TERMINATING THE OFFICE OF
ALIEN PROPERTY

HEARING AND MARKUP
BEFORE THE
COMMITTEE ON FOREIGN AFFAIRS
AND ITS
SUBCOMMITTEE ON INTERNATIONAL ECONOMIC
POLICY AND TRADE
HOUSE OF REPRESENTATIVES
NINETY-SIXTH CONGRESS
SECOND SESSION
JULY 31 AND SEPTEMBER 24, 1980

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(iii)
TERMINATING THE OFFICE OF ALIEN PROPERTY

TUESDAY, JULY 31, 1980

HOUSE OF REPRESENTATIVES,
COMMITTEE ON FOREIGN AFFAIRS,
SUBCOMMITTEE ON INTERNATIONAL
ECONOMIC POLICY AND TRADE,
Washington, D.C.

The subcommittee met at 2:05 p.m. in room 2200, Rayburn House Office Building, Hon. Jonathan B. Bingham (chairman of the subcommittee) presiding.

Mr. BINGHAM. The Subcommittee on International Economic Policy and Trade will be in order.

The subcommittee meets today for the consideration of H.R. 7729, a bill which would complete the administration of enemy property vested during World War II, terminate the Office of Alien Property in the Department of Justice, and authorize the use of the vested assets for an ex gratia payment of $20,000 to the Government of Switzerland in settlement of a longstanding claims dispute with that government.

The vesting and distribution of alien property is carried out under the authority of the Trading with the Enemy Act, which is under the jurisdiction of this subcommittee.

I introduced H.R. 7729 ¹ by request on July 2. The legislation was forwarded to the Speaker on June 13, by Executive Communication 4634, along with all necessary background for the request. The communication was preceded by consultation with staff.

It is my understanding that this is essentially a housekeeping bill. I know of no opposition to it or problems with it, and it is my hope that the subcommittee will order the bill reported at the close of today’s hearing, which I anticipate will be very brief.

To explain the legislation, we have with us Mr. Bruno Ristau, Director, Office of Foreign Litigation, Civil Division, Department of Justice; and Mr. Ely Maurer, Assistant Legal Adviser, Department of State.

I would like to welcome you both to the subcommittee.

Mr. Ristau, I understand you would like to lead off.

STATEMENT OF BRUNO A. RISTAU, DIRECTOR, OFFICE OF
FOREIGN LITIGATION, CIVIL DIVISION, DEPARTMENT OF JUSTICE

Mr. RISTAU. Thank you, Mr. Chairman.

Mr. Chairman, I have a short prepared statement. If you so desire, I shall read it, or I would be pleased to summarize it.

¹ The text of H.R. 7729 appears in the appendix, p. 25.
Mr. Bingham. The statement will be inserted in the record in full, without objection. We would be happy to have you summarize it.

Mr. Ristau. Thank you, Mr. Chairman.

As you indicated, the purpose of the bill is to terminate the functions of the Office of Alien Property, which is now in the Civil Division of the Department of Justice. I am pleased to be able to report to you, Mr. Chairman, that we have terminated all litigation and all claims which arose as a result of the administration of the vested property program.

We have liquidated all remaining assets. We have now paid over into the War Claims Fund the major portion of the recovery; all that is left in the Office of Alien Property is a small amount. We are asking in the bill for Congress to authorize us to close the books of the Office of Alien Property; the small amount that is left over and any future recoveries would either be paid into the general receipts account of the Treasury or, alternatively as Congress may authorize, used for future administrative expenses which we will continue to incur in attending to certain business of the Office of Alien Property, which is bound to stay with us for a number of years to come.

That, Mr. Chairman, in short is the purpose of the bill.

[Mr. Ristau's prepared statement follows:}
Mr. Chairman and Members of the Subcommittee:

I am Bruno A. Ristau, Director of the Office of Foreign Litigation in the Civil Division of the Department of Justice. As part of my duties, I have attended for the past two years to the remaining litigation and claims involving the World War II vested property program, and I have overseen and directed the administrative functions of the Office of Alien Property ("O.A.P.")

I appear today pursuant to the invitation extended by the Chairman to submit the views of the Department on H.R. 7729. The principal feature of the bill is to complete the administration of enemy property vested during World War II and to terminate the O.A.P. by September 30, 1980.

The O.A.P. is responsible for administering, liquidating, and disposing of the interests in property of the United States which was vested under the Trading with the Enemy Act in World War II. Assets administered and disposed of by the Office have included business concerns, real estate, personal property, mortgages, estates, trusts, patents, copyrights, trademarks, stocks, bonds, and objects of art.

To the extent possible, vested property was reduced to cash by sale or liquidation. Beginning in 1946, through various amendments to the Trading with the Enemy Act, the Congress directed the disposition of the proceeds from the sale of vested property. Thus, Section 32 permitted the return to certain non-hostile persons; Section 34 provided
for the payment of debt claims to American creditors of
enemy nationals; Sections 40 through 42 directed the divest-
iture of future interests in certain types of property; and
Section 43 provided for the transfer of motion picture
prints to the Library of Congress. Section 39 directed the
transfer of the net proceeds of vested property to the War
Claims Fund, established in the Treasury; in turn, that Fund
was used to satisfy awards made under the War Claims Act of
1948, as amended.

As of September 30, 1979, the O.A.P. vested and disposed
of approximately $900-mil. worth of enemy property. In
excess of $495-mil. of that amount was covered into the War
Claims Fund; the balance was either returned to non-hostile
persons or used to pay judgments, debt claims, administrative
expenses, and to make other payments as authorized or directed
by Congress from time to time.

Appendix "A" to this statement sets forth the cash
receipts and disbursements of the Office of Alien Property
as of September 30, 1979.

Appendix "B" sets forth a summary of the claims programs
administered by the Foreign Claims Settlement Commission and
its predecessor, the War Claims Commission, under the War
Claims Act of 1948, as amended; as noted, these claims were
paid with moneys covered into the War Claims Fund.

Appendix "C" sets forth the status of the War Claims
Fund in the Treasury as of July 30, 1980.
The Department of Justice made a concentrated effort for the past two years to liquidate all remaining vested properties; to cover into the War Claims Fund all unobligated balances; and to retire all non-essential records and files of the Office. As a result of these efforts, $9.3-mil. was paid into the War Claims Fund last year, leaving a balance of $312,000 in the Alien Property Fund as of October 1, 1979.

We have now completed the liquidation of all but one of the vested business enterprises in which the O.A.P. had an interest.*/ We have also liquidated all remaining vested assets. As a result, we have collected in the current fiscal year an additional amount of approximately $100,000. There are no further assets left for sale or liquidation.

All litigation and claims adjudication arising out of the administration of the Trading with the Enemy Act has now been completed. Past experience, however, teaches that there will be some minimal collection of further sums in future years (e.g., assets that were written off as worthless may again become marketable).

*/ One account carried on the books of the O.A.P. remains open: it involves the payment of an annuity to the widow of an employee of a German pharmaceutical company whose American subsidiary was vested during World War II. The employee was granted a survivorship annuity by the office of Alien Property out of the vested assets of the American subsidiary. The annuity is paid by means of interest earned on U.S. Treasury bonds owned by the vested subsidiary. Once the obligation to pay the annuity to the surviving widow is terminated, the company will be liquidated.
By statutory directive, the books of the O.A.P. must be audited annually by outside auditors. The maintenance and audit of the books results in an administrative burden and expense wholly disproportionate to the results achieved. I submit that the books of the O.A.P. should now be closed. Absent express Congressional authorization, the Department of Justice will continue to keep the O.A.P. books open and continue to transfer the future de minimis collections piecemeal into the War Claims Fund. In turn, the Treasury will continue to make disbursements on a pro rata basis to those award holders whose awards have not been satisfied in full. The administrative expenses incurred by the Department of Justice in maintaining the requisite records and in transferring and distributing potential future collections from vested property are likely to equal the amounts collected and distributed. In consequence, the stage has now been reached where the World War II alien property program should be terminated with final effect. -- H.R. 7729 is designed to accomplish that result.

Turning to the bill, new Sec. 39A(1) and (2) would direct that no further transfers be made to the War Claims Fund after the effective date of the law. The remaining balance in the Office of Alien Property Account and any
future collections would be covered into the general receipts account of the Treasury, less any amount that Congress may authorize from time to time to cover the administrative expenses of handling of alien property matters—rent, correspondence, Congressional inquiries, and records administration).*/

Internally, the administration of the remaining open account and any future collections would be transferred to the Office of the Controller, Justice Management Division. That office would keep the records of future collections and would cause them to be covered into the Treasury. It is, I submit, wasteful to keep the Office of Alien Property alive for the sole purpose of making, and accounting for, these minimal collections. The Civil Division of the Department would continue to be responsible for inquiries and correspondence involving the World War II vested property program. (We still get occasional inquiries about the World War I program, and we can anticipate correspondence on the WWII program for many years to come.)

This then would complete the administration of the World War II vested property program.

New Sec. 39A(2)(B) of the bill would authorize the payment of $20,000 to Switzerland. That provision has been inserted in the bill at the behest of the State Department. The representative from the Department of State will address that aspect of the bill.

*/ For fiscal year 1980, Congress authorized $105,000 for the general administration expenses of alien property activities, including rent of office space. Pub. L. 96-98, Sep. 24, 1979, 93 Stat. 416, 419.
APPENDIX "A" * /

OFFICE OF ALIEN PROPERTY

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS

AS AT SEPTEMBER 30, 1979

<table>
<thead>
<tr>
<th>CASH RECEIPTS</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash receipts from vested property:</td>
<td></td>
</tr>
<tr>
<td>Principal</td>
<td>$782,203,587.80</td>
</tr>
<tr>
<td>Income</td>
<td>82,470,234.62</td>
</tr>
<tr>
<td>Total Receipts</td>
<td>$864,673,822.42</td>
</tr>
<tr>
<td>Cash receipts from non-vested property</td>
<td>2,168,197.77</td>
</tr>
<tr>
<td>Expenses recovered from Satellite Assets Fund</td>
<td>397,348.72</td>
</tr>
<tr>
<td>Transfer from Safekeeping Funds</td>
<td>48,313.94</td>
</tr>
<tr>
<td>Total Receipts</td>
<td>$867,287,682.85</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CASH DISBURSEMENTS</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Transfer to the War Claims Commission (and its successor, the Foreign Claims Settlement Commission)</td>
<td>$495,550,000.00</td>
</tr>
<tr>
<td>Payment of title and debt claims, Sec. 9(a) suits and compromise settlements</td>
<td>228,665,351.66</td>
</tr>
<tr>
<td>Administrative expenses</td>
<td>62,931,927.67</td>
</tr>
<tr>
<td>Direct expenses, taxes, repairs, inter-custodial payments, war production royalties, etc.</td>
<td>78,192,030.44</td>
</tr>
<tr>
<td>Cash transferred to U.S. Treasury under Sec. 202(b) of International Claims Settlement Act</td>
<td>1,636,369.34</td>
</tr>
<tr>
<td>Total Disbursements</td>
<td>$866,975,679.11</td>
</tr>
</tbody>
</table>

| Balance September 30, 1979 | $312,003.74 |

* Source: Annual Report of the Office of Alien Property for the Fiscal Year ended September 30, 1979 (not yet submitted to Congress)
1. War Claims Act of 1948

<table>
<thead>
<tr>
<th>Title</th>
<th>Type of Claim</th>
<th>Filing Period</th>
<th>No. of Claims</th>
<th>No. of Denials</th>
<th>No. of Awards</th>
<th>Amount of Awards</th>
<th>Program Completed</th>
</tr>
</thead>
<tbody>
<tr>
<td>1(a)</td>
<td>Members of U.S. Armed Forces held as prisoners of war during World War II—$1 per day for inadequate food rations</td>
<td>1/10/50-3/31/52</td>
<td>280,315</td>
<td>1,098,590</td>
<td>175,725</td>
<td>$4,915,359</td>
<td>3/31/55</td>
</tr>
<tr>
<td>5(a)</td>
<td>U.S. civilians interned by Japanese or in holding in U.S. territories and possessions during World War II—$5 per month</td>
<td>do</td>
<td>23,000</td>
<td>12,740</td>
<td>8,260</td>
<td>12,679,329</td>
<td>do</td>
</tr>
<tr>
<td>7(a)</td>
<td>U.S. affiliated religious organizations and persons for reimbursement for aid furnished to U.S. Armed Forces and civilians during World War II in Philippines</td>
<td>do</td>
<td>10,554</td>
<td>10,159</td>
<td>35</td>
<td>2,856,500</td>
<td>do</td>
</tr>
<tr>
<td>5(b)</td>
<td>Members of U.S. Armed Forces held as prisoners of war during World War II—$1.50 per day for forced labor and inhuman treatment</td>
<td>4/9/52-6/30/54</td>
<td>254,228</td>
<td>75,328</td>
<td>178,800</td>
<td>73,492,626</td>
<td>do</td>
</tr>
<tr>
<td>7(b-43)</td>
<td>U.S. affiliated religious organizations for damages or loss of possessions and other non-religious facilities in Philippines during World War II</td>
<td>do</td>
<td>85</td>
<td>4</td>
<td>48</td>
<td>17,238,597</td>
<td>do</td>
</tr>
<tr>
<td>5(f)</td>
<td>U.S. civilian employees of contractors interned by Japanese in U.S. territories and possessions during World War II—$50 per month</td>
<td>8/31/54-8/31/55</td>
<td>2,980</td>
<td>746</td>
<td>2,222</td>
<td>4,082,665</td>
<td>8/31/56</td>
</tr>
<tr>
<td>15</td>
<td>U.S. civilians serving in Armed Forces of U.S. Allies held as prisoners of war during World War II—$50 per day</td>
<td>do</td>
<td>256</td>
<td>59</td>
<td>206</td>
<td>355,636</td>
<td>do</td>
</tr>
<tr>
<td>16</td>
<td>U.S. merchant seamen interned during World War II (not covered under Sec. 5(g))—$40 per month</td>
<td>do</td>
<td>385</td>
<td>124</td>
<td>171</td>
<td>333,594</td>
<td>do</td>
</tr>
<tr>
<td>7(f)</td>
<td>Non-U.S. affiliated religious organizations in Philippines of same denomination as religious organizations functioning in U.S. for reimbursement for aid and damages as covered under Sec. 7(b-43)</td>
<td>6/8/56-6/7/57</td>
<td>109</td>
<td>67</td>
<td>42</td>
<td>8,711,482</td>
<td>6/8/58</td>
</tr>
<tr>
<td>50</td>
<td>Detention benefits to Guamanians captured by Japanese on Wake Island during World War II—$50 per month</td>
<td>8/31/62-2/28/63</td>
<td>35</td>
<td>0</td>
<td>35</td>
<td>91,752</td>
<td>12/31/63</td>
</tr>
</tbody>
</table>

Title II

<table>
<thead>
<tr>
<th>Title</th>
<th>War damage or loss to property in certain Eastern European countries and territories of property damage to ships, losses to insured, passengers on ships</th>
<th>7/15/65-1/15/65</th>
<th>22,005</th>
<th>15,566</th>
<th>7,038</th>
<th>224,782,620</th>
<th>5/17/67</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(4/7/58-7/7/57)</td>
<td>40</td>
<td>11</td>
<td>40</td>
<td>52,076,548</td>
<td>9/4/77</td>
<td></td>
</tr>
</tbody>
</table>

Total, All Programs: 603,819 380,850 551,714,186

1 Many thousands of claims for prisoners of war benefits were from residents in U.S. possessions and territories occupied by enemy forces during World War II who died before benefits could be paid. But were not officially listed as members of duly recognized units of the Armed Forces of the U.S. during World War II. Accordingly, such residents were not entitled to benefits of prisoners of war benefits, even though the number of disbursements.

These dates, numbers, and amount represent proxies and additional awards granted pursuant to Section 915 of Public Law 94-542, approved October 30, 1976.
APPENDIX "C" 2/

STATUS OF WAR CLAIMS FUND, JULY 30, 1980

Deposits:

Funds received in Treasury for administration by Bureau of Government Financial Operations............$252,985,000.00

Funds received in Treasury for administration by War Claims Commission and Foreign Claims Settlement Commission ................... 242,565,000.00

Total Deposits ............................$495,550,000.00

Payments by Bureau of Government Financial Operations:

Amount available for payment of claims .............................................$252,985,000.00

Payments made to claimants .............. 252,349,049.04 1/

Unpaid to claimants .................. $635,950.96

1/ This amount includes an overpayment of $421,085.75. The claimants who received the overpayment are being requested to refund the overpayment to the Treasury. The amount received will be paid to the claimant who was not included in the final distribution.

Mr. Bingham. Thank you.
Mr. Maurer.

STATEMENT OF ELY MAURER, ASSISTANT LEGAL ADVISER, DEPARTMENT OF STATE

Mr. Maurer. Mr. Chairman, I am Assistant Legal Adviser for Educational, Cultural, and Public Affairs in the Department of State. As part of my duties I have responsibility for legal problems relating to the World War II vesting of enemy assets. I am pleased to have the opportunity to appear before this subcommittee to express the State Department's support of H.R. 7729, a bill to amend the Trading with the Enemy Act in order to authorize the use of assets vested under that Act for an ex gratia payment of $20,000 to the Government of Switzerland and to provide for the deposit in the Treasury of the remainder of such assets.

My statement supplements the administration's views as communicated to the House in the Justice Department letter of June 13, 1980. The Department of State wishes to address itself particularly to section 39A(2)(B) which was inserted into the bill of the Department of Justice at the specific behest of the State Department. Subsection (B) authorizes payment of $20,000 in accordance with an agreement entered into by the Government of Switzerland and the U.S. Government on March 12, 1980.

The text of that agreement was included as an enclosure in the letter of June 13, 1980, to the Congress and is also attached to this statement for ready reference. I draw your attention to the terms of the agreement. The agreement in its preambular paragraph refers to claims put forward by the Government of Switzerland with respect to assets in the United States vested by the United States under the Trading with the Enemy Act.

The first numbered provision of the agreement calls for the payment of $20,000 in full and final settlement of any and all claims of the Government of Switzerland and its nationals for assets vested by the United States and provides that such a payment is made ex gratia without prejudice to the views of either Government as to the validity of the claims involved.

The second numbered provision of the agreement states that the payment of $20,000 is subject to the enactment of legislation by the U.S. Congress making available the necessary funds.

The background of this agreement is as follows. Since 1963 the Swiss Government has been pursuing with the U.S. authorities three categories of claims involving assets vested by the alien property custodian as German enemy property during World War II or shortly thereafter. These categories and the principal amounts involved are: Category I—Swiss citizens resident in Germany ($40,000); category II—Swiss women who married Germans and became German nationals ($600,000); category III—Swiss shareholders in U.S. corporations who cannot prove their predecessors in interest were nonenemy ($60,000).

1 Executive Communication 4634 is retained in committee files.
The U.S. authorities have taken a negative view on these claims over the years and recently the Swiss Government has been emphasizing only the claims in category I involving the assets in the United States vested by the alien property custodian and belonging to the Swiss citizens resident in Germany during the war.

While the United States continues to dispute the validity of the Swiss claims in this last category of vested assets, we consider that a settlement is desirable on the basis, inter alia, of the following factors: The absence of exact international law precedents; the smallness of the amounts involved; the disproportionate expenses involved in continuing the dispute on this matter; and the desirability of removing a long-standing irritant in our relations with the Swiss Government.

In light of the above factors, representatives of the Department of State and Justice explored informally with representatives of the Swiss Embassy a final settlement and compromise of all outstanding claims on the basis of an ex gratia payment of $20,000 without prejudice to the legal position of either Government.

Further, the Swiss were informed that the payment of any settlement was subject to the enactment of legislation making the funds available. The Swiss Government indicated that it was agreeable to such a settlement and accordingly, after informal and favorable consultation with the staffs of the appropriate House and Senate committees about the needed legislation, the Department of State exchanged notes with the Swiss Embassy on March 12, 1980, agreeing on the settlement with the terms as described previously.

The State Department urges the passage of H.R. 7729 to bring about the desirable and final resolution of these claims with the Swiss Government.

This concludes my statement. I will be pleased to answer any questions you might have.

[The attachment to Mr. Maurer's statement follows:]
Sir:

I have the honor to refer to discussions between representatives of the Department of State and representatives of the Embassy of Switzerland relating to claims put forward by the Government of Switzerland with respect to assets in the United States vested by the United States under the Trading With the Enemy Act.

On behalf of the Government of the United States, I wish to make the following proposal of settlement:

1. The Government of the United States of America shall make and the Government of Switzerland shall accept payment of a sum of $20,000 in full and final settlement of any and all claims of the Government of Switzerland and its nationals concerning assets in the United States vested by the United States. This payment is made ex gratia without prejudice to the views of either Government as to the validity of the claims involved.

The Honorable

Franz E. Muheim,

Charge d'Affaires ad interim
of Switzerland.
2. This payment is subject to the enactment of legislation by the United States Congress making available the necessary funds.

If the foregoing proposal is acceptable to the Government of Switzerland, your reply to that effect and this note shall constitute an agreement effective as of the date hereof.

Accept, Sir, the renewed assurances of my highest consideration.

For the Secretary of State:

[Signature]

March 12, 1980
Excellency,

I have the honor to acknowledge receipt of your note of today's date relating to claims of the Government of Switzerland involving assets in the United States vested by the United States, which note contains a proposal of settlement as follows:

1. The Government of the United States of America shall make and the Government of Switzerland shall accept payment of a sum of $20,000 in full and final settlement of any and all claims of the Government of Switzerland and its nationals concerning assets in the United States vested by the United States. This payment is made ex gratia without prejudice to the views of either Government as to the validity of the claims involved.

2. This payment is subject to the enactment of legislation by the United States Congress making available the necessary funds.

The Honorable
Cyrus R. Vance
The Secretary of State
Washington, D.C.
The proposal made in your note is acceptable to the Government of Switzerland, and I confirm that your note and this reply shall constitute an agreement effective as of the date hereof.

Accept, Excellency, the renewed assurances of my highest consideration.

The Chargé d'Affaires of Switzerland a.i.

[Franz E. Muheim]
Mr. Bingham. Thank you.

After this ex gratia payment is made, if it is made, how much will be left? In other words, how much of these assets reverts to the Treasury?

Mr. Ristau. Mr. Chairman, approximately $300,000.

Mr. Bingham. Will an appropriation bill be necessary in addition to the authorization contained in this act?

Mr. Ristau. Yes; sir. Forgive me, Mr. Chairman. Was your question addressed toward the payment to Switzerland?

Mr. Bingham. Of $20,000.

Mr. Ristau. Oh, I don't believe so, Mr. Chairman.

Mr. Bingham. Could you tell us what sections (b) through (e) of section 39 of the Trading With the Enemy Act, which are being repealed by this bill, provide?

Mr. Ristau. Those sections, Mr. Chairman, provided that the Attorney General, as successor to the alien property custodian, pay into the war claims fund all amounts realized from the liquidation of vested enemy property. In consequence, over the period of years beginning in the late 1950's, the Department has paid a total of $495 million into the war claims fund, as disclosed in appendix A to my statement.

As I mentioned, Mr. Chairman, these are proceeds from vested property. As the chairman knows, the Trading With the Enemy Act mandates that the proceeds from vested property be disposed of as Congress shall from time to time direct. Congress generally directed, in section 39 and the sections which we now propose to be repealed, that these amounts be paid into the war claims fund.

We have paid everything except for the remaining balance of about $300,000, Mr. Chairman. We expect that perhaps in the next few years there may be some additional minor recoveries, in any event not exceeding $100,000. But we submit this legislation because we feel that we ought to be authorized now to close the books and not to keep this office alive any more, so that future recoveries would be paid into the general receipts of the Treasury, as are all other recoveries, and not paid into the war claims fund any more.

Mr. Bingham. Would that adversely affect any claimant?

Mr. Ristau. In a minute way it would, Mr. Chairman, because there is a number of large awards granted by the Foreign Claims Settlement Commission to claimants under the World War II claims program which have not been satisfied. Very roughly, I believe there is $80 million of unsatisfied claims. There simply is no money left. I doubt very much if the balance of those claims will ever be paid; $225 million was paid out. We are $80 million short.

So, to the extent that we do not pay these $300,000, of course, that will be a minute fraction of a percent that is not going to be distributed. But I submit to you, Mr. Chairman, the administrative expense in having to pay that to the Treasury and having the Treasury make pro rata distribution of these future truly minimal recoveries, very frankly, is not justified.

Mr. Bingham. On what basis do you estimate the amount of these minimal recoveries?

Mr. Ristau. There is really one recovery that we know we are going to make in the future, but we don't know whether it will be 2 years
hence or 5 years hence or 10 years hence. We have $100,000 invested in Treasury bonds. In turn, the interest that is earned on those bonds is used to satisfy an annuity obligation that the Alien Property Office has. I set this forth in greater detail in the footnote on page 3 of my statement.

That annuity will have to be paid to the person receiving it as long as she is alive. Once that obligation is terminated, that $100,000 will become free, and that amount will either be paid into the general receipts account, if this bill passes, or it would at some future time be paid into the war claims fund or be used for administrative expenses by the Department of Justice.

The chairman will remember, perhaps, that the Trading With the Enemy Act requires that the administrative expenses of the Office of Alien Property be charged against the proceeds realized from the vested property; the program was a self-sustaining program and tax receipts were not used for the administrative expenses of the Office of Alien Property.

We would be coming back, presumably in the next year, to ask the Congress to permit us to charge off the remaining administrative expenses that we are incurring against the small balance that is left before the rest is paid into the general receipts account.

Mr. Bingham. Do you know of any opposition to this legislation on the part of any of the claimants whose claims remain unsatisfied?

Mr. Ristau. Mr. Chairman, I know of none, but manifestly, candor requires me to tell you that to the best of my knowledge, the claimants who have unsatisfied claims have not been furnished copies of this proposed bill.

Mr. Bingham. Has anything appeared in the Federal Register on this subject?

Mr. Ristau. No, Mr. Chairman.

Mr. Bingham. Does this bill relate in any way to World War II claims issues that are still outstanding, such as the Czech claims issue that is before this subcommittee?

Mr. Ristau. No; it does not, Mr. Chairman, not at all.

Mr. Bingham. Would this bill affect the implementation of any claims agreements, such as that with the People's Republic of China?

Mr. Ristau. No, Mr. Chairman, it would not.

Mr. Bingham. So, to the best of your knowledge, gentlemen, this really is a housekeeping bill. You don’t know of any opposition to it and have no reason to expect opposition in the future.

Mr. Ristau. That is a fair characterization, Mr. Chairman; yes, sir.

Mr. Bingham. Mr. Maurer, how is it you don’t have general authority, for example, to use vested assets to make this ex gratia payment?

Mr. Maurer. We went into this very carefully with the help of our colleague, here. We do have authority in 22 United States Code to handle claims for certain torts that are committed by our Embassy people up to a certain amount. But uniformly we don’t have authority to pay out money outside the tort field, and certainly in this field of vested assets, we have been faced several times with the need of going up for legislation.
For instance, in section 39(e), which you referred to before, there is another agreement which we made with respect to turning back German Embassy property—I am sorry, not German Embassy property but German paintings—pursuant to an agreement which we made with the German Government. As a matter of fact, this particular provision that we have here was once modeled after section 39(e) but there are other instances that my colleague could point out even better than I where we returned Italian assets by legislation, Austrian assets by legislation.

So that there is a pattern here that if we want to use the vested assets vested by the Office of Alien Property, we need legislation in line with the constitutional mandate that only Congress can dispose of property of the United States.

Mr. Ristau. If I may add, Mr. Chairman, the Trading With the Enemy Act is quite clear that property vested or seized under the authority of that act becomes property of the United States. There is a specific provision in the act that once it becomes property of the United States, it shall be disposed of only as Congress shall specifically direct.

Mr. Bingham. Thank you. Just one final question, and I don't mean to embarrass you, but I have been provided with a copy of a Senate report dated March 1966, in which the following statement appears: "The Department of Justice expects to complete the administration of World War II vested property and to terminate the Office of Alien Property by June 30, 1966." That is 14 years ago.

Mr. Ristau. I am very mindful of that representation, Mr. Chairman. Seriously, little did we realize then how many claims and how many law suits would still be filed, and how prolonged they would be. In fact, I am pleased to be able to report to you I tried the last law suit in April of this year in Louisville, Ky.

Prior to the disposition of that law suit, we simply could not terminate the program because of the $300,000 left over in the Office of Alien Property. A quarter of a million was involved in that law suit, and we were directed in the Trading with the Enemy Act that as long as there were any claims against the proceeds, they could not be paid into the war claims fund; and, as the chairman knows, any law suit can be won or lost.

We might have lost this suit and we would have paid out $250,000 by way of a judgment. I am pleased to be able to tell you that we didn't lose the case. That is why we have a little overage now, but it is in large measure, Mr. Chairman, the pendency of law suits which did not permit us to close the account books earlier.

Mr. Bingham. Thank you. I would say that was a very good explanation. In any event, it seems to be a case of better late than never.

Mr. Ristau. Indeed.

Mr. Bingham. Mr. Pease.

Mr. Pease. Mr. Chairman, I have no questions.

Mr. Bingham. Thank you very much, gentlemen, I appreciate your being with us and your exposition.

I would like to proceed now to markup of H.R. 7729. As indicated, this seems to be a noncontroversial bill, a matter of housekeeping, to wind up one of the units established in World War II. I think the
subcommittee could proceed to report this favorably to the full committee.

Do I entertain such a motion?

Mr. Pease. Mr. Chairman, if no other senior member of the subcommittee desires to make the motion, I would be glad to move that the subcommittee report H.R. 7729 with a recommendation for passage by the full committee.

Mr. Bingham. I thank the gentleman from Ohio. If there is no objection, that motion is agreed to.

The subcommittee stands adjourned.

[Whereupon, at 2:35 p.m., the subcommittee adjourned, to reconvene at the call of the Chair.]
TERMINATING THE OFFICE OF ALIEN PROPERTY

WEDNESDAY, SEPTEMBER 24, 1980

HOUSE OF REPRESENTATIVES,
COMMITTEE ON FOREIGN AFFAIRS,
Washington, D.C.

The committee met at 10 a.m. in room 2172, Rayburn House Office Building, Hon. Clement J. Zablocki (chairman) presiding.

Chairman ZABLOCKI. The committee will please come to order.

We meet this morning to consider and vote on two measures, H.R. 7729, to amend the Trading With the Enemy Act in order to authorize the use of assets vested under that act during World War II for an ex gratia payment of $20,000 to the Government of Switzerland and to provide for the deposit in the Treasury of the remainder of such assets; and House Concurrent Resolution 434, concerning the disappearance of Raoul Wallenberg.

On H.R. 7729 the Chair was about to recognize the gentleman from New York, Mr. Bingham, but it is the Chair's understanding that Mr. Bonker, the gentleman from Washington, as a member of the Subcommittee on International Economic Policy and Trade, will elaborate on the details of H.R. 7729.

Mr. Bonker.

Mr. Bonker. Thank you, Mr. Chairman.

The bill before the committee comes from the Subcommittee on International Economic Policy and Trade and the chairman of that subcommittee, Mr. Bingham, asked that I present the bill this morning, and also to express to you his appreciation for placing this bill on the agenda.

The Senate is waiting for it and is prepared to accept it by unanimous consent. It is a routine housekeeping bill and should take only a few minutes of the committee's time.

Since this is the season to be running against “Big Government” I would advise my colleagues that this is the kind of bill they would like to vote for because it abolishes a Justice Department office that has been in existence since World War II and now costs about $100,000 a year to operate.

H.R. 7729 would complete the administration of enemy property vested during World War II; terminate the Office of Alien Property in the Department of Justice; and authorize the use of the vested assets for an ex gratia payment of $20,000 to the Government of Switzerland in settlement of a long-standing claims dispute with that Government.

Mr. Chairman, this amount is in one of three categories of claims by the Swiss Government that is under consideration by the adminis-
tration for payment, involving assets vested by the alien property custodian as German enemy property during World War II or shortly thereafter. This category, category 1, involves Swiss citizens resident in Germany. The amount of that claim is $40,000, but it was negotiated by the administration and is now at $20,000.

So, it is a just amount and settlement. It has the support of both the Departments of State and Justice, and I would like to ask unanimous consent that Mr. Bingham's comments be included in the record, and I urge my colleagues to adopt the resolution.

Chairman Zablocki. Without objection, so ordered.

[Mr. Bingham's statement follows:]

STATEMENT OF HON. JONATHAN B. BINGHAM, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW YORK

Mr. Chairman, I appreciate your putting this bill on the agenda today. The Senate is waiting for it and is prepared to accept it by unanimous consent. It is a routine housekeeping bill and should only take a couple of minutes of the committee's time. And I trust all members who are running against big government this year will vote for it, because it would abolish a Justice Department office that has existed since World War II, and now costs about $100,000 a year to operate.

H.R. 7729 would complete the administration of enemy property vested during World War II, terminate the Office of Alien Property in the Department of Justice, and authorize the use of the vested assets for an ex gratia payment of $20,000 to the Government of Switzerland in settlement of a longstanding claims dispute with that Government. The vesting and distribution of alien property is carried out under the authority of the Trading With the Enemy Act, which is under the jurisdiction of this committee.

I introduced H.R. 7729 by request on July 2. The Subcommittee on International Economic Policy and Trade held a hearing on the bill on July 31, with witnesses from the Departments of Justice and State. The subcommittee was satisfied at that time that the bill deals with a routine administrative matter.

A brief explanation of the bill is contained in the letter from the Justice Department, transmitting the proposed legislation, which is before the members. Very briefly, all World War II claims have been adjudicated, all litigation pertaining to those claims has been completed, and all the vested assets have been liquidated and the proceeds turned over to the War Claims Fund in the Treasury for distribution to the claimants. The Office of Alien Property is currently left with a balance of $300,000 on its books, and expects to receive no more than $150,000 in collections from the liquidation of assets in the future. Balanced against this is the $100,000 per year cost of maintaining the Office, which is paid out of the proceeds from the liquidation of the assets. $225 million in World War II claims have been paid. $80 million in claims, all from very large claimants, remain unsatisfied; there is not and will not be any money to pay them. The small fraction of one percent of these claims that could be paid out of the remaining balance and the minimal future collections does not justify the administrative costs of keeping the program going. Therefore, the bill provides that the remaining balance and future collection will just go into the general receipts account in the Treasury.

The $20,000 ex gratia payment to the Swiss Government will settle a longstanding $40,000 claims dispute between our two governments. A settlement is desirable in order to remove this minor irritant in our relations and avoid the disproportionately expenses involved in maintaining the dispute. The Swiss have agreed to the $20,000 settlement.

Mr. Chairman, I am aware of no opposition to the bill, and I urge the committee to report it favorably.

Chairman Zablocki. Are there any further questions or discussion? If not, the chief of staff will read.

Mr. Brady. H.R. 7729. A bill to amend the Trading With the Enemy Act in order to authorize the use of assets vested under that act during World War II for an ex gratia payment of $20,000 to the
Government of Switzerland and to provide for the deposit in the Treasury of the remainder of such assets.

Chairman Zablocki. The gentleman from Florida.

Mr. Fascefl. I ask unanimous consent, Mr. Chairman, that further reading of the bill be dispensed with; that it be considered as read and open for amendment.

Chairman Zablocki. Is there objection to the unanimous-consent request of the gentleman from Florida?

[No response.]

Chairman Zablocki. The Chair hears none; so ordered.

The question occurs.

Mr. Findley. Mr. Chairman?

Chairman Zablocki. The gentleman from Illinois.

Mr. Findley. What is the rush on this? I am wondering why this is not part of a larger bill.

Chairman Zablocki. The gentleman from Washington, Mr. Bonker.

Mr. Bonker. In response to the gentleman from Illinois inquiry, I understand that the Senate is anxious to pass this under unanimous consent and have this matter taken care of this year. We just do not have much time remaining in this session of Congress, and this may be our one opportunity to abolish an office that is costing the taxpayers $100,000 a year.

If we do not act today there is little likelihood that we could take action on the bill in this session of Congress.

Chairman Zablocki. If the gentleman from Illinois would yield? The Chair understands that we completed an agreement with the Government of Switzerland in March of this year, and our purpose is to fulfill that agreement.

Mr. Findley. Thank you.

Chairman Zablocki. Are there any further questions?

The question occurs on favorable action on H.R. 7729. All those in favor signifying by saying "aye."

["Ayes" were heard.]

Chairman Zablocki. Opposed, "no."

[No response.]

Chairman Zablocki. The "ayes" have it, and H.R. 7729 is reported out favorably.

The second item for consideration today is House Concurrent Resolution 434, to honor Raoul Wallenberg and to express the sense of Congress that the U.S. delegation to the Madrid Conference on Security and Cooperation in Europe urge consideration of the case of Raoul Wallenberg at that meeting, and to request that the Department of State take all possible action to obtain information regarding his present status and secure his release.

[Whereupon, the committee proceeded in consideration of H. Con. Res. 434.]
APPENDIX

96th Congress 2d Session  H. R. 7729

To amend the Trading With the Enemy Act in order to authorize the use of assets vested under that Act during World War II for an ex gratia payment of $20,000 to the Government of Switzerland and to provide for the deposit in the Treasury of the remainder of such assets.

IN THE HOUSE OF REPRESENTATIVES

July 2, 1980

Mr. BINGHAM (by request) introduced the following bill; which was referred to the Committee on Foreign Affairs

A BILL

To amend the Trading With the Enemy Act in order to authorize the use of assets vested under that Act during World War II for an ex gratia payment of $20,000 to the Government of Switzerland and to provide for the deposit in the Treasury of the remainder of such assets.

1 Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

2 That the Trading With the Enemy Act is amended by striking out subsections (b) through (e) of section 39 (50 U.S.C.

3 App. 39) and by inserting the following new section immediately after such section:

(25)
"Sec. 39A. The Attorney General shall cover into the
Treasury, to the credit of miscellaneous receipts, all sums
from property vested in or transferred to him under this
Act—

"(1) which he receives after the date of enactment
of this section, or

"(2) which he received prior to that date and
which, as of that date, he had not covered into the
Treasury for deposit in the War Claims Fund, other
than—

"(A) any such sums which the Attorney
General determines in his discretion are the sub-
ject matter of any judicial action or proceeding,
and

"(B) $20,000 which the Attorney General
shall use to make an ex gratia payment to the
Government of Switzerland in accordance with
the terms of the agreement entered into by that
Government and the United States Government
on March 12, 1980."