

It is of interest to point out that the financial position of the State undertakings, while still representing a heavy burden on the budget, has considerably improved. Economic conditions within the country have had a favourable effect on railway traffic and on posts and telegraphs. As regards the steel-works, which still show a considerable deficit, receipts have increased more rapidly than expenditure in the same manner as in the general State budget.

The situation outlined above has made the position of the Treasury easier. As has been the case since the beginning of the financial year, the State continues to cover the requirements of current administration without needing to have recourse to loans.

The Finance Minister has informed the Committee of the measures already taken or under consideration for simplifying the basis and collection of certain taxes and charges.

In short, the budgetary position would seem to reap the advantage of the improvement which has occurred in the general economy of the country and of the efforts of the Government to prevent a substantial rise in expenditure while receipts were growing.

2. National Bank.

No appreciable change has taken place in the position of the National Bank since the last session of the Committee.

The total movement of foreign exchanges (free and blocked) for the ten months since January 1st, 1936, has shown an increase of 100 million pengö in the total purchases as compared with the same period of 1935. The total free exchange—*i.e.*, the exchange at the disposal of the Bank for transfers—has increased by 39 million pengö, and the proportion of this exchange to the total exchange purchased has risen from 14% to 22%. These results may be attributed primarily to the unification of premiums, a measure which the Committee has mentioned in previous reports and which coincided with the almost complete disappearance of the non-official market.

3. Economic Situation.

Production and consumption within the country are increasing, but foreign trade is not increasing at the same rate.

While internal trade in many branches is approaching the level reached before the depression, the volume of foreign trade during the first ten months of 1936, in spite of a slight increase as compared with 1935, still remains at about one-third of the gold value of such trade during the years 1928 and 1929. An element of uncertainty has for the moment been introduced into foreign trade as a result of the devaluation of various currencies; for instance, at any rate during October, Hungarian exports to the countries which had depreciated their currencies showed a great falling-off as compared with the same month in 1935.

The recent currency devaluations have brought about an adaptation of the level of premiums in respect of the countries whose currency has been devalued.

ANNEX 1647.

C.145.M.93.1937.VII.

FREE CITY OF DANZIG.

APPOINTMENT OF A HIGH COMMISSIONER OF THE LEAGUE OF NATIONS AT DANZIG.

NOTE BY THE SECRETARY-GENERAL.

Geneva, February 17th, 1937.

On the instructions of the Rapporteur (the representative of the United Kingdom), the Secretary-General has the honour to bring the following information to the attention of the Council.

On January 27th, 1937,¹ the Rapporteur proposed to the Council that, if Admiral de Graaff were unable to accept nomination as High Commissioner in Danzig, the appointment should be left to the decision of the President of the Council in consultation with the Committee of Three, which deals with Danzig questions, and with the representative of Poland. This proposal was accepted by the Council.

In conformity with this decision and after the consultations provided for therein, the President of the Council has appointed as High Commissioner of the League of Nations in Danzig M. Carl

¹ See page III.

J. BURCKHARDT, Professor at the University of Zurich and at the Graduate Institute of International Studies at Geneva, Member of the International Red Cross Committee.

The conditions of the appointment are as follows:

1. M. Burckhardt is appointed High Commissioner of the League of Nations at Danzig for three years, as from February 18th, 1937. The appointment may be renewed for a further period.

2. The annual salary of the High Commissioner will be 72,000 Swiss francs. Arrangements concerning other expenditure relating to the post of High Commissioner, including the salaries of his office staff, travelling expenses, etc., will be made by the High Commissioner after consultation and in agreement with the Secretary-General.

3. The funds appropriated for the maintenance of this post shall, as in the past, be advanced to the High Commissioner by the Treasury of the League of Nations. The High Commissioner shall submit a monthly report to the Treasury on the use made of these funds, which shall, so far as possible, be employed in accordance with the general rules applied by the League in such matters. Advances thus made to the High Commissioner shall be repaid in equal parts by the Governments of Danzig and of Poland, in accordance with the Agreement concluded on that question. The accounts of the High Commissioner shall be audited every six months by the Treasury of the League of Nations.

ANNEX 1648.

C.89.1937.VII.

FREE CITY OF DANZIG: SITUATION AT DANZIG.

REPORT OF THE POLISH GOVERNMENT ON THE EXECUTION OF THE MANDATE
ENTRUSTED TO IT BY THE COUNCIL ON OCTOBER 5TH, 1936.¹

[*Translation.*]

Geneva, January 26th, 1937.

In its resolution of October 5th, 1936,¹ the Council of the League of Nations "invited the Polish Government to seek, on behalf of the Council, the means of putting an end to the situation described in the general report of the High Commissioner and thus of rendering fully effective the guarantee of the League of Nations, and to make a report on this subject at its next session".

The Council was led to take this decision on account of the difficulties which had arisen at Danzig in the relations between the Senate of the Free City and the High Commissioner, and which were likely to impair the efficacy of the League's guarantee. The Polish Government was therefore called upon to seek appropriate means of putting an end to this abnormal situation, with a view to relieving the tension at Danzig.

In accepting this task, the Polish Government, which was fully conscious of its rights and duties, and also of its responsibilities as the Member of the Council most directly concerned in questions affecting the Free City of Danzig, carried out the Council's instructions in a wholly impartial manner, taking into account all the political circumstances.

In the course of its negotiations with the Danzig Senate, the Polish Government emphasised the necessity for respecting the Statute of the Free City and the competence of the High Commissioner. It noted, in this connection, that the Senate was resolved to carry out the Statute and the resultant obligations.

In particular, the Polish Government is in a position to lay before the Council the declaration made to it by the Senate of the Free City regarding the Senate's attitude towards the High Commissioner as the representative of the League of Nations, which is the guarantor of the Statute of Danzig.

The declaration reads as follows:

"After the conversations which it has had with the Polish Government concerning the mandate entrusted to the latter by the League Council on October 5th, 1936, the Senate of the Free City of Danzig declares that the Free City bases its relations with the High Commissioner on the legal Statute in force."

This declaration by the Danzig Senate and the assurances given to the Polish negotiators by the Danzig representatives in the course of the negotiations lead the Polish Government to hope that the difficulties experienced by the High Commissioner in the exercise of his functions will not arise in future.

¹ See *Official Journal*, November 1936, page 1191.