

**BELGIQUE, EMPIRE BRITANNIQUE**  
(avec CANADA, AUSTRALIE,  
NOUVELLE-ZÉLANDE,  
AFRIQUE DU SUD ET INDE),  
FRANCE, GRÈCE, ITALIE, etc.

Protocole final, Arrangement sur le « Plan des Experts » et Protocole relatif aux paiements de réparations prélevés sur les ressources budgétaires allemandes, comme à l'institution d'un contrôle sur certains revenus et taxes, signés à Londres, les 9 et 16 août 1924.

---

**BELGIUM, BRITISH EMPIRE**  
(with CANADA, AUSTRALIA,  
NEW ZEALAND, SOUTH AFRICA  
AND INDIA), FRANCE, GREECE,  
ITALY, etc.

Final Protocol, Agreement on "the Experts' Plan" and Protocol concerning the Contributions to be made from the German Budget and the Institution of Control over certain Revenue and Taxes, signed at London, August 9 and 16, 1924.

## No. 1024. — FINAL PROTOCOL. LONDON, AUGUST 16, 1924.

---

*German, English and French official texts communicated by the German Consul-General at Geneva<sup>1</sup>.  
The registration of these instruments took place November 28, 1925.*

---

The representatives of the BELGIAN GOVERNMENT, the BRITISH GOVERNMENT (with the GOVERNMENTS OF CANADA, AUSTRALIA, NEW ZEALAND, SOUTH AFRICA and INDIA), the FRENCH GOVERNMENT, the GREEK GOVERNMENT, the ITALIAN GOVERNMENT, the JAPANESE GOVERNMENT, the PORTUGUESE GOVERNMENT, the ROUMANIAN GOVERNMENT, the SERB-CROAT-SLOVENE GOVERNMENT, and the GERMAN GOVERNMENT, accompanied by the Representatives of the GOVERNMENT of the UNITED STATES of AMERICA, with specifically limited powers, and the representatives of the Reparation Commission, being assembled at the Foreign Office under the chairmanship of the Right Honourable James Ramsay Macdonald, Prime Minister and Secretary of State for Foreign Affairs, on the conclusion of the proceedings of the London Conference on the application of the Plan presented to the Reparation Commission on April 9, 1924, by the First Committee of Experts appointed by it on November 30, 1923.

The President states that all the Governments concerned and the Reparation Commission have confirmed their acceptance of the Plan and have agreed to its being brought into operation, and that in the course of the proceedings of the Conference certain Agreements which are necessary to enable the Plan to be brought into operation have been drawn up, or already signed, by the Parties concerned. It is understood that these Agreements, which have now been signed or initialled *ne varietur* (except as regards the dates laid down in the Agreement forming Annex III hereto, which will be extended by 17 days) and are annexed hereto<sup>2</sup>, are mutually interdependent. The Representatives of the Parties concerned will meet in London on the 30th August next in order to effect, at one and the same session, the formal signature of the documents which affect them and have not already been signed. On this occasion a certified copy of the Agreement concluded between the Allied Governments will be communicated to the German Government.

---

<sup>1</sup> Vol. II, page 60, of this Series.

<sup>2</sup> The documents "annexed hereto" are:

Annex I — Arrangement of August 9, 1924, between the Reparation Commission and the German Government. (See page 433.)

Annex II. — Agreement between the Allied Governments and the German Government of August 30, 1924, concerning the Agreement of August 9, 1924, between the German Government and the Reparation Commission. Vol. XXX, page 63, of this Series.

Annex III. — Agreement between the Allied Governments and the German Government of August 30, 1924 to carry out the Experts Plan April 9, 1924. Vol. XXX, page 75, of this Series.

Annex IV. — Inter-Allied Agreement of August 30, 1924 to carry out this Experts Plan April 9, 1924. Vol. XXX, page 89, of this Series.

Annex V. — Agreement of August 30, 1924, to modify Annex II to Part VIII of the Treaty of Versailles. Vol. XXX, page 97, of this Series.

The statement of the President having been approved unanimously by the Representatives of the Governments concerned and of the Reparation Commission, the President declares the proceedings of the Conference at an end.

London, August 16, 1924.

J. RAMSAY MACDONALD.  
*Chairman.*

M. P. A. HANKEY.  
*Secretary-General.*

*Secretaries :*

Belgium : Jacques DAVIGNON.  
British Empire : Ralph F. WIGRAM.  
France : R. MASSIGLI.  
Greece : George V. MELAS.  
Italy : Gino BUTI.  
Japan : IYE MASA TOKUGAWA.  
Portugal : Joao de BIANCHI.  
Roumania : D. N. CIOTORI.  
Kingdom of the Serbs, Croats and Slovenes : G. DIOURITCH.  
Germany : E. WIEHL.

The Representative of the Reparation Commission :

ANNEX I.

AGREEMENT BETWEEN THE REPARATION COMMISSION AND THE  
GERMAN GOVERNMENT. LONDON, AUGUST 9, 1924.

THE CONTRACTING PARTIES

Being desirous of carrying into effect the plan for the discharge of the reparation obligations and other pecuniary liabilities of Germany under the Treaty of Versailles proposed to the Reparation Commission on April 9, 1924, by the First Committee of Experts appointed by the Commission (which plan is referred to in this agreement as the Experts' Plan) and of facilitating the working of the Experts' Plan by putting into operation such additional arrangements as may hereafter be made between the German Government and the Allied Governments at the Conference now being held in London, in so far as the same may lie within the respective spheres of action of the Reparation Commission and the German Government ;

And the Reparation Commission acting in virtue not only of the powers conferred upon it by the said treaty but also of the authority given to it by the Allied Governments represented at the said Conference in respect of all payments by Germany dealt with in the Experts' Plan but not comprised in Part VIII of the said treaty ;

Hereby agree as follows :

I

The German Government undertakes to take all appropriate measures for carrying into effect the Experts' Plan and for ensuring its permanent operation, and in particular :

- (a) It will take all measures necessary with a view to the promulgation and enforcement of the laws and regulations required for that purpose (specially the laws on the

- bank, the German railways and the industrial debentures) in the form approved by the Reparation Commission ;
- (b) It will apply the provisions contained in Annex I hereto as to the control of the revenues assigned as security for the annuities under the experts' plan and other matters.

## II

The Reparation Commission undertakes on its side to take all appropriate measures for carrying into effect the Experts' Plan and for ensuring its permanent operation, and in particular :

- (a) For facilitating the issue of the German Loan contemplated in the Experts' Plan ;
- (b) For making all financial and accounting adjustments necessary to give full effect to the Experts' Plan.

## III

The Reparation Commission and the German Government agree :

- (a) To carry into effect in so far as the same may lie within their respective spheres of action such additional arrangements as may hereafter be made between the German Government and the Allied Governments at the said Conference now being held in London, including any provisions which may be so agreed for carrying into effect the Experts' Plan or for the introduction of modifications of detail in the working of the said Plan. The said additional arrangements when concluded shall be added in the form of a second schedule to this document and shall be identified by the signatures of two members of the Reparation Commission on behalf of that body and of two duly authorised representatives of the German Government.
- (b) Any dispute which may arise between the Reparation Commission and the German Government with regard to the interpretation either of the present agreement and its schedules or of the Experts' Plan or of the German legislation enacted in execution of that Plan shall be submitted to arbitration in accordance with the methods to be fixed and subject to the conditions to be determined by the London Conference for questions of the interpretation of the Experts' Plan.

This provision shall be without prejudice to the arbitration clauses included in the Experts' Plan or in the said German legislation or in any of the annexes hereto.

## IV

If no agreement shall be reached at the London Conference between the Allied Governments and the German Government for the purpose of carrying into effect the Experts' Plan, this agreement shall be void.

Signed for the Reparation Commission :

Louis BARTHOU.  
John BRADBURY.  
Salvago RAGGI.  
Leon DELACROIX.

Signed for the German Government :

MARX.

LONDON, *August 9, 1924.*

## SUB-ANNEX TO ANNEX I.

ANNEX TO THE ARRANGEMENT CONCLUDED BETWEEN THE  
GERMAN GOVERNMENT AND THE REPARATION COMMISSION

on August 9, 1924.

PROTOCOL<sup>1</sup>

concerning the Contributions to be made from the German Budget and the Institution of Control over the Revenues from Customs and the Taxes on Spirits, Tobacco, Beer and Sugar.

## CHAPTER I.

*Budgetary Contributions.*

1. Germany has to pay each year from her budget to the agent for reparation payments the following amounts :

- (a) In the third year of the execution of the plan of the experts, i.e. in the year 1926-27, 110 million gold marks.
- (b) In the fourth year of the execution of the plan of the experts, i.e. in the year 1927-28, 500 million gold marks.
- (c) In the fifth year of the execution of the plan of the experts and the following years, i.e. from the year 1928 onward, 1,250 million gold marks.

(These payments do not comprise the transport tax).

2. In the event of the yield of the aggregate controlled revenues as defined in Section III exceeding 1 milliard in the third year or  $1\frac{1}{4}$  milliard in the following year, the budget contributions shall be increased by a sum equal to one-third of such surplus, this addition, however, not to exceed 250 million marks.

On the other hand, if those aggregate revenues fall short of 1 milliard in the third year or of  $1\frac{1}{4}$  milliard in the fourth year, the respective global contributions shall be diminished by one-third of the deficiency, this diminution, however, not to exceed 250 millions.

The amounts by which the contributions from the budget are to be increased or decreased will be established at the end of each year. The surcharges or repayments required thereafter shall be effected by payment of one-quarter in each of the third, the fourth, the fifth, and the sixth months of the following year.

3. All payments to be effected by virtue of the present protocol to the agent for reparation payments by Germany, or for her account, shall be made in gold marks or their equivalent in German currency to the Reichsbank.

For the purpose of the present provision, a gold mark shall be considered as equal to the value of  $\frac{1}{2790}$  kilog. of fine gold at the London quotation. This value is to be fixed on the basis of the London gold prices on the third market day before maturity. The conversion into German currency is to be based on the average rate (Mittelkurs) of the last official quotation on the Berlin Stock Exchange for a cable transfer on London three clear days before the due date of each instalment. In cases where, by agreement, payments should be made at a date prior to the due date, the actual date of payment would be substituted for the due date for purposes of conversion.

<sup>1</sup> The English and French texts of this Protocol has been taken from the "Proceedings of the London Reparation Conference", July and August 1924, publication of the British Government.

## CHAPTER II.

*Supplementary Budgetary Contributions.*

1. From the sixth year of the execution of the plan, i.e. from the year 1929-30 onwards, an increase of the budgetary contribution provided for the standard year (1928) shall take place in accordance with the index of prosperity laid down below.

2. For the purpose of establishing the index, the following statistical data shall be employed :

- (a) The total of German exports and imports taken together.
- (b) The total of budget receipts and expenditure taken together, including those of the States of Prussia, Saxony and Bavaria, after deducting from both sides the amount of the Peace Treaty payments included in the year.
- (c) Railroad traffic as measured by the statistics of the weight carried.
- (d) The total money value of the consumption of sugar, tobacco, beer and alcohol within Germany, measured by the prices actually paid by the consumer.
- (e) The total population of Germany computed from the last available census data, vital statistics and emigration records.
- (f) The consumption of coal (and lignite reduced to coal equivalent) *per capita*.

3. In computing the base, the average statistics for the three years 1927, 1928 and 1929 shall be taken for budget receipts and expenditure (b), for the figure of the population (e), and for the consumption of coal *per capita* (f), and the returns of the six years 1912 and 1913, 1926, 1927, 1928 and 1929 for the other categories, due allowance being made in the latter case for the difference in population and the altered gold values to make the two earlier years comparable with the four later years. The percentage change for each of these six groups, compared with the base, shall be separately computed, and an arithmetical average of the six percentage results taken as the index.

4. During the five years from 1929-30 to 1933-34 the index figures shall be applied to the amount of 1,250 millions, i.e. only half of the standard payment, in order to obtain the supplement for the year ; during the following years, viz. as from 1934-35 onwards, it shall be applied to the standard payment, viz. 2,500 millions.

5. The supplementary payment shall be reckoned only for each completed  $\frac{1}{2}$  per cent of the index, i.e. an index average of  $\frac{11}{35}$  per cent would be reckoned as 11 per cent.

6. At the end of each year of the execution of the plan, the supplement, if any, shall be computed on the basis of the returns of the preceding calendar year, and the results shall be communicated to the Reparation Commission. The supplement for the year 1929-30 shall be computed by comparing the statistics of the calendar year 1929 itself with the index base and shall be paid before the end of the fourth month of the year 1930-31.

7. In the event of the index of any year producing, as the supplement, a " minus quantity ", the normal payment shall continue to be made ; but subsequent supplementary payments shall not accrue due until allowance has been made therefrom for such deficiency or " minus payment " of previous years.

8. The rules and regulations according to which the index is to be computed, as well as the data and the methods to be used with a view to ascertaining that the statistics furnishing the several elements of the index are as correct and unquestionable as possible, shall be fixed in detail by a committee, to consist of four members. Two of these members shall be appointed by the German Government and two by the Reparation Commission. The German Government will have the index computed by the Statistische Reichsamt in accordance with the methods indicated by the Committee.

The Committee shall be entitled to verify the statistics (more particularly the declarations and the statements) (on the basis of which the categories (a) and (j) (Chapter II, 2) have been calculated.

The same statistics shall, under the same conditions and at his request, be brought to the knowledge of the Commissioner of Controlled Revenues.

In the event of the members of the Committee not being able to come to an agreement on these various questions, they will request the Finance Section of the League of Nations to appoint a president. On the demand of the German Government, this president shall be a national neither of Germany nor of a country represented upon the Reparation Commission.

Any controversy arising between the German Government and the Reparation Commission in respect of the statistics serving as a basis for the index as well as regarding their application or regarding the computation of the index itself shall be settled by the same Committee by application of the same procedure.

9. From the year 1928 onwards the German Government, the Reparation Commission and the Governments represented on the Reparation Commission shall each have the right in any future year to ask for a revision of Germany's liabilities on the ground that the general purchasing power of gold — as compared with 1928 — has altered by not less than 10 per cent. The revision to be made may apply both to the standard contribution and to the supplementary payment in accordance with the index of prosperity; as regards the latter, however, only in so far as the alteration of the purchasing power of gold has not already played a part in determining the figures of the several elements of the index of prosperity. Failing mutual agreement, a decision shall be given by an arbitral committee appointed by the League of Nations. After the decision, the altered basis shall stand for each succeeding year until a claim be made by either party that there has again been a change since the year to which the alteration applied of not less than 10 per cent.

The alterations under this paragraph shall be made by reference to such generally approved index numbers of prices (German or non-German) singly or in combination as they have been agreed to or as the arbitration may decide.

### CHAPTER III.

#### *Control of the Assigned Revenues.*

1. By way of security for the contribution from the German budget (Chapters I and II) and by way of a collateral security for the guarantee given by the German Government for the payments provided for under the "Statutes of the German Railways Joint Stock Company" and of the "Industrial Charges Law", the German Government shall assign the returns from customs and from the taxes on spirits, tobacco, beer and sugar and shall subject them to a control under the following conditions:

2. The exercise of the control shall be entrusted to a commissioner whose experience and capacity in this domain are generally recognised. He shall be appointed by the Reparation Commission and shall be responsible to that Commission.

For each of the five assigned revenues the commissioner will have a sub-commissioner to assist him in the exercise of the control.

The commissioner shall have the assistance of an advisory committee, to which the United States of America, France, Great Britain, Italy and Belgium shall appoint one representative each.

3. The German services shall transfer the assigned revenues to the commissioner. These remittances shall be effected not later than the twentieth day of each month to the account of the commissioner with the branch of the Reichsbank to be designated by him, and in the following manner:

(a) The ten most important "Zollkassen" will directly transfer the total amount collected by them during the preceding month in respect of the five controlled revenues.

(b) The "Oberfinanzkassen" will transfer the total amount in respect of the five controlled revenues collected during the preceding month either by themselves or by the "Zollkassen", except those named under (a) above.

(c) The "Branntwein-Monopolverwaltung" will pay the whole of the receipts from the spirits monopoly collected by itself during the preceding month.

In the case of the customs and the taxes on tobacco, beer and sugar, the amounts to be paid shall be the gross receipts, in the case of the spirits monopoly the net receipts.

The ten most important "Zollkassen" in the sense of (a) for the current fiscal year are those which have collected for the Reich during the first quarter of the current fiscal year the biggest receipts from customs, tobacco, beer and sugar taxes. For the subsequent fiscal years the biggest "Zollkassen" will in every case be considered to be those which during the preceding calendar year have shown the biggest receipts from the controlled revenues.

The returns from the controlled revenues shall be entered in separate receipt-accounts kept at the collecting offices, and until the transfer to the account of the commissioner they shall be blocked at the payment offices mentioned above under (a) to (c) in such a way as to assure that the said payment offices will always have at their disposal an amount equal to the sums paid direct to them or to the sums transferred to them.

In the official monthly publications regarding the returns from the taxes of the Reich assigned revenues should only appear under a separate head.

4. The commissioner will dispose in the following way of the amounts transferred to him :

(a) In the first and second years, i.e. during the years 1924-25 and 1925-26, during which Germany is not bound to effect any payments out of her ordinary budget, the commissioner will, subject to Article 5, paragraph 2, and Article 16, give orders to the effect that the amounts paid to his account be immediately replaced at the disposal of the German Government as soon as he has received the total amount due from the returns of the assigned revenues.

(b) From the third year onwards the commissioner will retain as much of each monthly payment as is necessary to cover one-tenth of the budget liabilities for the current year (cf. Chapters I and II).

But of the amounts retained he will transfer each month to the agent for reparation payments one-twelfth of the budget liabilities for the current year. The balance will be used by him for the accumulation of a reserve fund until such time as, including interest accrued, this fund amounts to 100 million gold marks. After that date and as long as the fund remains at 100 million gold marks, the commissioner will retain only so much of each monthly payment as is necessary to cover one-twelfth of the budget liabilities for the current year.

The amounts not to be retained by the commissioner under the above provisions will be returned by him to the German Government at the latest within one week after the whole of the monthly receipts from the assigned revenues have been remitted to him.

The reserve fund is intended primarily to meet any deficiencies in the assigned revenues, should they in any month fall short of one-twelfth of the budget liabilities for the current year. If the reserve fund has been drawn upon to meet the deficiencies, it shall be replenished in accordance with the procedure laid down above (monthly retention of one-tenth instead of one-twelfth and of the accruing interest until such time as it again amounts to 100 million gold marks).

The commissioner is bound to invest the moneys of the reserve fund to the best advantage, without, however, depriving himself of the liberty of action indispensable to him. The accruing interest shall be credited to the reserve fund and shall be remitted to the German Government as soon as the reserve fund totals 100 million gold marks.

5. In the event of the interest and sinking fund payments on the railway bonds and industrial debentures not being made at the due date or not being made in full, and of the trustee for the



said bonds asking the commissioner for the payments due for the said interest and sinking fund, the commissioner will have recourse to the reserve fund mentioned under Article 4, and, in so far as the reserve fund proves insufficient to cover the deficiency, the commissioner will retain so much of the amounts to be returned to the German Government pursuant to the above provisions as is sufficient to enable him to effect the payments demanded by the trustee, as well as to restore the reserve fund to its *status quo ante*. The same procedure will be adopted to restore the reserve fund to its former status if the reserve fund has proved sufficient to meet the deficiency. The commissioner shall, instead of returning the funds, hand over to the German Government the redeemed interest coupons and debentures.

In the event of the trustee for the railway bonds or the trustee for the industrial debentures giving notice to the Commissioner of Controlled Revenues that it is to be feared that the periodical payments for interest and sinking fund on the above-mentioned bonds will not be made on their due dates or will not be made in full, the commissioner is entitled to retain as from the day of this communication an amount sufficient to meet the probable deficiencies notified by the trustees. Notice cannot be given by the trustees to the commissioner earlier than six weeks before the due date of the respective interest and sinking fund payments mentioned above, and only from the second year of the execution of the plan onwards. As soon and in so far as the amounts retained prove not to be required for the payment of the interest and sinking fund amounts in question, they shall, together with the interest accrued, be forthwith repaid to the German Government.

6. From the coming into force of the experts' report, the commissioner will have the following rights :

- (a) In order to enable the commissioner to ascertain whether all the assigned revenues have been regularly collected from the taxpayers and have passed through the control administration, he shall be handed every month certified tabular statements containing continuous information concerning each of the controlled revenues, both in their entirety and with regard to every single tax-collecting office. Moreover, the commissioner shall be entitled to inspect the documents and vouchers which form the basis of the monthly schedules drawn up by the "Reichsrechnungsstelle" showing the returns of the controlled revenues, and on the basis of which the "Reichshauptkasse" keeps its accounts of the controlled revenues.
- (b) Furthermore, all the draft laws and ordinances concerning the controlled revenues shall be communicated to the commissioner ; those Bills and ordinances which need the consent of the "Reichsrat" for promulgation simultaneously with their communication to the "Reichsrat" ; all other ordinances simultaneously with their communication to the "Landesfinanzämter". Decrees circulated to the "Landesfinanzämter" regarding the collection of and accounts kept for the assigned revenues shall be communicated to the commissioner at the same time as to the "Landesfinanzämter".

The commissioner and the sub-commissioners will be in permanent contact with the Ministry of Finance. They will have access to the Minister of Finance himself, to the competent Secretary of State and to the competent departmental director, who shall see to it that they and their accredited representatives are placed in touch once and for all with those officials who may be useful to them in the performance of their task. The commissioner is entitled to require any information which he deems useful for the performance of his task. The competent department of the Ministry of Finance shall supply him as quickly as possible with such information and with the requisite documents and data. With a view to procuring such information, the commissioner may also visit provincial or local administrative offices and factories subject to fiscal supervision and may inspect at the above-mentioned offices the books and documents concerning the assigned revenues. For the same purpose he may likewise delegate his representatives or experts. Such visits will be effected by the commissioner or by his mandatory in the company of an official appointed by the Reich Ministry of Finance, unless no official be available at the time desired.

7. The rights of the commissioner as laid down in Article 6 shall be extended :

- (a) If for three consecutive months the amount of the assigned revenues paid to the account of the commissioner is less each month than 120 per cent of one-twelfth of the budget liabilities for the current year (*cf.* Chapters I and II); or
- (b) If for six consecutive months — during which the relevant legislation, and more particularly the tariffs, have remained unmodified — the amount of the assigned revenues paid to the account of the commissioner falls short in all by more than 35 per cent of the amount for the corresponding months of the preceding year, or falls short by more than 30 per cent of the average amount for the corresponding months of the two preceding years; or
- (c) If for six consecutive months — during which the relevant legislation, and more particularly the tariffs, have remained unmodified — the total yield remitted by one of the controlled revenues falls short by more than 50 per cent of the yield remitted during the corresponding month of the preceding years.

The extended rights which the commissioner may exercise either singly or concurrently are the following :

- (a) He may propose that the Reich Minister of Finance should use as strictly as possible, and to their full extent, the powers granted to him by existing laws to increase the yield of the assigned revenues, or he may propose that he should cancel all the facilities and concessions granted under the laws in force, such as the complete or partial remittance or reimbursement of taxes or the granting of respite, etc., until such time as the conditions on which the extension of the commissioner's right was based will have ceased to exist.

In submitting these proposals the commissioner will make due allowance for economic needs, more particularly as regards exports, to the full extent compatible with fiscal requirements.

- (b) He may, except in the case of customs duties, veto measures reducing tariffs for those revenues the receipts of which have decreased; and in the case of all revenues the receipts of which have grown smaller he may protest against the mitigation of penalties or against any measures of a general nature which are liable to diminish or to delay the yield of these revenues. Accordingly, all Bills and ordinances regarding the assigned revenues, as well as all decrees circulated to the "Landesfinanzämter" concerning the collection of and accounts kept for, the assigned revenues, will be communicated to him before being submitted to the "Reichsrat" or to the "Landesfinanzämter". If within a week from the communication of the Bill, etc., the commissioner fails to protest, he is assumed to be in agreement with the Bill, etc.
- (c) He may instruct his mandatories or experts to ascertain the special causes of the decrease in the receipts of certain revenues. For this purpose he may, after notifying the Reich Ministry of Finance, instal representatives or experts in certain "Landesfinanzämter" or in local customs offices or in both. In this case a German official will be associated with them with a view to facilitating the carrying-out of their mandate and to giving them an insight into the details of the internal and external working of the service.
- (d) In the event of the transfer of the receipts of the controlled revenues by the "Oberfinanzkassen" provided in III, 3, having in his opinion given rise to irregularities, the commissioner shall be entitled to claim that the number of important "Zollkassen" which are bound to effect direct payment be increased beyond the number of ten.

The extended rights of the commissioner will lapse when causes which have led to their extension have ceased to exist and this new state of affairs has been maintained for three months.

8. The German Government shall temporarily assign as security — on conditions identical with those regulating the pledging of the former receipts — other indirect taxes sufficient to produce,

jointly with the revenues hitherto assigned, at least one-tenth every month of the budget liabilities for the current year (*cf.* Sections I and II) in any one of the following cases :

- (a) If the receipts of the controlled revenues decline to such an extent that for three consecutive months or for two consecutive months, provided the Minister of Finance has not given effect to the proposals submitted to him by the commissioner (Article 7, paragraph 2 (a), — in spite of a complete absorption of the reserve fund — the commissioner has been unable each month to pay over to the agent for reparation payments one-twelfth of the annual budget liabilities fallen due (*cf.* Sections I and II).
- (b) If the Minister of Finance has not given effect to the proposals submitted to him by the commissioner, and if the receipts of the assigned revenues have not increased to such an extent as to ensure that during the fourth and the two following months after the commissioner has submitted his proposals, the fraction of the assigned revenues handed over to the commissioner will again amount to 120 per cent of one-twelfth of the budget liabilities of the current year.

As soon as the revenues originally assigned considered *per se* have for three consecutive months again produced a minimum of 120 per cent of one-twelfth of the budget liabilities of the current year, the temporary pledging of the new taxes will end. At the same time the rights of the commissioner will again be reduced to those indicated in Article 6.

9. If, on the other hand, the total receipts of the old and new pledged taxes taken together decrease to such an extent that during three consecutive months there cannot be transferred an amount at least sufficient to cover three-tenths of the budget liabilities of the current year, the commissioner shall have the following rights :

He may, after consultation with the agent for reparation payments, require the execution of such measures as, in his opinion, are requisite and appropriate to redress existing shortcomings and to increase the receipts of the fiscal resources the decline of which has caused the deficiency.

If these measures have been taken and applied, and if for at least four consecutive months the taxes assigned as security have yielded each month at least one-tenth of the budget liabilities, the measures shall be repealed in whole or in part, if the Minister of Finance and the commissioner consider that they are no longer necessary.

10. If these measures, in so far as they are covered by existing legislation, are not carried out immediately and, in so far as they involve an alteration of existing legislation, are not carried out within two months, or if they do not lead to the result that at the latest in the fourth month after their coming into force one-tenth at least of the budget liabilities of the current year is handed over, the commissioner shall be entitled to claim, after consultation with the agent for reparation payments, that the administration of these revenues be changed. For this purpose he may claim that one or several autonomous organisations independent of the State be constituted which would have to administer those categories of taxation the failure of which occasioned the deficiency. But, in the event of the Reich Minister of Finance demanding it, such a change of organisation can only be carried out after the arbitrator mentioned under Article 14 has decided that this measure is necessary and apt to increase the returns from taxation so as to guarantee the annual liabilities (*cf.* Sections I and II).

11. The rates of the assigned duties on spirits, tobacco, beer and sugar shall not be reduced by the German Government without the consent of the commissioner.

12. The commissioner shall avoid any interference with the customs tariff policy of the German Government.

13. All the provisions of the present protocol shall be interpreted and applied in such a way as to ensure that the persons charged with the control of the assigned revenues, as well as the experts appointed by the commissioner, will, when not on duty and even beyond the term of their activity as controllers, observe the strictest secrecy regarding the facts that may come

to their knowledge in connection with the control, and more particularly that the fiscal and trade secrets of the business as involved will not be violated.

14. Any divergencies of opinion arising between the commissioner and the German Government with regard to the interpretation of this protocol and more particularly with regard to the rights enjoyed by the commissioner shall, at the request of the German Government or of the commissioner, be decided by an arbitrator to be appointed by the chairman at the time of the Permanent Court of International Justice at The Hague, who, on the demand of the German Government, must be a national of a country other than Germany or the countries represented upon the Reparation Commission. Except in the case covered by Article 10, an appeal to the arbitrator will not operate to suspend action.

15. All expenses incurred by the commissioner, the sub-commissioners and their entire staff shall be met from the fixed annuities to be paid by Germany ; they must not increase the said annuities. Only the supplementary expenses of control occasioned by the fact that the legitimate claims of the commissioner have not been complied with by the German administrative authorities will have to be defrayed by Germany in addition to the budget liabilities mentioned in Chapters I and II. The arbitrator provided in Article 14 will decide whether and to what extent Germany has incurred such a liability.

16. In so far as at the beginning of the last quarter of the second year of the execution of the plan the danger may arise that the sale of preference shares of the company " Deutsche Reichsbahn " or that an internal loan will not produce an amount sufficient to meet the extraordinary liabilities falling due in the course of this year to an amount of 250 million gold marks, the commissioner shall be entitled, at the request of the agent for reparation payments, to retain from the receipts cashed by him during the last three months of the current year and during the first month of the next year a quarter each month of the amount required to cover the deficiency.

17. The provisions of this chapter regarding the assignment of certain revenues as security do not affect the budget liabilities contained in Chapters I and II.

(Signed) OWEN D. YOUNG.