

*Economic Aspect of Danzig's Case against Gdynia.*

48. Protests against the development of Gdynia were made by Danzig with growing frequency and bitterness after 1925. Danzig complained that though Poland was bound under the Treaty of Versailles to make "full use" of the port of Danzig she had neglected to do so, and had directed trade from Danzig to Gdynia by preferential freights, customs rebates, import certificates, the establishment of importing and exporting syndicates, preferential railway tariffs, and various other methods. It was further alleged that she had attracted large industrial and trading concerns to Gdynia by offering harbour sites and building credits on very favourable terms and by exempting them from taxes, particularly from the industrial and trading tax; that she had equipped Gdynia with the most up-to-date cold-storage plant without any reference to Danzig, the result being that Danzig lost most of its earlier trade in perishable agricultural products; that Poland had obstructed in 1926 the wish of the Danzig Port and Waterways Board to construct a special harbour for dealing with bulk goods, so bringing it about that Danzig was unable to handle the whole of Poland's coal exports, particularly as Danzig had not the same highly specialised coal transport machinery as Gdynia. The point which the Free City persistently stressed was that not only had the volume of Danzig's trade suffered from the unfair competition of the subsidised port of Gdynia, but that the value of it was diminishing even more rapidly, whereas that of Gdynia's trade was increasing every year.

49. The League Committee of Jurists which examined the evidence in 1931-32 concluded that the charges were to some extent justified, and that the sum of the measures taken by the Polish Government for the development of Gdynia "created between the traffic of Danzig and that of Gdynia a degree of inequality which could not be reconciled with Poland's obligation to make 'full use' of Danzig." The committee made certain rulings and recommendations: it proposed, for instance, that the harbour dues in the two ports should be equalised in future; and that various classes of goods, whose export was controlled by the Polish Government, together with the emigrant traffic, should be redirected through Danzig up to the limit of its capacity.

50. Poland's failure to carry out these recommendations effectively or to fulfil the agreements made with the new Nazi Government in Danzig in 1933 (see para. 40) intensified the Danzigers' feeling of resentment. They observed that Gdynia's trade was rapidly rising both in volume and value, and drew the obvious deduction that their loss of trade was due to competition from the rival port, and that if it had not existed they would have been enjoying considerable prosperity in handling what was now the combined trade of both ports. But, in fact, the case was no so simple as that. They overlooked the fact that the greater part of Gdynia's trade was derived from the State's efforts to direct traffic which had once gone over the land frontiers to Germany or by German ports, through its own new national port, and so to free itself from dependence on its powerful neighbour. From 1927 to 1931, when Gdynia was only beginning to be developed, and Danzig was more inclined to co-operate than at any previous date, Danzig itself had undoubtedly benefited by this Polish policy, but it is doubtful whether, assuming that there had been no Gdynia, it would have continued to benefit after the rise of the Nazi party to power in Germany and Danzig. In view of the declared aim of the Nazis to incorporate Danzig in the Reich, it is improbable that the Polish Government would have felt justified in financing the expansion and modernisation of the port of Danzig which would have been necessary to enable it to handle the total volume of traffic (estimated at 13 million tons) which might be expected to result from the Polish maritime policy, especially as the policy had always meant burdening the State railways with uneconomic preferential tariffs.

51. As far as the volume of traffic went, Danzig had little cause to complain of victimisation. After 1927 its share of Poland's foreign trade remained more or less constant. Between 1930 and 1932 it rose to 35 per cent. and 37 per cent., but normally it was round about 31 per cent. The explanation of the rise of Gdynia's share from 8 per cent. in 1928 to 46 per cent. in 1938 lies chiefly in the increase of Poland's seaborne trade from 41 per cent. of her total foreign trade in 1928 to 77 per cent. in 1938. But in the matter of decreased value Danzig's case against Gdynia is far stronger. Danzig definitely suffered from the competition of Gdynia, especially after 1932, and there was justice in the charge that the Polish Government's policy was assisting Gdynia to steal the more valuable part of Danzig's trade, though some of the loss was due to causes for