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# TREATY OF PEACE WITH AUSTRIA

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## LETTER OF ALLIED AND ASSOCIATED POWERS

TRANSMITTING TO THE

AUSTRIAN DELEGATION THE TREATY OF PEACE  
WITH AUSTRIA, TOGETHER WITH THE REPLY OF  
THE ALLIED AND ASSOCIATED POWERS TO THE  
AUSTRIAN NOTE OF JULY 20, 1919, REQUESTING  
CERTAIN MODIFICATIONS OF THE TERMS



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PRESENTED BY MR. LODGE

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## TREATY OF PEACE WITH AUSTRIA.

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LETTER OF TRANSMITTAL TO THE PRESIDENT OF THE AUSTRIAN DELEGATION OF THE REPLY OF THE ALLIED AND ASSOCIATED POWERS.

Peace Conference.

The President.

To His Excellency Mr. RENNER,

*President of the Austrian Delegation at Saint-Germain-en-Layer.*

PARIS, THE 2ND SEPTEMBER, 1919.

MR. PRESIDENT:

1. The Allied and Associated Powers have given the greatest care to the examination of the observations formulated by the Austrian Delegation in regard to the draft of the Treaty of Peace. The objections presented to this draft in the reply of the Austrian Delegation are based on the fact that, by reason of the dissolution of the Austro-Hungarian Monarchy, Austria ought not to be treated in any respect as an enemy State and that one ought consequently not to make her bear in any special manner the burden of the reparations which would certainly have been imposed upon the Austro-Hungarian Monarchy if she had not ceased to exist.

The observations reveal a fundamentally erroneous conception of the responsibilities of the Austrian people. The Allied and Associated Powers shall therefore believe it necessary to indicate as briefly as possible the principles which they consider ought to be applied in the settlement, so far as Austria is concerned, of the war, which has just come to an end.

The Austrian people share in a large measure with their neighbor the Hungarian people's responsibility for the ills which Europe has suffered in the course of the last five years. The war was precipitated by the ultimatum which the government of Vienna sent to Serbia exacting acceptance within a delay of 48 hours of a list of exactions which amounted to suppression of the independence of a sovereign neighbor state. The royal government of Serbia accepted within the prescribed delay all these exactions, with the exception of those which implied virtually renunciation of its independence. Nevertheless, the Austro-Hungarian government rejected all offers of discussion and all proposals of conciliation on the basis of that reply, and opened at once hostilities against Serbia, entering thus deliberately upon the course which led straight to the world war.

It is now evident that this ultimatum was but a hypocritical pretext to begin a war which the old autocratic government of Vienna, in close accord with the Rulers of Germany, had prepared long ago, and for which it judged the moment had arrived. The presence of Austrian cannon at the sieges of Liege and Namur is a proof more, if one were needed, of the close association of the government of Vienna with the government of Berlin in the complot against public law and the liberty of Europe.

The Austrian Delegation seems to judge that the responsibility for these acts is incumbent solely upon the Hapsburg dynasty and its satellites. To believe them, the Austrian people, by reason of the collapse of that monarchy under the blows of the victorious allies, might escape the responsibility for the acts committed by a Government which was its own and had its seat in its capital. If the Austrian people had during the years which preceded the war made efforts to repress the spirit of militarism and of domination which had animated the government of the monarchy, if it had raised an effective protest against the war, if they had refused to aid and support its rulers in the design to pursue it, one might accord some attention to this defense at the present day. But the war was acclaimed from the moment of its declaration at Vienna, the Austrian people have been from beginning to end its ardent partisan, it has done nothing to separate itself from the politics of its government and of its allies until their defeat on the field of battle, proof sufficient that conformably to the sacred rules of justice Austria should be held to assume its entire share of responsibility for the crime which has unchained upon the world such a calamity.

But there is more: the Allied and Associated Powers feel obliged to point out that the polity of the old Hapsburgs had become in its essence a polity destined to maintain the supremacy of the German and Magyar peoples over the majority of the inhabitants of the Austro-Hungarian Monarchy. This ancient and exhausted autocracy, with its militarist traditions, maintained itself, thanks to the vigorous support of the inhabitants of Austria and Hungary, to whom it assured political economic domination over their compatriots. It is this system of domination and oppression, setting the races against one another, and to which the Austrian people has given its constant support, that has been one of the most profound causes of the war. It has produced on the borders of Austria-Hungary those irredentist movements, which have fostered in Europe ferments of agitation; it has produced that state of progressive dependence on the part of Austria-Hungary on Germany, the consequence of which was the subordination of Austria-Hungarian politics to the pangermanist plans of domination; it has culminated at last in a situation in which the chiefs of the monarchy could see no other means of preserving their own power than by attacking deliberately the liberty of a small independent state, which barred the road to Constantinople and the Orient, and which maintained spiritedly a vision of liberty amidst its oppressed brethren.

Therefore, in the opinion of the Allied and Associated Powers, it is impossible to admit the defense of the Austrian Delegation, to-wit, that the Austrian people does not share the responsibility of the government which provoked the war, and that it ought to escape the duty of reparation, to the extreme limit of its faculties, to those to whom, with the government it supported, it has brought such grave injury. The principles upon which the draft of the Treaty has been based must therefore hold fast. The Austrian people is, and remains until the signing of the peace, an enemy people. Peace signed, Austria will become a state with whom the Allied and Associated Powers can entertain friendly relations.

2. The Austrian Delegation has also protested against the dispositions of the Treaty dealing with the relations of Austria with the new



states constituted upon the territories of the former monarchy. The Allied and Associated Powers see themselves under the obligation to note that the weakness from which Austria is going to suffer will not be the consequence of the stipulations of the treaty; it will be in consequence rather of the polity of supremacy which its people has pursued in the past.

If the polity of Austria-Hungary had been a polity of generosity and justice towards all its subjects, the states of the upper Danube might have preserved economic and political unity and amicable relations. In fact the polity of supremacy has been the cause of one of the most cruel tragedies of the late war: one has seen millions of men belonging to the peoples subject to Austria-Hungary forced, under penalty of death, to fight against their will in the ranks of an army which served at the same time to perpetuate their own servitude, and to accomplish the destruction of the liberty of Europe. Among these populations many have protested against the war, and for having protested, they have suffered the confiscation of their goods, imprisonment, or death; many others, prisoners or fugitives, have joined the armies of the allies and have played their rôle in the war of liberation.

Now they are all, without exception, and justly, resolved to constitute themselves into independent states. They do not want to trust themselves to Vienna. The polity of supremacy has produced its inevitable result: dismemberment, and it is this dismemberment which is the origin of all the actual difficulties of Austria. Vienna had been made the economic and political centre of the empire; everything had been artificially concentrated there: the provinces were weakened, their railways were paralyzed in order that the capital might prosper. The dislocation of Austria, in its disintegration of this economic network, until now centralized, could not fail to deal serious blows to the Austrian state and its capital, but the very dissolution of the monarchy with its consequences is the direct result of that sinister polity of supremacy of which the Austrian people bear the principal responsibility.

3. The Allied and Associated Powers have, however, no desire to aggravate the unfortunate situation of Austria. Quite to the contrary, they have a lively desire to do everything which is in their power to aid its people to accommodate themselves to the new situation and to regain prosperity, on condition, to be sure, that it be at no time at the expense of the new states issued from the old empire.

The collapse of the monarchy has given birth to many difficult problems in the relations between the new states which by the Treaty are its heirs. It has always been considered reasonable that the relations between the citizens of the new states should be regulated in certain respects differently from the relations between the citizens of Austria and those of the Allied and Associated Powers. But by reason of the observations presented by the Austrian Delegation the Allied and Associated Powers, while adhering to the general lines of the Treaty, have introduced considerable modifications in its economic stipulations. Property located in the territories ceded to the Allied Powers belonging to Austrian nationals will be turned over to the owners; such property will be exempt from any measures of liquidation or transfer taken since the armistice, and they are guaranteed similar exemption from any measure of seizure

or liquidation for the future. Contracts between removed Austrians and persons who have acquired allied nationality by the Treaty remain in force without faculty of resilement. Measures are taken to assure to Austria supplies of coal from Czecho-Slovakia and Poland, which she can not do without, in exchange for certain raw materials. Pending questions concerning removed Austrians, which remain to be resolved between Austria and neighbor states, her heirs, will be settled by separate conventions, elaborated in conference in which Austria will be admitted on an equal footing with the other interested parties. The details of these concessions, and others still, will be found in the subjoined reply.

Finally, the Reparations Commission will receive instructions to acquit itself of the functions with which it is entrusted in an eminently humanitarian spirit. It will take into account the vital interests of the collectivity, and will authorize every alleviation which it shall consider called for by the food situation of Austria.

4. As to the territorial frontiers fixed for the Republic of Austria, the Allied and Associated Powers can not admit any essential modification of the decisions which have been already communicated. These decisions have been made after months of profound studies: and it has not found a single argument in the remarks submitted by the Austrian Delegation that had not been examined by the Conference. The Allied and Associated Powers have taken note, however, of the Austrian protest concerning the city of Radkersburg.

In a general way, the Powers have endeavored to determine the boundaries of the states issuing from the old Austro-Hungarian monarchy with an equity bound to give central Europe a durable peace. Thus they have adopted for Czecho-Slovakia the historic frontiers of the crown of Bohemia: where these frontiers are in common with those of Austria, they have not deviated therefrom but in two cases of secondary importance where the economic interests of the new states appeared, and still appear, to prevail over the claims of the Austrian Republic. In the case of Jugo-Slavia the Allied and Associated Powers have followed so far as possible the recognized linguistic frontier.

So far as concerns Hungary the Allied and Associated Powers have incorporated with Austria certain German-speaking regions comprised heretofore within the Hungarian boundaries fixed as they now are, they will guarantee best the existence of all the peoples interested, the Austrians included, without exposing them to anarchy or murderous rivalries.

As to the Tyrol, the Allied and Associated Powers have been struck by the fact that during long years the Italian people have been exposed to a menace, intentionally directed against its very life. This menace resulted from the possession by Austria-Hungary of advanced military positions commanding the Italian plains. Under these conditions the best solution, in the opinion of the Allied and Associated Powers, was to grant to Italy the natural boundary of the Alps so long claimed by her.

5. The Allied and Associated Powers desire also to remind the Austrian Delegation that the Treaty of peace contains dispositions having in view the protection of small collectivities specially such as the new Austria. It will henceforth no more be possible for powerful empires to threaten with impunity the political and eco-

conomic life of their weaker neighbors. The clauses relating to ports waterways, and railways assure to Austria under international guarantees access to the sea by land and water.

The clauses having regard to labor legislation will contribute to safeguard the rights of the working population and to ameliorate its conditions of existence. The treaties concerning minorities will safeguard the religious, political, and linguistic rights of minorities passing under another sovereignty by virtue of the Treaty of peace. The League of Nations to which the Allied and Associated Powers hope the Republic of Austria may be admitted at an early date is not only the protectress of the rights and liberties of Austria; it will protect not merely the rights of all the signatories of the Treaty; it institutes at the same time the organism by grace of which all arrangements may be made to intervene, in calm and legality, which events or new circumstances may render necessary in course of the settlement of the peace. These characteristics of the proposed settlement should not be forgotten.

6. In short, the Allied and Associated Powers desire to make it clearly understood that the modifications which they have now made in the draft of the Treaty are definitive. They mean to declare, moreover, that if they have not replied specifically to all the points in the reply of the Austrian Delegation it is not because they have not carefully examined them; neither does the absence of a reply signify that the claims formulated were accepted or approved. No more should the present reply be considered an authorized interpretation of the Treaty. The text which we send to you to-day is a continuation of that of the 20 July last, which already bore considerable changes with reference to that of the original text of the 2 June, must be accepted or rejected as the case may be.

Consequently the Allied and Associated Powers expect of the Austrian Delegation within five days, counting from the date of the present communication, a declaration making known that it is ready to sign the Treaty as it stands.

As far as this declaration is received by the Allied and Associated Powers, arrangements will be made at once for the immediate signing of the Peace at Saint-Germain-en-Laye.

In default of such declaration within the time specified above, the armistice concluded November 3, 1918, shall be considered at an end and the Allied and Associated Powers shall take all measures judged necessary to impose their conditions.

Please accept, Mr. President, the assurance of my high consideration.

POSTSCRIPT.—In execution of article 179 of the Conditions of Peace with Austria, the Reparations Commission may delegate such powers as it may judge opportune to the Section constituted to deal with special questions arising from the application of the Treaty.

Pursuant:

The Commission will receive instructions that this Special Section meet normally at Vienna, and that at the shortest delay after the putting in force of the Treaty.

This Section shall act as representative of the Reparations Commission in all matters which concern the resources and capacities of

Austria; it shall receive all informations of which it may be in need and which are provided for by article 182 of the Conditions of Peace.

It shall be charged "to hear all arguments and testimony presented by Austria on all questions touching its capacity of payment." (Annex II of Part VIII.)

To facilitate the production of these documents and testimonies, Austria shall be represented before the Section by a Commissioner, who shall be called to the sessions of the Section every time the latter may consider it necessary, but who shall not have the right to vote.

It shall follow the financial arrangements entered upon between the governments concerned under the conditions fixed by article 211, and designate arbitrators upon demand of the governments concerned.

## REPLY OF THE ALLIED AND ASSOCIATED POWERS TO THE REMARKS OF THE AUSTRIAN DELEGATION UPON THE PEACE TERMS.

[Translated from the French.]

### PART II.—FRONTIERS OF AUSTRIA.

The Allied and Associated Powers, having been called upon to sanction the spontaneous disruption of the former Austro-Hungarian monarchy, have found that the breaking up of the secular bonds connecting the different parts of that State had not been brought about everywhere in the same way. They have deemed that they could not insure for their work of reconstruction a better guarantee of justice and permanency than in heeding the lesson of events and in adhering in each case to the principle which, violated by the Union, had rendered the separation necessary.

Such is the spirit in which they have, since the convening of the Conference, studied the future frontiers of the Republic of Austria, with due regard to the historical, geographical, ethnical, and political aspects of the question. They have examined most carefully the remarks which the Austrian Delegation has presented on the frontiers that were made known to it on June 2nd, and have given them consideration in the final peace terms presented on July 20th. They believe consequently that the counter proposals contained in the memorandum of August 6th have not brought any new argument to bear in the case, nor have they justified in any wise the Powers in changing, save on one point, the decisions which they had arrived at concerning the frontiers of the Republic of Austria as these were determined in the peace terms.

#### I. FRONTIER BETWEEN AUSTRIA AND THE CZECHO-SLOVAK STATE.

In the course of the last hundred years, the Czech nation had been gradually dispossessed of the rights that a long series of formal acts, imperial rescripts, and decisions of sovereign diets had granted them while its independence was restricted by a regime of subservience, its moral integrity had to resist the Germanizing process which had spread from the territories of the German race.

The Czech nation, wronged and threatened, has appealed to the Allied and Associated Powers to restore to that nation all its rights

in full. They have therefore thought proper to preserve as far as practical their historic frontiers to the old Czech provinces of the crown of Bohemia. They have deemed that the German speaking people living on the borders of these provinces ought to remain connected with the Czech peoples in order to cooperate with them in the development of the national unity in which history has associated them. The Allied and Associated Powers have deemed that this national unity would be best insured through an economic unity which the imperial and royal administration had failed to realize. They have endeavored, therefore, to insure to the Czecho-Slovak State a complete system of ways of communication. In doing so, they had to overstep slightly the historic frontier in two points; namely, in the region of the Thaya, in order to include in the Czecho-Slovak territory the line Ludenburg-Feldsberg-Znain, necessary for the west to east communications of southern Moravia, and in the region of Gmünd, in order to effect in Bohemia the junction of two trunk lines which run almost wholly through the said province, namely, the line of Prag through Tabor, and that of Pilsen through Budweiss.

## II. FRONTIER BETWEEN AUSTRIA AND HUNGARY.

The Allied and Associated Powers have deemed it just to affect to Austria the districts of western Hungary inhabited by a German population and whose agricultural products form an important element of the food supply of Vienna and other centers. The line that they have established and communicated to the Austrian Delegation on the 20th of July, follows very nearly the ethnographic limits, notably in the region of the St. Gothard. However there remains outside of this (ethnographic) limit the neighborhood of Pressburg. In this case the Powers have been preoccupied with guaranteeing to the Czecho-Slovaks access to the sea. They have desired, consequently, that the great market of Moravia, Pressburg, should have its communication with the Adriatic assured through Hungarian as well as Austrian territory.

They have, therefore, left in Hungarian territory the Cserna-Szentjanos-Hegyeshalem railroads and judged it impossible to cut it in order to validate the Austrian claim to the District of Weiselburg. Within the frontier so fixed, the ethnic character and the national sentiment of the populations indicate too positively their attachment to Austria for the Allied and Associated Powers to believe it necessary to have recourse to a plebiscite, or, in any case, to participate in the organization and the surveillance of this consultation if Austria should proceed to one.

## III. BOUNDARY BETWEEN AUSTRIA AND THE SERB-CROAT-SLOVENE STATE.

The policy of assimilation pursued by the imperial and royal administration in regard to the Slavonic race, has been one of the causes which have prevented the formation of a moral unity at the heart of the old monarchy. But under the oppression of functionaries strangers to their race, deprived of schools teaching their language, overwhelmed by the immigration of state employees and laborers, the Slovenes have, however, kept intact their national

aspirations. The Allied and Associated Powers have recognized the right of these Slav populations to partake the destinies of a Slav State. The application of this principle presents itself under different conditions in Styria and in Carinthia.

#### STYRIA.

The Associated and Allied Powers have considered that the Marburg basin, in its geographical, ethnographical, and economic unity, ought to be united to the Kingdom of the Serbs, Croats and Slovenes. They maintain that this natural region, indented to the west by the Balkan range, communicates as easily with the Slav countries of the South as with the Austrian countries and opens itself widely towards the East, by the valley of the Drave, which even to its confluence with the Danube never ceases to be within Serb-Croat-Slovene territory.

They recognize that certain cities, notably Marburg, are German in character. But they maintain that the Slovene element distinctly dominates in the rural population, where the action of the authorities succeeds only with difficulty in creating factitious majorities they consider that despite the efforts of the former Austrian administration to deflect from Hungary the commercial current of these regions, the market of Marburg was formerly in close economic relations with Croatia. They consider that their relations will naturally become closer following a political reattachment to the Serb-Croat-Slovene State, while the relations with the North created by the attraction of the Austrian capital will be relaxed.

The Allied and Associated Powers have, however, taken account of the Austrian protest concerning the city of Radkersburg, that the ethnographic and economic conditions appear to orient toward Austria rather than toward the Serb-Croat-Slovene State.

They are convinced that their solution so amended responds at the same time to the sentiment and to the interest of the majority of the populations.

#### CARINTHIA.

The Allied and Associated Powers admit the geographical unity of the basin of Klagenfurt and recognize that this region closed at the South by the basin of the Karawanken has easy relations with the North. They distinguish on the other hand a very distant line of ethnic demarcation, constituted by the Gurk, the Glan, the Glanfurt, and the Wörthersee, the Slovene element dominating at the East and at the South of this line, the German element to the West and to the North. In short, they decree that the ways of communication constructed in the interior of the basin by a centralized administration converge near the market of Klagenfurt and that so far the economic orientation of this region has been directed toward the North.

In these conditions they have decided to grant to the population all latitude for conforming and according their economic interests with their national aspirations and to decide if they will, or will not, maintain their regional unity, and in this case remain united to Austria, or join the Serb-Croat-Slovene State.

Such is the idea that has controlled the decision to organize the plebiscite. The Powers have sought, in placing the entire basin

under the control of their representatives to surround this consultation with all necessary guarantees for a free expression of the peoples will.

They have, in view of the plebiscite, divided the basin, following the line of ethnic demarcation in two zones, each of these zones, which will be called to give a vote as a whole, comprises a nearly homogeneous population and will be able, if the separation becomes definitive to reconstitute its economic unity in close liaison with the State with which it decides to follow the destinies. The reasons which have led them to arrange for a delay between the two votes against which the Austrian Delegation protests, seem convincing. If the first zone declared for an attachment to Austria it would be useless to consult the second as geographic conditions would prohibit the choice of a different destiny. The Allied and Associated Powers recognize as well founded the observations of the Austrian delegation in regard to the water supply of Klagenfurt. They have inserted in the Treaty an article 310, guaranteeing to the city water necessary for drinking, and for the functioning of the factories by electricity.

#### IV. BOUNDARY BETWEEN AUSTRIA AND ITALY.

The Allied and Associated Powers consider that no modification should be made in the boundary line between Italy and Austria which has been presented to the Austrian Delegation in condition of the Peace terms. Also that it is shown by the very positive declarations made by the President of the Council of Ministers of Italy, to the Parliament of Rome, the Italian Government proposes to adopt a generous and liberal policy toward its new subjects of the German race, as concerns their language, their culture, and their economic interests.

### PART III.—POLITICAL CAUSES.

#### SECTION I. ITALY.

In the "redaction" which follows the observation presented by the Austrian Delegation, modifications are proposed to article 40 (46) and 44 (50) without any argument being presented to their support. It is out of the question to touch article 40 (46). One could not impose upon the Italian government the obligation of paying for a palace that it has claimed by perfect right as property of the old republic of Venice. The transfer of this palace should have taken place when Venice was incorporated in the Kingdom of Italy. Particular circumstances of an exclusively political character alone have prevented until now the carrying out of this claim. As to article 44 (50), the disposition of the last paragraph relative to Lake Raibl, has no other end than of guaranteeing to Italy the full enjoyment of the use of the waters of this lake to the exclusion of every contrary protection, either of Austria or of its nationals.

In these conditions, the proposition of the Austrian Delegation, which is otherwise not justified, appears unfounded.

## SECTION V (I), PROTECTION OF THE MINORITIES.

The Allied and Associated Powers have received the observations of Austria concerning Section 5 of Part III of the Peace terms containing articles for the protection of minorities. They remark that the Austrian Delegation appears to be in accord with the Allied and Associated Powers in deeming that the stipulation of these guarantees in favor of race minorities, of language and of religion, will very much aid in establishing relations between the peoples of Europe. The Austrian commentary evidences a desire to cooperate in the solution of one of the most difficult and most complex problems of Europe. The amendments suggested by the Austrian Delegation concerning these clauses have been carefully examined by the Allied and Associated Powers. The observations bear especially upon the two clauses which have relation to the enforcement by the League of nations of the guarantees given to the minorities. The Austrian Delegation recognizes that this right for the League of nations constitutes a question of international interest and it is in accord with the Allied and Associated Powers in recognizing the necessity of conferring upon the League of nations the necessary power to safeguard the stipulated guarantees. The Austrian Delegation has criticized the wording of article 62 (79) and 69 (87) relating to the League of nations and has directed attention to some doubts which might arise in the application of these articles. The desires of the Austrian Delegation will be in a large measure satisfied if these clauses are conformed to the analogous clauses already introduced in the Treaty between the Principal Allies and Associates and Poland. It seems that this Delegation may also desire the duties imposed upon the Austrian State, in so far as possible, identical with those undertaken by the other states composing the old Austro-Hungarian empire.

The Allied and Associated Powers have, therefore, modified these articles to make them agree with the clauses inserted in the Treaty with Poland. As revised, these clauses define more precisely the jurisdiction of the League of nations and the procedure in its exercise. The old wording has been criticized because it allowed the League of nations to intervene in a difference between the Austrian state and a particular [one of its members]. From the present Treaty, it will now clearly appear that the Council of the League of nations will only act upon the request of a state which is a member of the Council. The conferring of jurisdiction upon the Permanent Court of international justice established under the League of nations underlies the juridical character of the differences which can be raised and fully responds to the desire of Austria of restraining the possibilities of political intervention in this case. Thus disappear appearances of contradiction between the old article 87 which limited the protection of the League of nations "to the clauses which have to do with racial, religious, and linguistic 'minorities' and the old article 79 which conferred jurisdiction upon all the obligations contained in the present Section."

If difficulties ensued in the execution of these clauses their modification would be facilitated by a stipulation indicating that it can be effected with the assent of the majority of the Council of the League of nations and that the Allied and Associated Powers now do not refuse their assent to any modification of this nature.



## SECTION VI. NATIONALITIES.

The Allied and Associated Powers do not refuse to give satisfaction in so far as possible to the observations by the Austrian Delegation upon the subject of nationalities. The dispositions relative to these questions are brought together in a special section; the Allied and Associated Powers, further remark that the words "Austrian citizens" in the Treaty designate the citizens of the Austrian State beginning when the Treaty is put into effect; the words "citizens of the old Austro-Hungarian monarchy before the Treaty goes into effect." The modifications made in the first text take account in the measure possible of those observations of the Austrian Delegation which have appeared justified, as regards the possible contradiction between certain dispositions applied to the transferred territories. This is so that save certain clearly defined exceptions all having citizenship in a territory previously forming part of the territories of the Austro-Hungarian monarchy, will acquire complete right, and to the exclusion of Austrian nationality, the nationality of the State exercising the condition under which persons will be able to use the right of option, are precisely stated. On the other hand the Austrian Delegation has signalized the possibility offered to Austrian subjects of avoiding legal obligation incumbent upon Austrian citizens. It is observed here that option is granted only on condition that the persons who make use of it transport their domicile out of Austrian territory.

This is already a check to the attempts which some Austrians would make to continue benefiting by a sojourn in Austria without bearing the resultant burdens. Moreover, the Austrian Delegation itself recognized that the interested States will entertain demands of option only when they are based upon serious indications permitting of determining that the claimant is justified in claiming the nationality that he solicits. To consider as without value a demand based upon community of language or of origin is to contest all the essential principles upon which nationality is established. The new States have otherwise no interest in augmenting the number of those of their citizens who neither by race or by true sentiments belong to their nationality. In short, there is no cause to fear persons desirous of avoiding obligations resulting from the Treaty which affect alone the Austrian citizens, can escape them by option, for the dispositions of the Treaty in excluding from its burdens the Austrian citizens having acquired new nationality, have carefully and distinctly required that they must have acquired this nationality in "full legality." The fears expressed by the Austrian Delegation regarding this rest upon a misunderstanding. The observation concerning article 90 (86) attribute to the Allied and Associated Powers reserves and intentions which they have not and could not have. It is also not very likely that the circumstances raised by the Austrian Delegation should be of a nature to exercise any influence whatever upon the determination of an individual to change or not to change his nationality; this could happen only in extremely rare cases. The wording of the article has been, however, modified to take account of these observations.

SECTION VIII.<sup>1</sup> GENERAL DISPOSITIONS.

It has appeared useful to consecrate by a special disposition the principles recognized by the Treaty concluded with Germany (article 80), that the independence of Austria is inalienable; it could be otherwise only with the consent of the Council of the League of Nations. There have been equally inserted in Section VIII, articles 93 and 94, the dispositions regulating, in the most equitable manner, the transmission, or, according to the case, the communication of archives or other documents interesting the transferred territories. The Allied and Associated Powers have not believed it their duty to take account of the objections relative to article 91 (90), which otherwise contains in the 2nd line a necessary disposition for preventing in advance all obstacles eventual to the regulation of the juridical situation of the territories which have not been attributed to a determined State.

## PART IV.—AUSTRIAN INTERESTS IN COUNTRIES OTHER THAN EUROPEAN.

The Allied and Associated Powers think there is no reason for modifying materially the provisions found in Part IV of the conditions of Peace relating to "Austrian Interests in countries outside Europe." Most of the counterproposals presented by the Austrian Delegation proceed from the principle that Austria can not be regarded as bound for the entire former Austro-Hungarian monarchy. But the Allied and Associated Powers considered that Austria is one of the succeeding States of Austria-Hungary. They affirm, moreover, that Austria does not intend to refuse that heritage when it is of value to her in retaining her diplomatic and consular buildings in Siam (art. 111 (108)) and in China (art. 115 (112)), and that she does not hesitate to claim that heritage as a basis for her request to remain in possession of real property in Morocco (99 (96)) and in Egypt (art. 108 (105)) or to reserve for herself the possibility of obtaining her quota of the indemnity fixed in the final Protocol signed at Peking on the 7th of September, 1901 (art. 113 (110)).

The Allied and Associated Powers consider that Austria is bound by the treaties and obligations agreed to by the former Austro-Hungarian monarchy. They are obliged to ask her to formally renounce, as far as concerns her, the rights, titles, and privileges that have appertained to that State, and particularly those that came to her in consequence of the Act-general of Algeciras and in consequence of some Franco-German agreements relative to Morocco (art. 96 (93)) of the régime of the capitulation in Egypt (art. 99 (102)), or of the provisions of the final Protocol of Peking (art. 113). They cannot otherwise guarantee to the Austrian representatives in Morocco (art. 98 (95)), in Egypt (art. 105 (102)), and in China (art. 114 (111)) a treatment as favorable as that the citizens of the powers members of the League of Nations in general, under the jurisdiction of the Powers, will enjoy; for by so doing they would grant to Austria, before her admission to the League of Nations, the benefit of that admission.

The Allied and Associated Powers have applied a common principle of international law in ordering that all property and proprietary rights that have belonged to the ancient Austro-Hungarian monarchy,

<sup>1</sup> Old Section VII.

a hostile State, in Morocco, in Egypt, in Siam, and in China should be ceded to the Government of the Maghzen (art. 98), to the Egyptian Government (art. III), to the Chinese Government (art. 113). They see no reason to extend to all non-European countries without exception the derogations which they have been able to consent to for exceptional reasons, either in European territory or in Siam or China. So far as concerns this last country, they deem that the lodgments of this detachment of the former Austro-Hungarian marine do not differ from the "barracks," the conditions of which are regulated by article 115, and cannot be classed as Diplomatic and Consular buildings, as desired by the Austrian Delegation.

The Allied and Associated Powers have applied to the liquidation of rights of property and possession of the Austrian citizens in Morocco (art. 96), in Egypt (art. 108), in Siam (art. 111), and in China (art. 117 (116)) the general dispositions provided by Section IV of Part X of the Treaty.

The Allied and Associated Powers would fail in the solidarity which they have desired to consecrate by a general treaty, if recognized in this Treaty the direct understandings that Austria asks to conclude with Siam and China.

They deem that Austria is not justified in demanding the advantages that she wished to assure to herself by these understandings.

On the other hand, the internment of enemy citizens by the Allied and Associated Powers constitutes a measure of security that does not admit of a claim for indemnity against these Powers. On the other hand, the Allied and Associated Powers having decided that China would be definitely freed from obligations to Austria-Hungary, as well as to Germany, imposed by the final Protocol of September 7, 1901, are not disposed to contemplate that China would be able to renew these obligations for the benefit of Austria. At the same time, the Allied and Associated Powers have taken account of the Austrian observations by making more precise the wording of articles 95, 111, and 115.

#### PART V.—CLAUSES RELATING TO THE ARMY, NAVY, AND NAVIGATION OF THE AIR.

After an examination of the Austrian counter-proposals the Allied and Associated Governments have made the following decisions with regard to the clauses that relate to the Army, Navy, and Navigation of the Air.

##### CLAUSES THAT RELATE TO THE ARMY.

1. The modification proposed to article 118 (115) would have for effect the postponing to an indefinite date the demobilization of Austrian military forces; an operation that, according to the decision of the Allied and Associated Powers, ought to be terminated in three months.

*This modification can not be granted.*

2. The aim of the modifications proposed to articles 119 (116), 125 (122), 126 (123) is the authorization of the Austrian State to establish a militia, for officers as well as for the troops, in which military instruction would be given to the total legal population and which would constitute, in this manner, the nucleus of an important

military force, without ever being in a situation otherwise, to meet the obligations imposed in article 120 (117) of the Treaty of Peace.

Whatever may be the value of the arguments of a financial order brought forward by the Austrian Delegation, the institution of a military régime depending upon obligatory service is absolutely contrary to the principle of reduction of armaments which the Allied and Associated Powers have held it necessary to impose upon their former enemies as the sole means of assuring in future the security of world peace.

*These modifications can not therefore be granted.*

3. The modification proposed to article 123 (120) would authorize the Austrian Government to increase, at will, the number of gendarmes, customhouse officers, foresters, and policemen, at the same time observing strictly the prohibition forbidding them military instruction.

*This modification can not be admitted.*

4. The modification proposed to articles 130 (127) and 133 (130) which has for aim the extension from 3 to 6 months for the delivery of the existing war material in excess of the total amount authorized, does not appear to be justified by any material inability.

*This modification has been refused.*

In the event, however, that some inability of this nature should present itself, it would be the duty of the inter-allied Commission of Control to point it out and to propose the measures to take in consequence.

This material being, on the other hand, property of the State, it is not justified that its value be credited to the Austrian State in view of indemnities to be paid by that State (art. 133).

The addition proposed, with this end in view, to article 133 (130) has, therefore, been refused.

5. The modification proposed to article 132 (129) appears to have in view the safeguarding of the industrial interests, flourishing in Austria, in the manufacture of munitions and war material, and for the chase. As far as the arms and ammunition for hunting are concerned as well as explosives materials intended for use in mines and other technical works of a purely commercial order article 132, as it is written in the Terms of Peace communicated by the Allied and Associated Powers, does not prohibit the manufacture.

As to the manufacture of munitions for export, for which authorization is requested by the Austrian Delegation, it can not be allowed without necessitating a rigorous and permanent control, full of difficulties, and which the Allies have no intention of considering.

*The modifications requested to article 132 have not been admitted.*

The Allied and Associated Governments think they should specify, nevertheless, that the manufacture of fowling-pieces is permitted under the reservation that no gun manufactured in Austria to be used with shot may be of the same caliber as that of the guns used in any of the European armies. Accordingly, the following note will be inserted between the first and second paragraph of Article 132 of the Treaty of Peace presented to the Austrian Delegation. The manufacture of fowling-pieces is not prohibited under the reservation that no gun manufactured in Austria and utilizing shot will be of the same caliber as that of the guns used in any of the European armies.

6. *The modification requested to Article 134 (131) is likewise useless.*

## NAVAL CLAUSES.

The addition requested to Article 136 (133) (authority for maintaining three vessels for reconnoitering on the Danube) has been granted under the reservation that the selection of the ships will be effected by the Commission, the designation of which has been provided in Article 154 (150) of the present Treaty.

The addition proposed by the Austrian Delegation in their article 138 has been twice granted, as far as it concerns paragraph I, on condition that the paragraph which will form article 142 be written as follows: Austria is held responsible for the delivery (arts. 136 and 141 (138) ), the disarmament (art. 137 (134) ), the destruction (art. 138 (135) ), as well as (art. 137) or for making use of (art. 136) the objects mentioned in the preceding articles, only in so far as the objects concerned Germans on her territory.

The addition proposed to paragraph 2 can not be granted because, that material being the property of the State, it is not justified that its value be credited to the Austrian State in view of indemnities to be paid by that State.

## CLAUSES RELATING TO AVIATION.

The observations presented by the Austrian Delegation have reference to articles 144, 145, 147, 148, (140, 141, 143, 144) relative to:

1. The suppression of military and naval Aeronautics (art. 144);
2. The demobilization of the personnel (art. 145);
3. Prohibition of manufacture, of importation and exportation (art. 147);
4. The Delivery of material (art. 148).

(a) *Suppression of naval and military aeronautics* (art. 144).—In determining this suppression the Allied and Associated Powers are animated only by the desire expressed in the introduction to the Treaty of Peace, to wit: The establishment of a durable peace, just and solid. This peace would not be assured if their former enemies retained at their disposal an instrument of aggression as powerful as an air ship built in the prospect of war.

It is, therefore, necessary that the employment of aeronautics be prohibited them in the future. This has been already decided for Germany; there is no reason for making an exception in favor of Austria. It is incontestable that this prohibition leaves Austria disarmed over against her neighbors, but her admission to the League of Nations, viewed as a brief delay, after the ratification of the Treaty of Peace, constitutes for her the best guarantee against all aggression. Under these conditions the armed forces of Austria will have only to assure order in the interior, the principal object that is assigned to them by the Treaty of Peace. For these police operations aviation is not necessary.

(b) *Demobilization of the personnel* (art. 145).—The expert workmen in aeronautics, mechanics, electricians, carpenters, sailors, smiths have no difficulty in getting employment in other industries. These specialists are in great demand, and the offers are such in France and in England that the army is powerless to retain them in its ranks in even the small proportions necessary for its most indispensable needs. Austria ought to have conjectured long since that

her aeronautics industries, by her own avowal, solely military, could not continue to employ a personnel so numerous, and by a progressive demobilization she ought to have guarded against the inconveniences of a sudden disbanding of that personnel.

(c) *Prohibition of manufacture, of importations, and of exportation* (art. 147).—The maintenance of these prohibitions is enjoined under the same title as that of the terms imposed in the preceding articles and of which they are the indispensable complement.

What end would be served, in fact, by issuing a decree for the suppression of military aeronautics in Austria, if by granting her the liberty of aeronautic manufacture and importation the possibility of restoring her destroyed material were left to her?

As to her defense for exporting, she justifies herself by this fact, that all the material actually existent in Austria is war material. Having become useless in Austria, it could serve only for the arming of other states, for the commercial utilization of such material, an utilization to which it is not adapted, is not to be considered.

Furthermore, it is an exaggeration to pretend that the prohibitions above are of a nature to oppose the restoration of economic life in Austria.

In fact, the development of aviation in civil life is dependent upon improvements the realization of which is not, for a short while, to be considered. The decision of the Supreme Council limiting the duration of these prohibitions to six months, in spite of the danger consequent upon the ease with which everything aeronautic can be adapted to military ends, whatever may be the destination, danger that military experts without exception concur in recognizing, safeguards that development in every degree possible. This decision constitutes, therefore, a minimum guarantee of security without compromising irremediably the future of aeronautic industry in Austria in the productions of peace.

In short, one cannot forget that Austria was the ally of Germany. The liberties that she requests in production and in traffic, if they were granted her, would offer to Germany every facility for evading the especial terms that have been imposed upon her either by concealing her material under the Austrian flag or by issuing commands in Austria in order to renew her reserves for war.

(d) *Delivery of material* (art. 148).—Since all the material existent in Austria is war material, it is logical that this be delivered entire. The harm that will result to her industrial enterprises, though it may be great, is not fatal; one cannot, in every instance, be influenced by this consideration, these industries having been engaged to the present time only in work for the war.

With respect to the proposal for the disarming of implements, that does not constitute a security worthy of being taken into consideration, since the re-arming can become operative under standards of rapidity that take away all value from the measure proposed.

On the whole, the Allied and Associated Powers decide that there is reason to insist on the clauses in the Treaty of Peace relative to Austrian military and naval aeronautics without modification.

Although the aerial forces that Austria can put in line are unpretentious, they constitute none the less, in the eventuality of an *entente* with Germany, a danger against which it is fitting to fortify oneself.

In every instance all the measures taken to disarm Germany would become completely illusory if her neighbor remained in a condition to lend to her military or industrial contribution in order to aid her to reorganize under cover her battle fleet. In order that these measures may be really effective it is altogether necessary to apply to the two countries the same treatment.

✱ The considerations of an economic order that Austria holds important in order to escape this treatment are not valid, for the clauses that are forced upon her are not of a nature to do as grave injury to her industries as she pretends.

#### GENERAL CLAUSES.

1. The modifications demanded to article 156 (152) tend to postpone until July 1 the putting into force of the stipulations provided in the general clauses of the Treaty, the execution of which ought to be realized three months subsequent to the text published by the Allied and Associated Powers. This modification is not allowed.

2. The modification proposed to Article 157 (153) subordinate to a decision of the Council of Nations the tenor of the obligations imposed upon Austria.

This modification is not allowed.

At the same time the dispositions of Paragraph 4 of Chapter 1 (Military Clauses) of the armistice of Nov. 11, 1918, having been conceived in view of eventualities that the actual situation seems to have done away with, there is no need of maintaining these dispositions.

The text of Article 157 will therefore be modified and consequently the text revised as follows: The following dispositions of the Armistice of Nov. 11, 1918, paragraphs 2, 3, and 6 of Chapter 1 of the annexed Protocol (Military Clauses) remain in force as far as they are not inconsistent with the above stipulations.

#### PART VI.—PRISONERS OF WAR.

The modifications proposed by the Austrian Delegation bear upon articles 160 (156)–169 (165) of the Peace conditions. The Allied and Associated Powers think there is no reason for their changing their previous decisions.

The Terms of Peace relative to prisoners of war and to interned civilians are prompted by principles of human kindness which the Allied and Associated Powers have always held it an honor to respect, and these powers cannot admit as legitimate the mournful complaints that are expressed in the Austrian note of July 26th. The counter-proposals of August 6th, found in another part, contain nothing that induces them to modify their opinion on this subject.

The Austrian Delegation demands that it be specified that article 160 has not to do with the repatriation of citizens of the new Austrian Republic and that the provisions of that article cannot be applied to the citizens of the other States formed by the dismemberment of the former monarchy.

It will be shown by a careful reading of the article, in its own text, that it has reference exclusively to the prisoners of war and interned civilians of the Republic of Austria; consequently the evident fear

on the part of the Austrian Delegation that Austria may have to bear, either responsibility or expenses for the repatriation of prisoners of war and of the interned citizens in other states that have been formed by the dissolution of the monarchy, is without foundation. The modification asked for is useless.

The Allied and Associated Powers share the desire of the Austrian Delegation to have relieved the sufferings of the Austrian prisoners of war or interned civilians, who are actually retained in Siberia or in Central Asia; they will be happy to do all in their power to mitigate these sufferings and to allay at the same time the inevitable anxiety of the prisoners' families. But they are bound to have noticed that the unhappy situation is one for which they are not responsible and that, moreover, there does not exist in Russia a recognized government with which they may enter into relations to that end.

They are ready, nevertheless, to do their utmost, by uniting their own efforts and the assistance that they can furnish to the Austrians' own countrymen, to bring about that repatriation just as soon as the opportunity presents itself.

The other suggestions of the Austrian Delegation have not appeared deserving of reception. No reason exists for applying to the transport of Austrian prisoners rules different from those applied to the German prisoners; furthermore no reason exists for modifying the terms of peace concerning the prisoners who will necessarily be detained by the Allied and Associated Powers. They have never thought to retain the prisoners who have rendered themselves culpable by acts of indiscipline or disobedience, save exception provided for in paragraph 2 of article 164; only criminals under common law for whom the quality of prisoners of war ought not to constitute a guarantee of impunity will be detained; the common law crime is also punishable if it has been committed in an attempt to escape as in any other circumstance.

On the other hand, the Allied and Associated Governments do not see any reason obliging them again to receive upon their territories the Austrian prisoners who were formerly domiciled there and who were compelled to leave there as a consequence of war.

The war for which the Allied and Associated Governments are not responsible is one whose consequences will long be felt. Would it be just to abolish the effects for the Austrian prisoners alone? As to requiring a captor State to give a certificate to prisoners suffering from infirmities consequent upon labors in captivity, this is a proposition of which the realization would be often very difficult and undemonstrated utility.

The Austrian Delegation demands, in short, reciprocity in the clauses relative to search for the missing and in the restitution of the objects belonging to Austrian citizens, prisoners or interned. As formerly to the German Delegation, the Allied and Associated Governments reply to the Austrian Delegation that the restitution of personal property to these citizens is a legal right which it intends to fully respect; similarly they have always felt it incumbent upon them to furnish all the information they possess upon the missing. There is no need of inserting special dispositions to impose respect for laws which they always spontaneously recognized and sanctioned.



## PART VII.—PENALTIES.

No concession can be granted to the Austrian Republic concerning penalties. The Allied and Associated Powers are disposed to admit that new States, issuing from the former Austro-Hungarian Empire, are composed of populations having "belonged to the different nationalities of the former Monarchy." They deem, however, that nothing justifies the conclusion from this fact that the present Austrian State can be assimilated to said States, as to the responsibilities proceeding from the violation of the law of nations brought to the charge of the Austro-Hungarian armies. These "different nationalities" in revolt have manifested a desire for independence by conclusive indications, such as the organizing of legions of volunteers who have actually participated in military operations on the side of the Allied and Associated forces.

The high reprobation that these nationalities have witnessed concerning the actions and war methods of the Monarchy, in giving their adhesion and their cooperation to the claims of the Entente, and their recognition as cobelligerents in the present war, suffice to justify a difference in treatment between the Austrian Republic and the new States.

From this point of view the Austrian Republic can not be considered as the severing constitutional knot of the dislocation of the Austrian aggregation.

The objection taken of the pretended inapplicability of the law of nations to the operations of war between the armies of the former monarchy and the insurgents of the different nationalities of the Empire, does not bear a serious examination. The recognition of the insurgents as belligerents implies a condition ruled by international law which is found justly realized by the play of circumstances which have led to the formation of new States.

The Allied and Associated Powers do not desire to treat here the acts committed by a member of the Austro-Hungarian forces against persons who at the moment served effectively in their forces, and they are in accord with the laws and customs of war as given in the Convention upon laws of war on land (No. 4 of the Convention signed at The Hague in 1907), and that the rules given in this Convention do not apply to these cases.

It is only in cases where the laws and customs of war apply that the Allied and Associated Powers desire to enter upon actions against individuals of the forces of the former Austro-Hungarian monarchy; and its intended prosecutions are limited to offenses of this nature.

The individuals who will be brought to trial will be brought to judgment under conditions which will guarantee a just judgment.

Article 174 (170) specially provides that in all cases the accused will be authorized to name his own advocate. The situation then is that any individual who proves that he is accused of an offense, which does not constitute a violation of the law of war, because it is not an offense to which the laws of war apply, will necessarily be subject to acquittal.

In wording article 173 (169) to 176 (172) the Allied and Associated Powers have willed to assure justly but firmly that to those guilty of acts contrary to the laws and customs of war the hour of chastisement should come. The intent is to recognize the liberty

of each of them in bringing before its military tribunals the direct authors of acts of this kind committed against its citizens.

They do not exclude from this prerogative either the new States nor in any measure whatever the States to which new citizens are attached. The territorial mutations can not create among the victims a quality which would throw out a perspective of immunity for the guilty.

The pretension that the laws of the Austrian Republic are opposed to a surrender of Austrian citizens to foreign tribunals is an argument which the Allied and Associated Powers can not admit. In international law it is the duty of the Powers who are parties to a treaty to put in force laws necessary for the application of the treaty

#### PART VIII.—REPARATIONS.

##### GENERAL REMARKS.

The Allied and Associated Governments have studied with care the remarks presented by the Austrian Delegation concerning the responsibility of the Austrian Republic in the matter of all the losses and injuries which they have undergone in the course of the war.

They can not, however, grant that the Austrian Republic was discharged from all responsibility as a result of the revolution brought about in the Austro-Hungarian monarchy in their withdrawal from the war and of the creation of new states by the dismemberment of that monarchy.

They admit that the change which has taken place in the form of the Austrian Government will allow them more easily to renew friendly relations with Austria.

However, after thorough examination of the question they believe they can not depart from the principle according to the terms of which the Austrian Republic should be regarded as responsible for the policy and the acts of the Austro-Hungarian monarchy during the course of the war.

It is not less true that while they believe themselves bound to maintain this principle, the Allied and Associated Governments have never lost sight of the loss of territory undergone by the new Austria and the financial and economic difficulties it will inevitably be obliged to face. They have in this connection to call to notice that the present financial condition of the Austrian Republic is not due in any way to the acts of the Allied and Associated Governments, or to their peace proposals; it is the result of the financial and military policy pursued by the Austro-Hungarian Government during a long period of years.

At the same time and in order to act with a view to the preservation of the peace of Europe, the Allied and Associated Governments have a perfectly clear idea as to the point that it is important not to charge the new Austria with a burden heavier than it is in condition to bear. It is this thought which they have constantly followed in framing the articles of Reparations which appear in the terms of peace. This is the reason why article 179 (175) does not fix the amount of the sums to be paid by Austria and gives for the purpose of determining upon this very great power to the Reparations Commission.

In paragraph 12b of Annex II it is expressly stated that the Reparations Commission shall receive instructions to take account of:

- (1) the actual economic and financial position of Austrian territory as delimited by the present treaty;
- (2) the diminution of its resources and of its capacity to pay resulting from the clauses of the present treaty.

In order to bring out more closely the fact that the Allied and Associated Governments appreciate the difficulties of the present financial situation of Austria, they have decided to erase at the beginning of article 181 (177) and Annex I, paragraph 12b, the words "in order to allow the Allied and Associated Powers to undertake forthwith the restoration of their economic and industrial life while awaiting the definite determination of the amount of their claims."

## II. DETAILED EXAMINATION.

The Allied and Associated Governments refer the Austrian Delegation for that which concerns Annex III to that part of the present note which treats of article 300 (294) of the peace terms.

The Allied and Associated Governments deem that the legitimate interests of the Republic of Austria will be efficaciously safeguarded by the dispositions contained in said article; they can not then admit the modifications proposed by the Austrian Delegation to Annex III.

The Allied and Associated Governments have examined with particular care the observations of the Austrian Delegation which treat of Annex IV relative to cessions of cattle. They are not ignorant of the sufferings and misery in Vienna caused by the milk famine, and they have already given practical proof of their sympathy by sending them considerable quantities of condensed milk. But at the same time, they can not lose sight of the fact that a grave and alarming milk famine is equally shown in allied countries, and that it is directly due in large measure to the great number of cattle carried out of the Allied countries during the war by the Austro-Hungarian Government in near-by territory.

The problems put up to the Allied and Associated Governments consist then of alleviating the misery caused by the milk famine in the Allied countries, in such measure as to aggravate the least the condition of the population of Vienna. For, following the advice of their experts, certain sections distant from the centers of the Austrian Republic are not in a position because of the configuration of the country and the difficulties of transportation, to contribute to the supply of milk to Vienna. But they can cede a quantity of cattle to Italy, Serbia, and Roumania as partial restitution for the much larger quantities which they carried off during the course of the war. Such a measure will not sensibly increase the milk famine from which Vienna suffers.

Because of these facts, and in view of the demands which must be considered as privileged of the districts in which a milk famine has been provoked by depredations committed during the war, the Allied and Associated Governments deem that there is no reason for modifying or suppressing Annex IV.

As to Annex V, the Austrian Delegation proposes as to option of wood, iron, and magnesite provided in the peace terms, that the

prices fixed be those of the international market and not those of the Austrian interior market.

The observations formulated in this regard by the Austrian Delegation appear to rest upon an inexact interpretation of said Annex.

The intention of the Allied and Associated Governments is not to raise the price of the home market to the plane of the international market; they only desire that option be conferred of acquiring these articles at the home market prices and that all benefits resulting from this privilege, as it said at the beginning of the Annex, be considered as partial reparation for the damages caused to the Allied and Associated Governments during the war. Furthermore, this option will be exercisable only through the Commission of Reparations who, as it has been said before, will receive instructions in view of taking into account the financial and economic situation of Austria and who will consequently be able to take measures necessary that Austria be not deprived of the possibility of buying out of the country and of importing such products as are essential to its economic existence.

The observations of the Austrian Delegation concerning articles 191 (187) and 192 (188) seem equally to rest in a certain measure upon an erroneous interpretation. The articles expressly refer to article 184 (188) of which they constitute special application. Consequently, they concern, as does this last, such objects as it "will be possible to identify either upon the territories belonging to Austria or to its allies, or upon the territories remaining in possession of Austria or its allies until the complete execution of the treaty."

The date June 1, 1914, which figures in article 192 has been there inserted to take account of the circumstances that certain objects have been, shortly before the war, carried away from territory cited in execution of the present treaty, probably for the purpose of subtracting them from the damages that they might have sustained during hostilities. This article equally refers to article 184 and is then applicable only in cases when it will be possible to identify the objects which it concerns upon the territories of Austria or its allies.

The Allied and Associated Governments deem that the questions raised by article 193 (189) are of those which could on occasions be the subject of supplementary conventions between the interested governments. But as these same questions will be regulated by the Commission of Reparations which is obligated to give to the Austrian Government the equitable formality of a hearing, it does not seem to the Allied and Associated Governments necessary to insert special dispositions upon this in the treaty.<sup>1</sup>

The Allied and Associated Governments propose to add at the end of article 194 (190) in view of taking into account in the largest measure possible, of the objections formulated by the Austrian Delegation, the words "in so far as the objects referred to have not in fact been executed in their entirety and in so far as the documents and objects are situated in the territory of Austria or her allies."

As regards article 195 (191) the Allied and Associated Governments deem it inopportune either to support the reference to Poland and to Czecho-Slovakia or to increase the number of the Committee of

<sup>1</sup> In the case of objects which have been seized by the Italian military authorities after the armistice of Nov. 3, 1918, and when it should appear that these objects do not come within the categories of Section II of Part VIII of the Draft of the Treaty, the Italian Government declares that it will offer no obstacle to their restriction.

Jurists. It will be developed upon the Commission of Reparations to employ such experts as it esteems necessary, and the Allied and Associated Governments think it is preferable in the interest of all, to leave the largest freedom of choice to the Commission of Reparations. They think the words "right of the Italian provinces" have a sense sufficiently clear to prevent of giving birth to the interpretation feared by the Austrian Delegation.

#### PART IX.—FINANCIAL CLAUSES.

The Allied and Associated Powers have studied with the greatest care the observations presented by the Austrian Delegation on the subject of the Financial Clauses. They fully appreciate the importance which these clauses bear to the Austrian Republic, and it is with this spirit of appreciation that they have examined them.

In order to render a clear understanding of the general significance of the financial clauses, it is perhaps wise to recall certain essential principles which governed the Allied and Associated Powers in the drafting of the peace terms; the Allied and Associated Powers are obliged to consider the Austrian Republic the successor of the Austrian Monarchy. The States to which an Austrian territory is transferred or the States newly born of the dismemberment of Austria count among the Allies, and they have had sacrifices and suffering imposed upon them by the war.

As a consequence, the Allied and Associated Powers can not allow the possibility of imposing upon these States the burden of the war debt of the old Austrian Government, a debt contracted to sustain a war of unjust aggression, and used to the detriment of the Allies.

Moreover, in preparing the financial clauses, the Allied and Associated Powers have not once been oblivious to the extremely complicated financial situation of the Austrian Republic. Their policy does not tend to bring bankruptcy and disorder to the finances of the Austrian Republic. Their sincere desire is, on the contrary, that the Republic may recover, as peacefully as possible, its financial and economic equilibrium, and that it may have entire freedom to follow the policy (new and declared requisite by its representatives) as the Allied and Associated Powers are pleased to recognize it. The goal sought by the Powers is to lighten the financial burden of the Austrian Republic in a measure compatible with the essential principles mentioned above. It is with this intention that special provisions have been inserted concerning the war debt of the States to which an Austrian territory is transferred or which are born of the dismemberment of Austria—such provisions as the clauses relative to the rights of subjects of the Austrian Republic in the said States.

The Allied and Associated Powers have, as a result, examined with particular care the figures relative to the financial situation of the Austrian Republic—which situation they found such as to make possible the present treaty. In their vastness these figures revealed a situation which was already familiar to these Powers, and of which they took a great deal of account in the drawing up of the financial clauses of the treaty.

The counter proposition made by the Austrian Delegation have been equally made the object of the most attentive study, and each clause has been examined anew in the light of the Austrian observa-

tions. In all events, however, it has been found that the arguments presented in the Austrian Note of August 6, 1919, had been considered and discussed at length at the time when the treaty was being drafted, and that the changes, though actually proposed, had been at that time judged unacceptable.

The present reply will not permit an individual examination of each of the observations of the Austrian Delegation; it will confine itself to an indication of the points on which it has seemed necessary to be precise, either to correct a mistake or misunderstanding of the Austrian Delegation, or to prove the weakness of certain arguments.

*Article 197 (193).*—The Austrian Delegation seems to have misunderstood the article, in proposing to add after the first paragraph of the actual text a paragraph concerning only the Austrian States; the situation of Austrian subjects is regulated by the part following the Peace Terms, that is by the economic clauses.

The provision inserted in the second paragraph of the actual text (exportation of gold) constitutes a guarantee for the Allied and Associated Powers, and, as such, it must be maintained. It will always be allowable for these Powers to authorize exportations of gold in such circumstances and in such measure as will seem necessary to the economic life of Austria.

*Article 201 (197).*—This article does not confer any new right to the Allied and Associated Powers, but it stipulates that conditions created by the preceding articles do not affect Austrian assets and property which are within the jurisdiction of the Powers. In consequence, the article does not seem to give any cause for the objections raised by the Austrian Delegation.

*Article 203 (199)—Pre-War Debt.*—(a) The Reparations Commission has formal instructions to give to the representatives of the Austrian Republic, on such basis as it may consider equitable, the power to regulate questions relative to the distribution of responsibility for the prewar debt. The Allied and Associated Powers see, therefore, no reason for modifying the provisions of this article.

(b) Moreover, it does not seem necessary to regulate in this article or in its annex, the questions brought up by the distribution of the second debt, since, from a technical standpoint, this distribution is less complicated than that of the unsecured bonded debt.

(c) The power given to the Reparations Commission to modify, if it thinks fit, the terms of the conversion of the currency in which the bonds are expressed, seemed to the Allied and Associated Powers a necessary guarantee to the holders of bonds in order to assure them an equitable determination of the share of the debt which they withhold.

*Section 2.*—(a) Concerning the distribution of responsibility for the unsecured pre-war debt, the Austrian Delegation raised an objection on the subject of the basis chosen for the evaluation of the revenues of the respective territories. It is the intention of the Allied and Associated Powers that, for the distribution of this debt, as close as possible an account must be kept of the actual revenues of the respective territories, and they consider that their intention is expressed with sufficient precision by the text of Article 203 just as it is actually worded. Obviously it follows from this article that the Reparations Commission will have the power to choose the pre-

war revenues which will be the most qualified to serve as a basis of an equitable distribution of the responsibility of the debt, in keeping account of the changes in actual circumstances.

(b) The Allied and Associated Powers see no reason for the abandonment of the principle that the Austrian Republic will alone be responsible for the pre-war pledges of the former Austrian Government, which are not represented by bonds; but they are ready to admit that the category of debts to which the Austrian Delegation especially calls their attention, such as the annuities due for the purchasing of railroads, can be considered as justly composing part of the debts represented by the bonds.

In consequence they wish to add after the third paragraph of Section 1 of Article 203 the following words:

For the purposes of the application of the present article there will be considered as secured debt payments pledged by the former Austrian Government, relative to the purchase of railroad lines or of property of like nature, the distribution of liability for such payments will be determined by the Reparations Commission in the same manner as that of the secured bonded debts.

*Article 205 (201). War Debts.*—For the reasons explained above, the Allied and Associated Powers can not renounce the general principles which inspired the wording of this article. However, they have scrutinized with the greatest attention the remarks presented by the Austrian Delegation and, in studying anew and in detail the provisions of the article in question, they have sought for changes which could be made in the text to give satisfaction to the demands of the Austrian Delegation without forfeiting the original principles. After this new study, they have decided to modify the text of Article 205 and to make it at the same time more clear by introducing in it the following conditions:

(1) after the second paragraph a new paragraph is added: “the act of a State in stamping and replacing securities by certificates under the provisions of this article, shall not imply that the State thereby assumes or recognizes any obligation in respect of it, unless the State in question desires that the stamping and replacement should have this implication”;

(2) at the end of the third paragraph of the original text, they substitute for the words: “held within the boundaries of their respective territories by themselves or by their nationals” the words “of which they themselves or their subjects are the owners”;

(3) in the fourth paragraph, instead of the words “the burden of the part of the war debt—by the subjects or the Governments of—,” it reads “the burden of the part of the war debt of the former Austrian Government which, prior to the signing of this treaty, belonged to the nationals or the government of—.”

*Article 206 (202).*—After a new examination of this article, it has been decided that no change shall be made in the actual text. However, it may be wise to assure the Austrian Delegation that the Allied and Associated Powers keenly desire to avoid bankruptcy or disorder in the finances of the Austrian Republic. These Powers do not doubt that in applying the provisions of article 206, the Reparations Commission will do everything in its power to avoid the failure of Austrian credit, and that it will strive to surmount the infinite difficulties inherent in the situation and which cannot fail to arise, whatever may be the method used to solve the different questions raised

in this article. Without doubt, an institution or rather some new institutions should be immediately created and substituted for the Bank of Austria-Hungary to fill up the gap left by the liquidation of this institution, the inevitable consequence of the fall of the old Empire of Austria-Hungary. No provision of the treaty prevents the Austrian Government from taking measures to this effect without delay.

*Article 215 (211).*—Although the Allied and Associated Powers cannot amend this article in the sense proposed by the Austrian Delegation, they wish the Delegation to understand that it is their serious desire to see the financial problems brought about by the dismemberment of the former Austrian Empire solved as soon as possible by an understanding among the successor states.

They are convinced that the Reparations Commission, in applying the conditions provided by this article, will not cease to strive for this goal.

#### PART X.—ECONOMIC CLAUSES.

##### I. REGULATIONS, TAXES, AND CUSTOMS.

The Allied and Associated Powers, after examining the note of July 16th of the Austrian Delegation, have unanimously declared that in whatever concerns the eventual arrangements of Austria with the countries born of the Austro-Hungarian Empire or grantees of territories made a part of the Empire, they do not see how they can go beyond the concessions to which they consented in their note of July 8th.

They fail to see how they can admit the validity of the argument invoked by the Austrian Delegation, according to which Austria was to be prevented from concluding a special arrangement with Czecho-Slovakia, in the matter of customs duties, by the fact that she is obliged to give up for three years any partial discrimination toward a favored nation. Austria shall have absolute freedom, except for unimportant exceptions, to establish her own general tariff and she will be in a position to grant, if she so desires, tariff reductions in favor of the commerce of Czecho-Slovakia, contrary to corresponding concessions, without being forced to extend the benefit of the reductions to any other country. A like provision is granted to Hungary.

There exists in the treaty no stipulation whatever preventing any one of the Allied and Associated Powers, including Jugo-Slavia and Roumania, from henceforth treating Austria as a favored nation. But, with the exception of the special case of coal, which shall be later stated precisely, the Allied and Associated Powers are not disposed to exceed the provisions of the Treaty of Peace already communicated to the Austrian Delegation, by the terms of which Austria, unless the League of Nations decides otherwise, will be released after three years from the obligations which are imposed upon her by Articles 217 to 220 (213 to 216) with regard to any of the Allied or Associated Powers which would not grant her a correlative treatment.

The Allied and Associated Powers have examined with special care the difficulties relative to the supply of coal necessary for Austria, which was the object of the notes of July 16th and 27th. There is no reason for supposing that the Czecho-Slovak Government will take any measure to restrict or regulate the Austrian pur-



chases of coal in Czecho-Slovakia. Nevertheless the Allied and Associated Powers in order to calm the apprehensions of the Austrian Government, are disposed to consent to the insertion in the treaty of an article, 224, relative to the supply of coal by Czecho-Slovakia and Poland to Austria in exchange for a reciprocal supply by Austria of raw materials necessary to these countries.

(1) The Czecho-Slovak State and Poland undertake that for a period of fifteen years from the coming into force of the present treaty they will not impose on the exportation to Austria of the products of coal mines in their territories any export duties or other charges or restrictions on exportations different from or more onerous than those imposed on such exportations to any other country.

(2) Special agreements shall be made between Poland and the Czecho-Slovak State and Austria as to the supply of coal and of raw materials, reciprocally.

(3) Pending the conclusion of such agreements, but in no case during more than three years from the coming into force of the present treaty, the Czecho-Slovak State and Poland undertake that no export duty or other restrictions of any kind shall be imposed on the export to Austria of coal or lignite up to a reasonable quantity to be fixed, failing agreement between the States concerned, by the Reparations Commission. In fixing this quantity, the Reparations Commission shall take into account all the circumstances, including the quantities both of coal and of lignite supplied before the war to present Austrian territory from Upper Silesia and from the territories of the former Austrian Empire transferred to the Czecho-Slovak State and Poland in accordance with the present treaty, and the quantities now available for export from those countries. Austria shall in return furnish to the Czecho-Slovak State and Poland supplies of the raw materials referred to in paragraph (2) in accordance with the decision of the Reparations Commission.

(4) The Czecho-Slovak State and Poland further undertake during the same period to take all such steps as may be necessary to insure that any such products shall be available for sale to purchasers in Austria on terms as favorable as are applicable to like products sold under similar conditions to purchasers in the Czecho-Slovak State or Poland, respectively, or in any other country.

(5) In case of disagreement in the execution or the interpretation of any of the above provisions, the Reparations Commission shall decide.

## II. UNFAIR COMPETITION.

*Article 226 (221).*—The addition to this clause of the words proposed by the Austrian Delegation is inadmissible. In fact it is not desirable to adopt a rule which can be considered as admitting the possibility of an exception to the general principle that words, private marks, names, inscriptions, or signatures of any kind bearing false indications of the origin of the goods must not be used. Moreover, there is nothing in the clause preventing the inscription on merchandise of words in the language of the country where the merchandise must be sold, provided that the words thus used are not such as to express a false indication of the origin of the goods.

*Article 227 (222).*—Concerning prohibitions made in Article 227, the Allied and Associated Powers can not accept the modification proposed. This Article is only applicable under the condition of reciprocity, and it must not be impossible for the Austrian Government to make arrangements to apply judicial decisions relative to regional appellations, in express conformity with the laws on the subject, in the countries which are ready to accord to Austria a reciprocal treatment. Such decisions can be fully assimilated in the ordinances and regulations laid down in the Austrian note.

### III. TREATMENT OF NATIONALS OF THE ALLIED AND ASSOCIATED POWERS.

*Article 230 (225).*—The remarks made by the Austrian Delegation on the subject of nationality (Remarks, p. 19-20), at least the remarks concerning Article 230, come from a wrong interpretation. It must be noted that this Article is in harmony with the provisions of a certain number of naturalization treaties and that it tends chiefly to do away with the international difficulties which may result from a conflict of national legislations in the matter of nationality.

*Article 231 (226).*—The Austrian Delegation, in the memorandum annexed to its note, No. 707, of July 12th, demands reciprocity in the right reserved for the Allied and Associated Powers (by Article 23), namely, the right of appointing consuls in the cities and ports of Austria. The Allied and Associated Powers are not disposed to grant this reciprocity to Austria; however, it is worthy of note that nothing in this Article opposes either the putting into force again, in the terms of Article 231, the prewar consular agreements between certain of the Allied and Associated Powers and Austria, or at the conclusion of the new grants between Austria and the Powers concerning the admission into their territory of agents of the Austrian consulates.

### IV. TREATIES.

The Allied and Associated Powers have already expressed their opinion as to the intention expressed by the Austrian Delegation to consider Austria as an entirely new State which, having no bonds of joint liability with the former Austro-Hungarian Monarchy, would not be bound by stipulated obligations such as the dual monarchy has consented to; and so they think it useless to renew this discussion concerning the special question of treaties.

*Article 234 (229) to 247 (242)* relative to the enforcing of the treaties, imposing on Austria special obligations, in terms applicable to the situation: these articles must be kept, and it is timely to note that the Austrian Delegation does not dispute them as being unduly harsh but opposes in them only the consideration of principle heretofore mentioned.

Always, even if they cannot admit the agreement on which the Austrian Delegation bases its reply, the Allied and Associated Powers recognize the justice of two observations relative to articles 234 and 241:

*Article 234.*—It is because of a gross error that at the end of Article 234 the mention of the Convention of June 12, 1902, relative to the

guardianship of minors has disappeared. It is proper to reestablish it in this form:

"23. Convention of June 12, 1902, regarding the guardianship of minors."

*Article 246 (245).*—The limitations demanded by the Austrian Delegation can be assumed by modifying the wording as follows:

From the coming into force of the present treaty, Austria undertakes, so far as she is concerned, to give the Allied and Associated Powers and their nationals the benefit *ipso facto* of the rights and advantages of any kind which she or the former Austro-Hungarian Monarchy has granted by treaties, conventions, or arrangements to non-belligerent States or their nationals since July 28, 1914, until the coming into force of the present treaty, so long as those treaties, conventions, or arrangements are in force for Austria.

#### GENERAL OBSERVATIONS ON SECTIONS III-VIII.

The Allied and Associated Powers have carefully examined the note of August 9th of the Austrian Delegation, concerning Sections III-VIII of the Economic Clauses as well as the detailed notes relating to them.

The note of the Austrian Delegation and most of the detailed observations make in the beginning objection to the continuation of the liquidation of the Austrian rights and interests after peace has been concluded.

This objection has been met largely by the concessions accorded in the reply of July 8th in answer to a preceding note.

In the terms of this reply, the interests of Austrian nationals in the territories formerly a part of the Empire of Austria-Hungary will not be, because of special considerations concerning their interests in these territories, subjected to the liquidation provided by Article 249 (244) of the Treaty, but the Allied and Associated Powers could not extend this concession to the interests of Austrian nationals abroad. (By the term "nationals" is meant, as it appears in certain explicit provisions of the Treaty, both physical and moral beings in every case where the contrary is not explicitly specified.)

The Allied and Associated Powers have no intention whatever of applying the procedure of liquidation provided by the Treaty for Austrian rights and interests which will come to their territories in the future. The conditions of Article 249 (b) will be applied only to such rights as shall exist at the moment of the coming into force of the Treaty of Peace. For obvious reasons, it has moreover seemed expedient to improve the wording of Article 249 (244).

The detailed observations of the Austrian Delegation concerning other points are treated in the following remarks:

#### V. DEBTS (SECTION III).

*Article 248 (243).*—The Allied and Associated Powers cannot admit the proposition of according a delay of six years for the verification and payment of debts owed by Austrian nationals to Allied creditors.

Concerning the remarks of the Austrian Delegation relative to the interest on securities issued by the former State of Austria-Hungary, it is noticeable that the article is applied uniquely to accrued interest or to exigible capital sums before and during the war. As a consequence, no question is raised in this article on the matter of

knowing whether these interests or capital can become exigible after the coming into force of the Peace Treaty. There is no motive for excluding the interests and the capital mentioned in paragraphs 3 and 4 of the system of the Clearing Office; but, in order to state precisely concerning Austro-Hungarian debts, Austria cannot account, by the application of this system, for the indivisible sums of the debt for which she is indebted in conformity with the other provisions of the Treaty, it is agreed to add the following words to the end of these paragraphs:

In the case of interest or capital sums payable in respect of securities issued or taken over by the former Austro-Hungarian Government, the amount to be credited and paid by Austria will be the interest or capital in respect only of the debt for which Austria is liable in accordance with the Financial Clauses of the present Treaty and principle laid down by the Reparations Commission.

*Article 248a, Annex, paragraph 3.*—The prohibition of communications between debtors and creditors, discussed in this paragraph, concerns only the relations for the regulation of debts payable through the medium of the Clearing House. Furthermore, communication of this kind can always take place through the medium of this Office, and no modifications to this effect has seemed necessary.

*Article 248b.*—The Allied and Associated Powers agree to abolish the last phrase of this paragraph which stipulates that debts accrued by inhabitants of invaded territories occupied by the enemy before the armistice, will not be protected by the States of which they are a part: the corresponding phrase at the end of Article 14 of the Annex is also abolished.

*Article 248d.*—The Austrian Delegation declares that it can not understand the fourth paragraph of Article 248d. The Allied and Associated Powers have decided to change the wording of this paragraph to make it more explicit.

The text of the paragraph will be as follows:

Concerning Poland and the Czecho-Slovak State, newly created powers, the currency in which and the rate of exchange at which debts shall be paid or credited shall be determined by the Reparations Commission provided for in Part VIII, unless they shall have been previously settled by agreement between the States interested.

*Article 248e.*—It is not possible to give at the same time to the Allied and Associated Powers and to Austria the right of choice in connection with the Clearing House, for the result would be that one of the Powers would adopt it and the other would not adopt it.

The Treaty provides the possibility of applying special rules, concerning currency and the rate of exchange whether the system is or is not adopted, and the adoption of this system by only one part of the Allied or Associated States, will impose no excessive restrictions upon Austria. Under these conditions, the proposition of the Austrian Delegation of leaving to the Reparations Commission the duty of deciding when the system shall be applied, can not be allowed.

The delay of six months, provided by Article 248c for the exercise of the right of option has, in the text of the Economic Clauses submitted to the Austrian Delegation July 19th, been reduced to a delay of one month after the ratification of the Treaty of Peace by the interested Powers.

Thanks to this modification, it will be no longer necessary to make special provisions to guarantee the payments of many debts

during the short period of uncertainty as to the adoption of the system.

There is no reason for according delays in payment, once it is known that the system will not be applied between two given countries.

*Article 248, Annex, paragraph 16.*—The motive for the distinction between the Clearing House for the creditor and the office of the debtor is that the procedure before the courts for the purpose of obtaining judgment on a contested debt will be, as a general rule, carried on in the country of the debtor.

However, when there is a question of this nature at issue, it is not allowable to permit the Office of the Debtor to carry the dispute before the courts of the country of the creditor.

*Article 248, Annex, paragraph 20.*—The phrase to which allusion is made declares that the tribunal can award the costs and expenses of the trial and it does not seem that there can be any misunderstanding upon this point. This disposition is necessary to avoid delays and expenses which would be caused by ill-founded appeals.

*Article 248, Annex, paragraph 22.*—There are not sufficient reasons for modifying the rights of creditors as regards interest in cases where they are authorized to assess interest by virtue of contract, of law, or of customs. The disposition which provides for payment of interest in other cases is reasonable because the debtor has had the use of the sum during the war for a period so long that it could not be looked into by the parties.

#### VI. PROPERTY RIGHTS AND INTERESTS.

The Austrian Delegation complains that the obligation to pay an indemnity for the damage caused to property in consequence of measures taken by the Austro-Hungarian Government is imposed upon Austria alone; but if, as it is said, this property of the citizens of the Allied and Associated Powers had been protected by the former Austro-Hungarian Government and if these citizens had not been interfered with in these affairs, the indemnities would not have been raised to a considerable amount.

The Allied and Associated Powers will have the right of liquidation of Austrian properties in their territories, according to circumstances, but they have no intention of liquidating personal articles or souvenirs of little value.

*Article 249, (244) f and g.*—The Allied and Associated Powers can not accept the substitution of the words "before the signature of peace" to the words "before the signature of the armistice" at the end of paragraph (g).

*Article 249h.*—One does not see the motive upon which objection is based to this clause; its necessity particularly results from information gathered by the Allied and Associated Powers upon the method it is proposed to apply in Austria for raising taxes upon capital levied upon property of the allied citizens with a view to accord with the Treaty with Germany, the text of this article has been modified as follows: "The amount of all taxes or imports on capital levied or to be levied by Austria on property rights and interests of the nationals of the Allied and Associated Powers from November 3, 1918, until three months from the coming into force of the present Treaty or,

in the case of property, rights, or interests which have been subjected to exceptional measures of war, until restitution in accordance with the present Treaty, shall be restored to the owners.

*Article 249, Annex, paragraph 1.*—The Allied and Associated Powers are not disposed to recognize in any fashion the measures taken by the Austro-Hungarian Government in invaded and occupied territories, and this paragraph can not be modified.

*Article 249, Annex, paragraph 4.*—In regard to the complete solidarity which has existed during the war between the Powers at war with the Allied and Associated States, and particularly in regard to the negotiations engaged for the division of allied property seized in occupied territories, the principle of this solidarity of responsibility must be maintained; but the Allied and Associated Powers are ready not to burden the property of Austrian nationals with the obligation of satisfying the unpaid debts of the nationals of the Powers formerly allies of Austria-Hungary. It will be noticed that the paragraph has consequently already been modified.

*Article 249, Annex, paragraph 5.*—The purport of this paragraph seems to have been ill understood. It is applicable only in the case of a corporation incorporated in Austria and controlled by a corporation incorporated in allied or associated states. The paragraph will have the effect of reestablishing law of trade-mark in third countries to the profit of the person who virtually was proprietor before the war, and there can be no reasonable objection to such disposition.

*Article 249, Annex, paragraph 8.*—The absence of reciprocity in this disposition comes in part from the fact that an indemnity can not be demanded by Austrian citizens from the Allied and Associated Powers, accordingly detailed specifications will not be required. For this reason the Allied and Associated Powers are not disposed to engage to furnish detailed specifications, but they are nevertheless ready to favorably examine all requests presented after the putting in force of the Treaty with a view of obtaining sufficient data, as to the sums realized in the liquidation of Austrian property.

*Article 249, Annex, paragraph 10.*—As it has been explained above, the Allied and Associated Powers can not abandon the laws of liquidation contained in Article 249h in any larger measure than has been indicated, and they can not modify paragraph 10. The object of this paragraph is, as established in the Austrian note, to allow that liquidations may be effected without inconvenience and useless expense.

*Article 249, Annex, paragraph 12.*—The principle established in this paragraph that cash assets must be reimbursed is absolutely just for all parties and the Allied and Associated Powers see no reason for recognizing the war loans as sums belonging to the enemy. The paragraph applies to the Allied and Associated Powers as well as to Austria and they can not consent to its modification.

*Article 249, Annex, paragraph 14.*—Similarly, as concerning the right of option for the Clearing House, it is not possible to give at the same time to the Allied Powers and to Austria the right of option in that which affects the principal formula of the rate of interest and exchange.

**ADDITIONAL NOTE.**—In their reply to a preceding Austrian note the Allied and Associated Powers have consented that the property, rights, and interests of Austrian Nationals situated in the territories

formerly a part of the Austro-Hungarian Empire would not be submitted to liquidation in virtue of Article 249 of the Treaty.

## SECTION VIII.

*Article 266 (260).*—The Allied and Associated Powers have modified this article so as to stipulate that the property, rights, and interests with which it is concerned will be restored free of all charges or tax upon capital established or augmented since November 1, 1918, and that it will not be subject to any tax imposed on other property or enterprises belonging to the same person, from the moment that this property will have been withdrawn from Austria or when these enterprises will have ceased to be exploited there.

To put the text in harmony with the modifications in the 2d paragraph of article 271 (266) the text of the 2d paragraph of the former article 260, will be modified as follows:

The disposition of articles 248d and 272 of the present Treaty regarding currency in which payment must be made will be applicable in cases which they respectively concern in the reimbursement of the assets of which it is questioned in paragraph one of the present article.

Concerning the last paragraph of the article the words stipulating that payments regularly made for the purpose of the Trust will be taken into account seem to have been lost sight of by the Austrian Delegation.

*Article 267 (261).*—To justify the observations of the Austrian Government, from which, being given the measures taken before the putting into force the Peace Treaty, the dispositions of article 267, which interdict the seizure of liquidation of property, rights, and interests of Austrian nationals in transferred territories, can in fact be rendered illusory, the Allied and Associated Powers have added to that article a stipulation providing that all these properties, rights, and interests shall be restored to their owners, freed from all these measures or of any measures of transfer taken between November 3, 1918, and the coming into force of the Treaty. To this effect they have decided to add at the end of article 267 the following words: Such property, rights, and interests shall be restored to their owners freed from any measure of this kind, or from any other measure of transfer, compulsory administration, or sequestration, taken since November 3, 1918, until the coming into force of the present Treaty, in the condition in which they were before the application of the measure in question.

*Article 268 (262).*—In order to settle definitely the objections that the Austrian Delegation raised to this article, the Allied and Associated Powers are prepared to substitute for it and for article 263 the following text: "All contracts for the sale of goods for delivery by sea concluded before January 1, 1917, between nationals of the former Austrian Empire on the one part and the administrations of the former Austro-Hungarian Monarchy, Austria, or Bosnia-Herzegovina, or Austrian nationals of the other part shall be annulled, except in respect of any debt or other pecuniary obligation arising out of any act done or money paid thereunder. All other contracts between such parties which were made before November 1, 1918, and were in force at that date shall be maintained."

*Article 269 (264).*—No difficulty can result from the suspension of delay of prescription and of the limitation of the rights of prosecution provided by this article; on the contrary, its purpose is to foresee all

the hindrances that would, otherwise, not fail to arise by reason of the difficulty or impossibility of communications between parties.

*Article 270 (265).*—With the view of deciding definitely the objection raised by the Austrian Delegation that the obligations to which Austria is asked, in this article, to conform are not defined, the Allied and Associated Powers are ready to substitute, for the former text, the following: "Austria undertakes not to impede in any way the transfer of property, rights, or interests belonging to a company incorporated in accordance with the laws of the former Austro-Hungarian Monarchy, in which Allied or Associated citizens are interested, to a company incorporated in accordance with the laws of any other power, to facilitate all measures necessary for giving effect to such transfer, and to render any assistance which may be required for effecting the restoration to Allied or Associated nationals, or to companies in which they are interested, of their property, rights, or interests whether in Austria or in transferred territory.

*Article 271 (266).*—The Allied and Associated Powers agree to substitute for article 266 the following provisions:

Section III, except Article 248 (d), shall not apply to debts contracted between Austrian citizens and citizens of the former Austrian Empire.

Subject to the special provisions laid down in Article 248 (d) for the case of the new States, these debts shall be paid in the legal currency at the time of payment of the State of which the national of the former Austrian Empire has become a national, and the rate of exchange applicable shall be the average rate quoted on the Geneva Exchange during the two months preceding November 1, 1918.

*Article 275 (270).*—The observations of the Austrian Delegation are founded on the hypothesis that the remittance of insurance funds, social or state, should be effected under another form than that in which they are actually existent; such is not the case. It may be observed, moreover, that the article itself provides that the conditions, under which the remittance is made, will be determined by special agreement to be concluded between the Austrian Government and the Governments whose interests are concerned.

In order to remove all ambiguity that could exist on this point the Allied and Associated Powers declare that the proportion of the reserves to be remitted in execution of this article will be the exact proportion of the existing stock or funds invested at the date of the armistice. It will have been noticed elsewhere that to this article there has been added a paragraph the provisions of which assure a just and reasonable regulation as to the conditions of transfer.

#### VII. CONTRACTS, PRESCRIPTIONS, JUDGMENTS (SECTION V).

*Article 251 (246) b.*—The question of "General interest" is one of those matters that should be determined by the Allied and Associated Governments interested. A modification of this article with the aim of providing for an appeal to a mixed Court of Arbitration in matters of this sort can not be admitted.

The article provides, it may be observed, that a compensation could be granted by the mixed Court of Arbitration to a contracting party who had suffered considerable injury.

*Article (251) d.*—The import of the first part of this article is that the rule established by Article 251 and its annex do not apply to the contracts between citizens of an Allied and Associated Power of one



part and the inhabitants of a transferred territory that acquired by the terms of the Treaty the nationality of an Allied or Associated Power of the other part. The contracts between Austrians of one part and the inhabitants of a transferred territory of the other part are the subjects of Article 268.

*Article 252 (247) b and c.*—The Allied and Associated Powers are not disposed to apply the principle of reciprocity to these articles.

The Treaty points out that, in certain cases, the Allied and Associated Tribunals are competent to regulate the differences, but that power is not given to Austrian Courts of Justice and reciprocity can not be granted in what effects the claims for indemnity introduced by the mixed Court of Arbitration.

#### VIII. MIXED ARBITRAL TRIBUNAL (SECTION VI).

The proposition for extending the jurisdiction of the mixed Arbitral Tribunal calls for the following response: The rôle of the Tribunal is not only to decide upon the recent claims resulting from the treaty, but also to form a new jurisdiction to which may be referred certain disputes relative to private rights already existing.

The Tribunal of the Allied and Associated Powers already has jurisdiction over these rights and certain of said Powers meet insurmountable difficulties in withdrawing their disputes from other Tribunals to their own Tribunals.

According to their system of jurisprudence, and in actual circumstances, they see no sufficient reason for withdrawing from their citizens the access to their own Tribunals which their jurisdiction opens to them.

No new jurisdiction is given to these Tribunals and the Austrian litigants are not injured by these Tribunals retaining a jurisdiction which they already actually have.

Concerning the obligations formulated in paragraphs 7, 8, and 9 of the Annex, the Allied and Associated Powers consent that paragraph 7 be modified to provide that Austria shall give to the Tribunal all facilities and necessary information the Allied and Associated Powers can require to proceed further in its inquest.

The text of paragraphs 8 and 9 have already been modified as follows:

Paragraph 8—The language in which the proceedings shall be conducted, unless by contrary agreement, will be English, French, Italian, or Japanese according as may be decided by the Allied and Associated Powers interested.

Paragraph 9—The place and date of the hearing of each Tribunal shall be determined by the President of the Tribunal.

*Contracts of Insurance.*—The viewpoint of the Austrian Government, according to which the provisions relating to contracts of insurance contained in Articles 251 (246) to 253 (250) and in the Annex to Section V do not apply to contracts between Austrians of one part and the inhabitants of a territory transferred to another part is correct; as it is stated above, these contracts are the object of article 258 (232).

The remarks of the Austrian Delegation represent the terms of the Treaty, as far as the Insurance Contracts are concerned, as harsh and contrary to the principle of reciprocity; but, in fact, the only para-

graph of the Annex which treats with contracts of insurance and is not completely reciprocal is paragraph 12. The objections concerning this paragraph have been taken into consideration and its prohibition has been accepted.

The French text of the paragraph must not be changed. It has seemed obvious that the value of this text in question is the value of reimbursement.

Nothing justifies a special provision granting long delays of payment for sums owed by Austrian Insurance Companies to Insurance Companies of the Allied and Associated Countries.

Under these conditions the Allied and Associated Powers are not disposed to make any other changes in the provisions of the Treaty relative to Insurance Contracts.

#### IX. INDUSTRIAL PROPERTY (SECTION VII).

Concerning the general remarks in the preamble of the Austrian memorandum on Industrial Property, the Allied and Associated Powers cannot agree to any essential change in the articles on the Industrial Property of inhabitants of territories separated from Austria. Nevertheless, to ensure recognition and protection of the rights of Industrial Property to Austrians in the territories separated from Austria a new provision has been added to article 274 (269).

*Article 258 (253), paragraphs 2 and 3 and Article 262 (251).*—Paragraph 2: The Allied and Associated Powers have no intention of using without compensation the rights of Industrial Property, literary or artistic, belonging to Austrian Nationals, after the coming into force of the present Treaty.

The question raised on the subject of these articles has already been solved by the insertion of a new condition after paragraph 5 of article 258.

*Article 258, 55 and 8.*—The fifth paragraph of Article 258, which provided that the Allied and Associated Powers will have the right to impose limitations, conditions, or restrictions on the rights of Industrial Property belonging to Austrians, has by no means for its object the confiscation of these rights. It tends, on the other hand, to reserve to the Allied and Associated Powers the advantage of restricting Industrial Property, literary or artistic, whenever they shall consider the restriction necessary for the needs of the national defense or the public interest. This advantage, as Austria is assured by its interior legislation, is a general and permanent right which is applied, as the case may be, to the industrial property, literary or artistic, which may be obtained before or after the coming into force of the Treaty of Peace.

On the other hand, it tends to allow the usage of industrial property, literary or artistic, by the same right as the other Austrian benefits, as a pledge for the fulfilling of the Austrian obligations and for the reparation of the losses she has caused. The Allied and Associated Powers have no intention of using for this purpose the industrial property, literary or artistic, which can be obtained after the coming into force of the present Treaty. But, Industrial Property, literary or artistic, acquired before or during the war, can be subjected by the Allied and Associated Powers to limitations, conditions, and restric-

tions provided to assure of an equitable treatment by Austria of the rights of Industrial Property, literary or artistic, possessed on Austrian territory by their citizens, or to guarantee the complete fulfillment of all the obligations contracted by Austria in virtue of the present Treaty.

To make clear the different treatment in this regard that the Allied and Associated Powers count on preserving for the property acquired before the coming into force of the Treaty and for that which may be acquired in the future, paragraph 5*e*, of Article 258 has already been perfected by a new provision.

The power given by paragraph 8 of the article declaring null and void and of no effect any transfer in whole or in part of rights of individual, literary, or other property effected after July 28, 1914, must be maintained; otherwise an Austrian owner of an Industrial Property could be nominally deprived of his legal title in a way to deprive him of the benefits of this article.

*Article 259 (254), paragraph 2, last sentence.*—The remarks of the Austrian Delegation have been satisfied by the amendment to Article 258, which is the clause providing the payment of dues.

#### PART XII.—PORTS, WATERWAYS, AND RAILWAYS.

The Allied and Associated Powers have examined attentively the detailed observations presented by the Austrian Delegation touching upon the clauses of Part XII of the Conditions of Peace. Certain of these observations and criticisms refer to a text of the Peace Conditions prior to the last text transmitted to the Austrian Delegation. Others have seemed to come simply from errors in the interpretation of the meaning of the stipulation and of the intentions of the Allied and Associated Powers. The majority represent fewer objections of detail on the practical application of the clauses than claims of principle, of general and political nature, corrected and changed in turn according to the diversity of the technical problems at the time of the examination of a great number of articles. Then too, the Allied and Associated Powers do not believe they need to follow in their reply the outline, article by article, of the Austrian observations: they are content to group here, on the principal questions raised, the reasons of fact and of rights which justify the maintenance of the whole of the clauses, or, in certain cases, the modifications which it has been considered just to accord.

The chief, and without doubt, the most constant of the protestations of the Austrian Delegation against the text of the stipulations of the part "Ports, Waterways and Railways" of the Peace Terms aim at the application of numerous articles on the general régime of the ways of transportation, freedom of transit, transportation by railways, by waterways and the telegraph services, in which obligations, binding on one party only, were imposed on Austria for a delay of five years after the coming into effect of the Treaty of Peace. The Austrian Delegation, on one hand, deems that the text of the article in which this general delay of five years is provided, is worded too unjustly since it would allow the Allied and Associated Powers to prolong it as long as they wish. On the other hand, while seeming to recognize, for the Powers who have been at war with the former Austro-Hungarian Monarchy, the right to enforce these powers, the

Austrian Delegation refuses to admit that the new States, allied or associated successors of the said Austro-Hungarian Monarchy can equally claim this right. It claims, in consequence, as to its statements with regard to this last category, the privilege of immediate reciprocity and it argues particularly against the special guarantees, of even an undetermined duration, granted to the Czecho-Slovak Republic on certain railways and on certain telegraphic lines of Austria.

The Allied and Associated Powers desire to give satisfaction, as much as possible, to the demands of the Austrian Delegation. They have decided that the general delay of non-reciprocity shall be reduced to three years, and Austria does not need to fear that this delay will be arbitrarily prolonged; she will find all guarantees in this regard in the decision maturely reasoned by the Council of the League of Nations. Concerning the new States born of this dismemberment of the former monarchy, by the addition of a new paragraph to Article 330 (322), Austria receives complete satisfaction, and the benefit of reciprocity is assured her from the coming into force of the Treaty of Peace.

Another series of observations which in the note of the Austrian Delegation has also reappeared in several forms and apropos of divers articles, concerns the acceptance in advance by Austria of future agreements and technical agreements on the freedom of transit, the international régime of ports, waterways, and railways, the transportation by railway, the adopting of a continuous brake, the statute of the Danube; agreements which should be concluded in the future without the participation and without the collaboration of Austria, according to Articles 299 (293), 304 (298), 313 (305), 317 (309), and 331 (323) of the Peace Terms.

It is worthy of note in this matter that concerning the elaboration of the new agreement on railway transportation destined to replace the agreement of the Berne convention, article 313 formally provides the possible collaboration of Austria in the new agreements, and concerning the future technical agreement relative to the continuous brake, it has never been a question of obliging Austria to enter the agreement and to adopt the brake system chosen by the Allied and Associated Powers, but merely to supply the railway carriages because of decrees permitting their introduction in the trains of the Allied and Associated Powers, provided with the continuous brake, and, reciprocally, to introduce the railway carriages of the Powers into the Austrian trains; the Allied and Associated Powers are, moreover, disposed to listen to the Austrian representatives on the technical agreement on the type of continuous brake. In its new form Article 304 relative to the definitive régime of the Danube stipulates that the representatives of Austria shall be present at the Conference called to establish the statute. Finally, the general agreements on freedom of transit, the international régime of ports, waterways, and railways will not at all be dictated by the Allied and Associated Powers, but they will bind these Powers and must, to bind Austria, receive the approval of the League of Nations. If none of the possible guarantees of equity have been neglected, in retaliation, it has seemed inadmissible, as the Allied and Associated Powers have already replied to Germany, that an enemy state can, for political motives and sentiments, hinder, by its opposition on principle, the conclusion of agreements useful for the good of all.

The Austrian Delegation, in fact, does not fear to affirm that the Austrian State, disarmed for transport enterprises, does not take the responsibility of enforcing certain clauses pertaining, for example, to the equality of treatment and of taxes in interior navigation "in so much as the application can be ensured by public establishment or establishments on the manipulation of which the state or a public body has the right to exercise its influence," when in fact the Austrian State possesses, by the organization of subventions, or simply by the ownership of the majority of the shares, the entire control of great enterprises of interior navigation; and in case of suit, it belongs to it to take in title of its responsibility before the other contracting Powers and in full exercise of its sovereign rights, every internal legislative measure or of administration, proper to assure, in prescribed delays, the strict execution of the terms of the Treaty.

The most concrete remarks of the Austrian Delegation upon the technical stipulations of construction and of cessions of railways, and above all the régime of the Danube, have all the more permitted the Allied and Associated Powers, to precise their own point of view, no doubt inexactly understood, of rectifying the texts, loyally taking into account new objections. Article 321, providing for construction of new Transalpine line of the Col de Reschen and of the Predil Pass, has already been modified in the last text of the Peace Terms transmitted to the Austrian Delegation; the eventual financial obligation of Austria had been precised and subordinated to the existence of correspondent receipt, the new line added to this article, aggravates in no degree these obligations.

In the same way article 319 (311) had received the adjunct of a new paragraph relative to frontier depots, which appeared to respond to certain desiderata of the Austrian note. The last paragraph of article 318 (310), concerning the lines of former Russian Poland, converted to the normal gauge, has been the object of a revision of wording and rendered more conformable to the juridical situation where these lines were placed during the course of the war. As to the remainder of the article its wording has been modified and can leave no doubt upon the intentions of the Allied and Associated Powers. In common with the Austrian Delegation, the Allied and Associated Powers deem in effect that the distribution of the rolling material of the State Railroads of the former Austrian Monarchy between Austria and the Allied and Associated states issuing from the dismemberment of Austria-Hungary or cessionaires of territories of the former Austro-Hungarian monarchy ought to be subjected to a veritable liquidation and placed under the direction of a Commission of experts in which all the interested States will be represented; such has always been their view of the subject; they have never pretended to oblige Austria to repair in its own shops all the rolling material transferred to other States; they have only wished to assure necessary disposition for the immediate reparation of the material so far as the new States will not have been able to constitute in their own territory autonomous workshops.

The articles 288 (283) and 289 (284) have equally been misinterpreted by the Austrian Delegation. The Allied and Associated Powers did not in any way propose to bind Austria as to transportation of and toward navigable rivers, which would not be done after tran-

shipment of transports to and from any port whatever, so taking note of the remark that the Austrian traffic upon the Danube is confined nearly exclusively to the exchange of merchandise between the States situated on this river, they agree to suppress in articles 288 and 289 the mention of Austrian ports. The combination of new texts of articles 288 and 289 with article 316 (318) suffices in effect to establish each time that in case the transport is going to or from any maritime port whatever, this transport will submit to rules 288 and 289, whether it is or not with transshipment to an Austrian or foreign port, and this is the only case viséed by the Allied and Associated Powers.

The observations of the Austrian note as to the particular régime of the various international rivers have been submitted by the Allied and Associated Powers to the same attentive examination. For the Elbe, the Oder, and likewise the Rhine, the Austrian Delegation demands that Austria be represented upon the River Commission; alleging, on one hand, the economic interests of Austria upon the Elbe and the Oder, and, on the other hand, its situation as riparian state of Lake Constance for the Rhine. The Allied and Associated Powers have not felt obliged to give attention to the Austrian suggestions. The quality of riparian state of Lake Constance can not in any way carry right to a representative in the Rhine commission, the Rhine not being navigable above Basle. Similarly, concerning the Elbe and the Oder, the economic interests of Austria are not sufficient reason for its admission to the Commission.

Without doubt, the States other than the riparian States participate, but in nowise because of their economic reasons and much sooner, also that the Allied and Associated Powers have already set forth in the Reply to the observations to the Geneva Delegation, to the end that the disinterested Powers introduce by their presence in the Commission, between the divergent interests of the riparian states, an element of weight and equilibrium and representing the principle of free navigation of these rivers.

For the Danube to the contrary, certain of the remarks specified by the Austrian Delegation have been made use of. Article 300 (294) concerning the cession of vessels and of material has been profoundly revised with a view of determining more precisely the powers of the Arbitrer charged with the distribution and of safeguarding more efficaciously the ownership of the vessels. The Allied and Associated Powers take this occasion to declare that the object of this article, as well as of the corresponding articles of the Treaty with Germany, is to assure the best utilization of river ships in Europe, for the benefit of the riparian States and in nowise consider the compensation for the losses sustained during the war, which has been considered in other clauses. The war has in effect considerably diminished the disposable facilities of river navigation. The territorial readjustment, particularly those which regard the cession of river ports, can exact the redistribution of the remaining vessels, to the end that they may be immediately utilized in the general interest. The Arbitrator or Arbitrators who will be designated by the United States have been charged with the redistribution of the river vessels, as necessitated by territorial changes.

In the same way that a cession of rolling stock must accompany a cession of railways in the transfer of a territory, similarly, in case

of cession of river ports, the Arbitrator must determine the material belonging thereto which ought to be ceded. Without being bound by this consideration he must take account of the needs of the interested States, as well as of the river traffic of the five years preceding the war. Similarly, as article 300, article 303 (297) providing for the meeting of the International Commission of the Upper Danube has been modified and completed, it has seemed necessary conformably to the demands of the Austrian Delegation to define the attributes and the mode of functioning of this provisional International Commission, which will convene with the least possible delay after the coming into force of the Treaty.

In response to the observations touching the canal from the Danube to the Oder, it is understood that as soon as this canal has been contracted by the Czecho-Slovak State the régime provided for the Rhine-Danube canal will be applied: Austria will receive as well all guarantees of free navigation of this waterway which appears to it necessary for its economic outlet to the Baltic and North Seas. Finally, a new article, 310, assures the maintenance of irrigation works, of canalization, of utilization of hydraulic force, etc., situated upon the territory of many States.

The Allied and Associated Powers have asked themselves if it would be feasible, as proposed by the Austrian Delegation, to extend the international régime to all the navigable streams of the affluents of the Danube, of the Drave, of the Save, and of the Theiss. It has not for the moment appeared desirable to push further internationalization. This pertains to the definition of article 291 (281) that is to say; to equally internationalize the navigable part of a fluvial system that would not naturally serve of access to the sea of more than one State, but they recall that the General Convention, provided by Article 299 (293) will be able to internationalize all parts of a river system which may be comprised in a new general definition by the said Convention. In the meantime while the internationalization of the Elb has been extended from the Vltave to Prague upon the express request of the Czecho-Slovak Republic, they assent for the present by an amendment to Article 291 to give by particular agreements concluded by the riparian states the free extension of the application of the international régime.

The Allied and Associated Powers deem putting in practice of the claims of Part XII of the Peace Terms, so preciséd and completed, will prove in application at the same time their viability and their efficacy, for the resumption as early as possible of the free communications in Europe, which the Allied and Associated Powers are as desirous as the Austrian Delegation of assuring and guaranteeing.

#### PART XIII.—LABOR.

The Austrian Government, in ratifying the part of the Treaty relating to Labor, expresses the following regret:

In the opinion of the Austrian Government, it would be desirable not only to incorporate in the Peace Treaty the rules of procedure for the development and organization of legislation for the protection of the worker, but above all to enact in this same instrument the substance of rights and obligations in the matter of social provision.

And, after having given the motives in the development of its own legislation, it adds that "the spirit in which it is inspired would

inevitably require that the Treaty for the World Peace enforce in the domain of International Law—all the provisions proposed and accepted at the *International Syndicalist Congress at Berne in 1919.*"

Some analogous observations have been presented by the German Delegation and they have been answered.

It is not possible to solve the many and complex questions of the Peace Treaty without indefinitely retarding the signing of this Treaty. In the second place, it is desirable to discuss them with the concurrence of Neutral Nations in which the legislation requires the same progress. Finally, the permanent international organization of Labor, created by the Peace Conference, was in reality formed to arrive at a solution of the mass of labor problems, and the field of action which is assigned to it includes them all.

It would appear, therefore, that the Austrian observations do not involve any modification of the Treaty of Peace, as it does not advance any modification whatever to the text of Part XIII. It is in the main satisfied with it; as appears that the Austrian Government, presuming that it will be represented in the Labor Organization, declares its readiness to accept the Peace terms concerning Labor.

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