WORD IS BOND: A HISTORY OF 21ST CENTURY CLAIMS OF GERMAN BONDS ISSUED DURING THE WEIMAR REPUBLIC

ATILLA AZAMI[i]

I. INTRODUCTION

This note comment is about the narrow intersection between war, international relations, and property rights. It follows the fate of the Weimar Republic in the aftermath of Germany's humiliating defeat in World War I, the policies of reconciliation and recrimination therefrom, and the ripple effects reverberating in plaintiff actions against sovereign nations for their alleged unlawful property takings. Above all, it tells a story confirming that laws are as good as the legitimacy collectively conferred upon them by the people and institutions they are intended to bind.

World War I waged between the Central Powers and the Allied Forces was a turning point in the world order where the victors emerged wielding more global influence than ever before in human history as technological advances and increasing industrialization entangled the thread of international relations in inextricable knots. For one, the United States, as a key player in the Allied Forces, assumed a prominent role in global affairs and spearheaded the endeavor that materialized in the League of Nations. This shift to interconnectedness was predicated on a broad consensus of values, historical understandings, and duties between the constituent nations.

One advantage of the United States playing a more active role in the affairs between Western powers was that it could soften the intensity of European relations that were burdened with centuries of belligerent baggage. WWI ravaged the nations that participated in it. The participants had diverging views on how to rebuild and move forward. Naturally, it was the victorious parties that mapped out the path. In that scheme, regardless of its reflection of facts, Germany was deemed to be the chief culprit who stoked the fires of war and spread the conflagration across continents. Accordingly, the Allied Powers imposed the harshest compensatory and punitive measures on Germany to address the harm they felt Germany had brought onto the world.

[i] Staff Editor, Rutgers Journal of Law and Religion: J.D. Candidate, May 2022, Rutgers School of Law.

The principal policies that set the course of this tale in motion were established in the Paris Peace Conference from which the Treaty of Versailles was forged. There, in addition to restrictions on military, disarmament, and territorial forfeiture, reparations, that is monetary obligations to other sovereign nations, were sanctions imposed on Germany for its role in World War I. These external debts posed two problems that were difficult to overcome: (1) the magnitude of the obligations made the feasibility of repayment and Germany's economic recovery concurrently untenable; (2) the lack of legitimacy of these measures as seen by the debtors, that is the German people, which was a sentiment exploited as a political football in the succeeding years of the war.

Allied Powers recognizing the challenges of reparation payments made concessions along the way with the Dawes Plan, and later the Young Plan, to relieve the debt burdens and reform the initial obligations in ways to make repayment possible. However, this approach only ameliorated the first prong of the problem as the Germans did not fully concede the reparations as justifiable. Enter the Third Reich and its promise to restore Germany to its ordained lofty station on the global stage while taking vengeance on the nations that humiliated and oppressed her. Germany's reparation obligations came to a halt under the Nazi regime.

In the aftermath of World War II, rebuilding took on a different character than the approach taken in the Paris Peace Conference. The world had suffered enough where it was clear that the impulse of reciprocal violence would only lead to more destruction. This did not mean all of Germany's external debts were forgiven outright. Rather, treaties were ratified that made repayment possible and incentivized restructuring and partial forgiveness. From those treaties, a validation panel was formed that verified the veracity of debt instruments held by lenders to rectify illegitimate transfers and plunders during and shortly after the chaos of World War II.

From that validation requirement arises the legal claims that this note comments on. There have been suits contending that the treaty's validation requirement is an unconstitutional taking without just compensation in violation of the Fifth Amendment. These claims have been dismissed on various grounds and the validity of the treaty has been universally upheld in U.S. courts.

This note lays the historical groundwork of the initial reparations scheme, then traces the nexus between the sovereign debts of Germany from the end of the First World War to the validation requirement of the mid-20th Century treaty. First, it contextualizes the environ of where the initial prewar bonds were issued; second, the different payment regimes of German external debts through the Dawes and Young Plans; third, the effects of WWII and its aftermath on certain debt instruments; fourth, the validation mechanisms to ensure legitimacy of those debt instruments. Finally, the note analyzes the property rights conferred by the United States Constitution and how those rights are not violated by the provisions of the treaty negotiated between the U.S. and Germany.

II. WEIMAR REPUBLIC AND REBUILDING AFTER WWI

The role the United States played in the reconstruction of Germany in the 1920s on the heels of World War I has been argued to be half business and half foreign policy. That is partly because the policymaking efforts that shaped the commercial and political relations between the United States, Germany, and its European counterparts were led by businessmen and diplomats.[1]

To stave off war and revolution, American business and political leaders aimed to reconstruct a prosperous and stable Europe. A key component of that goal was the revival of Germany, which in turn meant an adjustment to the reparations.[2]

The Paris Peace Conference began in 1919 led chiefly by the victorious powers: Britain, France, and the United States.[3] The motivations of Britain and France differed from those of the United States. Though everyone had an interest in creating a stable and secure world order, the former two nations were equally interested in expanding their territories.[4] However, the United States favored the emerging world order of globalism and wanted to end old colonial empires to enter markets that were dominated by Britain and France.[5] Even more so, where the principal aim of the conference for the United States laid in the practical and commercial, Britain and France foremost aimed to punish Germany for its role in World War I.[6]

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[1] Frank Costigliola, *The United States and the Reconstruction of Germany in the 1920s*, 50 BUS. HIST. REV. 477, 494 (1976).
[2] *Id.*
[3] NICK SHEPLEY, THE PARIS PEACE CONFERENCE, STUDENT EDITION, ANDREWS UK (2015).
[4] *Id.* at 35
[5] *Id.*
[6] *Id.*

Britain and France had suffered 750,000 and 1.7 million casualties, respectively, in the war.[7] To France especially, punishing and permanently weakening Germany was the most essential task of the conference.[8] There were even more radical voices in French politics who demanded that Germany be dismembered and never allowed to unify again.[9] Accordingly, French demands for punitive action against Germany was a sticking a point. It was proposed that the coal producing region of Germany should fall in the hands of French control to rectify the deliberate destruction of the most productive coal mines in France by the retreating German Army.[10] When military occupation of Germany by the Allied forces was rejected, they compromised on demilitarization instead.[11]

Calculating costs of the war and which nations should be paid at what sum proved to be complex tasks. The United States proposed the outcome should be a "war without victory," whereas even before the conference began, Woodrow Wilson undermined France's wishes for reparations.[12] Part of the herculean task was parsing out whether payments were compensatory for damage wreaked or punitive in nature as penalties or fines.[13] Britain racked up the largest debt and spent more than any other nation, but France suffered the most harm to her economy.[14] The reparations bill ballooned when pensions and payments to widows and orphans of the allied soldiers were included in the plan.[15] Thus, a special commission was established and given two years to deliberate.[16]

By 1921, Germany had lost territories together with colonies, and intense restrictions were imposed on its military operations.[17] In addition to the material, there was a moral war guilt provision that mandated Germany to accept sole responsibility for the outbreak of World War I.[18] Regarding monetary obligations, parties reconvened in London to finalize the figures Germany's highly contentious monetary obligations.[19] The initial bill presented to

[7] *Id.* at 35.
[8] Shepley, s*upra* note 3, at 44.
[9] *Id.*
[10] *Id.* at 45.
[11] *Id.* at 46.
[12] *Id.* at 47.
[13] Shepley, *supra* note 3, at 47.
[14] *Id.*
[15] *Id.*
[16] *Id.*
[17] Shepley, s*upra* note 3, at 48.
[18] *Id.* at 49.
[19] STEVEN WEBB, *Latin American Debt and German Reparations after World War I – Comparison*, 124 SPRINGER 745, 752 (1988).

Germany was 132 billion gold marks.[20] As a concession to feasibility of repayment, Germany had to start servicing only 50 billion gold marks of the debt, paying 2 billion a year plus 26 percent of export revenues.[21] Initially, this meant 3 billion gold marks per year, covering five percent interest and one percent amortization.[22] As Germany's capacity to pay increased, the payments would also at an eased rate.[23] The remaining 82 billion gold marks of the 132 billion obligation would carry no interest and would not have to be serviced until the first 50 billion was amortized.[24] That is to say, until the 50 billion was satisfied, the 82 billion obligation would not be enforced nor subject to interest. This, in effect, disincentivized Germany to pay off the initial portion of reparations as the second tranche was frozen until the first was satisfied.[25]

In addition to reparations described in the London Schedule above, Germany owed about one billion gold marks a year toward other obligations from the Treaty of Versailles, such as settlement costs and settlement of prewar debts, which further burdened the treasury.[26] The British and French knew that these astronomical debts could not realistically be satisfied.[27] To quell the vengeful constituents at home, France and Britain created stages of payment in the London Schedule to give the impression that payments were current.[28] In reality, Germany was barreling toward default.[29]

Though the reparation costs were specified in gold marks, Germany was obliged to also make payments in kind.[30] In kind payments refer to transactions where the wealth transferred is not cash or credit but a good or service with comparable value. Germany was required to make shipments of materials such as coal, cattle, chemicals, with their value estimates credited toward their overall obligation.[31] Most of these materials were produced by private companies that had to be compensated by the German treasury at fair market value.[32] One of the unintended consequences of this

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[20] *Id.*
[21] *Id.*
[22] *Id.*
[23] *Id.*
[24] Webb, supra note 19, at 752.
[25] *Id.*
[26] *Id.*
[27] Shepley, *supra* note 3, at 49.
[28] *Id.*
[29] *Id.*
[30] Webb, *supra* note 19, at 752.
[31] *Id.*
[32] *Id.*

mandate was a further strain on the governmental purse. For example, instead of using the world market price, the credit applied to the reparation account was determined by multiplying the German domestic price by the exchange rate.[33] This exacerbated the burden on the treasury because the value of the mark was below purchasing power parity.[34] Purchasing power parities are the rates of currency conversion that aim to equalize the purchasing power of different currencies by eliminating the differences in price levels between countries.[35] In effect, the in kind payments priced at currency below the purchasing power parity accelerated the hemorrhaging of an already bleeding economy.

The German currency depreciated in the face of these demands and the schedule drawn up had to be suspended.[36] On December 26, 1922, the Reparation Commission declared Germany in default as to certain deliveries in kind.[37] In January 1923, French and Belgian troops occupied the Ruhr district.[38] This led to German resistance and conditions spiraled to a crisis by fall of the same year.[39]

III. THE DAWES PLAN

In 1924, the Dawes Plan was proposed and adopted in response to "consider the means of balancing the budget and measures to be taken to stabilize the currency" of Germany.[40] The disruption and the dire situation necessitated expedited measures which made it difficult to accurately determine Germany's revised debt servicing capacity.[41] The plan was intended to be a short-to medium-term solution to bring about stability from where a permanent plan could be drawn.[42]

The Dawes Plan placed a moratorium on reparations and created a repayment plan to be executed gradually made possible by a private bond issue in New York that covered most of the first

[33] Webb, *supra* note 19, at 753.
[34] *Id.*
[35] OECD, https://data.oecd.org/conversion/purchasing-power-parities-ppp.htm. (last visited Oct. 1, 2021).
[36] S. Parker Gilbert, *The Meaning of the "Dawes Plan,"* FOREIGN AFFAIRS, Apr., 1926, at *iii*.
[37] Webb, *supra* note 19, at 753.
[38] *Id.*
[39] *Id.*
[40] Gilbert, *supra* note 36, at ii.
[41] Webb, *supra* note 19, at 755.
[42] *Id.*

year's payment.[43] The payments increased incrementally until 1928 to their steady state level, which remained below the initially drafted London Schedule.[44] The plan also allowed an upward revision in 1929 if Germany became more prosperous indicated by an index comprised of foreign trade, domestic government outlays, railroad freight tonnage, luxury consumption, population, and per capita coal consumption.[45] Under the revision, the payments would increase correlated to the increase in the prosperity index; neither revisions nor prosperity materialized.[46]

The fundamental character of the Dawes Plan was intended to stimulate the German economy, as the revision conditions implied, and generate new tax flows to the point of global economic development.[47] However, the new debt issues used to finance the plan demanded increasingly higher yields softening the global bond markets.[48] This, in turn, made the reparation payments more difficult and further destabilized German and global markets.[49]

IV. THE YOUNG PLAN

As a solution to the described problems, a new arrangement, the Young Plan, was introduced to reduce the burdens. In part, annuities would start at 1.8 billion gold marks, rise to 2.4 billion, then continue at reduced levels for another 20 years.[50] By the time the plan was implemented, exports and output were decreasing, and the relative burden was increasing.[51] The Young Plan was deliberately drafted to remain flexible anticipating downturns. In case of depression, two thirds of the annuity could be postponed with a 5.5 percent interest ceiling.[52] The Young Plan also established the Bank for International Settlements that was less influenced politically and had a more bona fide commercial character.[53] Germany would issue certificates of indebtedness corresponding

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[43] *Id.*
[44] *Id.*
[45] *Id.*
[46] Webb, *supra* note 19, at 755.
[47] Richard M. Buxbaum, *Sovereign Debtors Before Greece: The Case of Germany*, 65 KAN. L. REV.59, 62.
[48] *Id.*
[49] *Id.*
[50] Webb, *supra* note 19, at 756.
[51] *Id.*
[52] Webb, *supra* note 19, at 757.
[53] *Id.*

with the annuities.[54] The plan also phased out the payments in kind and eliminated the French and British taxes on German imports.[55]

By 1929, Germany's non-reparation debt was concurrently becoming as difficult to manage as its reparation debts. At that point, Germany had approximately 15 billion marks of external debts and by 1931 that figure was about 25 billion in gold value.[56] Germany's public sector did about a third of foreign borrowing around 1928, but that increased to about two thirds by 1931.[57] The Young Plan's reduction of reparation transfers to the British and French by one third and subordination of payments to meet interest and amortization on private loans was not enough to keep the German economy viable after the financial crash of 1929.[58]

Germany raised taxes to cover rising expenses in the years after the Dawes and Young Plans were established.[59] The big government deficits and slow growth led to reduced spending programs, but even with lower social welfare outlays, the relief dedicated to unemployment was especially strenuous considering one fourth of the workforce was unemployed.[60] Despite price and wage cuts, German exports plummeted 34 percent.[61]

V. CHAOS DURING THE THIRD REICH

By 1932, in the twilight between the dusk of the Weimar Republic and dawn of the Third Reich, Germany imposed policies to manage its reparation and private loan obligations to prevent or mitigate the effects of defaults.[62] For instance, some shorter-term bonds were paid at their maturity, while others, specifically those repurchased by their respective issuers and converted into Reichsmark denominations, were placed in German secondary markets.[63] Other bonds were returned by bondholders to the issuers in exchange for foreign-denominated or Reichsmark denominated debt instruments issued after 1933 in substitution for Weimar-Era issues.[64] Discontented with the Weimar Republic, the Nazi regime

[54] *Id.*
[55] *Id.*
[56] *Id.*
[57] *Id.*
[58] Buxbaum, *supra* note 47, at 62.
[59] Webb, *supra* note 19, at 758.
[60] *Id.* at 760.
[61] *Id.*
[62] Buxbaum, *supra* note 47, at 62-63.
[63] *Id.* at 63.
[64] Webb, *supra* note 19, at 760.

was in power by 1933 and was an unreliable debtor.[65] By 1934, the Reich ceased to pay its foreign loans.[66] The wide range of debt obligations to enemy nations was either interrupted or annulled.[67]

Creditors had no recourse and had to wait until after the war. Unlike Germany's external assets that had accumulated over decades leading up to 1914 in WWI, seizing Germany's assets after WWII were too small to be considered a viable solution to settle debts.[68] In the immediate aftermath of WWII, expenses of the occupation troops and relief to the German population took priority over external debts.[69]

VI. VALIDATION OF CLAIMS

The validity of bonds held by the public because of the instability and chaotic nature of World War II and the immediate years that followed was a concerning issue to the Allies and the West German government built after the war.[70] Some of the bonds that had been surrendered after their payment upon maturity, or that had been exchanged for post-1933 debt instruments mentioned, were not returned for cancellation.[71] Others could not be physically cancelled without the cooperation of the foreign trustees and thus remained uncancelled in vaults.[72] Post-WWII, many of these were seized or plundered from the vaults by the Soviet military and over time turned up in a variety of secondary markets.[73]

The solution to the kerfuffle was first tackled by the legislative framework known as Law for the Validation of German Foreign Currency Bonds.[74] This validation process for debtholders who sought to establish title to their securities distinguished between (1) claimants residing abroad or in Germany before WWII, and (2) securities whose issuers were in territories after WWII became part of the Federal Republic in the west or German Democratic Republic in the east.[75] Foreign bondholders were given

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[65] URSULA ROMBECK-JASCHINSKI, *From Confrontation to Cooperation: The London Debt Agreement of 1953 and Later Debt Crises*, 503, 504 JOURNAL OF MODERN EUROPEAN HISTORY (2017).
[66] Webb, *supra* note 19, at 760.
[67] *Id.*
[68] Rombeck-Jaschinski, *supra* note 65, at 504.
[69] *Id.*
[70] *Id.*
[71] Buxbaum, *supra* note 47, at 65..
[72] *Id.*
[73] *Id.*
[74] *Id.*
[75] Buxbaum, *supra* note 47, at 66.

a validation certificate without heightened vetting that German bondholders were subject to largely due to the plunder that took place on German soil during and shortly after the war.[76] German bondholders could only receive their validation if they could meet the applicable civil code requirements of ownership.[77] However, in addition to the issue of plunder, there were cases where predecessors in the chain of title bonds held may have been Jewish or other victims of Nazi persecution, which created another evidentiary hurdle.[78] Ordinary presumptions of legitimate ownership could not be applied to these categories of instruments where it was difficult to determine whether they were legitimate arm's length transactions or involuntary transfers.[79]

Debt instruments issued shortly after WWII did not have the same problems of illegitimacy as prewar bonds. However, they were indirectly subject to the validation process because some categories of these bonds were substituted for prewar bonds and could not be issued to their holders until the prewar bonds had been filtered through the process.[80]

The post-WWII split between Soviet East Germany and the Federal Republic of West Germany complicated the burden of allocating their debt. West Germany was deemed to be the only legitimate government and was asked to formally assume all the former Reich's previous debts.[81] Learning from the mistakes of the Dawes and Young Plans, Allied forces and the West German government arrived at a solution to Germany's external debts with a three-year negotiation that culminated in the London Debt Agreement of 1953.[82] The final document contained 38 articles to regulate German foreign debt.[83] They included bilateral contracts regulating postwar obligations. From these discussions arose the ratification of the "Agreement Between the United States of America and the Federal Republic of Germany Regarding Certain Matters Arising from the Validation of German Dollar Bonds" ("Validation Treaty").[84]

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[76] *Id.*
[77] Buxbaum, *supra* note 47, at 67.
[78] Rombeck-Jaschinski, *supra* note 65, at 507.
[79] *Id.*
[80] *Id.*
[81] Rombeck-Jaschinski, *supra* note 65, at 508.
[82] Rombeck-Jaschinski, *supra* note 65, at 519.
[83] *Id.*
[84] Agreement Between the United States of America and the Federal Republic of Germany Regarding Certain Matters Arising from the Validation of German Dollar Bonds, Ger. Us., Spril 1, 1953, 4 U.S.T. 885.

VII. LEGITIMACY OF CLAIMS

The Validation Treaty sought to cure any questions of legitimacy from the equation. After Germany surrendered to the Allied Forces in May 1945, bondholders demanded repayment of bonds issued by private and public entities.[85] During the 1930s, Germany suspended payment on foreign-held bonds, but some bonds issued before the war did not mature until the 50s or 60s.[86] The multinational agreements between 21 creditor nations and Germany, negotiated in the London Debt Agreement, mandated that Germany would pay debts outstanding as of May 8, 1945 and gave priority of payment to bondholders who accept diminished payoffs as part of the debt restructuring.[87] The Validation Treaty, and its counterparts with other creditor nations, required foreign bondholders to submit their claims to a panel which would determine the validity of the demands to avoid fraud or payment on instruments a second time.[88]

The Validation Treaty requires that claimants must show a good reason for the delay of demand to collect and establish the bond's provenance decisions against claimants are subject to judicial review in German courts. The Validation Treaty provides that no:

> bond, coupon, dividend warrant, renewal certificate, subscription warrant or other secondary instrument . . . shall be enforceable unless and until it shall be validated either by the Board for the Validation of German Bond in the United States established by the Agreement on Validation Procedures, or by the authorities competent for that purpose in the Federal Republic.[89]

Over the recent years, bondholders have brought suits in U.S. federal courts attempting to collect on claims that have been unsuccessful. The first, second, and eleventh circuits have held that claims by bondholders either lose on the Validation Treaty's language or are time-barred.[90] Accordingly, plaintiffs have alleged that the Validation Treaty is invalid because it takes their property without just compensation thus a violation of the takings clause of the U.S. Constitution.

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[85] Korber v. Bundesrepublik Deutschland, 739 F.3d 1009, 1010 (7th Cir. 2014).
[86] *Id.*
[87] *Id.*
[88] *Id.*
[89] *Id.* at 1010-1011.
[90] *Id.* at 1011.

The Fifth Amendment of the U.S. Constitution provides ". . . nor shall private property be taken for public use, without just compensation."[91] In *Korber v. Bundesrepublik Deutschland*, Judge Easterbrook in the 7th Circuit Court of Appeals held that the Fifth Amendment does not forbid the taking of private property, rather it requires just compensation for taken property.[92] The Federal Court of Claims awards compensation that the Constitution requires pursuant to the Tucker Act.[93] Consequently, the Validation Treaty cannot be a violation of the takings clause. Congress, by virtue of the Tucker Act, has provided a remedy to instances where a property owner thinks the government, or an act of government, takes private property without just compensation.[94]

The Court in *Korber* used prior case law about the Tucker Act to explain their holding. In *Ruckelshaus v. Mansanto Co.*, appellee claimed taking without just compensation from an EPA statute which required data disclosure from a pesticide producer that had a cognizable property interest in the data.[95] There, the Court held that the Tucker Act was available as a remedy for a taking that was not compensated justly from the challenged provisions of the EPA statute.[96] As a result, the Court concluded that constitutionality of the challenged provisions of the statute was not ripe for resolution.[97] Identically, in *Korber* the Tucker Act can be applied to the challenged provisions of the Validation Treaty, if there was, indeed, an uncompensated taking.[98]

Moreover, Judge Easterbrook cited *Dames & Moore v. Regan*, where the Supreme Court declared that there is no constitutional violation in an international property settlement.[99] There, the case sought to resolve claims that arose out of an incident where diplomats and their families were taken hostage in a United States Embassy in Tehran, Iran.[100] The Iran-United States Claims Tribunal ("Tribunal") established that all claims must be submitted to the Tribunal.[101] The Court stated that settlements of private claims are a valid part of international peacemaking and that the

[91] U.S. Const. amend. V.
[92] *Korber*, 739 F.3d at 1011.
[93] *Id.*
[94] *Id.*
[95] Ruckelshaus v. Monsanto Co., 467 U.S. 986, 990 (1984).
[96] *Id.*
[97] *Id.*
[98] *Korber*, 739 F.3d at 1011.
[99] *Id.*
[100] *Id.* at 1012 (citing Dames & Moore v. Regan, 453 U.S. 654, 659 (1981)).
[101] *Id.*

United States was permitted to enter into such agreements with other sovereign nations.[102]

As Iran's refusal to pay settlements finalized in the Tribunal was not a taking by the United States, neither was Germany's refusal to pay claims on bonds it issued a century ago.[103] The United States does not and cannot guarantee payments of other sovereign nations.[104] Judge Easterbrook states that diplomacy requires compromise and that governments are not always eager to pay the debts of its predecessor regimes.[105] This is especially true for modern day Germany and that these disputed claims arose over bonds issued during the Weimar Republic, many regimes and over a century ago.

In *Abbas v. United States* appellant alleged the Validation Treaty effected a regulatory taking of his property of pre-war German bonds without just compensation to enforce the bonds against Germany in U.S. courts, thus a violation of the Fifth Amendment.[106] However, that claim failed to prevail in that court on the grounds that appellant was time barred to bring suit because the takings claim accrued when the treaty was forged in 1953.[107] Appellant did not file suit until 2015, half of one century after the accrual of his claim, and well over the relevant six-year statute of limitations.[108]

In *Korber*, Judge Easterbrook cited Supreme Court case *Medellin v. Texas* demonstrating that private parties can be the intended beneficiaries of treaties without having enforcement rights in court.[109] The Validation Treaty is an agreement between two sovereign nations and private citizens of the respective states are the intended beneficiaries of the bargain. However, that does not necessarily confer enforcement rights on private citizens. To the contrary, the treaty explicitly forbids suits by private parties for non-validated claims.[110]

Accordingly, the Validation Treaty poses no constitutional conflict to be resolved. There still exist an examining agency and judicial processes for review of adverse decisions against

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[102] *Id.*
[103] *Id.*
[104] *Korber*, 739 F.3d at 1012.
[105] *Id.*
[106] Abbas v. United States, 842 F.3d 1371, 1372 (Fed. Cir. 2016).
[107] *Id.*
[108] *Id.*
[109] *Korber,* 739 F.3d at 1012 (citing Medellin v. Texas, 552 U.S. 491, at 504 (2008)).
[110] *Korber*, 739 F.3d at 1012.

claimants.[111] For these reasons, suits challenging the constitutionality of the Validation Treaty have not prevailed.

VIII. CONCLUSION

War reparations imposed on the Weimar Republic after World War I proved to be too hefty for the emerging democracy. The German people rejected the premises under which the victorious powers justified the obligations. The National Socialist Party exploited these resentments and promised comeuppance. In the aftermath of the Second World War, the international approach toward defeated nations was more reconciliatory than punitive. As a result, practical solutions to external debts of sovereign nations were adopted. The Validation Treaty is an example of such pragmatism that provides a legal remedy and restores legitimacy to property claims that may be encumbered with a ghastly history.

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[111] *Id.*