

Annex 571.

C. 555 (1). 1923. I.

SAAR BASIN RESIGNATION OF Mr. R. D. WAUGH FROM THE GOVERNING COMMISSION.

Report by M. Tang Tsai-Fou and Resolution adopted by the Council on September 20th, 1923.

In a letter to the Secretary-General of August 2nd, 1923, Mr. R. D. Waugh (Canadian) tendered to the Council his resignation from the Saar Basin Governing Commission in order to accept an important commissionership with the Manitoba Government in Canada. He desired to leave Saarbruck before the end of August in order to assume his duties within a month and hoped that the Council would accept his resignation at the very earliest opportunity. He has explained the situation with regard to his own departments, stating that anyone taking his place would find everything running smoothly and that no inconvenience would result from his departure.

Mr. Waugh was originally appointed by the Council on February 13th, 1920, and was reappointed in 1921, 1922 and 1923. His present term of office expires on February 13th, 1924. From the beginning he has been in charge of the department of Finance, Food Supply and Forests. His ability in handling these departments in a businesslike, economical and efficient manner has been frequently recognised. He has gone through, with his colleagues, all the heavy work of setting up the Government of the Saar territory and of weighing the many problems of an economic social, administrative and political character which have confronted the Governing Commission. Mr. Waugh has won from the population of the territory general esteem, and he has been praised for his honesty of purpose and disinterested impartiality.

I feel sure that my colleagues will join me in adopting the resolution which I now propose

“ (1) The Council of the League of Nations accepts the resignation of Mr. R. D. Waugh as a member of the Saar Basin Governing Commission as from August 15th, 1923.

“ (2) The Secretary-General is requested to convey to Mr. Waugh the thanks of the Council for the services which he has rendered to the League of Nations during his three and a half years as a member of the Governing Commission.”

Annex 572.

C. 628. 1923: I.

FINANCIAL SITUATION OF THE FREE CITY OF DANZIG.

Report by M. Quiñones de León and Resolution adopted by the Assembly on September 22nd, 1923.

During the last few weeks the Financial Committee of the League of Nations, with the help of representatives of the Danzig and Polish Governments, as well as the High Commissioner of the League of Nations in Danzig, has given particular attention to the question of currency reform for the Free City. Certain communications on the subject have recently been circulated to the Council.

The necessity has been realised on all sides for immediate action in order to remove as soon as possible the danger to the Free City as well as to Poland, of the present financial situation in Danzig, which has been made increasingly critical by the rapid fall of the German mark. The Financial Committee has examined the plan for currency reform proposed by Dr. Volkmann and approved by the Danzig Senate, and has proposed certain modifications in this programme. The interests of Poland in this matter, especially in view of the provisions of Articles 7 and 36 of the Polono-Danzig Treaty of November 9th, 1920, have been duly taken into consideration, and the Council will be especially gratified to know that a formal agreement along the general lines laid down by the Financial Committee has been reached between Danzig and Poland with regard to this question.

I am sure that the Council will desire not only to express its appreciation of the interest which has been taken in this matter by the Financial Committee, whose Chairman and Members present in Geneva have generously given their time to finding an immediate solution of the question, but also its earnest hope that there will be no delay in executing the necessary measures for the relief of the financial situation in the Free City.

I beg to propose the following resolution

“ (1) The Council takes note of the letters of September 5th (Annex 572a) and September 22nd, 1923 (Annex 572b), from the Chairman of the Financial Committee, and the letter of September 22nd, 1923 (Annex 572c), from the Senator in charge of the finances of the Free City of Danzig and the Polish Commissioner-General in Danzig, with the annexed agreement of the same date concerning the currency reform in Danzig.

"(2) The Council thanks the Financial Committee for the assistance which it has given towards the solution of this question.

"(3) The Council thanks the Conference of Ambassadors for its letter of August 25th, 1923. (Annex 572d.)

"(4) The Council desires that all interested parties may be kept informed of further developments with regard to the financial situation of the Free City, as provided for in the Council's resolution of January 30th, 1923. "

Annex 572a.

C. 626. 1923. II.

FINANCIAL SITUATION OF THE FREE CITY OF DANZIG.

Letter dated September 5th, 1923, from the Chairman of the Financial Committee to the President of the Council submitted to the Council on September 22nd, 1923.

[Translation.]

The Financial Committee has instructed me to put before you its views on the very urgent question of the currency reform in the Free City of Danzig.

The Council, in its resolution of July 4th, 1923, requested the Financial Committee to keep it informed of all proposals for currency reform. Since that date, Dr. Volkmann, the Senator entrusted with the finances of the Free City, has forwarded to the members of the Financial Committee a scheme of reform which has been approved by the Senate of the Free City of Danzig, as appears from a letter, dated August 31st, from the President of the Senate to the High Commissioner of the League. Dr. Volkmann has recently completed his explanation of his scheme of reform to the Financial Committee. He emphasises the extreme urgency of the need for improvement in the currency situation of the Free City.

The Committee has also drawn upon other sources of information. It has consulted the High Commissioner of the Free City of Danzig, Mr. MacDonnell, who, in reviewing the general position of Danzig, laid stress upon the very serious political and social consequences which would arise from any delay in the reform of the Danzig currency.

The Financial Committee further desired to hear an authoritative opinion from a person of weight in Poland in order to do justice to the legitimate interests of the Polish Republic on certain questions connected with the scheme of currency reform, in view of the provisions of Article 7 and 36 of the Paris Convention between Poland and the Free City of Danzig. In point of fact, in a letter to the Secretary-General dated August 22nd, 1923, the Polish Government had already appointed M. Wieniawski, a former Secretary of State, as the Polish expert on all questions connected with the financial problems of the Free City.

Having access to all these sources of information, the Financial Committee has reviewed the various solutions which appeared worthy of consideration. It has formed the opinion that Danzig could not, to any advantage, adopt the Polish mark on account of its instability, and also of the fact that its reform is under consideration. On the other hand, in spite of the Polish Government's natural anxiety that Danzig should adopt the gold zloty as currency, it must be recognised that this currency has not as yet reached in Poland a position in law which would warrant Danzig in adopting it at present. Of the existing currencies, the Swedish crown did not appear suitable for adoption because commercial relations between Danzig and Sweden are not sufficiently important.

Moreover, a fundamental consideration forced itself upon the Financial Committee's notice. However desirable may be the adoption of a currency based on a gold standard, if, by adopting a currency slightly different from the dollar, the Free City of Danzig has reason to hope for almost immediate financial support, this constitutes a practical consideration which should, in the circumstances, override all theoretical preferences. The Financial Committee has therefore reached the conclusion that the adoption of a currency based on the pound sterling is for the time being the most businesslike solution. But the Committee considered that it ought, in developing this plan, to find a procedure which, while carrying out the object the Free City of Danzig had in view, would best obviate all difficulties which might arise with the Polish Republic, on which a change in the currency of the Free City may react.

With this object in view, the Committee considered that

(1) In order to provide for the future — in other words, not to prejudice the stipulations of Article 36 of the Paris Convention — the Free City of Danzig would be well advised to select for its currency unit a florin or "gulden" equivalent to the 25th part of the pound sterling (not the 100th part, as Dr. Volkmann's scheme suggested). The new Danzig florin would thus have a theoretical value par varying only by about one centime from that of the Polish gold zloty and it would be easier in the future, as soon as circumstances permitted, to consider the unification of the currencies.