FINAL REPORT OF UNITED STATES LIQUIDATION COMMISSION, WAR DEPARTMENT

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EDWIN B. PARKER

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To the honorable the SECRETARY OF WAR:

The United States Liquidation Commission—War Department was created February 11, 1919, "as the central agency" (1) to dispose of America's surplus war stocks in Europe, and (2) to settle all claims and accounts between Allied Governments and their nationals on the one part and the United States War Department on the other part, growing out of or in anywise connected with the war.

The duties and responsibilities of the Commission have fallen naturally into two general divisions: (1) Sales and (2) settlements of accounts and claims.

SALES.—The stocks, the disposition of which constituted a part of the Commission's task, were located chiefly in France, but some of them were in Great Britain, some in Germany, Holland, Belgium, Spain, Portugal, and Italy. Out of them more than 2,000,000 men were fed, supplied, and equipped pending their return to America at the rate of approximately 250,000 men per month until the return transportation was completed the latter part of 1919. Supplies and equipment of the estimated value of $672,000,000 were returned to the United States. The balance was sold in Europe for $822,923,225.82.

Sales of approximately $108,700,000 were made for cash on delivery; sales of approximately $532,500,000 were made to the French Government; sales amounting to about $29,000,000 were made to Belgium; and sales aggregating $140,100,000 were made to Poland, Czechoslovakia, Serbia, Roumania, and other so-called liberated nations of Central Europe and the Near East. Those made to the nations mentioned are evidenced by their 5 per cent interest-bearing bonds maturing from 2 to 10 years after date. Other sales were made on short-term credits, which have been or are being collected by the appropriate Army services.

The most important sale consummated was what is known as the "Bulk sale to France" of surplus war stocks remaining unsold in France on August 1, 1919; the considerations moving from France

being (*a*) $400,000,000 in 10-year 5 per cent bonds; (*b*) the assumption by France of all rents for installations accruing after August 1, 1919, and the agreement of France to hold America harmless against all claims (numbering approximately 150,000) of every nature whatsoever arising out of American occupation and use of such installations and lands; and (*c*) the waiver by France of all claims whatsoever (conservatively estimated at $150,000,000) for taxes or customs duties on properties imported into France and sold since April 6, 1917.

Eight hundred and eighty-one thousand nine hundred and nine animals were sold for $35,133,065.02.

Pursuant to an act of Congress passed in July, 1919, the Secretary of War, acting through the Commission, delivered to the American Red Cross, without cost to it, medical, surgical, and hospital supplies and equipment, and dietary foodstuffs of the value of $9,964,851.16.

SETTLEMENTS.—The settlement of the mutual claims between the United States War Department and the nations associated with us in the war have for the most part taken the form of a series of contracts of adjustment. Wherever possible, controversies were composed, mutual accounts stated, and a balance struck, so that by this set-off process cash payments were reduced to a minimum. The principal contracts of this nature may be briefly summarized as follows:

(1) A contract whereby France assumed all of our obligations to the railroads of France, covering all services rendered from our entry into the war to October 1, 1919, upon our agreement to pay 434,985,389.73 francs. This payment settles all bills for carrying and re-carrying more than 2,000,000 men over the longest lines of communication of any of the Allied Armies, including their travel on leave; for carrying the American Army of Occupation over French railroads to and from Germany; and for transporting and handling over 15,000,000 tons of freight.

(2) A contract whereby France assumed all obligations to local chambers of commerce and other claimants for costs incurred in raising water levels for our use and benefit and for all charges for port dues for the entry of American vessels in French ports between April 6, 1917, and the time of the complete evacuation of France by American forces, upon our paying 3,000,000 francs.

(3) A contract whereby France assumed all claims of any person, organization, association, corporation, commune, or department of France against America for damage to, use, or loss of property, or injury to or death of persons, arising between April 6, 1917, and December 31, 1919, upon the payment by America of 12,000,000 francs.

(4) A contract of general settlement with France, dated November 25, 1919, finally and for all time disposing of all claims and controversies between France and the War Department of the United States, by the terms of which France acknowledged an indebtedness to America (in addition to the $400,000,000 evidenced by bulk sale bonds) of $177,149,866.86, and America acknowledged an indebtedness to France (in addition to the amounts mentioned in the three preceding paragraphs) of 1,488,619,027.52 francs.

(5) A contract of general settlement with Belgium, dated November 17, 1919, finally and for all time disposing of all claims and controversies between Belgium and the War Department of the United States, by the terms of which Belgium acknowledges a net balance due the United States of $27,162,720.93, evidenced by three-year 5 per cent bonds.

(6) A contract of general settlement with Italy, dated February 18, 1920, finally disposing of all claims between Italy and the War Department of the United States, showing a net balance in favor of Italy of the sum of 29,106,546.75 lire, which has been paid.

(7) Contracts with Great Britain, whereby (*a*) the United States was relieved from the payment of all indemnity claims under contracts for the purchase of artillery and ammunition in process of manufacture, upon the purchase by and delivery to the United States at cost of completed artillery units and ammunition equal to such claims; (*b*) the United States was relieved of a contract to take delivery of 210,000 bales of Australian wool, at a cost of approximately $38,800,000, without the payment of any indemnity; (*c*) the Anglo-American tank enterprise was liquidated, yielding the United States 6,000,000 francs; (*d*) mutual interest claims were settled covering a long period, resulting in the payment to Great Britain of £797,854; and (*e*) the nitrate pool was liquidated.

(8) Numerous claims by nationals of France, Great Britain, Italy, Spain and Switzerland, principally for indemnity growing out of the cancellation of war contracts, have been considered and disposed of; 446 claims which, expressed in dollars at the normal rate of exchange, totaled $17,427,175.41, were settled by the payment of $8,413,984.19; while 53 claims, aggregating in amount $739,894.91, were rejected.

Some conception of the Commission's task can be formed from (*a*) the statement of amounts involved in the settlements negotiated and actually consummated by and under the direction of the Commission of mutual accounts and claims between the United States War Department on the one part and the Allied Governments and their nationals on the other part (which settlements were where possible

consummated through set-offs without cash payments) and (*b*) the amount of sales of property made by the Commission, as follows:

Amounts involved in settlements:	
Settlements with France	$748,892,004.82
Settlements with Great Britain	112,996,912.16
Settlements with Belgium	2,279,827.12
Settlements with Italy	12,620,173.75
Settlements with individuals, associations, and others	17,427,175.41
Total amount involved in settlements	893,716,093.26
Amounts of sales:	
Bulk sale to France	400,000,000.00
Other sales, stated in dollars	377,905,193.23
Other sales, stated in francs and converted	45,018,032.59
Total amount of all sales	822,923,225.82

The Commission was created February 11, 1919. The two remaining commissioners are herewith tendering their resignations on this the 31st day of May, 1920. The total expenses incurred and disbursements made by the Commission aggregate $222,883.17. These expenditures are a trifle less than thirteen one-hundred-thousandths (0.00013) of the amounts involved in settlements made and sales negotiated by the Commission.

There is annexed to this report a brief review of the activities of this Commission. There is also forwarded a bound volume of the minutes of the daily meetings, comprising 470 closely typewritten pages, with an index. The files of the Commission have been reviewed, indexed, and delivered to your representative.

The Commission desires to acknowledge the loyal and efficient services rendered by the several members of its staff, without which the performance of its tasks would have been impossible. It is also the pleasure and privilege of this Commission to acknowledge that in the performance of its tasks it has had the wholehearted and efficient support, assistance, and co-operation of the military forces, particularly of Gen. John J. Pershing, commander-in-chief of the American Expeditionary Forces; of Maj. Gen. J. G. Harbord, commanding general of the Services of Supply, and later of his successor, Brig. Gen. William D. Conner; and the chiefs of all of the services and the members of their respective staffs. While the Commission sometimes found itself handicapped and its work impeded for want of complete and accurate records, the only wonder is that the records were as nearly complete and accurate as we found them. The whole heart and mind and effort of the American Expeditionary Forces were bent on driving forward to win the war, not to make paper records, and the ordinary rules of business and of commercial usages did not and should not have obtained. For this and

other reasons, it was particularly important that our liquidation in Europe should be accomplished as speedily as possible and before the officers and men who were familiar with various undertakings should be demobilized and their services no longer available. It is believed that not the least of the beneficial effects flowing from this speedy liquidation was the rendering possible of the prompt return to their homes and to their normal pursuits of our soldiers drawn from civil life. The evacuation of Europe by American troops has been accomplished in a phenomenally short time, and the work of liquidation of both stocks and claims has kept pace with it. The United States has been relieved of the trouble breeding task and of the enormous overhead expense of disposing at retail of the irregular, unbalanced, and rapidly deteriorating stocks located 3,000 miles from home. The settlement of claims has eliminated countless opportunities for annoying controversies which might have proved endless sources of bitterness between us and the Governments and peoples of our Allies. Slightly over a year after the signing of the armistice, we find the Army home, bringing with it the good-will of the Governments and their nationals with whom America made common cause, the surplus stocks have been sold, and practically every claim settled.

Respectfully submitted,

EDWIN B. PARKER,
Chairman, United States Liquidation Commission—
War Department.

WASHINGTON, D. C., *May 31, 1920.*