

to be postponed, as there were still certain points in the report which they wished to be cleared up. He therefore suggested that the Council should deal with it at a later meeting.

M. RUSTU ARAS thanked the Rapporteur for having taken into consideration the position of the Balkan States, for which the question of the constitution of the Communications and Transit Committee was of great importance.

M. ANTONESCO associated himself with the observations made by the representative of Turkey

The Council decided to postpone the discussion to a later meeting.

3795. Free City of Danzig Visit of the Cruiser "Leipzig" to the Port of Danzig.

Dr. Böttcher, Senatorial Adviser to the Free City of Danzig, and Mr. Lester High Commissioner of the League of Nations at Danzig, came to the Council table.

Mr. EDEN presented the following report:

My colleagues will recollect that, at the ninety-second session of the Council last July¹ we had to consider a question of an incident which took place the preceding month at Danzig on the occasion of a visit to that port of the German cruiser *Leipzig*. The Council then decided to request the Polish Government, which had undertaken the conduct of the foreign relations of the Free City to deal with this matter through diplomatic channels and report to the Council at its present session.

"The results of the action which the Polish Government found it possible to take are set forth in document C.398.1936.VII (Annex 1620, page 1333), which has been circulated to the Council. I am sure my colleagues will join with me in an expression of appreciation of the efforts made by the Polish Government to bring about a settlement of this incident and will adopt the draft resolution that I shall submit to them, which, as they will notice, contains a cordial expression of confidence in, and satisfaction with, the League High Commissioner.

In submitting that resolution to my colleagues, I should add that a report by the High Commissioner at Danzig on the present situation in the Free City together with a number of other documents, has been circulated to the Committee of Three which the Council was good enough to appoint last July to assist the Rapporteur in following this question. I propose to call a meeting of the Committee as soon as possible, with a view to reporting subsequently to the Council.²

I trust that my colleagues will agree to this procedure and, in the meantime, will adopt the resolution which has been distributed to them and which is in the following form.³

The Council,

Having taken into consideration the statement of the Polish Government (document C.398.1936.VII) regarding the fulfilment of the request made to it by the Council at its ninety-second session to deal, on its behalf, with the matter of the incident which occurred in connection with the visit to Danzig of the German cruiser *Leipzig* in June 1936

Expresses its thanks to the Polish Government for the efforts which it has made to bring about a settlement of this incident,

"Takes note of the communications exchanged between the Polish Government and the German Government on the subject and particularly of the statement of the German Government that it had no intention of taking action inconsistent with the Statute of the Free City

Reaffirms its confidence in the League High Commissioner at Danzig and its complete satisfaction with his performance of the functions of his office,

Trusts that all necessary steps will be taken by the Governments concerned to obviate the recurrence of any such incident; and

Decides to regard the incident as closed. "

M. LESTER, High Commissioner of the League of Nations at Danzig, had nothing to add in the way of information or comment to the report submitted to the Council on this matter at the beginning of July. He wished, however, to take the opportunity of expressing his very keen appreciation of the support and confidence which the members of the Council had given the High Commissioner in carrying out the duties entrusted to him in Danzig.

Dr. BÖTTCHER, Senatorial Adviser to the Free City of Danzig, wished, first, to thank the Rapporteur and the representative of the Polish Republic for the way in which they had dealt with the incident that had occurred on Danzig territory. He desired, however, to add to the concluding remarks of the Rapporteur that the Danzig Government had not yet been officially

¹ See *Official Journal*, July 1936, page 762.

² See page 1190.

³ Document C.410.1936.VII.

informed of the existence of the Committee of Three and had not received a report from the High Commissioner until September 15th. It had not been aware that, in addition to the matter of the visit of the German cruiser, other questions affecting Danzig might be placed on the agenda. It would, therefore, be very difficult for the Danzig Government to express its views during the present session.

The resolution was adopted.

Dr. Böttcher withdrew.

3796. Work of the Financial Committee during its Sixty-second Session.

M. Draxler, representative of Austria, came to the Council table.

Mr. BRUCE presented the following report:¹

“ 1. The report of the Financial Committee on the work of its sixty-second session has been circulated to the Members of the Council (Annex 1621, page 1335). In this document, the greater part of which relates to the affairs of Austria, Bulgaria, Estonia and Hungary the Financial Committee endorses the views expressed by the Economic Committee in its recent report entitled *Present Phase of International Economic Relations* and adds certain comments of very considerable significance and interest. The Council has already examined this report and the observations of the Financial Committee on it. I confine myself, therefore, to making this passing reference to this part of the Financial Committee's work.

“ 2. The Members of the Council will recall that I drew their attention last May³ to the fact that the Financial Committee did not anticipate that the Bulgarian Government would be able to balance its budget during the course of the current year. The Committee, in its report now under consideration, gives further details concerning the state of the public finances in Bulgaria and insists on the necessity of careful examination at the present juncture of the probable budgetary situation after 1936. It has recently been informed of certain very large commitments entered into by the Bulgarian Government which will involve additional charges on the 1937 and subsequent budgets. The improvement which is becoming apparent in the general economic situation in Bulgaria should appreciably lighten the task of bringing order into the public finances. Indeed, receipts during the first seven months of the current financial year were some 15% higher than during the corresponding period last year. But expenditure is also rising; the deficit persists and, as the Financial Committee remarks, the principles on which the budget is at present based require to be drastically revised.

“ 3. In Hungary also, the general improvement in economic conditions to which I have referred in recent reports continues; the harvest has been good, the foreign exchange position has improved, and the spending power of the population is increasing. Thanks to the careful financial policy pursued in recent years in Hungary this improvement is reflected in the public finances, the increase in receipts being substantially greater than that in expenditure.

“ 4. In Estonia, the revival has gone further. The budget is in equilibrium, the Treasury holds considerable cash balances at the Bank of Estonia and has been able to pay off completely its debt to the Bank; international trade is expanding and, indeed, the quantum of Estonian exports in 1935 was appreciably greater than it had ever been.

“ 5. I do not think it necessary for me to say more on this occasion about the economic and financial conditions of these countries. There is, I am glad to be able to emphasise, a general all-round improvement and, although serious problems still remain for solution, there is no cause for immediate anxiety except as regards the serious budget situation in Bulgaria.

“ 6. The Financial Committee, in its report, draws the attention of the Council to an important question of a somewhat different order. M. Rost van Tonningen, who was appointed as the representative of the League of Nations in Austria in July 1932, has, in a letter addressed to the Secretary-General, requested the Council to accept his resignation as from October 1st 1936.

“ 7 Following upon this letter, the Austrian Minister of Finance has put forward a request through the Financial Committee that the Council should terminate the two appointments of the representatives of the League of Nations in Austria and the Adviser to the National Bank.

¹ Document C.404.1936.II.A.

² See page 1164.

³ See *Official Journal*, June 1936, page 549.