REPORT OF THE SUB-COMMITTEE OF THE PEACE CONFERENCE
APPOINTED TO CONSIDER THE ORGANIZATION OF THE
REPARATION COMMISSION.

The following document has been communicated to me by the representative of the Treasury in Paris, with a verbal message from the Chancellor of the Exchequer, asking that it may be considered by the Cabinet. The Sub-Committee has adjourned for a few days in order that the approval of each Government may be obtained to it.

(Signed) M.P.A. HANKEY
2, Whitehall Gardens, S.W.
6th August, 1919.

A Committee composed as follows:

UNITED STATES  ..........  Colonel Dillon,
                    Major Tyler,

GREAT BRITAIN  ..........  M. Dudley-Ward,
                    Major Monfriee,

FRANCE  ..........  M. Aron,
                    M. Jouasset,

ITALY  ..........  M. d'Amelie,

BELGIUM  ..........  M. Cartier de Marchienne,
                    Major Boullema,

met under the Chairmanship of M. Cartier de Marchienne, on the 29th, 30th and 31st July and the 1st, 2nd and 4th August, 1919, and reports as follows:

I. GENERAL PRINCIPLES.

During the course of the deliberations of the Committee, the following general principles emerged.

(a) It was obvious that each of the Delegates or Assessors on the Commission should have National Organizations to advise them with regard to the purely national interests of the country concerned.

(b) At the same time the work of the Commission is international and therefore it appears necessary that the various Experts of the different National Organizations should consult together and prepare the material for the deliberations of the Commission. It is therefore considered that various Inter-Allied Committees and Sub-Committees should be appointed to perform or prepare the work of the Commission.
Each of these Committees or Sub-Committees should have a Chairman to be appointed by the Commission from amongst its members and this Chairman should have an Executive Officer (who might be the Secretary of the Committee) to direct the operations of an Inter-Allied Staff.

From these two considerations there emerges the following scheme of organisation.

The International and National organisations should be on the same plan.

Each of the National organisations should be responsible to the Delegate or the Assessor on the Reparation Commission of the country concerned and the Chiefs of the various Technical Services of each Nation should represent their Government on the Inter-Allied Committees or Sub-Committees suggested.

(c) In view of the fact that the responsibility for payment of the expenses of the Commission devolves on the Governments of the Central Powers, it appears to be necessary that the various delegations should not be allowed a free hand in the appointment of personnel. In the first place if one of the Governments represented had an insufficient organisation, it might paralyse the functioning of the whole Commission, while, at the same time, if one Government developed an unnecessary organisation it would increase the Establishment costs of the Commission (which is obviously to be avoided).

Appointment of the Chief Delegates and the Principal Officials.

It is obviously too early to estimate definitely the personnel required, but it would appear that the following general rule might be employed:

The American, British, French, Italian and Belgian delegations shall have the right to appoint the same number of officials and it is considered necessary that they should have at least one permanent official to serve on each of the Committees or Sub-Committees suggested in this report; the number of the officials to be appointed by the other Allied Governments could be determined later on by the Commission.

(d) In view of the fact that there could be an equitable distribution of the Chairs of the various Committees and the Directorates of the various depending Administrations between the different Nations, it is considered that all these nominations or appointments should be made by the Commission.

(e) As the method of voting and the representation of various countries on the Reparation Commission is definitely laid down in the Treaty of Peace with Germany, it is suggested that the various Committees and Sub-Committees proposed in this report should be formed and should act on the same principles.

(f) As it is necessary to ensure unity of action on the question of reparation, it is suggested that the
principle should be established that no National organization has the right to send Missions or Emissaries into enemy countries and that any Mission sent out must go forth as the mandatory of the Reparation Commission as a whole.

(g) After an examination of the question of appointments, allowances, expenses, etc. for the Staff, it was decided that this question was outside the competence of the present Committee. The Committee, however, desire to express the opinion that as far as possible, a uniform scale should be adopted, and should be announced as early as possible in order that staff may be appointed.

II. SCHEME OF ORGANIZATION.

The schedule attached to this report shows the scheme of organization of the Reparation Commission suggested. It consists of a General Secretariat and Services, which will usually function through several sections. An attempt has been made to bring down to a minimum the number of subdivisions necessary, and it is considered that these have been reduced as far as possible.

A. SECRETARIAT.

The Secretariat should be a Committee of the Secretaries of the different National organizations which would meet at regular and frequent intervals for the decision of all pending questions.

The Commission should nominate a General Secretary, who need not necessarily be one of the members of the Committee of Secretaries. This Official should preside over the Committee of Secretaries on the understanding that the Nation to which he belongs is only entitled to one vote on the Committee. The General Secretary should have the direction of the Staff in all routine matters; in all other matters he should be required to consult the Committee of Secretaries to whom he would be responsible.

The General Secretariat would be responsible for all the ordinary Secretarial duties of the Commission, preparation of Agenda, Minutes, Establishment, Registry, Correspondence and Liaison with other International bodies. It is considered that it should be definitely enunciated that all correspondence with enemy powers should be despatched and received by the General Secretariat. Naturally, the despatch and receipt of the correspondence of each of the National organizations is not included in this recommendation and it is considered that diplomatic privileges would naturally be granted for this correspondence. It is recommended that the General Secretary should be appointed by the Commission for one year, but that he should be eligible for re-appointment.

B. SERVICES AND DIVISIONS.

-Each of the Inter-Allied Services of the Commission should be controlled by a Committee consisting of
of the Heads of the Technical services concerned of the various National organisations.

The Chairman of each Committee should be appointed by the Commission for one year but should be eligible for re-appointment. He should have attached to him an Executive Officer (who might in certain cases be the Secretary), whose duty it would be to see that the decisions of the Committee were carried out and that the routine work was performed.

In order to secure the proper type of personnel and continuity of policy it is suggested that the appointment of those officials should be for a considerable period.

It is suggested that the Committees controlling the work of the Divisions organised for the purpose of carrying out the work of the Service should be on the same model and that their Chairman and officials should be appointed in the same manner and under the same conditions. The Committees and Sub-Committees should meet regularly at fixed dates.

(I) FINANCE SERVICE.

The Finance Service should consist of 3 Divisions—

(a) Treasury Division. This Division should be concerned principally with matters concerning Bonds, Transfers of Securities, Shares and Enemy Debts, the presentation of expenses of the Armies of Occupation, the distribution of the Indemnity and general financial questions;

(b) Cashier's Division. This Division would be responsible for the receipt, safe custody and issue of Bonds, the realisation of securities and the custody and disbursement of cash deposited with the Commission;

(c) Accounts Division. This Division would be responsible for the keeping of the General Account and the Debit and Credit of each Power.

(II) VALUATION SERVICE.

This should consist of two divisions—

(a) Claims Division.

(1) Sub-division Claims for personal damage

(2) " Claims for damage to property.

(b) Division for Valuation of goods, securities and shares and Public Debt in ceded territories. It is suggested that this Division should be organised into 2 Sub-Divisions.

(1) for the valuation of goods.

(2) for the valuation of securities, concessions &c.

(III) RESTITUTION AND REPARATION IN KIND SERVICE.

This Service should contain 5 Divisions.

(a) Restitution and Reparation of objects of artistic, historic or scientific interest (these two functions are combined because the first has naturally a limited duration and the second adheres closely to the first.

(b)
(b) Agriculture and Agricultural Machinery Division.
(c) Labour and Supplies Division (to include industrial machinery, construction material and all reparation commodities not covered by any other section).
(d) Mercantile Marine and Cables (including river-craft).
(e) Coal and Chemical Division. This Division to consider all questions relating to coal and its derivatives, dye-stuffs, chemical products and drugs.

(IV) LEGAL SERVICE.

It is considered that this Service should consist of a Committee comprised of the Legal experts of the various countries concerned with a small Secretariat. Its function would be principally to investigate all questions concerning the interpretation of the reparation clauses of the Treaty, disputes that may arise and future sanction in cases of non-fulfilment of obligations under the Treaty.

V. INFORMATION SERVICE.

This service should be divided into 3 Divisions:

(a) Political
(b) Financial
(c) Economic

It is considered that this Service is of supreme importance for the proper functioning of the Commission and the attainment of the maximum reparation. Its function would be to make all necessary investigations and collect all possible statistics relating to the financial and economic situation and the ability to make payment and the Fiscal system of the Central Powers. It should consider further the needs of the enemy powers for food and raw material and the effect on their economic system of the demands made upon them in the way of reparation.

SCHEDULE.

General Secretariat Preparation of Agenda and Minutes Administration Establishment and Accounts. Registry Correspondence Liaison with other Internal Bodies.

Services.

Divisions.

I. Financial Service

A. Treasury.
B. Cashier.
C. Accounts.

2. Valuation Service

A. Valuation of Claims
   (1) For Personal Damage,
   (2) For Damage to Property,
B. Valuation of Enemy Property,
   (1) Goods,
   (2) Securities and Debts.

3. Service of Restitution

A. Restitution and Special Reparation in kind.
   B. Agriculture and Agricultural Machinery.
   C. Labour and Supplies.
   D. Shipping and Cables.
   E. Coal and Chemicals.
4. Legal Service.
5. Information Service. A. Political
                   B. Financial
                   C. Economic.