

C. 110. 1924. I.

II.

REPORT BY THE HIGH COMMISSIONER OF THE LEAGUE IN DANZIG
ON THE GENERAL SITUATION
IN THE FREE CITY AND POLISH-DANZIG QUESTIONS.

Danzig, February 22nd, 1924.

I have the honour to send a report on the general situation of Danzig-Polish affairs. It will perhaps be convenient to deal with them as far as possible under the headings under which the various questions were dealt with in the Agreement of September 1923¹. I have further included some notes on Danzig matters.

1. HARBOUR BOARD.

(a) I regret being unable to report a final settlement of the three most important questions (see (b) and (c) below) outstanding in September last.

(b) *Financial Convention and Vistula Regime.*

The Financial Convention foreseen in Article 23 of the Treaty of Paris has not yet been concluded, partly owing to a desire of the Polish Government to connect it with the harmonising of the regime of the Vistula foreseen in Article 20 of the Treaty of Paris.

While the financial situation of the Harbour Board will undoubtedly be affected by whatever arrangement is come to on the latter question, it is unfortunate that it has not been possible to draw up the Convention in such a way as to allow of the finances of the Harbour Board being placed on a satisfactory footing instead of its being compelled to lead a hand-to-mouth existence as at present. Whatever regime is eventually adopted on the Vistula could have been provided for by special conditions or reservations in the Financial Convention. An agreement regarding the administration of the Vistula — a problem of some difficulty — is earnestly desired by the Polish Government, and it is still to be hoped that a solution can be found. It appears to be a matter in which the assistance of technical experts from outside might contribute to a workable arrangement satisfactory to all parties, provided they could agree on the terms of reference.

(c) *Police.*

The agreement for handing over the police to the Harbour Board has not yet been put into execution. As far as I can judge, technical difficulties are placed in the way by the authorities of the Free City while the demands of the Polish representatives appear to exceed the requirements of the case. As the arrangement is only provisional for two years, I consider that it should have been possible to have arrived at an agreement by now.

(d) I have given a decision on the Harbour Board flag, which has been appealed against by the Free City²

(e) *Port d'Attache.*

I hope that the question of the *port d'attache* may soon be settled. It has caused the Harbour Board considerable embarrassment, not so much on account of any actual space taken up in the port by the Polish war vessels as because an agreement could not be reached on the definite allocation of areas for commercial purposes so long as the location of these ships in the port and the conditions of their existence remained unsettled.

(f) *Office of President.*

Both Governments have agreed to request the President of the Harbour Board to renew his tenure of the post for a further period, and he has accepted the proposal—a state of affairs which is undoubtedly in the interest of the port, as of the two Governments, during what may still be considered a transition period³

¹ See *Official Journal*, November 1923, pages 1417-1423.

² C. 39. 1924. I, C. 100. 1924. I, and Minutes of the Council meeting held on March 14th, 1924 (see *Official Journal* April 1924, page 529).

³ C. 42. 1924. I

(g) *General.*

I have to note that the normal activities of the Harbour Board run a risk of being obstructed by a practice, which appears to be becoming more common, of both Governments appealing to me to annul decisions given by the casting vote of the President.

The cases are usually connected with purely technical matters of the administration of the port, such as the purchase of a new ferry, the building or leasing of warehouses by or to the railways, on which the Harbour Board is the competent authority and for which it should be considered by both parties to be a competent judge of the interests of the port and of the two Governments. The general status of the Harbour Board has been settled by the Agreement of September 1923, and it is, in my opinion, in the interests of all concerned that the Board should enjoy in its administrative and executive functions the greatest freedom compatible with the provisions of the Treaties in force — a view shared by both Governments more in theory than in practice.

(h) A request for a settlement of loans and sale of property by the Harbour Board has just been received¹

2. CUSTOMS.

I am glad to report that there appears to be no case of an insurmountable difference of opinion on Customs matters.

A recent prescription that Customs dues must be paid in gold has led to certain difficulties of execution in Danzig owing to the short notice at which it was introduced and the want of means of payment, but negotiations are going on which will, I hope, lead to a satisfactory result on this matter, as well as on the question of the prohibition of export of Danzig coinage from Poland.

3. ARTICLE 33.

I have received a statement of the case of the Free City but not yet of the Polish Government on this important matter.

4. FOREIGN AFFAIRS.

(a) *Consultation of Free City and Participation in Treaties and International Agreements.*

Correspondence attended by some delay has been taking place between the Polish Commissioner-General and myself, and negotiations between the Free City and the Polish Government regarding the contractual position of the Free City appearing in the texts of commercial treaties where the Free City is a contracting party. The actual situation is not yet quite clear. A number of treaties have been concluded by Poland on behalf of the Free City, but I have not yet been advised of the results of the consultation of the Free City in all cases.

(b) *Transmission of Documents.*

I have recently received information that the documents transmitted by the International Court at The Hague to the Polish Government for the Free City have been forwarded to their destination.

(c) *Employment of Danzig Nationals in Polish Consulates.*

Certain definite posts have been allocated to Danzig nationals in Polish Consulates at places where the Free City has important commercial interests. The provision of additional posts is being discussed, and the general conditions of employment in these posts are forming the subject of conversations.

(d) *Polish Diplomatic Personnel in Danzig.*

An agreement has been reached on this question and the terms communicated to the Secretariat²

(e) *Issue of Danzig Passports.*

I have given a decision on the subject of the issue of passports to Danzig nationals abroad, which is being appealed against by the Polish Government³

(f) *Representation of the Free City at International Conferences.*

I have given a decision on this matter, which has been appealed against by the Polish Government.

¹ C. 82. 1924. I, C. 81. 1924. I and Minutes of the Council meetings held on March 11th and 15th, 1924 (see *Official Journal*, April 1924, pages 511, 512 and 547) also C. 128. 1924. I and C. 150. 1924. I.

² See page 817.

C. 158. 1924. I.

(g) *Expulsion of Danzig Nationals from Poland.*

Although this is not perhaps, strictly speaking, within the domain of foreign affairs, it is difficult to catalogue it under any other heading. Some cases in which Danzig citizens have been expelled from Poland have been referred to me by the Free City which asked for the protection of the League. On examining the cases, I found myself unable to accede to the request of the Free City and consequently forwarded the papers for the information of the Secretariat¹

(h) *Liquidation of the Property of Danzig Nationals in Poland.*

A series of such cases has been sent to me by the Free City for a decision that the action of the Polish Government is contrary to the agreements in force. An examination of the cases established the fact that they were similar to those of German colonists in Poland, the only material difference being one of nationality. In view of the fact that this particular question was under consideration by the Council, it seemed to me desirable to forward the papers in these cases for the consideration of the Council²

(i) *Transfer of Buildings by Danzig to Poland.*

The buildings in question are being transferred, and the process is expected to be completed by the end of March.

(j) *Granting of Exequatur of an Honorary Consul in Danzig to a Polish Citizen.*

The Polish Government has asked for a decision that the Free City of Danzig is not entitled to refuse an exequatur to a Polish citizen as honorary Consul to another Power, but has agreed that this decision should not be issued until the difference of opinion on Article 33 has been settled.

5. VARIOUS QUESTIONS.

(a) *Polish Commercial Academy at Danzig.*

Conversations on this subject continue between the two parties.

(b) *Enlistment of a Danzig Citizen in the Polish Army.*

The Free City of Danzig has asked for a decision that the Polish Government was not entitled to conscript a Danzig citizen in the Polish Army. There is no difference of opinion between the two Governments on the principle but only as to the nationality of the individual in question, which has not yet been cleared up.

(c) *Appellation of Localities in Danzig and Poland.*

A difference of opinion has arisen as to the use of the Polish name for Danzig, and I have been asked by the Free City to give a decision on the subject. The issue is of quite secondary importance and is one for which, in my opinion, the machinery provided in the Treaties of Versailles and Paris should not be employed.

(d) *Polish Railway Direction in Danzig.*

The temporary agreement which was come to on June 23rd, 1923, was extended to the end of February by which time it was hoped that a final agreement on all the points would have been reached. Unfortunately negotiations have broken down and the Free City has asked that the question be placed on the agenda of the next Council session.

6. DANZIG AFFAIRS.

Elections to the Volkstag and Senate.

The elections for the new Volkstag took place in November 1923 and for the Senators, acting in a secondary capacity, some weeks later.

The general result of the elections has been the weakening of the middle parties and the strengthening of the Extreme Right. The present Coalition Government is composed of a minority consisting of the German Nationalist and the clerical Centre Party with the benevolent support of the Deutschsoziale, who were responsible for the disappearance of the Middle Party from the late Government, and detached members of the middle parties.

A number of members of the German Reichstag took part in the election campaign, and their efforts doubtless contributed to the success of the Extreme Right, not only in the elections to the Volkstag but also in the representation it obtained in the Senate. The Polish party lost two seats, for reasons on which public opinion is divided.

¹ C. 101. 1924. I and Minutes of the Council meetings held on March 11th and 15th, 1924 (see *Official Journal*, April 1924, pages 511, 512 and 547).

² C. 44. 1924. I, C. 87. 1924. I, C. 88. 1924. I, C. 98. 1924. I, C. 130. 1924. I; C. 162. 1924. I, C. 173. 1924. I, and Minutes of the Council meeting held on March 11th, 1924 (see *Official Journal*, April 1924, pages 512 and 513).

The reduction by half of the numbers of the Volkstag (now 120 for a population of 360,000) is advocated by the German Nationalists, but the Socialist opposition will only consent to this constitutional amendment if the number of Senators is simultaneously reduced.

There is, I think, a general agreement in objectively minded circles that the Volkstag is, politically, economically and administratively, too large for so small a State as the Free City, but it will not be too easy now to alter a constitution drawn up during the post-revolutionary period in Germany, if the reduction can only be made as the result of a political bargain amongst the seven parties which are now represented in the Volkstag.

The case for the reduction of the Senate has also received support in various quarters, and it may be said that a general reduction in all administrative expenditure and simplification of administrative procedure would be welcomed by the commercial interests of the Free City.

The Financial Situation of the Free City of Danzig and the Cost of Living.

The extraordinary rapid fall of the German mark began to assume dangerous proportions^s in August last and had the effect of accelerating the reform of the currency which had been unduly delayed. Riots, provoked by the fall of the mark at the beginning of August, showed the Senate and the business community of Danzig the necessity of breaking away from the German mark. Article 36 of the Polish-Danzig Treaty of November 9th, 1920, made a previous accord with Poland desirable before a currency reform could be instituted. The problem was, however, so urgent that the business circles of Danzig decided to put into circulation an emergency stable currency based on the reserves of currency in the hands of the business community (*Industrieschecks*). On September 22nd, 1923, an agreement between the Polish Republic and the Free City concerning monetary reform in Danzig was signed at Geneva, under the auspices of the Financial Committee of the League¹. By the Law of October 20th, 1923, the Senate put into circulation a provisional paper currency (*Zwischengulden*) fully covered by a sum in pounds sterling. On November 20th, the Senate passed three laws regulating the final gulden paper currency, the issue of metal coinage and the foundation of a bank of issue². The statutes of the Bank of Issue were published on January 8th, and by the 22nd the necessary capital had been over-subscribed, the Polish commercial and banking circles taking up the share allotted to them in the Agreement of September 1923. At the present moment the currency reform is all but completed. Silver coinage from 5 gulden to half a gulden is in circulation, and nickel and copper coins for smaller denominations. A limited number of gold coins of 25 gulden have been struck but have not been put into circulation, they have been distributed as mementos to various personages. Meanwhile it is proposed to withdraw the *Zwischengulden* paper money and replace it by new notes ranging from 10 to 100 gulden.

Though the successful adoption of a new stable currency will be an undoubted benefit for trade and commerce, the evils of transition have made themselves felt in Danzig by causing what is hoped will only prove to be temporary trade stagnation, unemployment, and a marked rise in the cost of living measured in gold values.

The general cost of living, composed of food, heating, light, clothing and lodging, stood, in the middle of January 1924, at an index figure of 114, as compared with 42 in July 1923. If lodging, which is controlled by the State and kept at 50 per cent of pre-war prices, is left out of account, the index figure works out at 156.6.

Unemployment.

There are between 4,000 and 5,000 unemployed in the Free City partly owing to seasonal depression in trade but also to the general rise in prices, causing a reduction in the competitive power of the Danzig industry, which, during certain periods of mark inflation, found itself in a strong position to compete with its goods in outside markets. Further, the rapid fall of the mark led to a conversion of the currency into real effects, which in its turn stimulated production. This practice has now ceased, with the result that firms have had to discharge workmen and employees and in some cases have had to close down altogether. Since October 1923, 65 firms have gone out of business.

Commercial.

An event of importance and of great promise for the future of Danzig-Polish economic relations has been the foundation of a combined Danzig-Polish commercial organisation to further the trade relationships of the two countries. Two members of the Danzig Chamber of Commerce have been nominated by it to the committee, which is composed of leading business men in Polish and Danzig circles and contains also the leader of the Polish party in the Volkstag. It is to be expected and hoped that the community of economic interests of the two countries which is to be furthered by this new organisation will in time have its effect also upon the political relations.

(Signed) M. S. MACDONNELL.

¹ See *Official Journal*, November 1923, pages 1485-1487.

² F. 134. 1924.