FOREIGN CLAIMS SETTLEMENT COMMISSION
OF THE UNITED STATES
WASHINGTON 25, D. C.

IN THE MATTER OF THE CLAIM OF

HERBERT S. HALE
Adams Street
Oyster Bay, New York

Claim No. PO-1011

Decision No. PO- 180

Under the Polish Claims Agreement of 1960 and the International Claims Settlement Act of 1949, as amended

GPO 908483

PROPOSED DECISION OF THE COMMISSION

This claim is based upon ownership by the claimant, HERBERT S. HALE, of two pieces of Polish paper currency, issued in 1919, each in the denomination of one thousand Polish marks.

Under Section 4(a) of Title I of the International Claims Settlement Act of 1949, as amended, the Commission is given jurisdiction over claims of nationals of the United States included within the terms of the Polish Claims Agreement of 1960, Article 2 of which provides:

> Claims to which reference is made in Article 1 and which are settled and discharged by this Agreement are claims of nationals of the United States for
>
> (a) the nationalization or other taking by Poland of property and of rights and interests in and with respect to property;
>
> (b) the appropriation or the loss of use or enjoyment of property under Polish laws, decrees or other measures limiting or restricting rights and interests in and with respect to property . . .; and
>
> (c) debts owed by enterprises which have been nationalized or taken by Poland and debts which were a charge upon property which has been nationalized, appropriated or otherwise taken by Poland.

If an award is to be made on a claim filed under the Agreement, the Commission must find that the claim is of such nature as to come within the purview of the above-quoted article.

Inasmuch as the claimant's currency is still in his possession, and does not represent a debt of a nationalized enterprise or a debt which was a charge upon nationalized property, the claim must be considered as one for compensation for loss suffered by reason of depreciation of value of the currency.

Polish marks were one of several currencies in circulation when Poland re-emerged as a sovereign nation in 1918. At that time the Polish Government took over the Polska Krajowa Kasa Pozyczkowa as a bank of issue, and accepted its banknotes, the Polish marks such as the claimant owns, as the temporary currency of Poland. The zloty was adopted as a monetary unit in 1919, and became the legal currency of Poland in the spring of 1924 when the Bank Polski was organized as the bank of issue. The Polish mark was withdrawn from circulation and exchanged into the new currency at the rate of 1,800,000 Polish marks for one zloty, which was then valued at $0.19142. Thus, without regard to the considerable devaluation of the zloty which has occurred in subsequent monetary reforms, it will be seen that the claimant's 2,000 Polish marks were worthless in 1924, and have no value today.

It is recognized in international law that a state has the right to make every effort to stabilize its currency in times of financial stress; and as long as its measures of monetary reform make no discrimination between nationals and aliens, no claim arises under international law. A state is not liable under international law for fluctuations in the value of its currency, or for losses stemming therefrom. (See Scott and Bowne, Inc., General Docket No. 2378, Decision No. 1-B, American-Mexican Claims Commission; Borden Coval, Administrator, Estate of Leo Sigmund Kuhn, Deceased, General Docket No. 2775, Decision No. 25-B, American-Mexican Claims Commission; Hackworth, Digest of International Law, Vol. V, p. 633; Mann, The Legal Aspect of Money, pp. 419-420; and decisions of the Foreign Claims Settlement Commission In the Matter of

the Claim of Joseph Winkler, Docket No. Z-1465, Decision No. 1134, and In the Matter of the Claim of Karolin Furst, Claim No. CZ-1381, Decision No. CZ-682.)

The 1924 substitution of the zloty for earlier currencies was a readjustment of the monetary system made necessary by the presence in the re-established nation of various currencies of depreciated value. It was applicable to Polish nationals and aliens alike, without discrimination. The claimant's loss was caused by the drastic depreciation of the value of the Polish mark. Although the conversion of the mark into zlotys may have made such loss apparent, it was not the proximate cause thereof. It was not an action of the Polish Government constituting a nationalization or other taking of property or appropriation of the use or enjoyment of property within the meaning of the Polish Claims Agreement of 1960.

The claim, therefore, is not one within the purview of Article 2 of the Agreement, and accordingly is denied.

Dated at Washington, D. C.

OCT 18 1961

BY DIRECTION OF THE COMMISSION

Francis T. Masterson

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Clerk