

42. Another damaging effect of Nazi rule was the operation of the anti-Jewish laws, which deprived the city of a number of experienced timber and other merchants. A more important consequence of the triumph of Nazism was its effect on the attitude of Poland. Political reasons made it impossible for her to carry out the economic agreements of 1933. Professions of Nazi friendship were accompanied by assaults on Polish inhabitants of Danzig, and Poland, remembering the recent Nazi claims to Danzig and the Corridor, had no confidence in the permanence of the new co-operation. Consequently nothing seems to have been done, at least after 1934, to check the official Polish discrimination in favour of Gdynia or to counteract the natural tendency for Poles to avoid trade with Nazi Danzig.

43. After the reincorporation of Danzig in the Reich in 1939 the trade of the port declined seriously. The traffic of West Prussia went increasingly to Stettin; the timber from Eastern Poland to Memel. There was much talk of Danzig's position at the cross-roads of European trade, but by January 1941 nothing had been done to revive the transit traffic of South-Eastern Europe, so much encouraged by Poland, and hopes of the development of Russian trade through Danzig were extinguished with the Nazi invasion of Russia. Competition from Gdynia, renamed Gotenhafen, still appears to have been a handicap. The administration of Gdynia was taken over by Danzig after September 1939, and in December 1940 a new joint harbour management was set up. Gdynia was declared a naval base, but seems also to have been used for the export of coal and the import of Swedish iron and other Scandinavian products.

Foreign Loans.

44. The financial difficulties of Danzig, particularly its heavy indebtedness, contributed very largely to the city's dissatisfaction. They were a source of trouble to the League of Nations from the beginning; and in 1921 a sub-committee was appointed to enquire into them. Assisted by this sub-committee, the city tackled the problem energetically, but a variety of circumstances, not the least of which was the failure to find a means of co-operating with Poland over the harbour, combined to impede the efforts made to place the city's finances on a sound footing. The budget was consistently unbalanced during the decade beginning in 1925, and recourse was had on a considerable scale to foreign financial assistance. This was not to be wondered at, for, as the sub-committee of the League of Nations noted in 1923, Danzig had needed and received external financial assistance for the past hundred years. It is particularly to be noted that the Free City is believed to have been in receipt of German subsidies (total amount unknown) throughout the greater part of its short history. Other foreign borrowing comprised the 1925 (Municipality) and 1927 (Free City) sterling loans (issued under the auspices of the League of Nations) for a total nominal amount of £3.4 million, and a million dollar loan in 1930 from the Swedish Match Company. Foreign loans were also contracted in 1927 and 1928 by the Port and Waterways Board and the Danzig Electric Tramways Company respectively. The total amount outstanding of all these (non-German) loans, some of the proceeds of which were applied to unproductive purposes (*e.g.*, occupation costs of Allies), is approximately £3 million. The purely budgetary position was improved in 1935, but the standard of living remained depressed by the burden of taxation, which, by comparison with that in other countries, was quite exceptionally heavy. Viewed as a whole, the development of Danzig's finances leaves little doubt of the fundamental fact that the necessity for maintaining the machinery of a semi-sovereign State proved an excessive burden for such a small community.

Danzig Industry in Danzig.

45. The publicity given to grievances concerning the port through the Free City's intensive propaganda and persistent appeals to the League has obscured the fact that industry played about twice as large a part in the economic life of Danzig and its dependent district as did the traffic of the harbour. In 1934 over 13,000 people were employed in machine-making and shipbuilding, over 11,000 in the building and associated trades, over 8,000 in the clothing business, over 5,000 in the wood industry, and nearly 18,000 in the food industry. The refining of oils and fats was a particularly important branch of the last-named industry, and such concerns as the Amada margarine factory provided considerable employment. There were also important factories for canning vegetables, fish.

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