

## REIMBURSEMENT OF COSTS OF AMERICAN ARMY OF OCCUPATION

*Agreement signed at Paris May 25, 1923*

*Notification of approval by the President of the United States given to  
the French Government August 24, 1923*<sup>1</sup>

*Superseded by agreement of January 14, 1925*<sup>2</sup>

1923 For. Rel. (II) 180 and 1919 For. Rel.  
(Paris Peace Conference, XIII) 880;  
Treaty Series 671-A

The present Agreement is concluded between the Government of the United States of America, of the one part,

And the Governments of Great Britain, France, Italy, and Belgium of the other part.

The Governments of Great Britain, France, Italy and Belgium undertake to use every effort to secure the adherence to this Agreement of the other Allied Powers who have a right to participate in the payments affected by the said Agreement.

### ARTICLE 1

For the purpose of the present Agreement the net amount due to the Government of the United States for the costs of its Army of Occupation will be reckoned as follows:

The total net costs as they are certified by the United States Government and as they will figure in the accounts of the Reparation Commission after deducting the following sums, if they have not already been deducted:

(a) Any amount already collected by the United States Government in the form of the requisition of paper marks;

(b) The value of the Armistice material and material abandoned by Germany not possessing a military character.

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<sup>1</sup> The United States considered ratification unnecessary (see art. 6). On Aug. 24, 1923, the Department of State informed the American Chargé d'Affaires at Paris: "Inasmuch as the agreement is not a treaty but rather an executive agreement . . . it is deemed by the Government that the formal approval by the President will suffice . . ." (1923 For. Rel. (II) 186).

<sup>2</sup> *Post*, p. 504.

The value in gold of the paper marks, of the Armistice material and of the abandoned material not possessing a military character, shall be fixed by the Reparation Commission and the Reparation Commission will agree with the Government of the United States as to the amount thereof to be deducted from the total net costs of the American Army of Occupation.

## ARTICLE 2

I. The net amount due to the United States will be paid in twelve equal yearly instalments, the first instalment to be paid on or before the 31st December 1923.

II. No interest will be charged; however, if the Allied Governments should decide at any time to charge interest from a fixed date for the unpaid costs of their Armies of Occupation, the same rate of interest commencing from the same date shall be allowed the Government of the United States for the unpaid balance of its claim.

III. Each of the yearly instalments referred to in paragraph I of the present Article constitutes up to the 31st December 1926 a first charge on the payments of all kinds to be credited to Germany's "Reparation" account<sup>3</sup> excluding those specially excepted by paragraph IV below, and, from the 1st January 1927, if the payments of all kinds to be placed to the credit of the Reparation account are insufficient, a first charge in addition on all the payments to be placed to the credit of Armies of Occupation account, exclusive of paper marks requisitioned to meet the needs of the Armies of Occupation for local currency during the year in the course of which the said yearly instalment should be paid to the Government of the United States. The charges established by the present paragraph are applicable whether these payments are made by Germany or for her account or by or for the account of another country from whom a similar payment may be exacted, to any organization which has been or may be designated to receive such payments and including the payments made directly to the interested Governments.

IV. For the purpose of the execution of the present Agreement, the payments by the German Government subjected to the charges referred to in paragraph III above shall not include:

a) Deliveries in kind intended to be used in the interior of the receiving countries, their colonies and their dominions made by virtue of the various annexes to Part VIII of the Treaty of Versailles<sup>4</sup> or of any other procedure

<sup>3</sup> The "Reparation" account of Germany includes all payments in cash or kind which are devoted to making good the damages for which the Allies have claimed compensation from Germany in accordance with the terms of the Treaty of Versailles. Accordingly, there are excluded from the "Reparation" account such items as the costs of the Reparation Commission, the payments made through the Clearing Offices, and the cost of the Armies of Occupation. [Footnote in original.]

<sup>4</sup> *Ante*, p. 137.

approved to date by the Reparation Commission<sup>5</sup> to the Allied countries having a credit on account of reparations;

*b*) The proceeds of the British Reparation Recovery Act or of any other similar legislation enacted or to be enacted by the other Allied Governments in pursuance of paragraph 2 of the decision of the Allied Governments of 3rd March 1921;<sup>6</sup>

*c*) The value of transfers and cessions of property, rights and interests made in execution of the Treaty of Versailles, unless such transfers (e. g., under Articles 254 and 256 of the Treaty of Versailles) result in a payment to the credit of Germany's reparation account made by Powers not having a right to reparation, or unless such cessions of property, rights and interests (e. g., under Article 260 of the Treaty of Versailles) are liquidated or sold for cash by the Reparation Commission for the credit of Germany.

V. If, in the course of one calendar year between 1st January 1923 and 31st December 1926, the amount of the sum due to the Government of the United States exceeds 25% of the total of the payments made by or for the account of Germany for the credit of her reparation account as defined above (excluding the sums carried to the account of the Armies of Occupation), the amount of the instalment payable to the Government of the United States shall be reduced to a sum equivalent to 25% of such payments, and  $\frac{1}{8}$  of the sum deducted shall be added to each of the instalments to be paid in the course of the years 1927 to 1934 inclusive.

VI. Nevertheless, for the purpose of the present Agreement, the European Allied Governments, creditors on account of their Armies of Occupation, undertake to apply during each of the years 1923 to 1926 inclusive by priority to the payment of the current expenses for their respective Armies of Occupation, in so far as these have not been met by the requisition of paper marks, the value of the deliveries in kind referred to in paragraph (*a*) above, the proceeds of any Reparation Recovery Act for the time being in force and referred to in paragraph (*b*) above, and the value of the transfers and cessions of property rights and interests referred to in paragraph (*c*) above, in such a way as to be able to place as far as possible the value of the other payments which Germany will make to her credit on account of reparations.

VII. If, after 1926, the payments to the Government of the United States in the course of any particular year are insufficient to satisfy the amount due to that Government in the course of that year, the arrears shall be carried over to a special account bearing simple interest at  $4\frac{1}{2}\%$ .

This account of arrears shall be liquidated as soon as the payments received from Germany in the course of any year admit.

<sup>5</sup> The other procedures approved to date by the Reparation Commission are those of:

*a*) The Wiesbaden Agreements signed on the 6th and 7th October 1921;

*b*) The Bemelmans-Cuntze Agreement of 2nd June, 1922;

*c*) The Gillet-Ruppel Agreement of 2nd June, 1922. [Footnote in original.]

<sup>6</sup> For background, see 1919 For. Rel. (Paris Peace Conference, XIII) 430.

These arrears shall have the same priority as that given under paragraph III of Article 2 of the present Agreement to the equal annual instalments.

VIII. However, if in the course of one of the first four years it should prove necessary to utilise all or a part of the payments in cash made by Germany to cover the costs of the Armies of Occupation of the European Allies in the course of that year, the American priority of 25% shall be calculated on the total of the payments in cash made by Germany in the course of that year on reparation account and on the account of the Armies of Occupation of the European Allied Powers, exclusive of paper marks requisitioned to meet the needs of the Armies of Occupation for local currency. The sum to be remitted to the Government of the United States in the course of any one of the first four years shall not, however, exceed 50% of the total balance of the payments in cash made by Germany in the course of the year in question, which remains for credit to reparation account. If the American priority calculated as above for any particular year cannot be met by the 50% payments calculated as above, the balance of this priority shall be chargeable against the payments in cash made by Germany in the course of the following years up to and including 1926 instead of being spread over the payments of the last eight years. At the beginning of 1927 the total deficit which has accrued shall be spread over the payments of the last eight years.

IX. If at the end of the year 1927 or of any year following, the arrears have reached such an amount as might, in the opinion of the Government of the United States, endanger the complete execution of the payments within the period of twelve years, the Allied Governments will, upon the request of the Government of the United States and in agreement with it, use their best endeavours to make such modifications of the present Agreement as may seem necessary to ensure the complete execution of the payments within the prescribed period of twelve years.

X. The Allied Governments, however, reserve all their rights in respect of the payments in kind and in cash which might be collected in occupied territory through the intervention of any Allied authority.

### ARTICLE 3

The present Agreement has been drawn up in contemplation of annual payments to be made by Germany and with the recognition of the impossibility of foreseeing and determining at this moment the distribution of any extraordinary payment which may be made by Germany in any particular year.

If, however, a loan is floated or an anticipatory payment effected by Germany in any manner, the Allied Governments will put themselves in communication with the Government of the United States for the purpose of discussing the participation of the United States in such extraordinary payments.

If, as a consequence of a loan floated either in America or elsewhere, or of any anticipatory payment made by Germany by any means whatever, a

moratorium were granted to Germany, the Allied Governments will put themselves into communication with the Government of the United States for the purpose of reaching an agreement which would not cause any prejudice to the Government of United States.

No discount shall be allowed for any anticipatory payments.

#### ARTICLE 4

The Allied Governments which have approved the agreement of 11th March 1922,<sup>7</sup> declare that the charge upon the payments in cash to be received from Germany and set up by the last part of Article 8 of the Inter-allied Agreement of March 11th 1922, in favour of the unpaid balance of the costs of the British and French Armies of Occupation up to 1st May 1921, shall only apply to the balance, if such there be, of the German payments after payment of the sums due to the United States in execution of the present Agreement. The fact that the Government of the United States has taken note of this declaration cannot, however, be interpreted as an expression of opinion of the Government of the United States with regard to the Agreement of 11th March 1922.

#### ARTICLE 5

If the Government of the United States should come to an agreement with the Reparation Commission to receive, in accordance with the provisions of the Treaty of Versailles or any supplementary Agreement, German dye-stuffs, the value of these dye-stuffs determined by agreement between the Government of the United States and the Reparation Commission, shall be deducted from the annual payment due to the Government of the United States under the present Agreement in the course of the calendar year in which these dye-stuffs shall have been received.

If, in the course of any calendar year, the value of the dye-stuffs thus supplied to the United States exceeds the annual sum due to the Government of the United States, the excess shall be utilised :

(a) During the years from 1923 to 1926 to supplement, as far as necessary, the payments already made, so as to bring them, for each year, up to  $\frac{1}{12}$  of the American claim;

(b) During 1927 and the years following, to liquidate the account of arrears.

If, when these operations have been completed, there still remains a balance, this shall be regarded as an anticipatory payment of the annual instalments fixed in accordance with Article 2 of the present Agreement.

No discount shall be allowed on these anticipatory payments.

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<sup>7</sup> 1919 For. Rel. (Paris Peace Conference, XIII) 870.

## ARTICLE 6

If at any time the arrears due to the United States reach a total such that the Government of the United States considers that there is a risk of its not being paid within the prescribed period of 12 years, the Government of the United States shall have the right to abrogate the present Agreement, if within a period of three months from the date of a notification to that effect, the Agreement has not been modified to its satisfaction.

In negotiating the present Agreement, the respective Governments, with a view to arriving at an arrangement for the payment of the costs of the American Army of Occupation, have voluntarily avoided raising any question of right or interpretation.

The respective Governments desire, nevertheless, to state that, in case the present Agreement should be abrogated for any reason whatsoever, each of them reserves the right to maintain all its rights whatsoever may be their extent, such as each deems them to exist at this date.

The present Agreement shall take effect after such ratifications as may be required in accordance with the constitutional methods of the High Contracting Parties.

Ratifications shall be exchanged at Paris as soon as possible.

In faith whereof the undersigned, duly authorized, have signed the present Agreement.

Done at Paris, the twenty-fifth day of May one thousand nine hundred and twenty-three, in a single copy which will remain deposited in the archives of the French Republic, and of which authenticated copies will be transmitted to each of the Signatory Powers.

*For the United States of America:*  
ELIOT WADSWORTH

*For Italy:*  
M. D'AMELIO

*For Great Britain:*  
JOHN BRADBURY

*For Belgium:*  
A. BEMELMANS

*For France:*  
JEAN TANNERY