

PC. 2785

31



DEPARTMENT OF THE SECRETARY OF STATE
OF CANADA.

Ottawa, 7th November, 1918.

TO HIS EXCELLENCY.

THE GOVERNOR-GENERAL-IN-COUNCIL :

The undersigned has the honour to observe that the Enemy Debts Committee, established by the Treasury of the United Kingdom on the 13th of November, 1916, has by its preliminary Report, dated the 4th of April, 1917, and reiterated in a further Report dated the 23rd of January, 1918, recommended as follows :

- "(1) By agreement between the belligerent Governments, embodied in the Treaty of Peace, an arrangement should be made for the settlement by the intervention of the Governments of all the indebtedness arising out of commercial, banking and financial transactions which were not completed owing to the outbreak of war. The principle of such a scheme would be that each Government should be responsible for collecting the sums ascertained to be due from its own nationals, and would pay the sums ascertained to be due to its nationals, the balance being settled between Governments.
- "(2) The agreement should cover other matters, incidental to the settlement, on which at present we do not make detailed recommendations. All settlement of indebtedness otherwise than through the agency thus provided by the Governments should be prohibited.
- "(3) The existing prohibitions of payments to enemies and of the restoration of enemy property should be maintained until a satisfactory arrangement has been concluded, including adequate assurance, in the form of tangible security or otherwise, for its execution.
- "(4) The scheme to be adopted should apply to the British Empire as a whole, and should, if possible, be concerted with our Allies."

These



DEPARTMENT OF THE SECRETARY OF STATE
OF CANADA.

2

These Reports state that there are serious objections to leaving creditors to recover their debts to recourse to the Courts of an enemy country, and that enemy debtors would be in a position to use the settlement of their debts as a means of bringing pressure to bear upon creditors to resume commercial relations. It was recommended that immediate steps should be taken to consult the Governments of the Dominions, of India, and of the other portions of the Empire, with the object of obtaining their concurrence in the proposals of the Committee. The Report further shows that no statement of enemy indebtedness to and claims against Canadians has been submitted, although a request therefor was made, and though similar statements have been received from all other parts of His Majesty's Dominions.

The undersigned begs leave to state that the Consolidated Orders respecting Trading with the Enemy, 1916, are administered by the Department of the Secretary of State, in so far as investigations of enemy trading and all enemy property ^{is} concerned, and that under these Orders the Minister of Finance and Receiver-General is the Custodian receiving all payments which, but for the war, would have been made to persons who are now alien enemies, and that to some extent the divided administration of the Orders has prevented such action from being taken in Canada as that taken and reported upon by the Enemy Debts Committee in the United Kingdom.

The



DEPARTMENT OF THE SECRETARY OF STATE
OF CANADA.

** 3 **

The undersigned has therefore the honour to re-
commend that a Committee be appointed, consisting of the
Secretary of State of Canada, the Honourable the Vice-
~~Chairman of the Reconstruction and Development Committee~~
~~of the Cabinet~~, the Under-Secretary of State, an officer
of the Department of Finance named by the Minister of Fi-
nance, and an officer of the Department of Justice named
by the Minister of Justice, for the following purposes :

*ms
ms*

*A. H. Madigan
ms*

To consider and report on the arrangements to be adopted
for the liquidation of the commercial, banking and other
financial transactions between Canadian and enemy persons
the completion of which was prevented by the outbreak of
war;

To consider the Reports of the Enemy Debts Committee of
the United Kingdom, and to report upon the feasibility of
action in Canada similar to that recommended by the said
Committee;

To consider and report upon such steps as may be necessary
in Canada to carry on an investigation of claims owing by
alien enemies to Canadians and of alien enemy claims against
Canadians, for the purpose of taking uniform action in the
matter, if the Report of the Enemy Debts Committee is acted
upon;

To consider and recommend such action as may be necessary
to correlate the administration of the Government Depart-
ments in administering the Consolidated Orders respecting
Trading with the Enemy, and

To take such action as may be considered advisable and
necessary to vest in the Custodian enemy debts as provided
by the aforesaid Orders.

All of which is respectfully submitted.

J. A. ...

SECRETARY OF STATE OF CANADA.



DEPARTMENT OF THE SECRETARY OF STATE
OF CANADA.

** 3 **

The undersigned has therefore the honour to re-
 commend that a Committee be appointed, consisting of the
 Secretary of State of Canada, the Honourable ^{A. H. Hudson} ~~the Vice~~
~~Chairman of the Reconstruction and Development Committee~~
~~of the Cabinet~~, the Under-Secretary of State, an officer
 of the department of Finance named by the Minister of Fi-
 nance, and an officer of the Department of Justice named
 by the Minister of Justice, for the following purposes :

Handwritten initials

Handwritten initials

To consider and report on the arrangements to be adopted
 for the liquidation of the commercial, banking and other
 financial transactions between Canadian and enemy persons
 the completion of which was prevented by the outbreak of
 war;

To consider the Reports of the Enemy Debts Committee of
 the United Kingdom, and to report upon the feasibility of
 action in Canada similar to that recommended by the said