

Annex 446b.

C. 147 M. 74. 1923. I.

FINANCIAL SITUATION OF THE FREE CITY OF DANZIG.

Second Report by M. Adatci and Resolution adopted by the Council on February 3rd, 1923.

In accordance with the decision of the Council, at its meeting on January 30th, 1923¹ on the financial situation of the Free City, the Financial Committee of the League considered the question on January 30th and 31st, 1923, and adopted the following resolution

“ After having heard, in accordance with the resolution adopted by the Council at its third meeting held on January 30th, 1923, the statement by Senator Volkmann on the present financial situation of the Free City of Danzig, the members of the Financial Committee present at Paris have the honour to submit to the Council the following proposals

“ In the first place, the Financial Committee would remind the Council that, it has already considered the financial situation of the Free City and given opinions which were transmitted to the Free City on the authority of the Council. In pursuance of the action recommended by the Financial Committee, the Reparation Commission recently granted the Free City a moratorium for a period of one year in respect of certain obligations arising out of the Treaty of Peace.

“ The representative of the Free City explained to the Council that, according to the conditions under which it was granted, this moratorium did not allow the Free City to carry on credit operations sufficient for its needs. The Financial Committee presumes that it is on account of this statement by Senator Volkmann that the Council has asked it to examine the question anew.

“ In the resolution which it took in September last, the Financial Committee expressed the opinion that the financial problem of Danzig cannot be solved except by the substitution of a stable currency for the German mark” This view has not been adopted by the Free City. The Financial Committee recognises, however, that in the present circumstances it is extremely difficult for the authorities of the Free City to substitute any fresh currency for the German mark but the Committee would like to state that, at the time when it gave its opinion, this substitution would have been possible, and it is convinced that the Free City will never emerge from its monetary embarrassments unless it adopts a stable currency.

“ This is the object towards which its financial policy should be directed. The retention of the German mark has, as a matter of fact, led to the results which the Committee foresaw in September, i.e., on the one hand, temporary prosperity in industry and commerce, and on the other hand, an increase in the budgetary difficulties which the representative of the Free City has once more explained to the Council.

“The Committee is of opinion that it is desirable to take into consideration the serious difficulties which will be experienced by the Free City so long as it continues to use the German mark. The Committee is convinced that the authorities of the Free City can only carry out with very great difficulty the credit operations of which they stand in need during the period and under the conditions of the moratorium granted to them by the Reparation Commission.

“The Committee does not believe that under present circumstances the Free City should carry out credit operations for industrial or other installations nor for the funding of its debt. The loans raised by it should be restricted to the sums required to provide the State with a working capital rendered necessary by the fall of the German mark. The Committee is of opinion that these sums should not exceed 500,000 gold marks.

“The Financial Committee therefore has the honour to recommend that the Council should approach the Reparation Commission in respect of the obligations arising out of the Treaties of Peace, and also the Conference of Ambassadors in respect of the costs arising out of the Allied occupation, with a view to assuring the Free City priority for credit operations which are not to exceed 500,000 gold marks.”

The Financial Committee, during the consideration of this question, had before it all the recent documents on the problem, including the Minutes of the meeting of the Council on January 30th, 1923, which recorded the remarks of the Polish delegate on this question.

It is, of course, understood that, if the Free City should in the future, as the result of any arrangement for priority in credit operations, desire to contract any foreign loan, the Polish Government will be consulted, in accordance with the provisions of Article 7 of the Polish-Danzig Treaty of November 9th, 1920.

I beg to propose the following resolution for adoption

“The Council approves the recommendation of the Financial Committee and authorises the Secretary-General, acting in consultation with the Financial Committee, to undertake the necessary negotiations with the Reparation Commission and the Conference of Ambassadors, and decides that the resolution of the Financial Committee and the accompanying documents be communicated forthwith to the Danzig Government for its observations.”

Annex 447.

C. 104 (1). M. 50. 1923. I.

THE POLICE OF THE FREE CITY OF DANZIG.

Report by M. Adatci submitted to the Council on January 30th, 1923.

On October 4th, 1922¹ the French representative on the Council read a telegram from the French Prime Minister concerning the Danzig Police and their attitude in connection with certain incidents between French sailors and Danzig inhabitants during a recent visit to Danzig of the French Naval Division of the Baltic. M. Hanotaux stated that, if the facts were correct, the French Government would demand the reorganisation of the Danzig Police. At his request the Council decided to ask for the observations of the High Commissioner and to place the question on the agenda of its next session. The text of the telegram from M. Poincare, together with two memoranda on the subject, have been circulated for the consideration of the Council.

In a letter dated December 14th, 1922, the High Commissioner submitted his observations and forwarded two letters from the President of the Danzig Senate on this subject.

At the meeting of the Council on September 9th, 1922² when the financial situation of Danzig was discussed, the French representative on the Council called attention to the question of expenditure on the Danzig Police. Copies of the Police budgets for the financial year 1921 have therefore been forwarded to the Secretariat, and a summary of the statistics showing the strength of the Police and the expenditure upon them has been circulated to the Council. Detailed budget estimates for the financial year 1922 have also been received recently in the Secretariat.

In addition to the general complaint against the Danzig Police on the ground of incapacity and partiality as regards the protection of French nationals and sailors, a specific complaint has been made on account of the export duties imposed in Danzig on goods bought locally by the crews of visiting warships, and of the annoyance caused in the execution of Customs formalities. The President of the Danzig Senate has shown the actual position with regard to the levying of import and export duties and taxes, and the High Commissioner has explained the special need for the control of the export of food-stuffs from Danzig. The High Commissioner has added that he believes proper steps are being taken by the Government of the Free City to ensure that the Danzig Customs officials adopt a more correct attitude and understand that they are the servants of the public, and that they should avoid irritating or treating roughly the inhabitants of or visitors to the Territory.

Specific complaints have also been made against the attitude adopted by the authorities of the Free City to the wearing of uniform by French sailors. It has been stated that difficulties were put in the way of officers and men of the French Naval Division in this connection. The Danzig Senate and the High Commissioner have both pointed out that the decree regarding the wearing of foreign uniform in Danzig does not apply to naval personnel.

Mistakes which may have been made by subordinate officials, shortly after the coming into force of this decree, should not, in the opinion of the High Commissioner, have occurred, but the lesson has been learnt and such mistakes are not likely to be repeated.

Six or seven specific instances, at various times from November 11th, 1920, to September 1922, have been cited in the communications from the French Government to indicate that

¹ See *Official Journal*, November 1922 (Part II), page 1211.
See *Official Journal*, November 1922 (Part II), page 1181.