

and of the great development of West Prussia towards the end of the century, the port's fortunes were very much improved. By 1913 traffic had increased to over 2 million tons, a rise of 31 per cent. over the 1909 figure. It just surpassed Königsberg's turnover in 1911, and maintained its lead until the outbreak of war. The net registered tonnage of shipping using the port was 925,000 tons. In respect of the number of ships using it, Danzig stood seventh on the list of German harbours, and fifth in respect of the turnover of goods.

35. The city also benefited after 1871 by being made the seat of the provincial administration of West Prussia, and later the headquarters of the XVIIth Army Corps. Additional trade and prosperity were created by the setting-up of State military and naval factories which provided much work, particularly immediately before and during the War of 1914-18. The Klawitter dockyards were busy building submarines and warships; the Schichau yards, opened in 1891, rapidly gained world fame for the construction of merchant ships: there were two other shipyards and two ordnance factories. Other commercial undertakings included a chemical works, breweries, glass works, an oil mill, a railway wagon factory, and works producing gold, silver, and amber ware.

36. *Danzig as a Free City: (i) 1920-23.*—Progress was inevitably hindered by the general economic situation of the post-war years and by the city's financial weakness. Adaptation to its new circumstances was complicated in particular by the Polish-Soviet War, and later by German and Polish inflation, which prevented any systematic building-up of the Polish export trade. The average of imports and exports was slightly less than the average for the period 1911-13. Some compensation was obtained from the large emigrant and other passenger traffic directed through Danzig. The city's financial position at the outset was also difficult. Danzig inherited an expensive government machine and heavy social burdens. It was further obliged to take over a share of the German imperial debt, make payment for the cost of the Allied occupation, and pay compensation to Germany for former German State property. Besides these charges on its revenue, there was the additional abnormal expense of maintaining its status as a semi-sovereign State. During the first few years the city's determined efforts to put its finances in order met with some success. The budget was balanced and progress was made, with the assistance of the League of Nations, towards the liquidation of the heavy debts.

37. (ii) *1924-31.*—A remarkable development took place in this period in the traffic handled by the port of Danzig. At a time when the German Baltic ports were increasingly suffering from the competition of the railways, which tended to direct trade away from them to the west, and from the general tendency of trade to concentrate in the North Sea ports, the opening-up of the Vistula basin to Danzig led to great activity in Danzig harbour. The flow of traffic, which had gone in an east-west direction during the period of partition, resumed its previous north-south direction, a process which was incidentally much encouraged by the customs war between Poland and Germany which broke out in 1925, and later by the railway tariff policy and other measures of the Polish Government. By 1924 the total traffic of the port exceeded that of 1913: in 1928 it was more than four times as large and remained so until 1931. (See Appendix at end.)

38. The prevailing attitude in Danzig, nevertheless, appears to have been one of dissatisfaction. Among the factors responsible for this were: The depression among the agricultural community; the difficulties of the merchants in adapting themselves to changed conditions in the Baltic, difficulties which were aggravated towards the end of this period by the competition of Gdynia; the industrial depression which set in in 1925; and the city's very weak financial position. The agricultural problem arose partly from world causes and the conflict of interests between town and country, and partly from the incorporation of Danzig in the Polish customs union. Before 1914 the farmers had been able to market their goods in Germany, an industrial country with no agricultural surplus. After 1919 they found themselves tied to a country with a large agricultural surplus and obliged to compete in the Danzig and other markets with Polish farmers whose production costs were about a third of their own. The industrial difficulties, due to economic depression in Europe, were increased by high taxation and the financial embarrassments of the Free City. Since Danzig's main source of public revenue, as fixed by the Danzig-Polish Convention of Warsaw of the 24th October, 1921, was her share of the customs duties collected (7·8 per cent.), the sharp decline in the customs receipts in 1926 involved the Senate in acute financial troubles, particularly as the fall in the customs receipts