

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