

the holder although the evidence of his title may be perfected in London are enforceable, if at all, where the Government is situated. The stock receipt is not in itself of any value, being nothing more than partial evidence of a right against the Colonial Government, which is regulated and can be altered by the Colonial law. The full evidence of the same right is to be found in the Stock Register, but it is still only evidence, and in the opinion of counsel is insufficient to justify the ascription to such a right of a locality within the United Kingdom. With the concurrence of the Imperial Board of Trade the British Custodian has accepted the view that the New Zealand Government stocks which have been inscribed in London constitute property situated within New Zealand jurisdiction, and that consequently the liquidation or release of such property is a matter to be dealt with by the New Zealand Custodian of Enemy Property. Advice has been received that the property rights and interests in the United Kingdom belonging to German nationals permanently resident there are not at present being liquidated. The charge under the (Imperial) Treaty of Peace Order, 1919, is maintained, but income is not interfered with in any way. It is further stated that if in due course it is found that British claims can be settled without recourse to the property of German subjects permanently resident in the United Kingdom the charge will no doubt be waived. The British Custodian does not anticipate that the policy can be settled definitely for some time to come (but see para. 27, *infra*). In regard to the New Zealand Government stock held by enemy nationals permanently resident in the United Kingdom, it has been decided that in the meantime no steps will be taken by the Dominion Custodian of Enemy Property to exercise any right which the New Zealand Government may possess to retain and liquidate such stock. The High Commissioner has been instructed to take whatever action may be necessary in order that the enemy holders may receive the income from this stock.

RECIPROCAL AGREEMENT WITH THE BELGIAN GOVERNMENT IN CONNECTION WITH THE LIQUIDATION OF ENEMY BUSINESSES.

22. Under the provisions of an agreement between the British and the Belgian Governments which was brought into operation on the 16th March, 1923, Belgian nationals are granted, in the case of the liquidation of enemy businesses in the United Kingdom, (1) the same rights as British nationals in respect of the restoration of property held on their behalf and for their benefit, (2) the payment of debts owing to them by the business or company which is being liquidated, and (3) their participation as partners or shareholders in the distribution of the proceeds of the liquidation, provided that debts owing to and property held on behalf of the business or company by Belgian nationals are paid and delivered to the person appointed to conduct the liquidation. Similarly, in the liquidation in Belgium of an enemy business or company controlled by enemies British nationals will, on the same conditions, have the same rights as Belgian nationals with respect to the foregoing matters. The debts referred to above are only those due by or to establishments in the United Kingdom or in Belgium. This arrangement does not apply, however, in the case of debts falling for settlement through the Clearing Office, nor to the liquidation of the branches in the United Kingdom and Belgium of ex-enemy banks.

23. It is understood by the British and the Belgian Governments that the agreement applies only to property rights and interests belonging to Belgian or British subjects, as the case may be, at the outbreak of war; that it applies to British and Belgian subjects wherever resident; and that it does not apply in the case of liquidations which have been closed before the date of the conclusion of the agreement, although unpaid claims of British or Belgian creditors, as the case may be, against such businesses will be met, *pari passu*, with any unsatisfied claims of other creditors that may be entitled to rank, out of any assets of the business not yet distributed, unless the latter shall have already been credited to the German Government through the Clearing Offices under Article 297 of the Treaty of Versailles.

24. This agreement has been extended to include enemy businesses liquidated in New Zealand.

RELEASE OF PROPERTY OF ALIENS IN NECESSITOUS CIRCUMSTANCES.

25. During the past twelve months considerable attention has been paid, especially in Great Britain, to the question of affording some measure of relief to those aliens whose property is subject to liquidation and who are in necessitous circumstances, and who can reasonably be regarded as entitled to receive special consideration at the hands of the British authorities.

26. As stated in my previous report, the New Zealand Government has decided to act, as a general rule, in accordance with the policy adopted in similar cases in the United Kingdom. In October, 1920, the British Board of Trade appointed a special Committee, under the Chairmanship of the Right Hon. Lord Justice Younger (now the Right Hon. Lord Blanesburgh, G.B.E.), to advise, within the limits laid down by His Majesty's Government, upon applications for the release of property of ex-enemy aliens in necessitous circumstances. A brief statement of the functions of this Committee is contained in paras. 18–23 inclusive of my last report (H.—25, 1923, pp. 5, 6). This Committee has prepared another very valuable report, dated the 24th December, 1923, which has been presented to the British Parliament by command of His Majesty. The following paragraphs, which are reprinted from the report, set forth clearly the reasons why preferential treatment should be given to certain classes of former enemy subjects:—

There can, we think, be little doubt that the pressure of events has made necessary, or at any rate desirable, some expansion of those limits of exemption from the charging clauses of the different Orders in Council within which our recommendations have hitherto been confined. Two circumstances of comparatively recent occurrence have contributed to this result. The first is the catastrophic fall in the mark, which has reduced to nothing the compensation, never adequate, that is offered by the German Government to its nationals dispossessed; the second is to be found in two judicial decisions of the House of Lords, which have disclosed that the range of the charge imposed by the Orders in Council following the Treaties is, both as to the individuals affected and as to the property charged, much wider than in the one case had in practice previously been assumed and in the other had in a lower Court previously been declared. As a result there has been brought within the range of the charge, firstly, the property of many individuals who may, in one sense, be ex-enemy nationals, but who are more British than they are