

was also required on the position of the National Bank, since the position as regards its securities and balance-sheet was always related to the general situation of the bank. His Government would certainly give the required information to the Financial Committee.

The Bulgarian Government had already established the service of the loan by means of a blocked account opened with the National Bank and under the control of the Commissioner of the League. Administrative action had been taken to effect this.

The Bulgarian Government thought, therefore, that all the wishes expressed in the report of the Financial Committee and in the resolution before the Council would receive complete satisfaction.

The resolutions were adopted.

M. Molloff and M. Dendramis withdrew

1844. Free City of Danzig Report of the Financial Committee on the Financial Situation of the Free City

M. Sahn, President of the Senate of the Free City of Danzig, and Dr. van Hamel, High Commissioner of the League of Nations at Danzig, came to the Council table.

The PRESIDENT, Rapporteur, read the following report and resolution ¹

"The Council will remember that, on September 20th last, it approved the report of the Financial Committee which recommended that, as soon as certain conditions had been fulfilled, the issue of a loan by the Free City of Danzig, under the auspices of the League, could be authorised.

"The report of the Financial Committee which now lies before us (Annex 919) points out that substantial progress has been made in the fulfilment of these conditions. As, however, they have not yet all been complied with, the Committee is still unable to recommend that the issue of such a loan should at this moment be definitely authorised. But, at the same time, as the points on which settlement is still required are limited and definite, and as the problem is urgent, the Committee is of opinion that the Council might at once, give *conditional* approval and authorise the issue of a loan by the Free City under the auspices of the League, subject to the verification by the Financial Committee of the fulfilment of certain measures which are enumerated in its report.

"By this procedure it may be possible to issue the loan before the next session of the Council, and the financial situation of the Free City will be thereby substantially relieved.

"I therefore propose to the Council to adopt the Committee's recommendations.

"I would like to take this opportunity of drawing the attention of the Council to another aspect of the problem. The Council will have seen, from the successive reports made by the Financial Committee, that subjects which have to be regulated by negotiation between Danzig and Poland are not always dealt with as quickly as might be desired. This might be changed perhaps, and it would not be necessary to conclude agreements at the last moment if the Polish and Danzig authorities would maintain easier and less formal relations. If, for instance, instead of engaging in correspondence, which is necessarily slow they entered into direct personal contact, arrangements could be more quickly reached and the parties could arrive at a decision in a much more satisfactory manner. I feel sure that I express the feelings of the Council if I call the attention of the parties concerned to the desirability of employing easy and less formal methods in their dealings in Danzig, methods which the High Commissioner will certainly also be glad to encourage as far as it is within his power to do so.

"I have the honour to submit the following resolution to the Council.

"The Council:

"Approves the report of the Financial Committee;

"Authorises the issue, under the auspices of the League, by the Free City of Danzig, of a loan as contemplated by the Financial Committee, subject to the verification by the Financial Committee of the fulfilment of the measures enumerated in its report;

"Expresses the hope that it will be possible to issue the loan before its next session, and that this loan will assist Danzig in restoring her public finances to a completely sound basis' "

M. SAHM, President of the Danzig Senate, wished, on behalf of the Government of the Free City of Danzig, to express its deep gratitude to the Financial Committee of the League of Nations for the long and difficult work which it had conducted on behalf of the Free City. He would also like to thank the High Commissioner of the League for the efforts which he had made to find some kind of solution for this matter, which was of such importance to Danzig.

He had learnt with special satisfaction that the Financial Committee, which was a body of such great authority had considered, as its report showed, that remarkable progress had been achieved by the Free City thanks to the measures which it had taken on its own initiative to remedy its financial difficulties. The report stated that certain points would have to be settled,

¹ Document C.710.1926.II.

principally by negotiations, before a loan could be floated. He hoped that these negotiations would be carried on in the same spirit as that which had inspired the work of the Financial Committee.

Dr. STRESEMANN referred to the passage in the Rapporteur's report concerning the relations between Poland and the Free City. The suggestion had been made that personal and direct contact between the persons negotiating should take the place of an exchange of correspondence. He entirely agreed with this view and he would suggest that the League of Nations should use its influence on all occasions where personal negotiations could take the place of an exchange of correspondence.

With regard to the question itself, he associated himself with the thanks expressed to the Financial Committee for the long and difficult work which it had accomplished and which had necessitated not only meeting during the daytime but also at night.

The Financial Committee had been able to realise how difficult and artificial was the position of the Free City of Danzig. Although not itself responsible for such a state of affairs, the Free City was in a very difficult economic position, and it was for that reason that the League ought to assist it.

At the Council session of September, he had already given the reasons why Germany was particularly interested in the position of the Free City. He would now merely express the hope that the negotiations which were about to take place, as was mentioned in the report, would be carried out with the same spirit of understanding and co-operation as that which had already been displayed elsewhere.

The PRESIDENT thanked the representative of Germany for having supported his proposal regarding the utility of direct and personal relations. The Council had had occasion to remark throughout the past year that many questions, more difficult than those arising in connection with Danzig, could be solved in an expeditious and satisfactory manner by means of direct contact.

M. STRASBURGER said that he entirely associated himself with the suggestions made by the Rapporteur, and he proposed that the Council should adopt the report and all the suggestions of the Financial Committee.

This decision would be all the easier as the suggestions which the Financial Committee now submitted to the Council were the same as those submitted by the Committee and approved by the Council in September last. In a note which the Free City of Danzig had submitted to the Financial Committee, it was said that the economic and financial situation of the Free City had improved since the month of September. It had improved thanks to two events which had taken place. First, there was the increase by Poland of the share paid to the Free City from the Customs receipts. This was a proposal which had been made to Poland by the Financial Committee. It was a sacrifice which Poland had been requested to make, together with the adoption of other measures for the improvement of the financial and economic situation of the Free City. Poland had thought it advisable and useful not to wait until all the other measures had been put into effect before taking this step. The recommendation, therefore, had been carried out as from the month of September, and the share of Danzig in the revenue of the Customs receipts had been increased.

The second reason for the improvement of the situation of the Free City was the decrease in the number of unemployed, thanks to the orders which the Polish Government had placed with the Danzig industrial firms, particularly with the shipyards of the Free City for merchant ships.

He would venture, in thanking the Financial Committee for its strenuous work, to express the hope that all the other steps which it had proposed would be carried into effect in the shortest time so that the finances of the Free City might be completely restored.

Dr. Stresemann had just said that the situation of the Free City was difficult and artificial in character. He would venture to say that the difficult economic situation was not peculiar to Danzig, nor did it only exist in Poland: it existed also in very many other countries. The improvement of this situation was a common task for all concerned.

With reference particularly to the Free City he had in view one method above all for the improvement of the present situation. This method was to devote every possible effort to the development of the economic life of Danzig. Danzig, as a Free City was a port of Poland and gave Poland access to the sea. Danzig must serve Poland as a port and as an economic intermediary between Poland and all the countries on the Baltic Sea. This task and this duty might be fulfilled if the commercial and economic life were developed in Danzig, and if the interests of other classes of the population, particularly of the officials, were not made to take precedence over the economic and commercial interests and those of the working classes.

Finally, M. Strasburger wished to express his deep gratitude to the President of the Council for the suggestions made in regard to the method of negotiation between Danzig and Poland. This was not merely a question of form, but a question of great practical importance. If rapid and practical solutions were to be reached, it was difficult to postpone all negotiations and to reserve them for Geneva, where it was not always possible to secure the services of the necessary experts, and where it was extremely difficult to take all decisions.

He was sure that the suggestions of the Rapporteur would be followed. This would very greatly facilitate the work in hand, and he relied particularly in this matter on the support of the High Commissioner and on the co-operation of the Danzig authorities.

M. POSPISIL, Chairman of the Financial Committee, said that the Financial Committee was happy to note that, though all the conditions had not yet been fulfilled, very considerable

efforts had been made, a fact which had enabled the Committee to propose a conditional approval, since the points which remained to be settled did not depend on political considerations.

Dr. VAN HAMEL, High Commissioner of the League of Nations at Danzig, said that he could assure the Council that his feelings had been very truly expressed in the President's statement that he as High Commissioner would, as far as his powers enabled him to do so, encourage the methods which had been suggested for negotiations between the parties.

Continuous, practical and personal co-operation between the Polish and Danzig authorities was one of the fundamental conditions of a peaceful and advantageous development of the problems common to both. He earnestly hoped that the parties would remember what had just been said in the Council, and he had, moreover, no doubt on the subject. The first proof would be given that his confidence was justified if the agreement relating to the question which the Financial Committee had been obliged to leave in suspense were rapidly reached. He hoped that this agreement would take effect so that a final consent to the loan could be given before the next session of the Council and even appreciably before that date, say at the beginning of the coming year.

The resolution proposed by the President was adopted.

Dr. van Hamel, M. Pospisil and M. Sahn withdrew

1845. International Economic Conference Report of the Preparatory Committee on the Work of its Second Session.

M. Theunis, Chairman of the Preparatory Committee of the Economic Conference, and M. Arthur Fontaine, Chairman of the Governing Body of the International Labour Office, came to the Council table.

Dr. STRESEMANN read the following report and resolution ¹

"The Committee lays before you to-day its final proposals regarding the composition, programme and date of the International Economic Conference, which the 1925 Assembly decided to convene. Its Chairman, M. Theunis, is here to give you any explanations on the subject which you may think necessary. The Preparatory Committee's report is simple and concise. There is no need for me to comment on it at length.

"In dealing with the work entrusted to it by the Council in December 1925, the Preparatory Committee felt that it should proceed methodically and with caution by dividing its work into two main stages.

"The first, the results of which are set forth in the report on the first session ² was a kind of reconnaissance of the field of operations. A preliminary draft programme comprising a large number of questions was outlined, and extensive documentary information has been collected on that basis.

"With this information in hand, the Committee proceeded with the second part of its work, which consisted in singling out the essential questions in order to define as accurately as possible the ground to be covered by the Conference in its discussions. The result of this final revision is set forth in the report which the Committee is submitting to us to-day accompanied by a programme which, whilst allowing for general discussion of the existing economic situation, tends to direct the Conference's attention to a thorough examination of a certain number of questions which would appear to be suitable for solution on international lines.

"The division of the programme into general questions, commerce, industry and agriculture meets this twofold requirement, which is again reflected in the subdivisions of each of the four main categories.

"In order fully to appreciate the significance of this very concise programme, reference should be made to the documentary information which will accompany it. The documents in question are objective in character. They aim at giving a brief analysis of the actual conditions which are at the root of the problems referred to in the programme.

"These documents, as they will be submitted to the Conference after a final revision, will form a remarkable body of information, both in volume and also in the variety and accuracy of the data. It is perhaps the first time that so large a group of qualified experts, connected with the most varied branches of human activity and belonging to many different countries, have worked in common, and they have furnished the Conference with a sound basis of discussion, and with a practically complete picture, of the existing economic position.

"As regards the composition of the Conference, the Committee, following the precedent of the Brussels Conference, recommends that members be appointed by Governments on the strength of their personal qualifications, it being understood that they are to be independent and should not be the spokesmen of an official policy. The maximum number of members per country is fixed at five. Their expenses are to be defrayed by the Governments. It would be desirable to recommend countries to select these members in such a way as to ensure, in the Conference as a whole, a fair balance of expert knowledge of various kinds and of the different interests involved.

Document C.708.1926.II.

See *Official Journal*, June 1926, pages 816-830.