

N° 129.

**ALLEMAGNE ET COMMISSION
DE GOUVERNEMENT
DU TERRITOIRE DU BASSIN
DE LA SARRE**

**Protocole signé à Berlin, le 3 juin
1921.**

**GERMANY AND SAAR BASIN
GOVERNING COMMISSION**

**Protocol signed at Berlin, June 3,
1921.**

¹ TRADUCTION — TRANSLATION.No. 129. — PROTOCOL BETWEEN THE GERMAN GOVERNMENT AND THE SAAR BASIN TERRITORY¹ SIGNED AT BERLIN ON JUNE 3, 1921.

In accordance with a previous agreement, there met at Berlin from May 27 to June 3, 1921, a Delegation of the Governing Commission of the Saar Basin Territory under the direction of M. V. RAULT, State Councillor, President of the Saar Basin Governing Commission, and of Dr. HECTOR, Member of the Saar Basin Governing Commission, and a German Delegation presided over by Dr. VON SIMSON, Director at the Ministry of Foreign Affairs, in order to settle various questions regarding the application of the provisions of the Treaty of Versailles of June 28, 1919, dealing with the Saar Basin Territory.

After having exchanged their full powers, found in good and due form, the heads of the two Delegations exchanged the following declarations :

I.

The financial settlement of accounts shall be carried out in accordance with the general principles laid down in Annex 1 of the present Protocol.

II.

As regards the question of the general financial relations between the Saar Basin Governing Commission and the Government of the Empire and of the German States concerned, the German Government is of opinion that the Governing Commission is bound to assume a proportionate share of the interest on the debts of the Empire and of the German States. In a spirit of conciliation, however, the German Government has decided for the present not to press its claims with regard to this matter. But it explicitly affirms all its rights and, in the event of a possible settlement of accounts which would have to be effected under certain circumstances when the final destiny of the Saar Basin Territory has been decided, reserves its right to demand also the refunding of the interest fallen due within the period beginning on January 10, 1920.

The Saar Basin Governing Commission adopts an entirely different point of view. It is of opinion that it is not bound to contribute to the payment of the interest on the debt of the Empire and of the German States, since Germany retains her sovereignty over the Saar Territory and the ownership of the Imperial and State property in the Saar Territory, since Germany has renounced the exercise of these rights for a period of fifteen years and since the Governing Commission enjoys the full right of user of the Imperial and State property in the Territory of the Saar.

The Governing Commission notes the declaration of the German Government and agrees to postpone the settlement of this question until the final decision regarding the destiny of the Saar Territory has been taken.

¹ Traduit par le Secrétariat de la Société des Nations.

¹ Translated by the Secretariat of the League of Nations.

III.

In order to settle the questions regarding social insurance systems, an agreement was reached on the principles formulated in Annex 2 of the present Protocol.

It is agreed that any litigation to which German Insurance Offices and inhabitants of the Saar Territory are both parties shall not, for the present, be brought before the Superior Insurance Offices of the Saar Territory or of the German Empire. It is decided that such disputes shall be submitted to the mixed jurisdiction provided for in paragraph 1 of the Annex.

IV.

With a view to settling the question of double taxation, an agreement has been reached on the principles formulated in Annex 3 to the present Protocol.

V.

Until further orders, the participation of the Saar Territory in the benefits of the Prussian and South-German Lottery (« Klassenlotterie ») and the subsequent issue of the tickets of that Lottery in the Saar Territory shall be regulated in accordance with the principles laid down in Annex 4 of the present Protocol.

VI.

An agreement has, moreover, been reached on the following points :

- (1) The payment of the family allowances to the Communal Supply Associations (Lieferungsverbände) situated entirely, or in part, in the Saar Basin Territory.
- (2) The application to the Communes of the Saar Territory of certain principles of the Imperial law of May 12, 1920, regarding compensation for damages caused by internal disturbances.
- (3) The sale of Imperial or State property in the Saar Territory.

The agreements in principle reached on these points form the subject of Annex 5 of the present Protocol.

As regards the sale of Imperial or State property, the Governing Commission makes a reservation in respect of the right of expropriation which it possesses. The German Government expressly reserves its opinion with regard to the question whether the Saar Basin Governing Commission is authorised to exercise its right of expropriation even in respect of Imperial or State property.

VII.

With a view to settling the question regarding disabled soldiers in the Saar Territory, an agreement has been reached in accordance with the principles laid down in Annex 6 of the present Protocol.

VIII.

The Saar Basin Governing Commission takes note of a draft Convention which has been submitted to it by the German Government with a view to fixing the rules of procedure relative to compensation in respect of the Saar Territory. It will, as soon as possible, communicate to the German Government its views on this matter.

IX.

The Saar Basin Governing Commission notes the complaints made by the exporting breweries with regard to the retrospective effect of the Decree concerning the payment of a tax on beer and the joint responsibility provided for in this Decree. The Governing Commission declares itself prepared to give this question its favourable consideration.

X.

The Saar Basin Governing Commission further notes the request submitted to it by the German Government concerning the removal of the difficulties raised with regard to the admittance to the Saar Territory of nationals of the German Empire residing in non-occupied Germany. The Governing Commission will make a special communication to the German Government on this point.

XI.

The German Government claims the refunding of sums which it has expended out of the general revenues from taxation on the supply of cheap food-stuffs to the Saar Territory reckoned as from January 10, 1920. The Delegation of the Governing Commission considers that it is not bound to refund these amounts, but agrees to submit to the Governing Commission of the Saar Basin Territory a proposal by the German Government to the effect that the capital referred to should not be refunded by the Governing Commission; — but only the interest, at the same rate as that which the German Government itself is obliged to pay. The Governing Commission will communicate with the German Government on this matter as soon as possible.

The Saar Basin Governing Commission notes the conditions on which the German Government is prepared provisionally to continue to supply the Saar Basin Territory with flour as from June 1, 1921.

XII.

It is agreed that the question of a financial and economic settlement with regard to the provincial branches of the Provincial Association of the Rhine Province and the District Association of the Bavarian Palatinate shall be effected by direct negotiations between the Governing Commission and these Associations. In compliance with the wishes expressed by Germany the Governing Commission undertakes to expedite this settlement.

The Delegation of the Governing Commission reserves to the Governing Commission the right to formulate a decision regarding the Governing Commission's possible right of usufruct in respect of the provincial branches situated in the Saar Territory.

The German Delegation is of opinion that during these negotiations it would be desirable also to consider questions connected with Poor Relief. The German Government will, therefore, authorise the representatives of the Provincial Associations to prepare a draft agreement in conjunction with the Governing Commission.

XIII.

It is agreed that the Annexes to this Protocol form an integral part of the Protocol itself.

XIV.

It is agreed that the two Contracting Parties shall not be prevented by the agreements contained in this Protocol from amending their laws.

XV.

The present Protocol formulates only general principles. The details shall be settled by special written or verbal negotiations.

XVI.

Differences of opinion with regard to the interpretation or the application of the agreements formulated above shall be submitted for decision to a mixed commission which shall, in each particular case, be composed of one member appointed by the Saar Basin Governing Commission and of one member appointed by the German Government and which shall meet at a place agreed upon by these two persons.

In all cases where these two Commissioners are not able to reach an agreement, the matter shall be referred for decision to an arbitrator of their own choosing. In the event of their not being able to come to an agreement regarding the selection of an arbitrator, the President of the Swiss Confederation shall be requested to make that selection.

Done at Berlin in duplicate on June 3, 1921.

(Signed) V. RAULT.

(Signed) Dr. HECTOR.

(Signed) v. SIMSON.

ANNEX No 1.

GENERAL PRINCIPLES TO BE OBSERVED IN THE FINANCIAL SETTLEMENT OF ACCOUNTS.

(1) The date from which accounts shall be settled is the date upon which the Treaty of Versailles came into force, namely, January 10, 1920. January 10 itself is to be included in the budget of the Saar Territory. For the settlement of accounts the date of the definitive drawing of the frontiers of the Saar Territory is to be regarded as official.

(2) The whole of the revenue and expenditure of the financial year April 1, 1919 to March 31, 1920, shall be divided, in principle, taking the date from which accounts shall be settled as a basis in the proportion of 284 : 81. The settlement of accounts shall be carried out without regard to the question as to which authorities have controlled the administration during the financial year.

(3) In the case of those areas (administrative areas of all kinds and legal areas) which are divided by the frontier of the Saar Territory, the settlement of accounts shall be carried out in conformity with the following principles :

- (a) Taxes and revenue from forests shall be distributed according to the local taxes paid in the districts concerned. All other revenue shall be divided according to the total annual figures, in proportion to the population.
- (b) Expenditure in connection with the administration of the taxes and the forest shall be divided in proportion to the revenue allocated to each of the two parties. All other expenditure shall be distributed in proportion to the population.

(4) The accounts shall be prepared by the German authorities. The Governing Commission of the Saar Territory shall instruct authorities subordinate to it to assist the German authorities in this task. Accounts drawn up by Germany may be audited by the Joint Authorities (Mittelbehörden).

Facilities shall be given reciprocally by both parties for the examination of the whole of the accounts.

(5) The principles laid down above are not applicable to revenue obtained by the Governing Commission after January 10, 1920 either from new sources or from sources which have been re-opened. This revenue shall be used exclusively for the benefit of the Saar Territory. The whole of the revenue from the taxes upon coal obtained after January 10, 1920, shall accordingly be paid to the Governing Commission. The revenue obtained before that date shall be paid only to the German Empire.

(6) The principles above formulated do not apply to the settlement of the accounts of the railway and post office administrations. All the revenue from and expenditure on the working of these services in accordance with the returns of the financial year 1919-1920, shall be paid to the German Empire. The deficit for the financial year 1919-1920, for which the Saar Territory is liable, is fixed at a round figure of twenty-eight million marks for the operation of the railways, and half a million marks for the operation of the post-office and telegraphic services.

(7) The principles formulated above do not apply to the administration of forests, pensions, nor to the food supplies of the population.

(8) In order to define and amplify the general principles formulated above with regard to the settlement of accounts the experts of the two parties shall meet as soon as possible at a place to be decided upon later.

ANNEX 2.

SOCIAL INSURANCE SYSTEMS.

I. DISABILITY AND LIFE INSURANCE.

(a) It is agreed that the rights of persons coming under the Disability and Life Insurance scheme will not be affected by the proposed creation of a special Disability and Life Insurance Institute for the Saar Territory. For this purpose the charges incurred in the payment of pensions (Renten) will be distributed as follows :

The cost of pensions already determined or of those which will fall due later will be borne by the Insurance Institutes of the German Empire, including the special Institutes (the two Pension Funds of the Prussian and Bavarian State Railways) in a proportion obtained by calculating these pensions in accordance with the laws and regulations in force on November 11, 1918 and the sum total of the contributions collected by them. On the other hand, the Insurance Institute of the Saar Territory is responsible for that share of the cost of pensions resulting from increases introduced after November 11, 1918 through Imperial laws and decrees, and the total amount of the contributions collected by it. In the case of all pensions the Imperial subsidy (Reichszuschuss) is borne by the Saar Territory. The date fixed as the starting point for the financial adjustment of accounts shall be authoritative in this respect. In this agreement any extra grant or future relief (Zuschlag und Beihilfe) must also be included under the term "pensions".

(b) At the moment when accounts are adjusted between the two parties, regard will be paid to the fact that at least a part of the increases in contributions which came into force after January 10, 1920 is intended to meet the costs resulting from the increase in pensions.

Pensions, or instalments of pensions, to be paid by the Insurance Institutes of the German Empire in the Saar Territory will be paid into a Liaison Office which will be set up by the Governing Commission.

(c) As regards pensions, in the payment of which both the Saar Territory Insurance Institute and the Institutes of the German Empire are concerned, the decisions which determine pensions will not be transmitted direct. Insurance Offices will forward these decisions to the Liaison Office referred to under (b), which will consider whether they are consistent with each other. If so, it will see that they are forwarded to the party concerned ; but if not, it will forward them to the Mixed Contentions Jurisdiction provided for under (e).

(d) The assessments of all the Insurance Offices shall be recognised, in accordance with the Imperial Insurance Regulations and under conditions of reciprocity, by the Insurance Offices both of the Saar Territory and the German Empire.

(e) To decide cases in dispute in which Insurance Institutes of the German Empire and of the Saar Territory are both interested a mixed jurisdiction will be set up. The Court of first instance will correspond to the « Spruchkammer » of a Superior Insurance Office and the Court of second instance to the « Spruchsenat » of the Supreme Insurance Office.

The Court of first instance will be constituted as follows : an equal number of members of a Superior Insurance Office of the Saar Territory and of the Empire, selected according to the subject matter of the dispute, from the members of an ordinary Superior Insurance Office, a Superior Mines Insurance Office or a Superior Railways Insurance Office. The assessors will be selected from those of the Saar Territory Superior Insurance Office concerned, elected in accordance with the provisions of the Imperial Insurance Regulations. The office of President will be held in turn by the President of an Imperial « Spruchkammer » and a Saar Territory « Spruchkammer ». The mixed Court of first instance will sit regularly in the Saar Territory.

The mixed Superior Court of second instance will be competent to settle cases in dispute coming under the jurisdiction, as laid down in the Imperial Insurance Regulations of the Supreme Insurance Office. The members and assessors will be selected, in conformity with the rules formulated above, from those of the Imperial Supreme Insurance Office and the Saar Territory Supreme Insurance Office. The office of President will be held alternately in this case also.

The Court will hold its meetings regularly in Frankfort-on-Main.

II. ACCIDENT INSURANCE.

As the vocational associations (« Berufsgenossenschaften ») already arranged for (Industrial and Agricultural), have been set up in the Saar Territory, they will assume control of the contributions due from these Imperial Associations on account of accidents which have occurred in the Saar Territory establishments.

The validity of the claims of the Imperial Associations and those of the Saar Territory, arising from paragraph 644 of the Imperial Insurance Regulations is recognised on both sides.

It is agreed that these arrangements shall in no respect prejudice the rights claimed by the French State under paragraph 4 of the Annex to Articles 45-50 of the Treaty of Peace, regarding which rights Germany makes every reservation.

III. INSURANCE AGAINST SICKNESS.

It is agreed that the organisation of special Sick Funds for the Saar Territory does not necessitate the conclusion of special agreements.

IV. INSURANCE OF EMPLOYEES.

The regulations laid down in paragraph 1 will hold good for the insurance of employees as soon as a special Employees Insurance Institute for the Saar Territory has been created.

V. TRADES UNIONS INSURANCE (Knappschaftsversicherung).

(a) Cases in dispute to which Trades Unions of the Saar Territory and of the Empire are parties will be referred to a mixed jurisdiction organised in accordance with the principles formulated in Paragraph 1.

(b) To facilitate the maintenance of the reciprocity at present existing between the Trades Unions of the two parties the following is decided upon ;

The Governing Commission shall endeavour to keep the prescriptions and regulations of the Saar Territory Trades Unions regarding the rules and conditions for the recognition of disability in agreement with the corresponding prescriptions of the Trades Unions of the Empire.

(c) The Governing Commission shall draw the attention of the Saar Territory Trades Unions to the desire of the German Trades Unions to secure the presence of a representative at the meetings of their Councils.

(d) Germany reserves the right of denouncing this agreement when the Saar Territory Trades Unions fail to observe the conditions laid down in (b) and (c) above, with regard to the maintenance of reciprocity.

ANNEX 3.

RESULTS OF THE NEGOTIATIONS OF THE SUB-COMMITTEE OF THE GERMAN AND SAAR TERRITORY DELEGATION ON QUESTIONS OF DOUBLE TAXATION, JUNE 2, 1921.

It is agreed that :

(1) The Governing Commission of the Saar Territory is prepared in principle, to enact a decree drawn up in terms similar to those of the draft presented by the German members of the Sub-Committee. The Saar Territory members of the aforesaid Sub-Committee reserve the right to consider the various provisions contained in this draft. It is understood that the decrees may at any time be revoked by the two Governments.

(2) The German Government shall maintain in force until further notice, its Decree of March 30, 1921, relative to the taxation of moral persons liable to limited taxation.

(3) The text of Paragraph 1, N° 1 of the draft must be interpreted in the sense that, in the case of change of domicile, the obligation to pay the tax is incurred from the end of the month in the course of which the change of domicile has taken place.

The German members of the Sub-Committee consider that in the case of the death of a taxpayer in Germany, double taxation cannot be imposed upon the income of his heirs, by reason of the fact that he is liable to taxation in the Saar Territory, as the double taxation made possible by the former provisions was abolished by the " *Novelle* " added to the Imperial Law concerning income tax (paragraph 24^b and 29 of the *Novelle*).

The Saar Territory Sub-Committee reserve the right to consider this point of law.

ANNEX 4.

In order to maintain the circulation of Prussian and South German lottery tickets in the Saar Territory, it is agreed that :

(a) The General Administration of the lottery has the right to appoint lottery agents with the approval of the Governing Commission of the Saar Territory and to negotiate directly with these agents as regards the settlement of accounts.

(b) As from January 1, 1920 the Governing Commission of the Saar Territory shall receive, from the amount of tickets sold by the lottery agents of the Saar Territory, the whole of the sum regularly paid to the Prussian State Treasury, less the average proportional expenses of the administration of the lottery.

(c) Whilst the agreement remains in force, the Governing Commission of the Saar Territory shall not organise any State lottery on its own behalf in the Saar Territory.

(d) This agreement may be denounced by the two parties, three months prior to the commencement of the next drawing.

(e) It is agreed that the proceeds of the Imperial Stamp Duty on tickets sold by lottery agents in the Saar Territory shall accrue to the Governing Commission.

(f) A detailed draft agreement shall be submitted as soon as possible to the Governing Commission.

ANNEX 5.

VARIOUS QUESTIONS.

I. ALLOWANCES IN RESPECT OF FAMILY EXPENSES.

In order to complete as soon as possible the payment of allowances in respect of family expenses, and to avoid the difficulties which arise from the non-application in the Saar Territory of paragraph 59 of the National Taxation Law (*Landessteuergesetz*) and from the division, by the frontier of the Saar Territory, of certain administrative units, the German Government will enter into direct negotiations with the communal Supply Associations concerned (*Lieferungsverbände*). The Governing Commission of the Saar Territory will be given facilities for sending representatives to attend these negotiations.

II. DAMAGES RESULTING FROM CIVIL DISTURBANCES.

The German Government intends to allow the communes of the Saar Territory to benefit by the advantages which result from the retrospective effect of certain provisions of the Imperial Law of May 12, 1920 concerning indemnifications for damages caused by civil disturbances, this is to apply for the period during which these communes were under German administration, that is to say up to January 10, 1920. To make this possible, the Governing Commission agrees to allow the German Valuation Committees of Treves and Spires to carry out the necessary valuations in the Saar Territory. The German Government states that it is only a question of giving financial assistance to the communes of the Saar Territory, and that previous decisions and the rights of third parties will in no way be affected thereby.

III. SALE OF PROPERTY OF THE GERMAN EMPIRE OR OF GERMAN STATES.

The sale of real estate belonging to the German Empire, to Prussia or to Bavaria can only take place after previous agreement between the German Government and the Governing Commission of the Saar Territory. The proceeds of the sale shall be invested so as to produce interest. An Agreement shall be concluded in each particular case as to the method of investment. The capital of the proceeds of the sale shall belong to the Treasury to which the real estate sold belonged, whilst the interest on it shall accrue to the Governing Commission of the Saar Territory. Reservation is made of the provisions of paragraph 39 of the Annex to articles 45 to 50 of the Treaty of Versailles.

ANNEX 6.

POOR RELIEF.

The Governing Commission will introduce the Imperial Relief Law (*Reichsversorgungsgesetz*) into the Saar Territory. The German Empire assumes, in principle, the responsibility for the allowances to disabled soldiers, even to those who inhabit the Saar Territory.

The Governing Commission, however, assumes three quarters of the surplus expenses for war victims and their dependents representing the difference between the application of the Imperial Relief Law and that of the Poor Relief laws and regulations which were hitherto in force in the Saar Territory, with the reservation that the expenses borne by the Saar Government shall not exceed twelve million marks a year.

Poor Relief (Versorgungswesen) in the Saar Territory shall be administered by the authorities and officials of the Governing Commission. The expenses shall be borne entirely by the Governing Commission. The Governing Commission will employ all the German Relief authorities (Versorgungsbehörden) at present employed in the Saar Territory, with all their salaries; the Commission, however, reserves the right to replace at the disposal of the German Government, within six months, those officials who do not meet with its approval. The Governing Commission agrees not to fill the vacant posts except with officials recommended to it by the German Government and chosen from amongst the German Relief authorities.

The German Government, however, as regards posts up to and including Group 9, will as far as possible limit its appointments to officials inhabiting the Saar Territory: employees are also included under the term "officials".

Jurisdiction in respect of Poor Relief will be exercised in the Saar Territory in conformity with the German laws and regulations at present in force and in the following way: the German Government shall have the right to appoint the magistrate and one official member of the Relief Courts (Versorgungsgesicht) of the Saar Territory, the first selected from among the ordinary judges of the Saar Territory, the second from among the officials concerned with the relief administration in the Saar Territory. As regards the Imperial Relief Courts (Reichsversorgungsgesicht), the decision on all cases arising in the Saar Territory shall be reserved for a special "Senate". At the meetings of the latter, one of the members appointed by the Imperial Administration shall be replaced by a member appointed by the Governing Commission.

The Government of the Empire has the right to maintain a permanent Commissioner attached to the Relief Administration of the Saar Territory, who will be instructed to safeguard German financial interests; this Commissioner will have the right to examine the records, in addition, the right to oppose in a court of law the decisions taken by the authorities entrusted with the administration of Relief. The selection of this Commissioner must be approved by the Governing Commission.

The cost of all social relief shall be borne exclusively by the Governing Commission.

It is agreed that the provisions for advance payments under the terms of the Imperial Relief Law are not included among the laws and regulations at present in force in the Saar Territory.