

C. 626. 1923. II.

Annex 572c.

FINANCIAL SITUATION OF THE FREE CITY OF DANZIG.

Letter dated September 22nd, 1923, from Dr Volkmann and M. Plucinski to the President of the Council, submitted to the Council on September 22nd, 1923.

[Translation.]

The Financial Committee of the League of Nations has forwarded to the Senate of the Free City of Danzig and to the Polish Republic its opinion concerning the currency reform to be carried out in the Free City of Danzig. This opinion is expressed in a letter which its President, M. Janssen, addressed to you on September 5th, 1923.

We have discussed the general lines of an agreement between the Polish Republic and the Free City of Danzig regarding currency reform.

We agreed, after discussion, to adopt the opinion expressed by the Financial Committee. We have accordingly drawn up an agreement based on the terms of the letter of September 5th, which we have signed in the name of the Free City of Danzig and the Polish Republic. We forward you herewith the text of this agreement (Appendix).

In informing you of the conclusion of this agreement, we request you to convey our sincerest thanks to the Financial Committee and its Charman, whose authority and advice has been so helpful to us in our negotiations.

(Signed) ERNST VOLKMANN,
*Senator for the Finances
of the Free City of Danzig.*

(Signed) L. PLUCINSKI,
*Commissioner-General
of the Polish Republic at Danzig.*

Appendix.

AGREEMENT

BETWEEN THE POLISH REPUBLIC AND THE FREE CITY OF DANZIG.

CONCERNING

MONETARY REFORM IN THE FREE CITY OF DANZIG.

[Translation.]

Article 1. — The monetary reform which is to be carried out in Danzig shall not in any way affect Article 36 of the Paris Treaty. On the contrary, the two Contracting Parties declare once more that they bind themselves severally to open negotiations, as soon as circumstances permit and at the request of either of them, with a view to unifying their monetary systems. The unification shall not take effect until one year after it has been decided upon.

Article 2. — The Free City of Danzig shall choose as its monetary unit the gulden, being the twenty-fifth part of a pound sterling.

Article 3. — Until unification has been achieved, in accordance with Article 36, the following shall alone be legal tender in the territory of the Free City of Danzig: the notes issued by the Bank of Danzig, Danzig gold and silver coins, on condition that the Bank of Danzig issues the latter in exchange for its own notes up to an unlimited amount. Danzig money of small denomination shall also be legal tender on condition that the public is only legally compelled to accept it in payment up to a reasonable amount.

Article 4. — A group of Polish banks having their headquarters at Danzig shall be entitled, at the request of the group, to form part of the consortium entrusted with the founding of the Bank of Danzig. It shall enjoy the same rights, and shall be liable to the same obligations, as the other banks of the consortium.

In particular, this group shall enjoy the following rights: it may take part in the same way as the Danzig banks in founding the Bank and in subscribing the capital; its obligations shall consist in giving its assistance on the same conditions as the Danzig banks, that is, of declaring its willingness to furnish, and become effectively liable for, a proportional part of the surety required as guarantee for a foreign monetary credit.

The share of this group shall be fixed at 25 %, but it may be increased to 30 % in the event of the share of foreign groups not exceeding 15 %.

The Polish banks that are to form this group shall be named in a subsequent agreement.

Article 5. — Provision shall be made in the statutes of the Bank for the election of members of the Board of Directors by a general meeting of shareholders, the election being based

on the principle that the votes shall be proportional to the number of shares, subject to the limitation of the right of proxies to represent shareholders.

The same principle of proportional representation shall be applied in the elections held by the Board of Directors, except in the elections constituting

(a) The Committees for different technical purposes, as, for example, the auditing of accounts

(b) Mixed Committees, that is to say Committees including both representatives of the Bank of Danzig and persons not connected with the Bank nevertheless, the election of these members of mixed Committees who represent the Bank of Danzig shall be carried out according to the principle of proportional representation.

Article 6. — In order to prevent the possession of acquired rights on the part of shareholders from making it more difficult to achieve unification in the sense of Article 36, there shall be inserted in the Concession Charter of the Bank of Danzig a clause giving power, subject to one year's notice, to restrict or suppress the Free City's right of issue.

Should no offer be made to the shareholders which is accepted at a general meeting by a majority of two-thirds at the time the unification is carried out, provision shall be made for an indemnity for the restriction or suppression, and its amount for each year shall be determined in advance in the Charter of the Bank of Danzig.

The Polish Republic and the Free City of Danzig shall, when they deem it desirable, enter into negotiations with a view to determining whether, and, if so, in what proportion and in what form, the Free City of Danzig may request the Polish Republic, in pursuance of Article 36 of the Paris Treaty for a sum in compensation to be fixed during the negotiations resulting in the restriction or suppression of the Bank of Danzig's right of issue, in proportion to the corresponding extension of the Bank of Poland's right of issue within the territory of the Free City of Danzig.

Article 7 — The Senate undertakes to send immediately to the diplomatic representative of the Polish Republic the bi-monthly returns, the monthly statements of account and the annual balance sheets mentioned in the instrument conferring the right of issue, and to supply him, at his request, with such information concerning the Bank of Danzig as may be permitted by the professional secrecy by which the Bank is bound.

Article 8. — The Polish Republic and the Free City of Danzig declare that, in all cases where mention is made, in treaties and conventions, in the decisions of the Council of the League of Nations and of the High Commissioner, of Danzig currency or of another term having the same meaning, the rights and obligations resulting therefrom shall be applicable equally to the Danzig gulden as from the day on which it is introduced. In particular, the Danzig gulden shall be accepted at its full value by all cash offices placed under the authority of the Polish Republic and situated in the territory of the Free City of Danzig.

Article 9. — The Free City of Danzig declares that it is prepared, after the currency has been reformed, to maintain the special status accorded to the Polish mark under Part V of the Warsaw Agreement dated October 24th, 1921, and to apply the same regulations to any Polish monetary unit which may be created in the future.

The Polish Republic declares that it is prepared to ensure reciprocal treatment on its territory to the Danzig gulden in conformity with the provisions of Part V of the Warsaw Agreement, provided that such treatment does not contravene the legal regulations for the treatment of foreign currencies subject to this provision, the Polish Republic will apply to the Danzig gulden the same treatment, or an equally favourable treatment, as that granted to the other foreign monetary units which are officially quoted on the Warsaw Exchange.

Moreover, the Polish Republic declares that, subject to the same provision, it will neither impede nor restrict the conclusion of contracts drawn up in the Danzig gulden. Contracts of this nature shall enjoy the same legal protection as those drawn up in Polish marks or in any other Polish currency. These provisions shall, however, only apply to contracts at least one of the parties to which is of Danzig nationality or of non-Polish nationality. Obligations contracted in Danzig gulden and payable in the territory of the Polish Republic shall only be paid in Danzig gulden, unless the creditor consents to be paid in another currency, this provision shall only apply on condition that the parties have appointed as place of payment a locality situated within the territory of the Free City of Danzig.

Article 10. — The Polish Republic, desiring to assist the execution of the Danzig currency reform, declares that it will not have recourse to the organisations of the League of Nations in the matter of the Danzig currency reform provided for under the present Agreement. Should Article 7 of the Paris Treaty become applicable, the Polish Government will raise no objections to a foreign loan for the purpose of establishing the Bank of Danzig.

Article 11. — The Polish Republic declares that it will grant and maintain immunity from Customs duties and administrative charges in respect of Danzig coinage and Bank of Danzig notes, in respect of bullion, where proof is furnished that it is intended for minting Danzig metal coinage by the Bank of Danzig, and in respect of gold and foreign currencies *devises* intended to serve as security for the issue of bank-notes.

Article 12. — The present Agreement shall come into force as soon as the Bank of Danzig shall have obtained a foreign loan for the execution of its currency reform and it shall remain in force until unification has been achieved in conformity with Article 36.

Done in triplicate at Geneva on the twenty-second day of September 1923.

On behalf of the
Free City of Danzig

On behalf of the Polish
Republic

(Signed) Dr. ERNST VOLKMANN,
*Senator for Finance
of the Free City of Danzig.*

(Signed) L. PLUCINSKI,
*Commissioner-General
of the Polish Republic at Danzig.*

Annex 572 d.

C. 549. M. 222. 1923 I.

FINANCIAL SITUATION OF THE FREE CITY OF DANZIG.

Letter dated August 25th, 1923, from the President of the Conference of Ambassadors to the Secretary-General.

[Translation.]

In letter No. 4/29320, dated July 6th, 1923, you were good enough to draw my attention to a resolution dated July 4th in which the Council of the League expresses the desire that the Conference of Ambassadors should, so far as it is concerned, not put any obstacle in the way of the issue of the loan of 500,000 gold marks which the Free City of Danzig proposes to raise.

I have the honour to inform you that the Conference of Ambassadors has decided

(1) To place no obstacle in the way of the flotation by the Free City of Danzig of a loan amounting to not more than 500,000 gold marks redeemable in ten years, the service of the loan to take priority over the debts due to the Principal Allied Powers in respect of civil administration and occupation, on condition that German banks be entirely excluded from the flotation of and subscription to the loan

(2) To grant the Free City a moratorium for one year in respect of the cost of the civil administration, and for three years in respect of that of the armies of occupation, on condition that the Free City formally acknowledges its debt as notified to it by the Conference of Ambassadors

(3) That the repayment by the Free City of the cost of delimitation shall be made out of the proceeds of the proposed loan

(4) Not to ask the Free City for any special security for the payment of the debts mentioned in paragraph 1 above.

It is understood that the exclusion of German banks from the flotation of, and subscription to, the loan referred to in paragraph 1 shall in no circumstances be regarded as constituting a precedent.

(Signed) POINCARÉ.

Annex 573.

C. 634. 1923.

SCHEME FOR THE SETTLEMENT OF 50,000 ARMENIANS IN THE CAUCASUS.

Letter dated September 21st, 1923, from M. Hanotaux to the Secretary-General, submitted to the Council on September 25th, 1923.

I have the honour to forward herewith a letter (Appendix) from His Excellency M. Gabriel Noradounghian, President of the Armenian National Delegation, regarding a scheme for the settlement of 50,000 Armenians in the Caucasus near Echtmadzare and Sardarabad.

The object of the scheme set forth in this letter is to afford without delay to 50,000 unfortunate Armenians the relief which they urgently require by obtaining, through an appeal to the European and American countries, the co-operation of the League of Nations in the work of such philanthropic bodies as the Near East Relief, which can no longer continue to carry out such work unaided.

I should be glad if you would be good enough to forward M. Noradounghian's application to His Excellency Viscount Ishii, with the request that he will, if he thinks fit, submit it to the members of the Council with a view to its inclusion in the agenda on one of the forthcoming meetings. M. Noradounghian will be glad to give the Council any further information which the latter may desire in support of his application.

(Signed) G. HANOTAUX.