

15. *Persons who have acquired the Nationality of an Allied or Associated Power.*—The various Treaties of Peace provide that former enemy nationals who acquire the nationality of an Allied or Associated Power in accordance with the provisions of the treaty will not be considered as former enemy nationals whose property is subject to retention and liquidation (see paragraph 11 *supra*).

#### **GROUND S UPON WHICH PROPERTY BELONGING TO ENEMY SUBJECTS MAY BE RELEASED.**

16. *Former Enemy Subjects who have been permitted to remain in New Zealand.*—In my previous reports it was stated that the New Zealand Government had decided not to exercise any power of retention and liquidation which it may have under the various Treaties of Peace in regard to the property rights and interests of former enemy subjects who have been permitted to remain in the Dominion. It is understood that a similar policy has now been adopted in Australia.

17. *British-born Wives or Widows of German Nationals readmitted to British Nationality since 10th January, 1920.*—In accordance with the policy adopted by the Imperial authorities, it has been decided to release property in New Zealand belonging to British-born women who married German subjects prior to the war, and who since the 10th January, 1920, have been readmitted to British nationality either as widows or divorcees. Several amounts have already been released under this heading, and several other cases are at present under consideration, but no definite action can be taken until it has been ascertained whether the amounts should be credited through the German Clearing Office Account under Article 296, or that any right to require these amounts to be credited in accordance with the Clearing Office procedure is waived by the German authorities.

18. *Germans in Necessitous Circumstances.*—On the 15th October, 1920, the Board of Trade (Imperial) appointed the following gentlemen—viz., the Right Hon. Lord Justice Younger, G.B.E. (Chairman); Brigadier-General G. K. Cockerill, C.B., M.P.; and the Hon. Sir M. M. Macnaghten, K.B.E., K.C.—to be a committee to advise upon applications from ex-enemy nationals for the release of their property, chargeable in accordance with the Treaties of Peace, within the limits laid down by His Majesty's Government.

19. The limits referred to in the Warrant of appointment were as follows :—

On their appointment in October, 1920, the committee were authorized to recommend the release (1) to ex-enemy nationals now resident in the United Kingdom of property to the value of £1,000; and (2) to ex-enemy nationals formerly resident in the United Kingdom but now resident elsewhere of property to the value of £200. In addition to property, the committee were authorized to recommend the release of income up to a reasonable amount.

On 16th August, 1921, the committee were authorized to recommend the release to the owner, in order that he might resume business, of the proceeds of a business wound up under the Trading with the Enemy Acts up to a sum of £5,000, where the owner was before the war and had since been permitted to remain resident in the United Kingdom, and where the committee considered that it was desirable in the national interest.

20. After considering the proposals contained in the interim report of this committee, the Board of Trade decided that the maximum amount of which the committee may recommend the release from capital in the case of German nationals formerly resident in the United Kingdom but now resident elsewhere should be increased from £200 to £500. In New Zealand a similar policy has been adopted, with the exception that property in New Zealand belonging to German subjects, or subjects of the other former enemy Powers who were permitted to remain in New Zealand, was not at any time subjected to any charge under the Treaty of Peace Order, 1920, or its amendments.

#### **RECOMMENDATION REGARDING ORDER IN WHICH PROPERTIES SHOULD BE RELEASED.**

21. *Report of Special Committee appointed by Imperial Board of Trade.*—The question to what extent and what classes of property should be retained and liquidated has been carefully investigated by the committee appointed by the Board of Trade in connection with the release of property of ex-enemy aliens in necessitous circumstances. After commenting on the injury likely to be caused to the international financial reputation of Great Britain owing to the belief, caused by the failure of the former enemy Governments to pay compensation to its nationals, that their property has been confiscated, the committee reports in the following terms :—

They have set themselves to consider whether any system of marshalling these British property rights and interests is practicable which would in its possible ultimate result relieve from total loss of their property those former enemy nationals for whom this country is most concerned either by sympathy or in interest. The present situation is that there is no compensation forthcoming at all for any ex-enemy national other than a German: not readily for any German other than one resident in Germany; and possibly not for her, if she be female, if she was of British or Allied birth. The most favoured German is probably in the eyes of this country the least eligible for preference of any ex-enemy national affected by the treaties. Even, however, for him the compensation is fractional only. Now, the committee gather from the Clearing Office reports to which reference has already been made that there is serious ground to anticipate an ultimate default on the part of all the former enemy Governments concerned in making payment to this country of their Clearing Office balances. The British Government have not involved British creditors in the consequences of any such default. They have not passed the risk on: they have assumed it. It may well be that the only fund available for satisfaction of the deficiency so shouldered will be the property rights and interests with which these observations have been dealing. In all probability, however, their value is far more than enough to make that deficiency good. So soon as it is made good, the retention of the residue may cease to have the same importance. It may well be that it will then be released in whole or in part. It is in anticipation of that possibility that the following suggestions are made. They have two objects: First, to throw final loss first on nationals with the least claim upon this country, or in whose prosperity this country has least interest; second, to throw the loss in every case on the class of property right or interest which may with least unfairness to the national concerned be first resorted to. In other words the first set of suggestions is intended to rank in their order of merit the nationals concerned; the second is mainly to accentuate the eligibility for realization of some kinds of property charged over other kinds. The committee, however, would again repeat that in their view no classification of nationals in categories can ever be completely satisfactory. There will always be individuals in every class, however strictly defined, who on personal demerits should be excluded from benefit; there will always be individuals in every class, however destitute of qualification, who on personal merit would have their property exempted. In other words, unless exemption is complete and immediate there must always be work for a dispensing authority which considers each case as it is.