agreement between the two Governments concerned a transfer to and an assumption by the Government to which the national in question owed allegiance of the obligations of the Allied Government with reference to the safety after the peace of his private property within its borders; or, phrasing it in another way, just as during the war the nationals of every belligerent Power were either prompted or compelled to hand over to their own Government their private property and investments on the terms that the State became their debtor for the value, so now that operation has by virtue of the treaties been carried out with reference to the property rights and interests of the national in former enemy territory—not an unreasonable position in which to place the national of a defeated belligerent if, as is right, the burden of the novation laid upon the belligerent Government is always borne in mind.

For when the matter is so regarded there is no serious interference with legitimate proprietary rights. If the clause had in the result been fully operative by the complete fulfilment on the part of the national's Government of its Treaty obligation towards him, no former enemy national possessed on the stated day of property rights or interests here would have materially suffered. His loss, such as it was, would not have been operative for any greater interval of time than was administratively requisite to enable his own Government to make forthcoming for him, so soon as his property had been appropriated for Treaty purposes, the full compensation intended for the Treaty, and, on this footing also, no discrimination between one enemy national and another was relevant or requisite. If no enemy national was to be injured in his property values no enemy national could properly claim protection at our hand.

### RETENTION AND LIQUIDATION OF ENEMY PROPERTY IN NEW ZEALAND.

9. *Collection of Enemy Moneys and Realization of Enemy Property under the War Regulations.*—In my two previous reports, concise statements regarding the policy and action taken in connection with the collection of enemy moneys and the realization of enemy property in New Zealand will be found under the following headings: (1) Supervision and liquidation of enemy firms; (2) Enemy goods arriving in New Zealand subsequent to the outbreak of war; (3) Registration of enemy property in New Zealand; (4) Collection of enemy moneys; (5) Enemy goods held in New Zealand on consignment; (6) Sale of shares in New Zealand companies belonging to enemy subjects; (7) Administration of New Zealand estates of enemy subjects dying during the period of the war.