

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

In the Matter of the Claim of

WALTER J. ZUK
161 Hart Street
Kensington, Connecticut

Claim No. SOV-40,492

Decision No. SOV-9

Under Section 305(a) of the International
Claims Settlement Act of 1949, as amended

FINAL DECISION

The Commission issued its Proposed Decision on this claim on November 5, 1956, a certified copy of which was duly served upon the claimant(s). No objections or request for a hearing having been filed within twenty days after such service and general notice of the Proposed Decision having been given by posting for thirty days, it is ORDERED that such Proposed Decision be and the same is hereby entered as the Final Decision on this claim.

Washington 25, D. C.

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Whitney Gilliland
Paul Carter Pace
Henry J. Clay

COMMISSIONERS

issue of 1923; (b) 5 million rubles of the issue of 1922; and
(c) 50 billion rubles of all issues prior to 1922.

Claimant has stated that he is the owner of 500,000 Imperial Russian rubles issued in 1912. It would appear, in the light of the aforesaid decree of 1924, that claimant's rubles have no value for all practical purposes.

The basic issue before the Commission, therefore, is whether losses sustained as a result of the devaluation of the Russian ruble give rise to a valid claim against the Soviet Government under international law.

It is universally recognized that all matters pertaining to currency are inherently within the jurisdiction of the State. The Permanent Court of International Justice has stated that "It is indeed a generally accepted principle that a state is entitled to regulate its own currency."^{2/}

This rule has been followed by international commissions. The American-British Claims Commission decided cases on the theory that losses sustained from the depreciation of the dollar "do not constitute the basis of any valid claim."^{3/} Where a claim was presented by the holder of a German bank note for payment in gold, the Upper Silesian Arbitral Tribunal rejected it on the same general principle.^{4/}

The American-Mexican Claims Commission has held that "It is elementary law that states are not responsible for losses caused by currency fluctuations."^{5/} Claims for losses resulting from the

^{2/} Serbian and Brazilian Loan Cases, Publications of the Court, Series A Nos. 20/21, at 44 (1929).

^{3/} 3 Moore, International Arbitrations 3066 (1898).

^{4/} Mann, F.A., The Legal Aspect of Money 5 (1953).

^{5/} American-Mexican Claims Commission, Report of the Department of State, Decision 1B, 147, 149; Decision 38B-47D, 229, 231; Decision 43D, 239-240; Decision 39B-48D, 333, 336.

depreciation of Austro-Hungarian currency were disallowed by the Tripartite Claims Commission.^{6/}

Under domestic law, the Constitution of the United States provides that the Congress shall have the power "To coin Money, regulate the Value thereof, and of foreign coin . . .";^{7/} and "To borrow Money on the credit of the United States."^{8/} In a well known case,^{9/} the Supreme Court of the United States held that "Under the two powers, taken together, Congress is authorized to establish a national currency, either in coin or in paper, and to make that currency lawful money for all purposes, as regards the national government or private individuals . . . and the power . . . being one of the powers belonging to sovereignty in other civilized nations . . ."

International law recognizes two exceptions to this general rule. The first exception is founded on the theory of denial of justice. Thus, where a state pursues a deliberate course of injuring or discriminating against foreigners, a violation of international law results.^{10/} The second exception may be found in a provision in a treaty or other international agreement. Accordingly, while losses resulting from devaluation of currency would normally not constitute the basis for a claim under international law, a state may consent to compensate for such losses by making provision therefor in a treaty or executive agreement.^{11/}

^{6/} United States, Austria and Hungary.

^{7/} Article I, § 8, clause 5.

^{8/} Ibid. clause 2.

^{9/} Juilliard v. Greenman, 110 U.S. 421, 448, 4S. Ct. 122, 130, 28 L. Ed. 204 (1884).

^{10/} Mann, op. cit. supra at 423.

^{11/} Ibid. 425-34.

The instant claim is one for losses resulting from the devaluation of the Russian ruble. Under international law, such a claim cannot be recognized. Moreover, it does not appear that there was a denial of justice within the legal meaning of the term, nor that provision has been made for such claims in any treaty or agreement with any government of Russia.

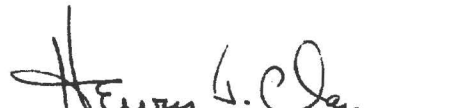
The Commission, therefore, finds that the claimant is ineligible to receive an award under section 305(a)(2) of the Act, and his claim is hereby denied. Accordingly, other elements bearing upon eligibility have not been considered.

Dated at Washington, D. C.

NOV 5 1956


Whitney Gilliland, Chairman


Pearl Carter Pace, Commissioner


Henry J. Clay, Commissioner

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