

account of the French Government, in the Bank of Canada in New York, (now Government of Canada account (?)) as each consignment was received, the same amount in United States dollars as had been paid for it by France.

The question may be considered from several angles.

First, the legal position

As regards the gold belonging to the Bank of France, we undoubtedly have precedent, under international law, as law and practice developed during the last war, for sequestering it. It is fully and convincingly shown in the Department of Justice memorandum that the Bank of France has its head office in enemy-occupied territory and is under the direction of German controllers, and that we therefore have the right, and in fact the duty, to take control of the gold and prevent it being used for enemy purposes. Any demand by the Bank of France for its return, or any direction for its disposition, should be refused so long as this enemy control continues.

That does not mean we have a recognized right to confiscate it now and convert it to our own use. Under established practice, we would normally hold it, like any other enemy property, in safe custody until after the war, guarding against its being used by the enemy now, and guarding it for restoration to the owner after the war. We might of course then follow the example of the last war and, if the circumstances warranted, confiscate "enemy" property to pay reparations.

The dollar account in New York, which is not dealt with in the Justice memorandum, is in a somewhat different position. It belongs to France not to the Bank of France.