

due to the considerable development in postal traffic from Poland. Further, it must be remembered that the upkeep of the railways was paid for entirely by Poland, which bore the burden of a very heavy deficit on this account. The absence of unemployment was an additional sign of the financial prosperity of the Free City. Only 12 million German marks had been set aside in the 1922 budget for unemployment doles, and at present there were no unemployed in Danzig.

With regard to the real estate belonging to the Free City and the financial burdens with which it was encumbered, M. Askenazy referred to his statement of September 9th, 1922, quoted by M. Adatci in his report. He confirmed the explanations which he had given to the Council and declared that he completely agreed with the conclusions of M. Adatci's report.

General HAKING said that the financial position of Danzig was such that she was unable to continue from one quarter to the next owing to the lack of working capital. Provided that good relations with Poland continued, Danzig would in time, he thought, show a credit balance which would be sufficient for working capital.

Lord BALFOUR enquired how it was that a city in such a fortunate commercial situation, and displaying great powers of self-government, was unable to surmount the difficulty of finding enough money to continue from quarter to quarter.

The PRESIDENT said that the Free City would have to furnish explanations to the Reparation Commission. In balancing its budget, the Free City had to take into account two circumstances outside her control, but which would not last for ever—the moratorium, and the question submitted to the Conference of Ambassadors as to what could be done regarding the cost of the French and British troops of occupation. The balancing of the budget which had been achieved therefore depended on these two considerations, which would eventually cease to exist.

It would appear that the Free City received its taxes in cash, but did not possess sufficient funds to meet expenditure before the actual receipt of these taxes. Other States were also in the same position, which was not an enviable one. The Council could not apply the moratorium to working capital, only the Reparation Commission could do this and extend, if necessary, the moratorium in order to make a loan possible. Two solutions alone were possible—taxation or a loan. A loan could only be granted if a method of control were set up. Had the Free City any securities to offer?

DR. VOLKMANN replied in the negative.

The PRESIDENT enquired whether the Free City possessed communal properties.

General HAKING replied that the Free City had no securities, and could not even contract a short-term loan. No banks would lend her money because of the lack of securities.

After a short discussion between the PRESIDENT, Lord BALFOUR, General HAKING and M. ADATCI, the Council decided to refer the question under discussion to the Financial Committee of the League, and adopted the following resolutions

“(1) The Secretary-General is requested to thank the Reparation Commission for its letter of January 6th, 1923, and for the action which it has taken to relieve the financial difficulties of the Free City of Danzig.

“(2) The Secretary-General is requested to communicate to the Financial Committee of the League all the recent correspondence on this question, with a request to that Committee to continue to follow the developments in the financial situation of the Free City and to make such further reports to the Council of the League as it may deem desirable.

“(3) The Secretary-General is asked to request the Danzig Government to continue to keep the League of Nations informed with regard to its financial situation and with regard to any further steps taken to carry out the recommendations approved by the Financial Committee of the League on September 6th, 1922.

“(4) The Secretary-General is requested to communicate to the Reparation Commission and to the Conference of Ambassadors those parts of the correspondence which concern their work and to represent to the latter the desire of the Council to receive an early reply regarding the matters referred to it.”

*The Council further decided that a copy of the Minutes of this discussion should be sent to the Financial Committee.*

### 835. The Police of the Free City of Danzig.

M. ADATCI read a report (Annex 447) and reminded the Council that the enquiry which had been made had been asked for by the French Government.

The PRESIDENT noted that public opinion in Danzig was not particularly hostile to the French uniform. It was mentioned in the report that foreign uniforms generally had been objected to by certain portions of the population, and that the hostility which they displayed

had not always been checked by the police. The French Government therefore considered this particular question as solved. The High Commissioner had pointed out that further expenditure for the maintenance of police would create a disastrous economic situation, which was more to be feared than incidents which he hoped would not be renewed.

General HAKING said that the action taken by the French Government had done a great deal of good. He knew that the Danzig authorities were taking special care to improve the police service, especially as regards dealing with foreigners of all countries.

M. SAHM assured the Council in the name of the Government of the Free City that that Government would do its utmost to ensure that its police should behave in the most correct manner possible, both to the inhabitants and to foreigners.

The PRESIDENT said that the Council would take note of M. Sahn's declaration.

M. ASKENAZY noted on behalf of the Polish Government the statements of M. Sahn and the High Commissioner.

*The Council noted M. Adatci's report.*

### 836. Resignation of General Haking, High Commissioner of the League at Danzig.

M. ADATCI read a report (Annex 448).

M. SAHM warmly thanked the High Commissioner for the work which he had done. Now that General Haking was about to leave Danzig, the President of the Senate of the Free City desired to thank him most warmly for the benefits which had accrued to Danzig during his term of office. These had been the result of the strong spirit of impartiality and the great experience displayed by General Haking. Decisions which he had taken as arbiter between the Polish Republic and the Free City of Danzig were of considerable importance, from the point of view of international law and of the good relations between the two States. General Haking enjoyed a well-deserved popularity among the citizens of the Free City.

M. ASKENAZY said that it was his duty in the name of his Government to pay a tribute to the untiring care with which General Haking had fulfilled his important duties. These had been both difficult and delicate. For two years General Haking, as High Commissioner, had carefully preserved the principle of Poland's free access to the sea, guaranteed to her by the Treaty of Versailles. Though there had been differences of opinion between the Polish Government and the High Commissioner, his Government had always appreciated the eminent qualities of General Haking as an impartial arbiter who put forth every effort to co-ordinate the points of view of Poland and the Free City.

The PRESIDENT said that the League of Nations might be well-satisfied if it could find in the future men of the same stamp as General Haking, who combined the qualities of a man of action with that of a diplomat. The President extended to him the congratulations of the Council. He proposed that they should be noted in the Minutes as a permanent record of the gratitude of the Council towards General Haking.

*The Council adopted the President's proposal.*

General HAKING thanked the Council for its congratulations. The Danzig and Polish Governments had always acted in a most loyal manner towards him, and the Council and the Secretariat of the League had invariably helped him in every way. He desired to call the Council's attention to the excellent services of his clerk, Mr. Ryan.

The Council adopted the following resolutions

"(1) General Haking's, term of office as High Commissioner of the League of Nations in Danzig is hereby extended from January 19th, 1923, to the end of the present session of the Council.

"(2) The Secretary-General is requested to convey to General Haking the thanks of the Council for the services which he rendered to the League of Nations during his period in office."

### FOURTH MEETING (PRIVATE)

*held at Paris on Tuesday, January 30th, 1923, at 3.30 p.m.*

Present All the representatives of the Members of the Council, and the Secretary-General.

### 837 The work of the Economic Committee during its Session held in January 1923.

The PRESIDENT read a report (Annex 449) and presented the following resolutions