

THE POLISH ECONOMIST

A MONTHLY REVIEW OF TRADE, INDUSTRY AND ECONOMICS IN POLAND

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OCTOBER was the fifth month in succession during which the economic position of Poland could be regarded as stabilised in almost every province. Certain deviations from the normal curve of developments were observed during the month; they were sometimes favourable and sometimes not, but on the whole the position was the same as in September.

As the result of the mild weather the agricultural season was prolonged, which enabled the gathering of the crops of potatoes and sugar beet, and favourably affected the growth of winter sowings. This is true in so far as next year crops are concerned, as the atmospheric conditions during the coming winter should be good; if, however, there is great cold and insufficient snow, the excessive growth of vegetation may prove detrimental to future crops.

There was continued increased activity in industry. Despite the decline in production of certain branches, as for instance, in coal mining, the number of unemployed in October continued, as in previous months, to decline materially.

Prices, both wholesale and retail, as well as the cost of living index showed a small increase of between 0.5 and 1.5 per cent.

Foreign trade revived. Exports increased, and imports rose in a still higher degree, with the result that the balance of foreign trade, though favourable, is smaller than in the preceding month.

Port traffic continued to be brisk as was also that of the railways.

The Bank of Poland which concentrated in its hands the most important money transactions in the country, also showed increased activity. The foreign currency reserves of the Bank

experienced a rise, thereby increasing the cover of the Złoty. The rate of exchange of the Złoty, which has been maintained at the same level since May, did not alter in October.

The Treasury showed a very substantial

surplus of revenue over expenditure for the period under review, and an increase as compared with the preceding month. The State budget is well balanced not only as regards the monthly periods but for the whole financial year.

REVIEW OF THE GENERAL ECONOMIC SITUATION IN POLAND

October 1926

	UNIT	OCTOBER 1925	SEPTEMBER 1926	OCTOBER 1926
STATE OF EMPLOYMENT:				
UNEMPLOYED		213.480	211.328	196.552
PRODUCTION:				
COAL	thousand of tons	2.581·6	3.780·9	3.522·0
OIL		68·8	64·1	66·2
IRON		30·0	28·7	27·2
PRICES:				
WHOLESALE PRICE INDEX	(1913 = 100)	122·7	175·9	181·6
INDEX OF COST OF LIVING IN WAR- SAW		155·1	187·6	197·0
FOREIGN TRADE:				
IMPORTS	million zł	79·7	148·4	177·5
EXPORTS		130·3	199·4	204·8
EXCESS OF EXPORTS (+) OR IM- PORTS (-)		+50·6	+51·0	+27·3
TRANSPORTS:				
RAILWAY TRAFFIC	truck loaded (15 tons) reg. ton	451.856	493.050	530.348
PORT TRAFFIC (DANZIG AND GDYNIA)		203.809	338.470	333.963
BUDGET:				
RECEIPTS	million zł	125·5	162·8	181·8
EXPENDITURE		137·5	156·0	151·3
MONEY CIRCULATION:				
BANK OF POLAND NOTES	million zł	382·4	581·4	585·2
COVER IN GOLD AND FOREIGN CUR- RENCIES	% %	40·66	40·55	42·29
TOKEN COINS	million zł	379·1	426·7	451·1
CREDIT:				
(BANK OF POLAND)				
BILLS DISCOUNTED	million zł	289·9	315·7	323·5
OFFICIAL DISCOUNT RATE	% %	12 $\frac{0}{10}$	10 $\frac{0}{10}$	10 $\frac{0}{10}$
FOREIGN CURRENCIES:				
(WARSAW STOCK EXCHANGE-AVERAGE RATES)				
U. S. A. DOLLAR	zł	5·98	9·00	9·00
POUND STERLING		29·07	43·79	43·74

REMARK: — Figures appearing in the above table are intended exclusively to characterise the economic situation in October 1926; detailed comments on them, and in some cases the latest data, are given in the respective sections of this issue and in the "Latest news".

POLISH REPLY TO THE BANKERS' MANIFESTO

BY A STRANGE coincidence of circumstances, about a month before the appearance of the now famous Bankers' Manifesto entitled "A Plea for the removal of restrictions upon European trade", we discussed in these columns the very bases underlying the Manifesto. The question was dealt with at length in the article entitled "Polish and German views on the situation of Europe" *); we set forth

the Polish views as to the root of the post-war economic difficulties in Europe and opposed those advanced by the President of the Reichsbank, Dr. Schacht, the eminent German economist, in an interview accorded to a representative of the "Neue Freie Presse". The enunciation was directed against the new States created after the war. The same reference to "new States", "new frontiers" as destructive factors of international trade appear in the opening phrases of the Manifesto. The similarity of the two documents — the interview with Dr. Schacht and the Manifesto signed by prominent businessmen of sixteen States — is very striking

*) See "The Polish Economist" No. 4, page 124.

the same definitions, the same arguments, the same instances and tendencies are brought forth to prove that the cause of the present economic difficulties lies in the post-war political arrangements.

It is common knowledge that among the new States created or restored since the Great War, Poland is the largest; consequently, Poland in the first instance could not help feeling that the majority of charges and allusions are directed against her; it is only natural that she could not leave these charges unanswered.

The body best fitted to do this, the federation of industries, called "The Central Union of Polish Industry, Mining, Commerce and Finance" which embraces the largest concerns in Poland, issued a reply to "The Plea" reading as follows:

"The enunciation of a group of financiers, the so-called "Bankers' Manifesto" has been given wide publicity in the whole of the European press. In view of the large number of influential persons whose signatures appear under the Manifesto, and also in view of the opinions expressed therein which are not so much of an economic but rather of a political character, and the realisation of which would undermine the economic independence of the Polish State, the Central Union of Polish Industry, Mining, Commerce and Finance has considered it its duty to subject the Manifesto to a detailed analysis.

The Bankers' Manifesto sees the cause of the breakdown of international trade as lying in the numerous new frontiers,

both political and customs, which have been erected on the territories of the pre-war European powers, and also in the racial animosities which have been allowed to divide economic units "whose interests were inseparably connected". Poland is one of post-war States but its restoration does not mean a division of inseparable units, but was a restitution of a body which had been divided some 150 years ago, the divisions of which had at that time menaced its economic existence to such an extent, that even the tribunal of the partitioning powers — the Congress of Vienna — had not the courage to face the outcome of this division and guaranteed the economic unity of the Polish territories by the Treaty of Vienna. This treaty, however, was not respected, and the then Poland was divided by customs barriers, and yet, in spite of this, the natural economic co-operation and mutual assistance as regards production, was maintained during the whole of the following century. To this economic unit divided by political barriers also belonged Upper Silesia which was suffocated within the borders of the German Empire, and which despite the customs barriers, aimed at the expansion of trade to markets forming present day Poland, from which it derived sustenance.

Consequently, united Poland is at present a homogenous economic unit with a highly developed industry of a hundred years standing, with prolific reserves, an extensive internal market and good prospects for future development. Therefore, the remark made in the Manifesto, to the effect that "new local industries were started with no real economic foundation" cannot be applied to Poland, for its basic industries had been in existence on its own territory for several decades, and the newly established branches of industrial activity have found a sufficient economic basis on the internal market comprising 30 million of consumers. As a whole, Polish industry has not outgrown the actual requirements of its home



THE CONSTRUCTION OF HIGHWAYS IN EASTERN GALICIA

market, and given the normal development of internal purchasing power it is sure to have a ready market for many years to come. The main task of the Polish industry lies therefore in the cultivation of the local market, and that is why there is no antagonism between Polish industry and agriculture, for the development of agriculture as a chief buyer of manufactured goods is the primary condition of industrial progress.

Under the present economic conditions there is no State that can be isolated and absolutely self-sufficient, and Poland, not possessing adequately developed manufacturing plants, is a good customer to the rest of the world for machinery and tools which it exchanges against agricultural and animal products, coal and certain other articles of mass consumption. Like other States, Poland is interested in the freedom of international trade and in the repeal of the restrictions and prohibitions which hamper business, but the problem of free trade is as old as trade and industry itself, and it is not the creation of these new post-war States that is responsible for this question cropping up. If the problem of free trade has to-day become more acute, it is to be ascribed to the destruction wrought by the war, the impoverishment of Europe as a whole, the necessity on the part of the newly impoverished States for self-defence against the loss of economic independence. The root of the evil should be sought in the economic effects of the war, and not in the universal post-war endeavours of the different nations to become politically emancipated, and decidedly not in results due to the accomplishment of the emancipation.

The authors of the Manifesto are quite right when they say that "trade is not war but a process of exchange", that "in time of peace our neighbours are our customers", and that "if we check their dealing, their power to pay their debts diminishes and their power to purchase our goods is reduced" — hence the conclusion of the Manifesto that "the establishment of economic freedom is the best hope of restoring the commerce and the credit of the world".

But the international economy is composed of four factors — namely: the labour, the capital, the raw materials and the finished articles; if free exchange in one of these sections is restricted, the others are also not free. If a country, suffering from a surplus of population, is unable to send that surplus to other countries owing to immigration restrictions — then such a country has to provide work for the surplus at home and is thus compelled to develop its own industry and defend it by customs barriers. If for political reasons certain States, possessing large capital resources, hamper their inflow to other countries — then it is obvious that the latter will be unable to modernise their production and thus be obliged to produce at higher cost, and will have no choice but to adopt a policy of protection by customs duties. If a country cannot obtain credit abroad, and suffers on that account from a shortage of foreign currencies, and if its balance of payments is decided by its foreign trade, then it is compelled to restrict its imports in order to avoid a deficit. If certain raw materials form the object of an organised monopolistic policy on the part of those countries which possess them, then the country depending on these raw materials for its trade is compelled to retaliate by attacking the weak spots of the monopolies.

At present there is no such thing as free trade in capital, labour, raw materials or finished articles.

The United States, England, Germany dispose of the world's capital, and the granting of credits to states and private undertakings is dependent on them, whilst the allocation of these credits is influenced by political considerations. Consequently, money has ceased to be the object of free trade (embargo in England, prohibition of the granting of credits by United States banks to the countries which have not acquitted their liabilities towards that country).

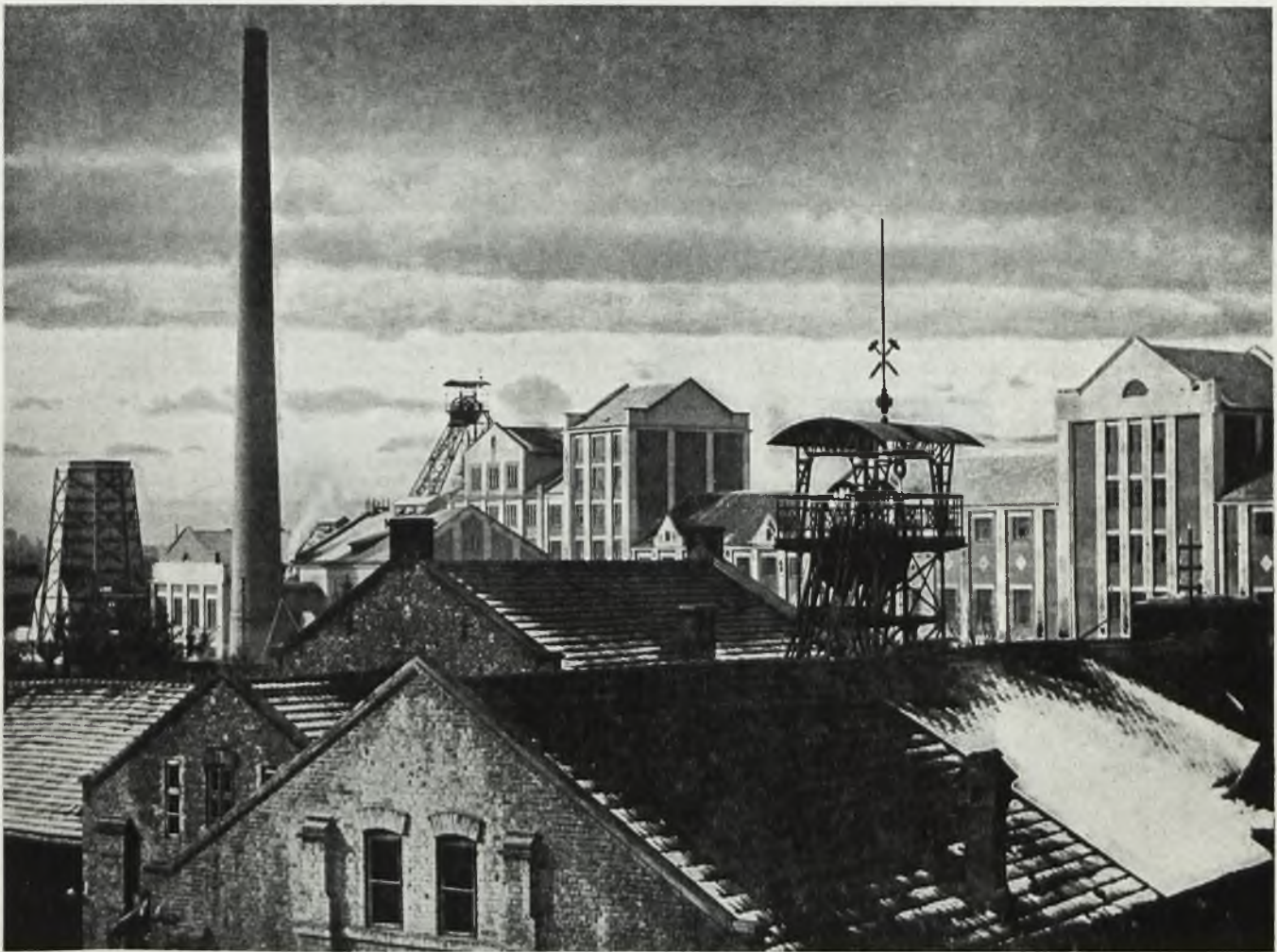
The migration of population is rendered difficult by restrictions on immigration which are dictated by economic, racial and nationalistic reasons; here also some countries oppose the policy of the Manifesto.

The trade in essential raw materials, such as petroleum, rubber, copper, zinc etc., has since the war been organised, and the States possessing them aim at their sale by the application of a monopolistic policy and by various trade regulations.

In the sphere of the sale of manufactured articles the most striking instances are afforded by the richest and, from the industrial point of view, the most powerful States. The United States have the highest protective scale of duties in the world, which are applied "ad valorem", and in order that they might be calculated "properly", they arrange to have the cost of production of foreign goods verified at the place of their manufacture. A hundred years ago the United States fought against the liberalism of Adam Smith by arguing that they were too poor to give up protection. England, the free trade country, builds up industries such as those referred to in the Manifesto as "new local industries", for instance, by creating a sugar industry, with the aid of costly subsidies, and defends itself against the import of foreign sugar — at a time when the whole world suffers from overproduction of that article. Again, England prohibits the importation of live cattle, dyes, and hops. Germany has declared a customs war on Poland, by closing her frontiers to Polish coal and to a large number of other articles, while, at the same time, it permitted the import of English coal. By so doing Germany compelled Poland to adopt analogous measures.

The slogan of free trade proclaimed by the Bankers' Manifesto, is a biased statement under the cloak of which well-defined political aims are visible. None of the American, English or German bankers is willing to renounce his power, and that of his State, over the world's financial resources, and will not part with the power of allocative credit, the granting of which is effected according to the plans dictated by political considerations. None of the authors of the Manifesto is prepared to open unconditionally the frontiers of his country, so that it may be overrun by people of a foreign race, speaking a foreign language. None of them is prepared to freely allow to enter goods, the production of which he wants to develop in his country. The slogan of free trade under these circumstances is confined only to those goods which the disciples of the free trade policy wish to sell. But it must be remembered that goods may only be sold to a country which can buy them, and is in a position to pay for them. The population of a given country can only afford to make purchases when it works and earns money. Consequently, he who wants to export, should not destroy the industry of that country to which he exports, for he is destroying the source of revenue of its population. Under the present conditions, capitalistic policy is based, in the first instance, not on the export of goods but on the export of capital, and on the building up of industry in undeveloped countries. This is a *sine qua non* condition of the creation of new outlets. The calling into being of new States and the tracing of new political frontiers do not preclude the expansion of capital; on the contrary, while bringing forth new national requirements, they open up a new field for the investment of capital. The new frontiers harass the movements of foreign capital and require the latter to conform to the interests and the programme of national economic policy of the country in question.

The above attacks on new frontiers by those who inspired the Manifesto, can be explained by the fact that they do not wish to separate the function of capital as means of production and an object of exchange from its function as a tool for political and economic supremacy — and the new frontiers represent an obstacle against this supremacy. While protesting most categorically against the hidden tendencies of those who inspired the Bankers' Manifesto, the Central Union of Polish Industry, Mining, Commerce and Finance regards it as necessary that the discussion on the question of the repeal of technical difficulties in respect of commerce be carried by an international body in order to bring about a simplification of the formalities connected with international trade, the limitation of import restrictions and the restoration of free trade as soon as possible, and that trade be regulated solely by customs duties. The customs policy pursued heretofore by Poland was liberal, which was evidenced by the adoption of the most favourable nation treatment as a basis for all the commercial treaties concluded by Poland, as well as by the repeal of all import and export restrictions, and also by the reduction to a minimum of the list of articles prohibited from being imported into Poland. The temporary imposition of a system of import regulations in the middle of 1925 is to be considered as a necessity, in view of the fall of the foreign trade balance and the customs dispute



NEW FACTORY BUILDINGS OF THE COMPANY FOR EXPLOITATION OF POTASSIUM SALTS LTD., KAŁUSZ (GALICIA)

with Germany. A change in this situation will undoubtedly direct the commercial policy of Poland back into its old channels of liberalism.

CENTRAL UNION OF POLISH
INDUSTRY, MINING, COMMERCE AND FINANCE"

To the above mentioned arguments we would only add that Poland will take a loyal and active part in every form of international action aiming at the lifting of barriers between States, and this even at the expense of her own commercial interests, for the benefit of other countries. On the other hand, Poland will always have to oppose any attempt at finding a solution of these problems when they are dealt with by taking into consideration the interests of certain parties only.

POLISH ECONOMIC INITIATIVE IN THE NEAR EAST

AS ALREADY stated in these columns on previous occasions, the basis of Polish economic expansion is her agriculture. It plays an increasingly important

rôle in those Polish exports which are directed to the West.

But there are other factors in the economic structure of Poland dating back from pre-war days, when the industrial concerns were in close touch with the Russian market. The then considerable and steadily augmenting capacity of that market for the absorption of Polish goods rendered it possible to establish in Poland a number of industries which, in some cases, were not in harmony with the natural development of her production, consisting in the working of local raw materials, and were destined for the convenient and not very particular Russian market.

The state of affairs has changed radically since the war, alteration having been brought about by the sudden loss of the Russian market, ruined by the war and by the experiments of the Soviet Government. The change of conditions is still more far-reaching, for it is obvious that even after the restoration of sound economic conditions in Russia the latter will no longer be as easy and convenient an outlet to Poland as it was before the war, because endowed, as it is, with abundant valuable raw materials and with a large population, it will, naturally, aim at the development of its own in-

dustry, and having sound basis for its establishment, it will have to protect its industry against foreign competition by customs duties.

In this way the branches of the Polish industry, which prior to the war were built up on the Russian market, find themselves to-day in a different position, and therefore business circles, after a study of this state of affairs, have come to the conclusion that some industries which at present are not consistent with the natural development of the country, will have

programme of Poland should include means for the maintenance and further development of those industries, which have outgrown local requirements and which are compelled to seek new markets abroad. It is a difficult problem, as in these cases Polish trade will have to make its appearance on the world market as a competitor of the powerful and highly industrialised States of Western Europe. It is almost certain that apart from natural conditions of production, which are rather favour-



ENTRANCE OF THE POLISH EXHIBITION IN CONSTANTINOPLE, 1924

to be transformed or else vanish. The evolution in that direction, which is one of the causes of Poland's economic crisis, has been in progress for some years.

Nevertheless, thanks to the good situation prevailing on the Russian market before the war, a number of important and financially strong industries, such as the textile industry, most branches of the metallurgical industry, certain branches of the chemical industry—have also been established on the Polish territory. Consequently, the economic

able in Poland—the most effective means of competition on the world market lies in the possibility of financing transactions, which means the granting of credits; owing to the destruction of their capital by the war, Polish firms are at a great disadvantage as compared with Western Europe. It is, therefore, obvious that the field of Polish expansion as regards industrial products must be confined to those countries in which it can work up trade without special difficulties, or the commercial possibilities of which afford a wider

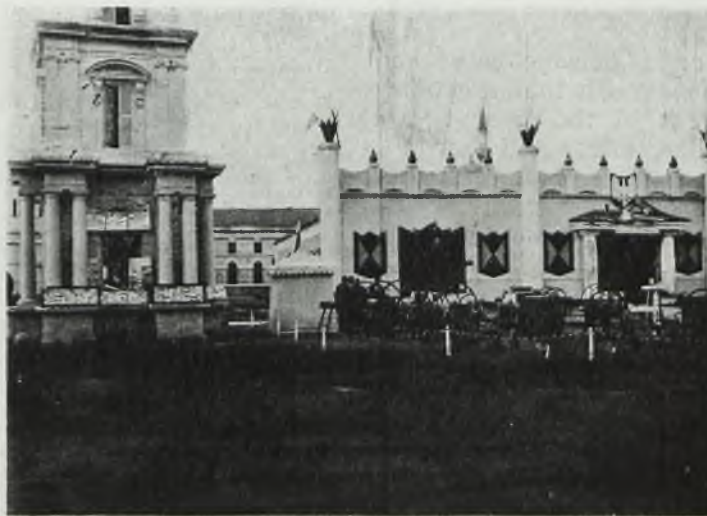
scope for activity on account of the absence of Cartels, Syndicates etc., and organised trade in general.

Apart from the Russian market, which despite the above mentioned reservations will, in the future, be a considerable purchaser of Polish goods, these features are visible in the countries of the Near East—namely: Turkey, Persia, Palestine, Egypt and Greece.

Polish traders have for several centuries maintained friendly relations with the countries located in the Near East, especially with Turkey. During the period of the foreign rule commercial relations with the Near East were cultivated, in particular on the part of former Russian Poland, from which textiles were exported in large quantities to Persia and Turkey. Since the restoration of Poland, the friendly connections have been kept up.

The first place should be given to the taking over of the Turkish spirit monopoly by a Polish financial group.

The spirit industry in Poland is well developed, being one of the branches of industry which is dependent on local raw materials and which has good prospects for future development, as Poland has a large number of manufacturing specialists in this branch. These conditions enabled the Polish group to compete successfully with France, Germany, Switzerland and Hungary for the lease of the Turkish spirit monopoly, at the auction held on July 1st 1926. A special limited liability company was formed in Turkey in which the Polish group is interested to the extent of 55 per cent, the remainder of the shares being in the hands of the Turkish group. The Company concluded an agreement with the Turkish Government for the lease of the spirit monopoly for a period of 25 years and has



FROM THE POLISH EXHIBITION IN CONSTANTINOPLE

After the war, in this branch of business as in all others, work had to be started afresh, owing to the change of circumstances. The first attempts of Polish traders to regain these markets proved a failure, and it was only the Polish exhibition in Constantinople organised in 1924 that marked the turning point, at least as far as Turkey was concerned.

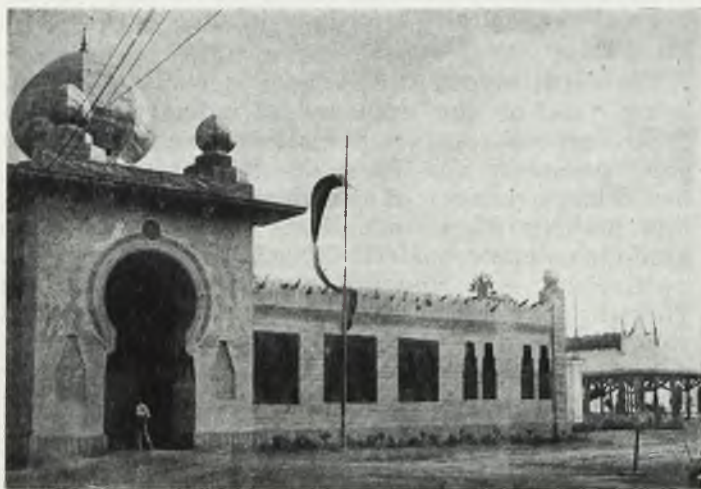
It is safe to say that this exhibition was the first of its kind to be held in Turkey where such means of commercial propaganda are not usually employed. In addition, the whole idea of the products of the country being solely shown at an exhibition in another, was unique. The immediate success of the exhibition, which comprised all branches of Polish production, was appreciable: Polish goods appeared again on the Turkish market. A number of spot transactions were effected, but the actual and substantial results which were obtained in Turkey after the exhibition, were hundredfold larger.

the sole privilege of the production and sale of alcoholic products, such as spirit, brandies, wines, beer etc. The sales of alcohol are effected by a large number of establishments disseminated throughout Turkey. Until the erection of stills in Turkey, spirits and all substances required in the production of alcohol will be imported from Poland. This item plays already now an important rôle in the Polish foreign trade balance.

The exploitation of the Turkish monopoly is already in progress.

Another Polish group has secured a concession for the exploitation of warehouses along the Bagdad railway. The warehouses are now under construction, and the organisation work is being conducted.

Independently of these transactions of a general character, Poland is building up valuable export trade in Turkey. The export of cement and textiles has been revived of late, and negotiations are being conducted for the supply of larger quantities of sugar.



TURKISH PAVILION AT THE POLISH EXHIBITION
IN CONSTANTINOPLE

Trade relations with Persia become more and more active. In 1925 Polish exports to that country were practically nil, whereas in the present year large consignments of textiles, silver plated wares, iron furniture etc. have been dispatched. It should be mentioned that even before the war merchants from Russian Poland had extensive connections in Persia.

There is a large number of Polish immigrants in Palestine, which circumstance facilitates the establishment of commercial relations, which, as regards this country, become more and more active. The exports of timber and cement are on the increase.

Finally, the exports of Polish goods to Greece and Egypt show also increasingly large quantities.

The trade relations with all the above mentioned countries assume a regular character; with the majority of them Poland has concluded both commercial and political treaties. The first commercial ventures give way to a new regular trade.

COMPETITION BETWEEN THE BALTIC PORTS

FROM MANY years there has been competition between the various sea ports on the Baltic, each of which has endeavoured to expand the territory from which it draws its trade, at the expense of its competitors. This strife has been more intensified since the development of railway communications in Eastern and Central Europe. At the outset of this era, the position of the port of Danzig in relation to the ports of Königsberg and Stettin, was relatively bad, as the rail connections from Danzig were only put in at a much later date; during this period a large number of commercial connections with the hinterland, served by the port, were lost and up to the outbreak of the great war they had not been fully recovered.

This inter-port competition was especially noticeable during the period of the negotiations for the Russian-German commercial treaties. Russia endeavoured to support and to concentrate its over-sea trade in its own harbours, while Germany was at the same time doing her utmost to secure as large as possible a portion of Russian shipments through her ports by means of tariff agreements. On the other hand, in accordance with the German trade policy, the above mentioned shipments were divided between its ports which could not be developed without external help. This division of shipments was not favourable to Danzig in relation to Königsberg, which port, together with Memel, received the majority of the Russian business directed through German harbours.

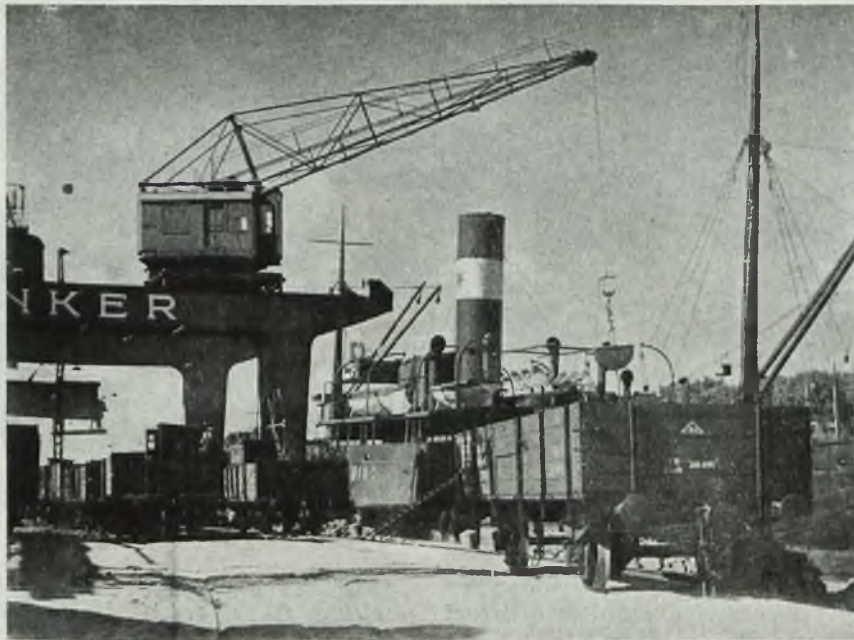
The Great War brought with it far-reaching changes. The hinterland of the former Russian harbours, now in the hands of the Baltic States, was reduced to a minimum, and their development became wholly dependent on the railway tariff policy pursued by Soviet Russia. It will be remembered that this policy was subject to several changes in relation to these ports. Memel, which is cut off by the Lithuanian policy of isolation from its natural hinterland in the North Eastern Voievodships of Poland, is practically at a standstill as regards trade, and lost its importance as a Baltic port. Königsberg, which before the war depended for the major portion of its prosperity on Russian exports, is now in a difficult situation, as communication with the Russian commercial districts is being carried on in transit through Poland, Lithuania and Latvia, and it is a well known fact that the railway communications East of Poland still leave much to be desired. Apart from this, the Russian export business is developing very slowly, on account of the transport and economic difficulties in that country, and there is, therefore, a general tendency in Russia to make a more extensive use of the Black Sea ports, as they are more easy of access.

The port of Danzig, however, found itself in a totally different situation after the war as it was included in the Polish customs frontier, and it has not only not lost its pre-war importance, but on the contrary — it has extended its hinterland. This is mainly due to the railway tariff policy of the Polish State Railways which has ever since the restoration of the Polish State methodically concentrated Polish over-sea trade through Danzig or the port of Gdynia by the adoption of a number of exceptional rates.

That is why the port of Danzig is the only one among these under review which has increased its volume of business since the war. In 1913, among the Baltic ports situated east of Danzig, Petersburg ranked first with 6,600,000 tons, followed by Riga with 4,028,000 tons, Königsberg — 1,870,000 tons, Danzig—1,717,000 tons, and Reval—800,000 tons. In 1925, in order of importance the figures were: Danzig — 2,700,000 tons, Leningrad (Petersburg) — 1,620,000 tons, Riga — 1,400,000 tons, Königsberg—1,380,000 tons, and Reval — 520,000 tons.

This satisfactory development of the port of Danzig is a great blow to the neighbouring German ports, which are violently competing with Danzig for the trade of the Polish hinterland, by two means: firstly, by the extension and improvement of their port facilities, and secondly, by the granting of tariff rebates in conjunction with the German railways. As regards port extensions, it is true that both in Stettin and in Königsberg a great deal has been done in this respect in the course of the last few years, of course, material aid to this end having been given in the form of Government credits. The port of Danzig has not allowed itself to be distanced by its neighbours and, as

in making efforts to place the port of Danzig at a disadvantage; this matter will be further discussed within the limits of competition between the Baltic ports. In this connection must be mentioned the so-called "Unverbindlicher Deutscher Entwurf der Bestimmungen über Wettbewerb der Ostseehäfen, eventuell für den Deutsch-Polnischen Handelsvertrag" German provisional draft of stipulations relative to competition of Baltic ports *respective* to the German-Polish commercial treaty); this project was drawn up by the German delegation negotiating the commercial treaty with Poland, and was remitted to the Polish delegation in the autumn of 1925.



LOADING OF POLISH COAL IN DANZIG

is known, the loan recently obtained by the Council of the Free City is being devoted to port extensions, which work is still being carried on. As regards railway rates, the German ports have during the last few years obtained a large number of rebates, in connection with the transport of goods over the Reichsbahn between the Polish frontier stations and the German Baltic harbours. These rebates, though sometimes far-going and in many cases kept secret, in the majority of cases were not sufficiently large to offset those granted by the Polish State Railways to the port of Danzig. In consideration of this it should be observed that up to quite recently timber grown in the regions situated quite close to Grajewo, near the German frontier, was directed to Danzig.

Seeing the futility of their efforts in combatting the competition of the port of Danzig, the German ports embarked upon a new policy in connection with the German-Polish negotiations for a commercial treaty. It is immaterial to know what were the guiding motives of the German Government

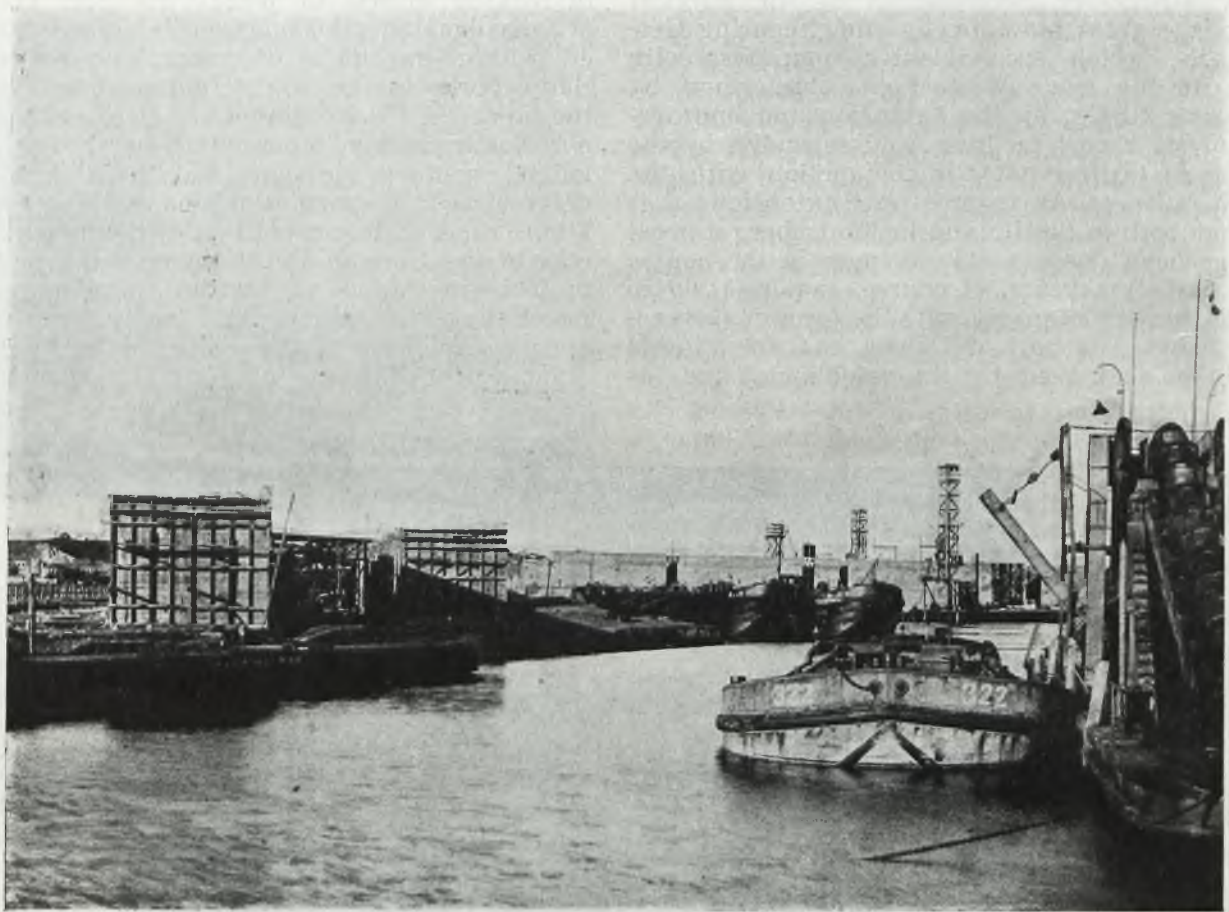
It is composed of the following paragraphs:

1. — The railway rates on the Polish lines leading to and from Königsberg, Pilau, Elbing and Stettin for import, export and transit, should not be less favourable than those quoted on the railway lines leading to any of the ports situated on the Baltic from Puck to Riga or from the land frontier.

2. — In fixing the railway rates the railway tariffs of the route which presents the most favourable means of communication with the above mentioned German ports will be taken as a basis.

3. — Poland on the one hand, and Germany on the other, will, as necessity arises, elaborate indirect rates for the transport of goods between Königsberg, Pilau, Elbing and Stettin on the one side, and the Polish stations on the other — on the principle contained in p. 1 and 2.

4. — The above principles are not to be derogated by the elaboration of more favourable rates for inland ports to which consignments might be directed for re-expedition.



THE PORT OF GDYNIA NOW IN COURSE OF CONSTRUCTION

5. — Poland on the one hand, and Germany on the other, will, when necessary, elaborate direct rates relative to the transports between Königsberg, Pilau, Elbing and Stettin on the one side, and Polish, Latvian and Russian stations on the other, by taking into consideration the transit through one or more of the above mentioned countries — as soon as the cooperation of the States concerned in the fixing of tariffs is ensured. The proposing party will decide as to the necessity of such tariffs.

If the Polish freight tariffs were calculated for the whole distance, from one or to one of the Baltic ports from Puck to Riga, Poland will, if requested, apply the same tariffs in respect of the following ports: Königsberg, Pilau, Elbing and Stettin.

It is clear therefore that the German scheme is directed against Danzig and Gdynia, though, instead of mentioning the two ports, the expression: "one of the Baltic ports from Puck to Riga" was used. If the German scheme were to be adopted, then the ports of Danzig and of Gdynia would be condemned to give away a substantial portion of their traffic to the German ports; more, even a partial satisfaction of the German *desiderata* would inevitably lead to this end. In paragraph 4 Germany evidently takes into consideration the possibility of the expansion of the port of Tczew and re-expedition from there to Danzig.

Of course, the losses resulting to Poland from making its oversea trade dependent on German ports are quite obvious. It is no wonder therefore that Poland will have to stand firmly by her principles aiming at the protection of her natural ports.

On the other hand, Germany should remember that before the war she was permitted to expand the activity of her ports on the foreign trade of other countries, and should reconcile herself with the idea that under present political conditions, this trade cannot entirely stand at her disposal.

It cannot be claimed that things which might have been tolerated under abnormal conditions should be maintained as a normal standard.

PUBLIC CREDIT IN POLAND

THE COMPARISON of the methods of financial reconstruction pursued by Germany, Austria, Hungary, Belgium and other countries with those of Poland, reveals a striking difference: while these countries accomplished the work of reconstruction with the very material assistance of foreign capital, the credits which Poland received for that purpose were very restricted. The influx of foreign capital in the form of Government loans during the last

three years amounted in Poland to \$ 54 million, while in Germany—over \$ 220 million, in Hungary, which is much smaller than Poland — about \$ 60 million, in Austria — \$ 130 million, and the last loan granted to Belgium for the purposes of currency reform amounted to \$ 100 million. It should be mentioned that the influx of foreign capital to Poland, apart from credits granted to the Government, was also restricted, whereas in the remaining States undertaking currency reform, private commercial and industrial interests received and are still receiving foreign credits, which in some cases exceed those, granted to their respective Governments; thus, for instance, the business interests in Germany obtained from abroad credits amounting to \$ 1 milliard.

If, however, foreign credits have so far played so small a rôle in the reconstruction of Poland, it only proves that the state of affairs has been remedied by the nation's own resources, and that the vital strength of the community is an important factor; thanks to this the problem of foreign credit has assumed a different character as far as Poland is concerned.

Previous to the period of Poland's financial reconstruction, foreign credits when received would, as in other countries, have necessarily been used for the balancing of the budget and for the stabilisation of the currency. The results already obtained in Poland, owing to the reform of the monetary system, permit the general question of foreign credits to be viewed, not as a State necessity, but as a problem connected with the reconstruction of the basis of longterm credit. Undoubtedly, the results previously obtained will contribute in the long run towards the increase of the income of the community, and will thus render possible the building up of the capital destroyed by the war and inflation. It is certain that the influx of foreign capital will quicken the accomplishment of this process, and it is for this reason that the question of foreign credit is so vital to Poland. This change in the function of foreign credit renders it necessary that the former credit transactions of this country should be considered as determining a period, preparatory to a new one.

What were the features of the previous public credits of Poland?

Poland's internal credit was initiated in 1918, 1920 and 1922, in the course of which years long term loans were floated subscribed by the savings of her own citizens. These loans were floated in the critical war years of 1918 and 1920, and materially strengthened the State Treasury.

After the introduction of the currency reform, Poland began to settle her internal liabilities. The work in connection with the conversion of the internal loans is now nearing its end and the task will be completed during the first half of 1927; the conversion is being effected in a manner such as to protect the holders and not to endanger the budget. That this is so, is shown by the fact that the rate of conversion is fixed according to the character of the loans at the time of their emission, and in many cases approaches the gold value of the issue price. In this way Poland is

preparing the market in the important sphere of public credits, and is approaching the end of the reconstruction of her long term internal credits. It should be mentioned that the bonds of long term credits institutions expressed in gold currency, find an increasingly large number of buyers on the home market. They are placed on easy terms, though the amount sold is far from satisfying the requirements of the State. Nevertheless, the prospects in former Russian Poland for these securities recovering their strong position are quite good. Prior to the currency reform, foreign credit was of more importance to Poland than internal credit. According to the returns of October 1st 1926, Poland's foreign liabilities amounted to \$ 350,791,480, whereas her internal liabilities on July 1st 1926 were \$ 37,498,978.

What is the character of the foreign debts?

Poland's borrowing activity on foreign markets commenced in 1919; on the basis of the law of March 28th 1919 the Government was empowered to borrow abroad up to 5 milliard francs. On the strength of this act the following foreign loans were obtained:

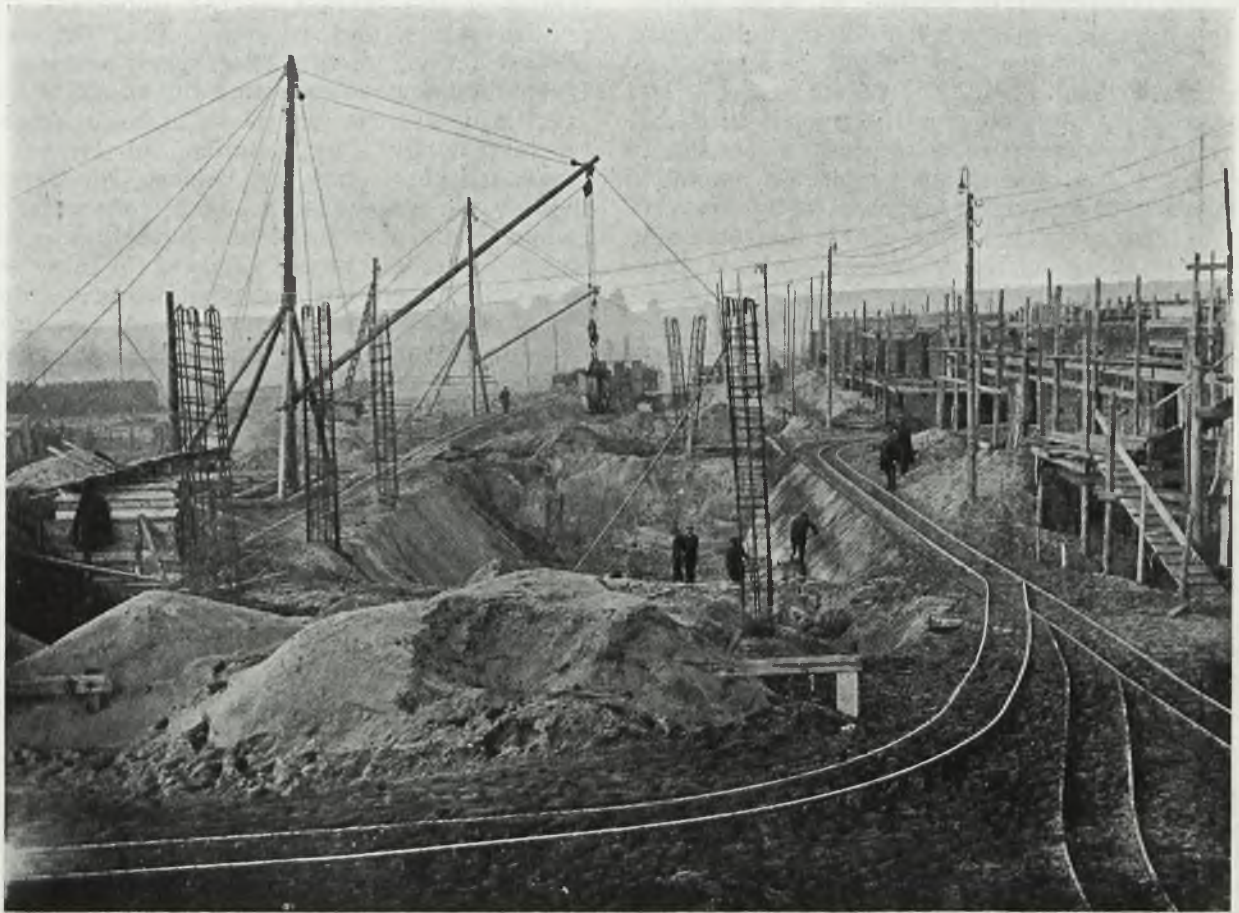
1. — The 6 per cent Dollar Loan of 1920,
2. — Credits for food supplies and for military purposes, as well as for the redemption of debts incurred by the services of other powers, such as the repatriation of prisoners of war from Russia to Poland, etc.,
3. — Credits for purchases of raw materials and machinery.

The total of the above mentioned debts as per statement of December 31st 1921 amounted to \$ 283,327,610.67. The debts contracted during that time represent the bulk of the foreign loans and a large portion of Poland's liabilities. The characteristic features of these credits can be summarised as follows: 1) the rate of interest was low, not exceeding 6 per cent, 2) they were mostly granted in goods, 3) they were short-term liabilities, 4) they were open credits granted to the Treasury without any guarantees, 5) in the majority of cases they were granted by the Governments of foreign States.

The major portion of these debts was consolidated in the course of 1924, on the following terms: rate of interest from 3 to 5 per cent, payments spread over from 10 to 62 years, debts recognised as direct State liabilities, and no guarantees of any kind. Since the consolidation of the debts Poland has paid regularly the instalments in respect of the principal and interest.

Up to the present, the war debts to France and Italy have not been consolidated, but negotiations are now being conducted to that end.

During the period from 1921 to 1924 the inflow of foreign capital to Poland was limited; during the years 1924 and 1925 Poland incurred the following liabilities abroad: 1) from the French Government to the amount of 400 million francs, of which Poland actually received only 300 million francs at the rate of 5 per cent per annum, to be redeemed within 14 years; this sum was used for investment purposes; 2) the Italian loan of 1924 which was financed by



ARTIFICIAL SILK FACTORY IN TOMASZÓW, IN THE COURSE OF ERECTION

the Banca Commerciale Italiana, amounting to 400 million Lira at 7 per cent per annum emitted at 92, redeemable within 20 years, secured, by the State Tobacco Monopoly; this sum was devoted to the extension of the last mentioned Monopoly; 3) the dollar loan of 1925 which was financed by Messrs Dillon, Read and Co., New York, and amounted to \$ 35 million at 8 per cent per annum, emitted at 95 and to be redeemed within 25 years at the rate of 105, and which is guaranteed by the gross receipts of the State Railways and the excise duty on sugar; this amount was partly used for the construction of new railway lines and partly in connection with the Government credit scheme to trade and industry.

The two last mentioned loans compared with Poland's credit transactions prior to 1921 bear the following characteristics: 1) high rate of interest, and 2) special guarantees. These loans were made by Poland at a critical moment. The Italian loan — at the beginning of 1924 was at the time of the realisation of currency reform, and the dollar loan of 1925 was too small in extent to revive trade and industry, and to be of assistance in connection with currency reform.

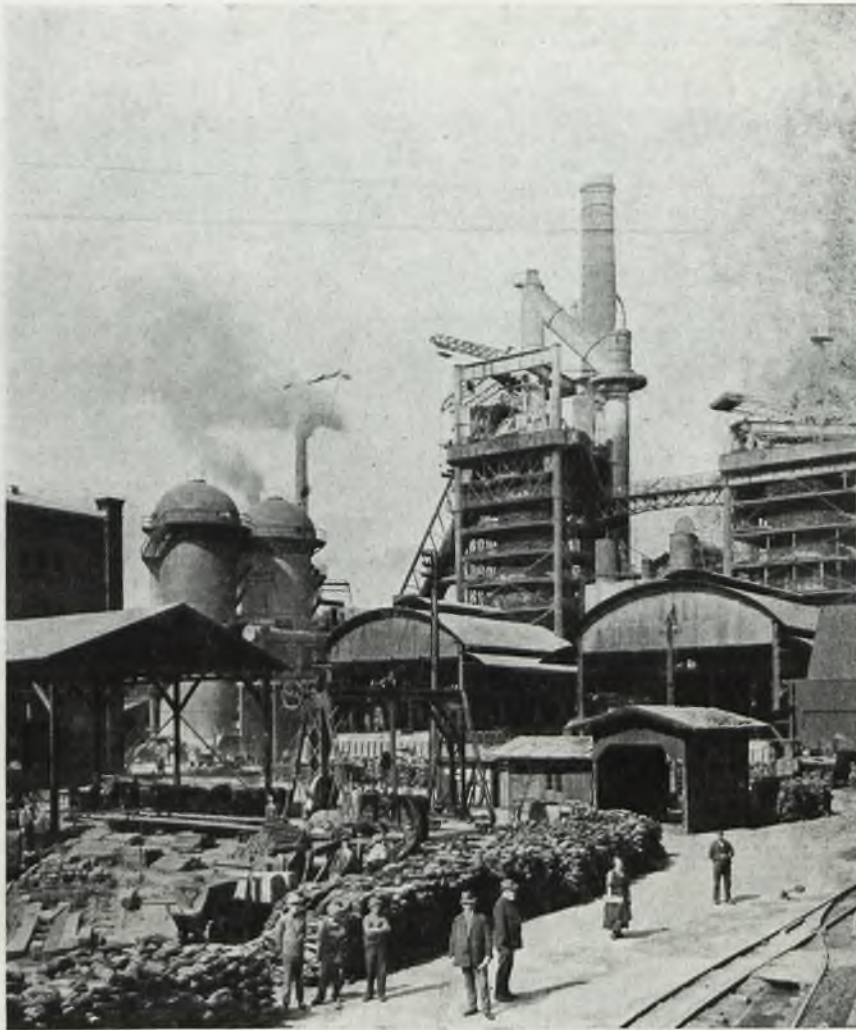
There are two problems of a financial character the solution of which calls for immediate attention. They are:

1. — In the sphere of internal credit: final conversion of Government loans and the bonds of communal institutions, and the elaboration of a uniform type of long term agricultural credit bonds which will prepare the ground for the increase of the market capacity for securities issued by associations specially formed to grant long term credits to the agricultural community.

2. — In the sphere of foreign credit: foreign capital should only be used for investments, the loans ought to be granted either to the Government for the purpose of construction of railways and their improvement, road and canal construction, or for the purpose of creation of a special fund to be devoted to the purchase of credit bonds issued by agricultural institutions and private industrial enterprises, or to private institutions for capital investments, with or without the guarantee of the Government.

THE PRODUCTION OF IRON

POLAND SUFFERS from the absence of rich iron ores. Although the Polish iron ore beds are capable of development, the seams being located quite close to the surface and only partly water-flogged, yet,



ONE OF THE OLDEST SILESIA FOUNDRIES

in view of their irregular, star-like formation, the costs of extraction are comparatively high, as the average content of iron in the ores was in 1922 about 35, in 1923 — 30, and in 1924 and 1925 — 33 per cent. It should be mentioned that the highest contents noted after the war were in the Wieluń district where 36 per cent and sometimes even 40 per cent were found, in the Będzin areas — 45 per cent (limonite), in Upper Silesia — 48 per cent, and in the raw siderites extracted in the Częstochowa region — 34 per cent, whereas in the Radomsko district the iron ores (siderites) in a crude state contain from 30 to 32 per cent and even 46 per cent (limonites).

It will be seen therefore that the mining of iron ores in Poland is of little interest. This is confirmed by the limited amount of Polish ores used in local foundries. The extraction of iron ores within the present boundaries of Poland is given in the following table (in tons):

1909 — 356.459	1920 — 182.666
1910 — 400.883	1921 — 303.813
1911 — 407.570	1922 — 395.217
1912 — 459.223	1923 — 454.196
1913 — 449.452	1924 — 292.388
	1925 — 211.987

Pig iron is mostly obtained from rich foreign ores, while the steel produced by Polish foundries is almost exclusively obtained by the Martin process. In view of the shortage and dearness of pig iron, large quantities of scrap iron of local and foreign origin are used. The consumption of iron at steel works in the different years amounted approximately to:

	1913	1922	1923	1924	1925
in thousands of tons	942	728	821	508	607
in percentages of steel production	56.6	72.3	72.5	74.5	77.5

It is no wonder, therefore, that since June 1924 the Thomas process has not been operated. The production of puddling iron has also been discontinued since that time, and solely the 54 Polish Siemens-Martin furnaces and the 5 Polish electrical furnaces have been operated.

The output of Polish iron and steel foundries is given in the following table (in tons):



STORAGE OF WELDED PIPING MANUFACTURED BY MESSRS
"FERRUM" LTD. (UP. SILESIA)

	1913	1922	1923	1924	1925
Pig iron	59.465	47.744	33.736	49.077	81.847
Castings from blast furnaces	988	386	253	436	333
Thomas iron	308.944	211.214	210.883	98.427	19.565
Siemens-Martin and Bessemer iron	585.699	214.962	263.794	176.488	199.421
Puddling iron	72.766	4.263	5.974	1.590	—
Special iron (iron alloys and mirror iron)	3.261	1.556	4.995	8.433	13.398
Pig iron total:	1,031.123	480.125	519.635	334.451	314.564
Martin ingots	1,364.167	818.175	940.957	595.720	755.911
Thomas ingots	241.242	153.805	153.645	61.508	—
Ingots from electr. furnaces	16.187	18.780	19.209	13.508	14.400
Steel castings*)	13.607	10.433	12.748	9.490	11.932
Puddling iron	25.319	6.295	5.747	2.184	—
Steel and puddling iron total:	1,660.522	1,007.488	1,132.306	682.410	782.243

The following table is calculated to give an idea of the capacity of the Polish iron foundries, the figures as to production representing estimated maximum capacity:

I. — PIG IRON

	1913	1926
Number of blast furnaces available	34	24**)
The average production per blast furnace per day of 24 hours	94	92.1**)
Annual production of Polish foundries — in tons	1,165.300 100%	806.850**) 69.5%

*) Certain engineering works produce also steel castings. The data contained in the table concern solely foundry establishments.

***) Corrected figures.

II. — STEEL CASTINGS		1913	1926
<i>a) Siemens-Martin process</i>			
Number of Siemens-Martin furnaces available		69*)	54
Average daily production of castings per furnace per day — in tons		57	61
Annual production of Siemens-Martin steel — in tons		1,434.000	1,198.000
<i>b) Thomas process</i>			
Number of Thomas furnaces available		5	5
Annual production of Thomas steel — in tons		260.000	260.000
<i>c) Electric furnaces</i>			
Number of electric furnaces available		5	5
Annual production of electric steel — in tons		20.000	25.000
Total estimated annual production of steel castings — in tons:		1,714.000 100%	1,483.000 86.6%

The Polish iron and steel industry is concentrated in two regions: in Upper Silesia and in former Russian Poland. Economic, political and also natural conditions are responsible for the fact that the steel and iron industry has attained much higher degree of development in the Upper Silesian than in the former Russian area. The production of iron and steel owes its development to the presence of large reserves of coal and to the extensive deposits of coking coal in Upper Silesia, as well as to the skill of the workers. Although Poland does not range among the largest iron and steel-producing countries, yet it is well known for the quality of its products, especially those for the manufacture of which an extensive use of coal and large amount of labour are involved. Thus the Polish foundries produce: electrical steel of high quality used for various purposes; plates from 25 to 5 mm., medium

*) Corrected figure.

sheets from 5 to 3 mm., thin sheets from 3 to 1 mm., and very thin foil, under 1 mm. (the last named is produced in various qualities for wrapping and stamping); iron and steel hoops, hot and cold drawn for various purposes, including the covering of marine electric cables; drawn steel and iron for drills; parts of electrical engines, sheets for transformers; steel and iron castings, castings from electric steel, pipes and rolled seamless pipes (for oil well drilling and other purposes); all types of material for railways, wheels, axles and motor-cars, etc. etc.

The following table embraces the products of rolling mills of steel and iron foundries and also those requiring larger amount of mechanical workmanship. The figures indicate the output of all the works situated within the present boundaries of Poland (in tons):

	1913	1922	1923	1924	1925
A.—Semifinished rolled material destined for sale	151.074	126.754	137.181	98.443	82.416
B.—Finished rolled products:					
heavy rails	69.676	24.799	43.003	25.063	91.312
light rails	18.897	15.764	14.941	14.495	14.499
railway sleepers	138.885	22.543	29.400	30.242	35.251
girders 80 mm.	115.091	75.162	57.436	37.982	43.970
section iron	477.734	308.879	357.187	179.936	180.763
commercial iron		27.014	30.488	13.755	6.849
hoops hot rolled	20.706	12.668	17.893	10.266	14.857
rolled wire	64.079	35.818	50.740	19.007	30.744
sheets thick (above 5 mm.)					33.125
" medium (5 — 3 mm.)					9.687
" thin (3 — 1 mm.)	278.059	201.209	159.206	118.134	21.053
" very thin (under 1 mm.)					80.815

special spring and tool steel	8.289	19.095	6.766	14.236	20.689
other kinds of steel	7.108	4.676	10.400	7.743	2.220

Total finished products:	1,198.524	747.617	777.460	470.859	585.834
C.—iron castings (2nd smelting)	51.592	34.480	36.168	24.122	34.062
D.—Advanced stage of manufacture:					
a) stampings and smithy products:					
railway axles	13.051	4.407	7.197	3.964	4.297
steel tyres	30.042	10.524	17.477	13.751	15.166
wheels	5.722	6.195	13.897	3.307	5.044
various	19.804	12.009	20.696	8.363	8.001
b) cold rolled products:	3.690	5.650	4.859	2.131	3.158
c) steel pipes and parts:					
welded pipes	58.731	27.082	27.524	17.499	20.880
drawn seamless	45.008	26.850	26.291	19.159	26.638
d) constructional steelwork:					
boilers, tanks, trucks	7.211	2.945	13.081	2.440	21.186
e) machinery	7.542	3.964	4.847	3.274	3.398
f) small iron products: nails, screws, etc.	7.778	4.517	6.225	5.792	7.461
other products	1.420	2.057	2.350	2.131	3.282
g) sheet products: holloware and other products	10.394	9.654	8.300	7.783	6.255
h) various iron and steel products	2.613	4.299	4.522	2.859	7.899
Total D:	213.006	120.153	157.266	92.453	135.932

It will be noted that the figures contained in section D of the above table, only concern foundries, but there are a large number of independent establishments other than foundries, the production of which is not included in the table.

SUMMARY OF LAWS, ACTS AND EXECUTIVE DECREES

published in the "Official Journal of Laws of the Republic of Poland" ("Dziennik Ustaw Rzeczypospolitej Polskiej") from October 15th to November 15th 1926

The restriction of the right of Members of Parliament to hold offices in certain limited liability companies¹⁾ ("Dz. Ust. R. P." No. 103, item 598).

Slight amendments to the railway tariff ("Dz. Ust. R. P." No. 103, item 601; No. 106, items 620 and 621; No. 112, item 653).

Publication of the agreement between Poland and the United States of America concerning the funding of the Polish debt to that country ("Dz. Ust. R. P." No. 104, items 605 and 606).

Treasury Fines Act ("Dz. Ust. R. P." No. 105, item 609).

Legal limitation of the amount of small change in circulation²⁾ ("Dz. Ust. R. P." No. 106, item 610).

Slight amendments relating to retail trade of the State Tobacco Monopoly ("Dz. Ust. R. P." No. 106, items 613 and 614).

The issue of the 13th series of Treasury notes ("Dz. Ust. R. P." No. 106, item 615).

The opening for temporary traffic of the Kalety—Podzamcze railway ("Dz. Ust. R. P." No. 106, item 618).

Provisional aerial convention with Holland ("Dz. Ust. R. P." No. 108, items 634 and 635).

Commissioner for the transport of coal¹⁾ ("Dz. Ust. R. P." No. 110, item 641).

Commercial treaty with Czechoslovakia²⁾ ("Dz. Ust. R. P." No. 111, items 644 — 649).

Amendments to customs tariff relating to the import of machinery and apparatus¹⁾ ("Dz. Ust. R. P." No. 112, item 650).

Regulations concerning the acceptance of consignments by the State Railways ("Dz. Ust. R. P." No. 112, item 652).

Declaration as null and void of bearer bonds taken to Russia¹⁾ ("Dz. Ust. R. P." No. 113, item 654).

Prohibition of transactions in bonds of former Russian land banks ("Dz. Ust. R. P." No. 113, item 656).

Change in the organisation of Testing Offices ("Dz. Ust. R. P." No. 113, items 657, 658 and 659).

Monopoly of cigarette lighters ("Dz. Ust. R. P." No. 114, item 665).

¹⁾ See page 220.

²⁾ See "The Polish Economist" No. 5, page 192.

¹⁾ See page 216.

²⁾ See "The Polish Economist" No. 2, page 66, and No. 5, page 183.

¹⁾ See page 223.

²⁾ See page 230.

PRODUCTION AND TRADE

STATE OF EMPLOYMENT IN OCTOBER. — During the four weeks from October 3rd to 31st there was a further improvement in the state of employment. The total number of unemployed decreased to 196,586, as against 211,328 at the end of the preceding month, the decrease being 14,742 or 7 per cent. It should be noted that the number of unemployed has steadily fallen since the end of January last. This is confirmed by the following figures for the different months of this year, which show that since the end of that month, when the unemployment reached its highest level, the number has fallen by 163,533 or by 45·6 per cent:

January	359,119
February	358,430
March	346,431
April	320,512
May	304,113
June	288,196
July	264,737
August	244,552
September	211,328
October	196,586

The rate of improvement during the month of October was somewhat smaller than in the preceding month, the average weekly decreases being 3,685 and 6,645 respectively. This is due to the fact that, owing to the completion of the harvest, a number of industrial workers who had been previously given work in the country, returned to the

towns. The number of workmen who found employment in the different trades was as follows:

	October	September
mining	19,207	21,646
foundries	7,377	8,247
metal	15,859	17,207
textile	25,663	30,178
building	10,645	10,700
clerical	23,669	24,474
various	94,166	98,876
Total:	196,586	211,328

The number of unemployed miners decreased by 2,439 during the four weeks of October. At the same time a substantial improvement was noticeable in the metallurgical industry, the influx of orders to some of the establishments being so great that work was carried on on two or even three shifts; this resulted in a further decrease in the unemployment of foundry workers by 1,232, and of engineers by 2,348.

Owing to the favourable situation prevailing in the textile industry, a further considerable decrease of 4,515 is recorded in this section.

Despite the close of the building season, the number of unemployed builders decreased by 2,348; in the glass industry the situation grew worse and 362 persons lost work.

It is interesting to note that the decrease of unemployed in the clerical workers group which commenced only in August last is still in progress. The

number of workers in this section who found work in October was 705 as against 559 and 59 in September and August respectively.

In the group of "various trades" the number of unemployed during the period under review declined by 4,710, whereas in the preceding month the decrease amounted to 13,210. The slowing down in the rate of improvement in this group is to be ascribed to the migration of unskilled industrial workers from the country to the towns, as mentioned above.

The returns relating to people working part time show a decrease of 26,680 persons, and are less by 12,471 persons as compared with the month ending October 2nd. Of this number 38 persons worked 1 day per week, 102—2 days, 5,989—3 days, 3,355—4 days, and 17,216—5 days per week.

Consequently, those working part time worked on the average 4·5 days per week as against 4·6 in the preceding month.

GRAIN

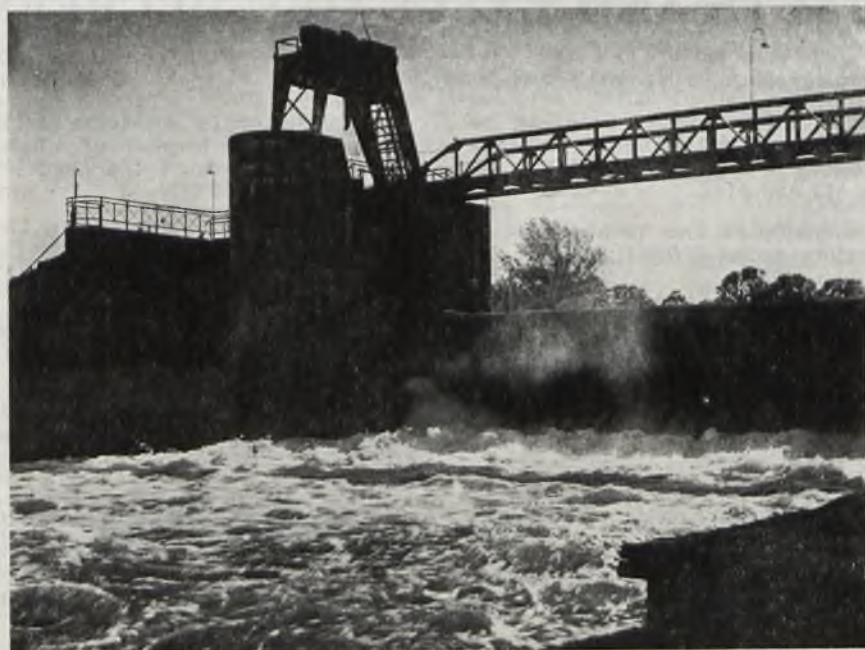
— The main feature of the corn market during the period under review was the large local increase in prices. The prices of wheat, expressed in dollars, rose on the average by 5·39 per cent, of rye — by 6·33 per cent, of oats — by 9·12 per cent, of feeding barley — by 3·02 per cent, and of malting barley — by 1·72 per cent. This increase is incommensurable with that observed on foreign markets, as is shown by the following statement (*table see next page*):

The immediate consequence of the rise in grain prices was a decline of exports, as will be seen by the following statement giving the exports of the four named varieties of grain during October as compared with the preceding month and the corresponding period of last year (in tons):

	October 1925	September 1926	October 1926
Wheat	16,396	3,014	1,971
Rye	25,128	24,392	19,234
Barley	72,006	19,370	14,581
Oats	8,642	1,073	248

Wheat was mainly directed to France (45·6 per cent) and to Germany (30·8 per cent).

The main outlet for rye was Finland which took 45 per cent of the total



ELECTRIC DAM AT THE MOUTH OF THE BRDA, A TRIBUTARY OF THE VISTULA

exports, France coming next with 13·2 per cent, Belgium with 10·4 per cent, Germany with 8·5 per cent, and Esthonia with 8 per cent.

Barley was mainly exported to Germany — 44·7 per cent, and to Czechoslovakia — 34·1 per cent.

Germany and Latvia were the best

customers for oats taking 66 and 27·4 per cent respectively of the total exports.

The total value of grain exported during October amounted to ₹ 13,163.327 as against ₹ 15,856.414 in September. The high level of prices ruling on the home market made it possible to import profitably large quantities of wheat and

rye — mainly from Hungary, of barley — from Rumania, and certain quantities of oats — from Czechoslovakia, Germany and Rumania. The total value of the imports of grain amounted to ₹ 2,182.675; they were composed of 2.725 tons wheat, 2.296 tons rye, 90 tons barley, and 81 tons oats.

	Oct. 1st—15th		Oct. 16th—31st		Nov. 1st—14th		Percentages of difference	
	₹	\$	₹	\$	₹	\$	₹	\$
W H E A T :								
Warsaw	46·67	5·09	47·90	5·32	51·30	5·70	+ 7·10	+ 7·14
Poznań	43·55	4·83½	45·77	5·08	48·52	5·39	+ 6·01	+ 6·10
Lwów	44·75	4·97	46·62	5·18	47·95	5·33	+ 2·85	+ 2·89
Average price	44·99	4·99½	46·77	5·19	49·25	5·47	+ 5·30	+ 5·39
Chicago	—	5·07	—	5·22	—	5·29	—	+ 1·34
Berlin RMk	25·95	6·17½	27·18	6·46	27·60	6·57	+ 1·54	+ 1·70
R Y E :								
Warsaw	34·22	3·80	36·77	4·08½	39·06	4·34	+ 6·23	+ 6·24
Poznań	33·96	3·77	35·57	3·95	37·91	4·21	+ 6·58	+ 6·58
Lwów	32·15	3·57½	34·31	3·81	36·40	4·04½	+ 6·09	+ 6·17
Average price	33·43	3·71	35·55	3·95	37·79	4·20	+ 6·30	+ 6·33
Chicago	—	3·87	—	3·93	—	4·11	—	+ 4·58
Berlin RMk	21·57	5·13	22·47	5·35	22·65	5·39	+ 0·80	+ 0·75
B A R L E Y :								
a) Brewing:								
Warsaw	33·51	3·72½	37·20	4·13	37·80	4·20	+ 1·61	+ 1·69
Poznań	32·17	3·57½	35·94	3·99	36·59	4·06½	+ 1·81	+ 1·88
Average price	32·84	3·64½	36·59	4·06	37·19	4·13	+ 1·64	+ 1·72
Berlin RMk	23·22	5·52½	24·36	5·80	23·99	5·71	— 1·62	— 1·55
b) Feeding:								
Warsaw	26·25	2·91½	28·50	3·16½	29·74	3·30½	+ 4·35	+ 4·42
Poznań	25·25	2·80½	28—	3·11	28·50	3·17	+ 1·78	+ 1·92
Average price	25·75	2·85½	28·25	3·14	29·12	3·23½	+ 3·08	+ 3·02
Chicago	—	3·01½	—	2·97	—	2·89	—	— 2·70
Berlin RMk	18·12	4·31½	19·32	4·60	20·04	4·17	+ 3·72	+ 3·69
O A T S :								
Warsaw	29·54	3·28	30·64	3·40½	33·07	3·67½	+ 7·93	+ 7·93
Poznań	26·56	2·95	28·04	3·11½	31·83	3·54	+ 13·52	+ 13·75
Lwów	26·40	2·93	28·68	3·18½	30·30	3·37	+ 5·65	+ 5·81
Average price	27·50	3·05	29·12	3·23½	31·74	3·53	+ 9·00	+ 9·12
Chicago	—	2·97½	—	2·98	—	3·20½	—	+ 7·55
Berlin RMk	18·22	4·33½	18·74	4·46	18·94	4·51	+ 1·07	+ 1·12

ADMISSION OF VISITORS TO THE MEETINGS OF THE CORN EXCHANGE IN WARSAW. — In pursuance of a decision taken by the Minister of Industry and Commerce and the Minister of Finance on October 22nd last, the articles of association of the Corn Exchange in Warsaw have been amended in such a manner as to allow

the admission to the Exchange of visitors such as: representatives of organised agricultural bodies, registered corn merchants, agricultural industrialists, members of other Polish stock exchanges, and members of foreign exchanges of those countries with which Poland has entered into commercial treaties.

BUTTER

— During the latter half of October the butter market was somewhat depressed. This was due largely to the weak tendency prevailing on the world market as well as to the increased supplies

obtained by more intensive feeding of cattle. In view of the sudden change of the weather, the farmers had to get rid of large quantities of sugar beet leaves, which were used for the feeding of livestock. The average wholesale price for first quality cream butter fluctuated from zł 5.85 per kilo in Sosnowiec to zł 5.30 in Lublin.

At the end of October the prices experienced a substantial rise, which was explained by the accumulation by traders of stocks for the winter, and also by the favourable situation prevailing on the German market. In addition, the supplies have decreased; this diminution is usually to be observed in Poland at this time of the year, for the main producers of butter are the milk co-operative societies, the members of which are small holders, who do not feed their cattle on rational lines, with the result that a marked decline in the production of milk is a regular occurrence at the beginning of winter. It may be mentioned that the usual food given to cattle during the winter season are potatoes and beet, the crops of which have both been rather weak this year.

The upward tendency in butter prices was maintained during the first half of November. The average wholesale price for cream butter of first quality during the period under review was zł 6.30 per 1 kilo at Warsaw and zł 5.60 at Lwów.

The average prices on the main Polish butter markets during the period under review for cream butter 1st quality were the following:

	Oct. 15th-31st		Nov. 1st-13th		Percentages of difference	
	zł	\$	zł	\$	zł	\$
Warsaw	5.45	0.60	6.30	0.70	+15.61	+16.66
Lublin	5.30	0.58	5.85	0.65	+10.37	+12.06
Sosnowiec	5.85	0.65	6.25	0.69	+6.83	+6.15
Lwów	5.35	0.59	5.60	0.62	+4.67	+5.08
Wilno	5.80	0.64	6.25	0.69	+7.75	+7.81

Average price: 5.55 0.61 6.05 0.67 +9.00 +8.19

The exports of butter in October amounted to 684 tons as compared with 867 tons in the preceding month, the value being gold zł 2,975,534. Over 80 per cent of the exports of butter were directed to Germany and about 14 per cent to Austria.

The exports for the last ten months were 5,036 tons as against 370 tons in the corresponding period of last year.

TIMBER

— The beginning of the new felling season in Poland has been marked by increased activity on the market and by

the rise of prices of unwrought timber. The primary cause of this situation lies in the anticipation of good prospects for the export of Polish timber to Western countries, especially to England, and in the probability of increased exports of sawn timber to Germany, as soon as the customs war with that country comes to an end. While awaiting the anticipated conclusion of the Polish-German commercial treaty, German timber merchants have been making direct purchases of raw materials for their saw mills, which procedure has contributed somewhat towards the increase of prices. On the other hand, owing to the exhaustion of the supply of diseased timber, the amount available as far as the State forests are concerned, will be much smaller than last year. The felling contingents of the State forests for the current season stand at the normal figure of 8 million cubic metres. As regards the production of private forests, it is difficult to make a statement, it is certain, however, that the Government will not countenance extensive fellings.

These circumstances have naturally influenced the prices on the home market for the last few months, as is shown in the following statement indicating

the prices paid in October in the State Forest Directorates free on truck on loading stations (in zł per 1 cubic metre):

		Sept.	Oct.
pine logs for saw mills (per cubic m.)	Warsaw	33.75	—
	Radom	30.—	34.—
	Wilno	22.30	24.—
	Siedlce	24.—	30.—
	Białowieża	27.50	32.50
	Poznań	15.68	20.—
	Bydgoszcz	23.79	20.04
Toruń	33.70*	22.70	
pine logs for building purposes (per cubic m.)	Siedlce	21.—	26.—
	Białowieża	19.—	22.50
	Wilno	15.60	17.—
pine pit props (per cubic m.)	Warsaw	24.50	—
	Radom	19.—	23.—
	Siedlce	15.—	16.—
	Poznań	9.95	11.82
	Bydgoszcz	14.51	15.88
	Toruń	—	12.90
spruce logs for saw mills (per cubic m.)	Lwów	21.82	21.90
	Siedlce	24.—	30.—
oak logs for joinery (per cubic m.)	Białowieża	70.—	85.—
	Łuck	47.—	46.—
pulpwood (per stacked cub. m.)	Siedlce	22.—	24.—
	Wilno	17.—	18.—
	Białowieża	20.—	20.—
pine fire wood (per stacked cub. m.)	Warsaw	13.—	13.50
	Radom	8.50	10.—
	Siedlce	7.—	7.50
	Wilno	6.50	6.60
	Białowieża	9.—	9.75
	Poznań	7.83	8.65
	Bydgoszcz	9.03	8.80
Toruń	—	7.20	
spruce fire wood (per stacked cub. m.)	Lwów	6.96	6.90
beech fire wood (per stacked cub. m.)	Lwów	10.80	10.80

It will be seen that there are increases in all items, some of the different auctions having brought much higher figures. Thus, for instance, at an auction held on October 19th in the Siedlce Directorate in three cases zł 25.50 to zł 27.30 per cubic metre was paid for standing pine. Similar prices were recorded at a sale by auction of a ten year felling contingent in the Różana forest, held in the Białowieża Directorate.

The present favourable situation on the timber market enabled the State forests to conclude several important transactions. To begin with an agreement has been reached with the Century European Timber Company whereby felling operations in the Białowieża forest, which were discontinued last year, will be renewed in the course of the present season. A contract has also been made for the exploitation of 150,000 cubic metres in the Ozolamice Forest District, which is situated on the Polish-Russian frontier, and some distance from the railway. Finally, negotiations are being conducted for a ten year exploitation of the Różana forest; the volume of timber involved is estimated to be 330,000 cubic metres.



PINE FOREST IN THE POMERANIA STATE FOREST DIRECTORATE

* For sound timber; other prices in the Western Directorates—for timber affected by the "panolis flamma".

The future will show whether the present firm tone of the timber market will be maintained or otherwise. In any case it may be stated that the rise in prices for timber has been anticipated for some time past in connection with the general improvement of prices for Polish export material, and also on account of the comparatively low prices ruling on the home market which are far behind those quoted for many other land products.

The quotations for export material on the Danzig market experienced a certain rise compared with September, as shown by the following figures (in shillings):

pine logs	per cub. m.	33/- to 35/-
pine telegraph poles	"	20/- " 21/-
pine pit props	"	12/- " 13/-
oak logs 40-50 cm.	"	75/- " 85/-
" " over 50 cm.	"	100/- " 128/-
alder logs	"	34/10 " 37/-
aspen logs for matches	"	43/- " 45/-
pine and spruce mill-run sawn material	"	170/- " 175/-
pine beams	"	185/- " 186/-
spruce beams	"	190/- " 200/-
pine sleepers	per piece	5/10
oak floorings 1 class	per sq. m.	\$ 1 10
" " 2nd "	"	" 0 90
" Memel staves	per shock	£ 15.0.0 to 17.0.0
alder sawn material 1st class	per cub. m.	\$ 15-
" " 2nd class	per cub. m.	\$ 11-

Unfortunately, this increase was totally offset by the high cost of freights, which has given rise to conflicts between English importers and their Polish and Danzig suppliers. In view of the upward tendency of prices for timber and for shipping accommodation and also in view of the increase announced in the railway tariffs on the Polish railway system, it is not improbable that the timber export trade in Danzig may find itself in a difficult position.

The exports of timber during October as compared with the preceding month are given in the table below (in tons):

	September	October
fire wood	13,032	15,008
pit props	73,613	90,094
pulpwood	112,741	103,768
logs, beams	45,112	50,093
telegraph poles	5,547	7,426
deals, boards, battens	146,656	161,083
railway sleepers	14,260	18,131
coopers material	2,300	2,394

It will be seen that the export of most important assortments rose; while those of sawn material and pit props reached the hitherto highest level of July last (163,000 tons), the export of sleepers, despite the increase by 4,000 tons over the September figures, was maintained at half the average level for the first six months of this year. The export of pulpwood has again fallen; during the last few months it was too

high and the present decline should be regarded as a favourable feature.

Other items do not show any material changes.

SPECIAL DELEGATE FOR THE ADMINISTRATION OF STATE FORESTS. — In accordance with the law in force in Poland, the State forests are separately administered. In this connection the ordinary and extraordinary expenditures on forests are covered from their own resources, and only the balance is entered into the State budget. The administration of State forests is composed of two sections: the higher — the Forest Directorates, and the lower — the District Forest Superintendents.

This system of administration of State forests is not as yet followed in all details. For this reason the Ministry of Agriculture, the competence of which also embraces the State forests, has been endeavouring for some time to quicken the process of organisation of this department as a separate unit. Substantial progress in this direction has already been made, the best proof of which is the increase of revenue by about 125 per cent for the first three quarters as compared with the corresponding period of last year *).

As a further step towards the re-organisation, the Minister of Agriculture has created a new, temporary office of Special Delegate for the administration of State forests. The task of the new Delegate will be to inspect all the administrative bodies now dealing with forestry, to submit a report on them to the Minister of Agriculture, and to recommend the introduction of such changes as may be necessary, into the organisation of the department in order to place it on a higher standard of efficiency.

COAL

— Although the favourable situation on the coal market continued in October, yet the position of the coal industry changed for the worse as compared with the preceding month. This is illustrated by the following statement (in tons):

Coal mining districts	Extraction	Home consumption	Exports	Stocks at pit heads
Upper Silesia	2,505,000	1,140,000	932,000	801,000
Dąbrowa	755,000	299,000	274,000	360,000
Kraków	262,000	181,000	67,000	66,000
Total for October:	3,522,000	1,620,000	1,273,000	1,227,000
Total for September:	3,781,000	1,477,000	1,988,000	978,000
+ in relation to Sept.:	-259,000	+143,000	-715,000	+249,000

The above figures indicate that the output fell from 3,781,000 tons in September to 3,522,000 tons in October or by 6.85 per cent, while the stocks at

pit heads during the same period rose by 249,000 tons or 25.46 per cent, from 978,000 tons to 1,227,000 tons. The average daily extraction during 26 working days in October amounted to 135,461 tons as against 145,418 tons in September.

The decrease in the output and the increase of stocks was due to the decline of the volume of sales to 2,893,000 tons in September, that is by 572,000 tons or 16.51 per cent. The decline in the sales was due to the decrease by 715,000 tons or 35.97 per cent in export, as the local consumption, owing to the measures taken with the view of supplying the home market, rose by 143,000 tons or by 9.68 per cent.

The decline in exports was due to the shortage of trucks, which was brought about by their insufficient supply by Germany, and by the strike of dock labourers in Hamburg, and also by the delay in the return of coal trucks from Czechoslovakia, Austria and Italy *). For these reasons the number of Polish coal trucks standing at the disposal of the State Railways which amounted to about 52,000 on September 20th, declined towards the 15th of October to 45,000, and rose gradually at the end of the month to 52,500, the deficiency of coal trucks as compared with the requirements of the collieries amounting to 36 per cent.

Despite this situation, the difficulties arising out of the supply of coal for the home market were overcome, thanks to special measures which were taken.

The exports of coal to different countries, according to provisional data for the period under review, are shown in the statement below (in thousands of tons):

Destination	1925:		1926:	
	1st sem.	2nd sem.	1st sem.	September
	(monthly average)			
Austria	194	254	214	198
Hungary	36	85	42	55
Sweden	—	57	144	253
Denmark	2	34	72	78
Czechoslovakia	47	58	41	57
Danzig	26	42	37	44
Latvia	1	16	18	48
Yugoslavia	8	13	14	27
Switzerland	2	6	10	22
Italy	1	14	49	58
Rumania	6	7	8	22
Lithuania	1	2	3	8
Memel	1	2	3	2
Holland	—	1	1	3
Finland	—	1	9	27
France	—	1	23	26

*) See "The Polish Economist" No. 3, page 94.

*) See page 223.

Norway	—	—	7	28	16
England	—	—	— ¹⁾	762	309
Germany	451	—	1	1	8
Belgium	—	—	—	—	—
Russia	—	—	—	119	102
Other countries	—	2	1	3	—
Total:	776	595	734	1.841	1.266
Bunker coal	—	—	38	147	7
Grand total:	776	595	772	1.988	1.273
Export, Germany not included	325	595	771	1.987	1.265
Shipped through:					
Danzig	29	101	225	266	312
Gdynia ²⁾	—	9	30	37	36
Tezew ³⁾	—	—	8 ⁴⁾	41	43

As already stated, the exports of coal in October declined by 35·97 per cent as compared with September, and by 40·37 per cent as compared with August.

As regards the volume of exports to individual countries, the declines were: to the United Kingdom by 453,000 tons or by 59·45 per cent, to Sweden — by 73,000 tons (or 28·25 per cent), to Switzerland — by 17,000 tons, to Russia — by 17,000 tons, to Czechoslovakia — by 16,000 tons, to Hungary — by 15,000 tons, to Austria — by 12,000 tons, to Norway — by 12,000 tons. The exports to Italy rose by 35,000 tons. The exports to other countries show a very slight difference as compared with the sales of bunker coal which fell from 147,000 tons in September to 7,000 tons in October.

In view of the installation of two new coaling cranes, the coal loaded for export at the port of Danzig rose to 312,000 tons in October, as against 266,000 tons in September, an increase of 46,000 tons or 17·29 per cent. The volume of coal shipments through Gdynia remained the same as in the preceding month. 64,000 tons were exported through Tezew and other Polish river ports, whereas in the preceding month the shipments amounted to 75,000 tons. The total quantity of coal exported through all the above mentioned ports was 412,000 tons or 32·36 per cent of the total quantity of coal sent abroad in October, as against 378,000 tons or 19·01 per cent in September. The volume of consignments of Upper Silesian coal through German ports declined from 509,000 tons in September to 127,000 tons in October, that is by 382,000 tons or 75·05 per cent. The size of shipments of coal made through German ports declined very considerably being as follows: Hamburg—from 184,000 to 34,000 tons, Stettin—from 93,000 to 31,000 tons, Bremen—from 110,000 to 25,000 tons, Harburg—from 55,000 to 11,000 tons, Königsberg—from 28,000 to 11,000 tons. Owing to the shortage and the irregular supply of trucks, collieries were compelled to

suspend loading on certain days, and subsequently to work overtime in order to make good the loss of time. This resulted in the decrease of the average output, as shown by the following figures (in kilos):

	September	October
the Upper Silesian district	1.247	1.195
" Dąbrowa	1.032	986
" Kraków	1.253	1.151

The number of miners employed, however, increased by 1,798 as compared with September, and amounted to 125,897. The increase in the number of workmen was mainly due to the taking on of so-called temporary workers who may be discharged without notice. There were no strikes nor disputes of any kind during the period under review. The wages were unchanged.

The prices for coal on the home market were maintained on the same level, whereas those ruling on the export market varied from 40 to 50 shillings per ton according to circumstances. Thus, large coal at the beginning of October was sold at 40/— to 42/— per ton f. o. b. Danzig, while at the end of the month the price for the same quantity rose to 45/—, and in certain cases to 50/— per ton f. o. b. Danzig.

It was also observed that prices for lots of 1,000 tons loco Danzig were lower, whereas for lots of 3,000 tons, which represent the average steamer load, the prices were higher. On October 10th the price of coal destined for Austria, Czechoslovakia and Hungary was raised by 10 per cent over the September figure, which was 19·60 Swiss Francs per ton loco pit head. Prices for coal exported to Italy were unchanged, and for consignments shipped through the German ports amounted to 30/— per ton loco pit head.

STATE COAL COMMISSIONER. — In accordance with the decree of the President of the Republic, this office has recently been created and attached to the Ministry of Transport; the functions of this officer will be concerned with the regulation of matters pertaining to the transport of coal.

RAILWAY TRUCKS FOR THE TRANSPORT OF COAL. — The increase of the export of coal in the latter half of this year has been responsible for certain difficulties on the Polish railways brought about by the shortage of coal trucks.

The total number of coal trucks on the Polish Railways on July 1st 1926 was 58,750. Since that date 2,520 have been ordered locally, of which 360 were delivered up to November 1st, and 4,608 trucks have been recently hired from foreign railway systems. Covered trucks have also been used for the transport of coal, and a 15 per cent rebate on the

existing rates was granted in respect of consignments moved in this manner.

The movement of coal waggons is at present greatly hampered, not only by reason of the increased activity in the coal mining industry, but also by virtue of special causes, such as the impossibility of making use of Upper Silesian rolling stock in other parts of the country; it may be recalled that international Convention stipulates that this railway rolling stock may only be employed on the Polish and German Upper Silesian railway systems. The undue retention of Polish coal trucks in Czechoslovakia, Austria, Hungary and Italy, to which countries Polish coal is being sent in large quantities, contributed further towards this state of affairs. In the latter case the Polish Government is unable to improve matters as any interference in this respect would constitute an offense against the stipulations of the international railway conventions. However, they contemplate the proposing to the countries concerned of a special agreement in this connection.

In order to prevent a further shortage of coal trucks it is intended to hire an additional large number of trucks abroad and to increase the orders placed at home.

UNIFICATION OF TARIFFS FOR COAL SENT BY SEA. — See page 224.

PETROLEUM

— In view of the favourable export situation which commenced in August and which still continues, the position of the petroleum industry was on the whole satisfactory during October.

The stocks of crude oil at the oil wells and tanks at the beginning of the month amounted to 51,530 tons and decreased by 2,903 tons as compared with the preceding month, and at the same time the stocks held at the refineries were 49,986 tons, so that the total stocks of crude oil in Poland at the beginning of October were 101,516 tons. Thanks to the completion of several prolific wells, production experienced a certain rise as compared with the month before. The price for crude oil also rose to \$ 2·09 per 100 kg. loco mine.

As regards the mining, there is nothing special to record, except that a number of drillings were successfully completed. Among those worthy of note should be mentioned: "Sighardt 2nd" in Borysław, "Dąbrowa No. 35" in Bitków, "Nobel Bros. No. 2" in Mrażnica, "Rapita No. 8" in Harkłowa, "Aleksander" in Humniska, and "Różana" in Ropianka.

The refineries showed a further continued activity. The consumption of petroleum products on the home market rose, whereas, as is usual at this time of the year, the volume of exports declined, but even then it was much

¹⁾ The exports dates from June, in which they amounted to 221,000 tons.

²⁾ Since September 1925.

³⁾ Since March 1926.

⁴⁾ Average quantity for four months.

higher than in the corresponding period of last year.

During the month of September the production of crude oil was 64.070 tons, of natural gas — 39.230 cubic metres, and of ozokerite — 65 tons. The output of crude oil declined by 3.247 tons as compared with the preceding month, the number of oil wells in operation was 2.385, an increase of 26 as compared with August, while the number of workers employed in the production of crude oil and gas increased by 11 and was 9.662. The number of oil wells in the course of drilling was 202 and declined by two as compared with the preceding month. The price for the Borysław standard crude was zł 18'87 per 100 kg. loco oil well.

The throughput of crude oil at the refineries reached the record figure of 72.531 tons, which gave 66.725 tons of petroleum products, including (in tons):

benzine	8.217
petroleum	23.268
gas oil	11.861
lubricating oil	9.754
paraffine wax	3.720
candles	37
vaseline	37
asphalt	2.520
coke	906
semi-finished products	6.139
solid lubricants	268
Total:	66.727

29 refineries which employed 5.978 workers were in operation giving the following increases as compared with the preceding month: number of refineries operated—one, number of workmen — 130, throughput of crude oil — 9.996 tons, and output of petroleum products — 3.134 tons.

The consumption of petroleum products on the home market amounted to 28.974 tons, including (in tons):

benzine	1.860
petroleum	13.443
gas oil	1.921
lubricating oil	6.525
paraffine wax	884
candles	57
vaseline	28
asphalt	980
coke	203
semi-finished products	2.911
solid lubricants	162
Total:	28.974

As compared with the month of August, the total consumption of petroleum products in September increased by 4.290 tons; the largest increase was noticeable in the consumption of petroleum, paraffine wax and candles, which is due to the winter season.

The prices on the home market were unchanged.

The export of petroleum products in September, according to final figures,



OIL WELL AT DROHOBYCZ

amounted to 41.193 tons, including (in tons):

benzine	6.989
petroleum	11.616
gas oil	12.922
lubricating oil	3.982
paraffine wax	2.282
candles	23
asphalt	1.473
coke	780
semi-finished products	1.104
solid lubricants	23
Total:	41.194

As compared with the preceding month, the export of petroleum products declined by 4.812 tons but was twice as large as in the corresponding period of last year (21.520 tons). The distribution of exports according to countries for the month of September was the following (in tons):

Danzig	15.605
Czechoslovakia	10.728
Austria	3.452
Germany	2.998
Switzerland	2.909
France	1.921
Lithuania	854
Hungary	833
Latvia	458
Rumania	389
Italy	305
Sweden	202
England	180
Denmark	145
Yugoslavia	86
Russia	84
Holland	30
Belgium	15
Total:	41.194

The production of gasoline in September amounted to 1.548 tons, whereas the home consumption and exports were—1.367 and 8 tons respectively.

During the first nine months of this year the output of crude oil in Poland amounted to 605.294 tons as against 605.572 tons during the same period of last year.

A more detailed picture of production of Polish refineries for the past nine months may be obtained from the following statement (in tons):

	1925 (Jan.-Sept.)	1926 (Jan.-Sept.)
stocks (1st Jan.)	151.866	199.630
output	486.352	535.341
consumption	181.351	193.494
exports	243.971	344.872
stocks (30th Sept.)	212.866	196.705

The total value of the exports of petroleum products for the past nine months amounted to about zł 100 million.

COMPLETION OF NEW OIL WELLS.— On October 21st Messrs Nobel Bros. have successfully completed the drilling of well No. 2 in Mraźnica, the depth attained being 1.525 m.; at the beginning the production of this well amounted to 140 tons per day, but this figure has now declined to 100 tons, on which level it is maintained. This well gives also large quantities of gas. The drilling operations lasted for about four years, and their success shows that the southern part of Mraźnica may become an important oil-producing area. The Fanto Company has also completed the drilling of the oil well "Sighard No. 2" in Borysław; the depth of the well which produces about 50 tons per day is 1.585 m.

"BONARIVA LTD."— The Polish-Italian Petroleum Company of this name at Lwów has increased its capital by zł 700.000 by means of a transfer of this amount from the reserve fund.

IRON

— The strike which broke out in the middle of October in the Częstochowa iron mines in connection with the workmen's wages, was responsible for the comparatively large decline in the extraction of iron ores. During the period under review the total number of miners was 4.325 as against 4.107¹⁾ in the preceding month, and 1.819 in October of last year. The number of mines in operation increased by one, as against two in September last. The wages in the large mines in the Częstochowa district were raised by 10 per cent as from September 1st which fact is likely to result in a permanent increase of prices.

The export situation was satisfactory, whereas the import of ores, especially from Russia, was rendered difficult by the shortage of railway rolling stock. It should be mentioned that the month of October is usually a period during which the imports of ores increase owing to the accumulation of stocks for the winter season, when transports from Russia and Eastern Poland might be interfered with by climatic conditions which might also prevent the arrival of shipments of Swedish and Spanish ores coming from Stettin to the Upper Silesian foundries via the Oder.

The following comparative table gives an idea of the situation of this industry in October (in tons):

Iron ores	Extraction	Exports	Imports
September 1926	32.074 ¹⁾	11.073	28.770
October 1926	30.147 ²⁾	10.133	25.546
" 1925	16.277	7.112	37.173

Iron foundries	Pig iron	Steel Ingots	Rolled material	Number of workmen employed
September 1926	28.585 ¹⁾	76.131 ¹⁾	56.856 ¹⁾	36.408 ¹⁾
October 1926	27.202 ²⁾	81.817 ²⁾	62.866 ²⁾	37.212 ²⁾
" 1925	25.991	60.680	47.944	34.772

It will be seen that there was a decrease in the output of pig iron. This was due to the insufficient supply of coke provoked by the shortage of coal which in turn was brought about by the lack of coal trucks. In some cases the foundries have been compelled to buy coking coal from mines other than their own. On the other hand the output of the steel works and rolling mills, which worked at 80 per cent capacity during the month, rose very considerably. The improvement in the



WORKMEN'S COLONY IN UPPER SILESIA

metallurgical industry in October is also shown by the statistical data relating to the number of people employed. An unfavourable feature of the home market was the increase in the price of scrap iron which rose from $\text{zł} 92$ to $\text{zł} 107$ per ton franco loading station. This increase was due to two causes: firstly, the absence of collective agreement by the foundries as to purchases, and secondly — the rise in the quotations of scrap iron on foreign markets, particularly in Germany, which was brought about by the general improvement of the situation on the international market for rolled materials; owing to the proximity of the German market, the prices on the Polish market tend to reach the same level as those ruling in that country.

The imports of scrap iron in October amounted to 15.948 tons as against 15.024 tons in September, and those of pig iron to 438 as against 185 in September.

In reviewing the sales of the Polish foundries, it should be noted that, despite the improvement taking place on the world market which may be attributed to the creation on the "Entente Internationale pour l'Acier" on September 30th last, to the stoppage of work in the English foundries, and to the consequently increased demand on the part of continental buyers, the quantities of Polish iron sold declined, instead of increasing as one would expect. This is confirmed by the following returns relating to imports and exports of foundry products including pig iron, steel castings, iron and steel of all kinds, rails, iron and steel plates and piping (in tons):

		Exports :		Imports :	
		total	pipes	total	pipes
September	1926	10.269	2.369	1.638	284
October	1926	9.426	3.175	2.231	319
	1925	3.838	3.207	2.373	409

It will be seen that both the imports and the output of local foundries rose simultaneously, which only proves that the absorptive capacity of the home market rose to such an extent that it not only consumed*) the whole local production but required an additional 4 per cent which had to be imported to cover the deficiency. Under these conditions the fears expressed in the German press as to Polish competition in the Balkans are indeed strange. The above mentioned data show clearly that, despite the high prices, the Polish ironmasters take little, if any, interest in foreign markets as they can place the whole of their production at home without difficulty. For the above reasons the steel agreement between France, Belgium, Luxemburg and Germany is under the present conditions of little interest to Poland.

ZINC AND LEAD

— The extraction of zinc and lead ores decreased in October on account of repairs to the washer at the "Szarlejewski" mine.

Owing to the coal dispute in England and the stoppage of work in English zinc foundries, the offerings of zinc ores on the world market increased very considerably. Nevertheless, the increase

¹⁾ Corrected figures.
²⁾ Provisional figures.

*) The German steelworks work with the same percentage of capacity as those in Poland (80 per cent).

**THE SOCIETY
FOR
FOSTERING
OF
PEASANT HOME
INDUSTRIES
IN
THE REPUBLIC
OF
POLAND**

WARSAW, 1, TAMKA

Offers:

Garden furniture — Kilims
Home spun woolen cloths
Peasant pottery
Wood wares
Toys — Batik
work etc.

noticed this year in the import of zinc ores into Poland is to be attributed to the setting in operation of the "Deutsch Blei Scharley Grube" situated in the neighbouring district of German Silesia and owned by the "Bergwerksgesellschaft Georg von Giesche's Erben in Breslau" affiliated to Messrs Giesche Ltd., of Katowice. The zinc ores produced by the "Deutsch Blei Scharley Grube" are smelted in Poland, as there are no zinc foundries in German Upper Silesia. The figures concerning extraction of ores after being handpurified and handselected, and imports of rich ores, are given in the following statement (in tons):

	Extraction	Imports	Number of workmen employed
September 1926	101.955 ¹⁾	8.410	9.729 ¹⁾
October 1926	82.635 ²⁾	11.249	9.526 ²⁾
" 1925	109.082	2.175	9.544

MOVEMENT OF PRICES. — The level of prices experienced a slight rise in October, but it was lower than in August and September, the increase being the result of the rise in prices of agricultural produce. It is worthy of note that both wholesale and retail prices rose in the same measure, although the rise in the cost of living was somewhat higher (retail prices — 1.2 per cent, cost of living — 1.5 per cent). This is accounted for by the rise of fuel prices. It will be seen that the margin between the wholesale prices on the one hand,

The smelting of zinc and lead during the period under review was carried on under normal conditions.

The exports of zinc rose considerably, but what is more interesting—the imports of Polish zinc sheets into Germany, despite the imposition of tenfold duties on zinc sheets of Polish origin, also rose to a large extent. Experience has shown that this arrangement has proved detrimental to Germany which country experienced an acute shortage of zinc sheets during the last building season.

The export of zinc to England was particularly extensive. The demand for lead was weaker than in the previous month. This is shown by the following statement (in tons):

	Output:		Exports:			Number of workmen employed
	raw zinc	raw lead	raw zinc	zinc sheets	refined lead	
Sept. 1926	10.161 ¹⁾	2.063 ¹⁾	8.535	796	1.750	11.953 ¹⁾
October 1926	11.040 ²⁾	2.334 ²⁾	10.719	1.010	975	11.969 ²⁾
" 1925	9.937	2.878	8.214	993	1.560	11.616

METAL AND ELECTRICAL INDUSTRY

"POCISK" LTD. — This Warsaw munition works, manufacturing shells and rifle bullets has increased their capital by zł 5,977.966'80 to the sum of zł 8,000.000.

"J. JOHN" LTD. — This wellknown Łódź firm, established in 1866, manufacturing metal lathes and Stroebel boilers, has increased its capital by zł 204.000 to zł 1,564.000. For this purpose the second issue of 1.020 shares of a nominal value of zł 200 were emitted at a price of zł 230.

"JAN SERKOWSKI LTD." — This old established Warsaw firm of lamp manufacturers secured a concession about a year ago for the

¹⁾ Corrected figures.
²⁾ Provisional figures.

and the retail prices as well as the cost of living on the other, which first appeared during the period of the fall of the Złoty, that is from July 1925 to May 1926, is still being maintained.

The weekly index of wholesale prices*) expressed in Złoty was 181.6 at the end of October, as against 179.4 at the end of September, an increase of 1.2 per cent. The index of prices expressed in gold Złoty on the same date was 103.3 and 104.6 respectively. The index of retail prices expressed in Złoty rose in

*) For note — see next page.

THE POLISH TEXTILE EXPORTING ASSOCIATION LTD.

**ŁÓDŹ
9, MONIUSZKI**

erection of a lamp factory in Leningrad. The factory has been exploited for some time past, and at present, with the aid of American capital, Messrs Serkowski have formed in Warsaw a new limited liability company styled "Jan Serkowski Ltd." with a capital of \$ 100,000, for the purpose of carrying out of extensions to the existing works in Russia.

"ELEKTROWNIA W PIOTRKOWIE LTD." — In connection with the revival of interest in investments in Polish towns, the above named company has been formed with a capital of \$ 250,000, for the erection of an electrical power station in Piotrków (former Russian Poland). One of the founders of this concern is the "Société d'Entreprises Electriques en Pologne" domiciled in Brussels.

VARIOUS

"J. FRANASZEK LTD." — This well known Polish manufacturer of tapestries and coloured papers has recently increased its capital to the amount of zł 2,499.000 by transferring zł 497.000 from the reserve fund, and by the increasing of the nominal value of the shares from zł 286 to zł 357.

October from 246.4 to 249.3, or by 1.2 per cent, whereas the increase when expressed in gold was from 141.9 to 143.6. The index of cost of living in Złoty rose in October from 187.6 to 190.4, or by 1.5 per cent, whereas in gold it rose from 108.0 to 109.7, or by 1.6 per cent.

The following statement of wholesale prices for certain commodities ruling in September and October, confirms the excellent situation prevailing on the market for agricultural produce (prices in zł):

	September:		October:	
	price	index	price	index
wheat ²⁾	44.50	252.2	46.90	207.5
rye ²⁾	34.30	189.0	36.50	201.1
barley ²⁾	31.75	167.8	37.25	196.9
oats ²⁾	26.50	145.6	29.40	161.5
wheat flour 65 ²⁾ / ₁₀ ²⁾	69.75	236.3	71.15	241.0
rye " 70 ²⁾ / ₁₀ ²⁾	51.55	212.2	53.00	218.2
beef ³⁾	2.15	208.7	2.20	213.6
pork-live weight ³⁾	2.50	219.3	2.63	230.7
butter ³⁾	5.60	154.3	5.80	159.8
sugar ³⁾	1.205	165.1	1.205	165.1
raw ox hides ³⁾	2.85	175.9	2.50	154.3
" calf skins ³⁾	3.65	194.2	3.95	210.1
" hides for soles ³⁾	8.75	192.7	8.75	192.7
American cotton ⁴⁾	3.85	167.4	3.35	145.7
cotton yarn ⁴⁾	8.46	185.5	7.02	154.0
pig iron ⁴⁾	200.00	167.3	200.00	167.3
commercial iron ⁴⁾	325.00	143.6	325.00	143.6
hoops ⁴⁾	390.00	172.3	390.00	172.3
rolled wire ⁴⁾	375.00	154.3	375.00	154.3
zinc ³⁾	1.74	224.5	1.74	224.5
cement ³⁾	5.44	75.9	5.44	75.9
sawn timber ³⁾	85.00	128.0	90.00	135.5
petroleum ²⁾	27.20	123.6	27.20	123.6
coal ⁴⁾	32.60	212.0	32.60	163.8

Similarly, the increase of retail prices was confined to agricultural produce and foodstuffs, the retail prices having risen by 1.2 per cent, those for foodstuffs by 1.75 per cent, and those for agricultural produce by 2.3 per cent, while manufactured goods rose in value only by 0.6 per cent.

As regards the cost of living, the only increases were in respect of foodstuffs and fuel, the figures being 1.7 per cent and 8.6 per cent respectively.

As is shown by the following comparison, the level of prices in Poland continues to be much lower than in other countries, though the wholesale prices for locally manufactured goods have adjusted themselves to the level of the world market; the index of wholesale prices for September, in Poland and abroad expressed in gold, is given below:

	Poland	Germany	France	England
General index	102.0	131.4	115.1	150.1
foodstuffs of vegetable origin	124.5	107.5	117.8	152.3
foodstuffs of animal origin	124.9	115.1	83.8	155.3
groceries	96.5		120.0	166.5
coal and metals	107.1	131.0	123.0	157.8
textiles	130.5	227.9	144.9	146.5

¹⁾ Up to the present the monthly index of wholesale prices has been based on the index of the wholesale prices of 57 different commodities. These calculations were based on the prices for 1914, which were taken as 100. The differences between the prices quoted at that time in the various parts of Poland have been sufficient to cause inaccuracies in the calculation of the figures, and the Chief Statistical Bureau have therefore decided to modify the basis of these figures. The index figure for 57 commodities for October had already been calculated on the original system, for which reason the calculations given in this table are based on the weekly index of prices of 24 commodities, 1914 being taken as 100.

²⁾ For 100 kg.

³⁾ For 1 kg.

⁴⁾ For 1 ton.

⁵⁾ For 1 cubic metre.

BUREAU FOR THE INVESTIGATION OF PRICES.—The question of analysis of the conditions prevailing in and the cost of production etc. in various industries is one on which Polish public opinion has recently been focussed. It was discussed in the press and in Parliament, and finally the question was settled by the Government. The creation of an institution for the investigation of prices was considered. The proposal elaborated by the Ministry of Industry and Commerce provided for the formation of a permanent scientific institution which would be given special power to examine the conditions prevailing in industry for the purpose of supplying accurate informations to the Government in order to enable it to control the movement of economic life.

At the same time the Federation of Polish Industries submitted a different proposal, namely a project of investigations by means of the circulation of questionnaires, the object of which would be the ascertaining of the shortcomings in certain branches of production with the view of their removal. The reason for this project was the recently observed renewed increase in prices.

The Council of Ministers, after having considered the question, came to the conclusion that steps should be taken in both directions, and decided to call into being a permanent institution attached to the Ministry of Industry and Commerce entitled "The Bureau for the Investigation of Prices", and also to empower the office of the Premier to undertake a number of investigations in relation to prices of certain commodities, such as — bread, meat etc. The new institution will commence its work in the near future.

ADVISORY ECONOMIC COMMITTEE TO THE COUNCIL OF MINISTERS.—For a number of years the Polish Council of Ministers has been so organised, that the Ministers dealing with matters pertaining to national husbandry have formed a separate Economic Committee, which deals with all economic questions, so that at the meeting of the Council of Ministers these questions are only treated formally. This system has proved quite practical as it simplifies the work of the Council.

As the result of discussions which took place recently between business circles and the Government, the latter created a new consultative body to be attached to the Economic Committee of Ministers. The new body is composed of the representatives of the main branches of industry, agriculture, commerce and finance, and is called upon to express its opinion on questions submitted to it by the Economic Committee, before they are dealt with by the Council of Ministers.

In this way permanent contact and cooperation will be ensured between the Government and the industrial interests as regards problems of an economic character.

THE RESTRICTION OF THE RIGHT OF MEMBERS OF PARLIAMENT TO HOLD OFFICES IN CERTAIN LIMITED LIABILITY COMPANIES.—In accordance with the decree of the Pre-

sident of the Republic dated October 20th 1926 ("Dz. Ust. R. P." No 103, item 598), Members of Parliament are henceforward not permitted to hold offices in those limited liability companies: a) the basis of which is the leasing of the property of the Treasury, b) in which the Treasury has a financial interest, c) which have secured a financial guarantee from the Treasury.

Members of Parliament holding positions of this kind will automatically be struck off the commercial register, if they do not resign these posts within 14 days.

FAIRS AND EXHIBITIONS

THE REGULATING OF FAIRS AND EXHIBITIONS.—The Ministry of Industry and Commerce has prepared fresh regulations according to which it will be necessary to obtain special concessions for the organisation of fairs and exhibitions.

As in other European countries, the organisation of fairs and exhibitions in Poland was very popular in the years following the war, and proved very useful, as they helped materially towards the establishment of closer relations between the different parts of the country which, prior to the war, were included in the territories of the partitioning powers, and it is during that particular period that the two most important undertakings—the Lwów and the Poznań Fairs — were organised.

The former, held every autumn in September, is intended mainly as export propaganda, and is *par excellence* an institution of an international character. The future of the Lwów Fair lies in the improvement of commercial relations with Russia, the Balkans and the Near East.

The Poznań Fair is held in the month of March every year. Initially it was a local fair, but at present it also tends to become a factor in international trade.

The two fairs are already well established and popular with those of foreign countries which are in commercial relations with Poland.

On the other hand, the Danzig Fair which was called into being about the same time did not meet the same sympathy on the part of the Polish community: this was in a measure due to ultra-chauvinistic tendencies animating the Free City. Lacking support on the part of Poland, after the first trial of 1920, the fair could not be maintained, and after a second attempt in 1925, it had to be dropped. In addition, exhibitions were held in Katowice after the union of Upper Silesia to Poland, and at Grudziądz (Pomerania). There was also a floating exhibition which called at all more important towns on the Vistula.

In recent times, now, that the economic situation in the country is settled, the rôle of the fairs has diminished and interest in them has decreased; this circumstance has, *inter alia*, had an adverse influence on even the most important Polish fairs, those held at Lwów and Poznań.

A certain amount of co-ordination as regards the organising of provincial fairs has thus become necessary, as these fairs were not in themselves invariably successful from the financial point of view, and they tended to mitigate against the satisfactory conduct of the more important international fairs.

For this reason the issue of new regulations on the subject has become necessary, and in accordance with the proposals now submitted, concessions for all fairs and exhibitions will only be granted by the Minister of Industry and Commerce.

The question of prizes is also dealt with under these regulations.

POLISH PAVILION AT THE INDUSTRIAL AND CULTURAL EXHIBITION IN TOKIO. — During the period from September 15th to November 15th of this year, an industrial and cultural exhibition was being held in Tokio on the occasion of the 50th anniversary of the oldest commercial publication of the Far-East, the "*Chugai Shogyo Shimpo*". Besides the Japanese exhibitors, other countries were well represented, among them being the United States of America, England, France and finally Poland.

The Polish Pavilion was organised by the Polish Legation in Tokio, and was composed of the following departments: 1^o, general, calculated to give complete information concerning Poland by means of statistical data, designs etc.; 2^o, industrial, containing models and samples of Polish production; 3^o, aviation, organised in connection with the aerial flight Warsaw—Tokio—Warsaw made by the Polish pilot, Captain Orliński; and finally, 4^o, the cultural department.

The organisation of the Polish pavilion at the Tokio exhibition is well timed in view of the recent development of commercial relations between Poland and the Far East.



INTERIOR OF A POTASSIUM SALT MINE AT STEBNIK

FOREIGN TRADE

— After the decline in September, Polish foreign trade rose in volume, the imports in October being 245,846 tons valued at ¥ 177,460,000, as against 251,836 tons valued at ¥ 148,373,000 in September. The exports were 2,216,097 tons valued at ¥ 204,800,000 as against 2,494,000 tons valued at ¥ 199,363,000 in the preceding month. In view of the fact that imports have risen at a more rapid pace than exports, the favourable foreign trade balance dropped during the month from ¥ 50,990,000 to ¥ 27,340,000.

A comparison of the grand total for the last two months shows that, as regards exports, there was a decline in weight accompanied by a simultaneous rise in value, and that substantial changes occurred in different groups of commodities.

The import of textiles shows a comparatively slight increase being in Octo-

ber 11,561 tons valued at ¥ 62,834,000 as against 10,904 tons valued at ¥ 58,417,000 in the preceding month.

On the other hand the group of "various items" shows substantial differences, thus:

	October September		October September	
	in tons		in ¥ 1000	
jute	1,281	1,153	2,322	2,099
cotton	7,677	7,841	31,467	32,837
wool (combed incl.)	1,753	1,191	15,592	11,468
cotton yarns	293	245	3,354	2,987
wool "	133	116	2,767	2,245
cotton fabrics	82	65	2,089	1,744
wool "	38	31	944	689
silk, semi-silk, and artificial textiles	15	14	2,364	2,419

It will be seen that the cotton imports remained almost on the same level,

whereas those of wool experienced an appreciable rise. Imports of cotton and wool yarns and fabrics also showed an increase. If this phenomenon was of a permanent character, it could be regarded as being unfavourable for a country, such as Poland, having a well developed textile industry; there is, however, no reason to believe that the increased imports of fabrics will be maintained in the future.

The imports of foodstuffs rose very considerably reaching 27,619 tons valued at ¥ 27,151,000 as against 19,876 tons valued at ¥ 20,761,000 a month earlier. The increase was in respect of the following articles:

	October September		October September	
	in tons		in $\times 1000$	
wheat	2.725	1.281	1.330	618
rye	2.296	2.937	805	905
rice	3.824	2.825	2.901	2.154
tea	152	89	1.376	777
cocoa	476	251	1.293	705
coffee	585	436	2.728	2.063
fish and herrings	6.350	3.931	3.598	3.493
edible fats of animal origin	1.387	788	3.914	2.388
edible fats of vegetable origin	1.424	629	2.745	1.342
tobacco	618	920	1.553	2.870

A large increase in the imports of edible fats indicates an improvement of the purchasing capacity of the poorer classes in urban districts as was also the case in respect of the increased imports of tea, cocoa, coffee, rice and herrings. The imports of wheat and rye, though of little interest, are worthy of note in view of their increasing size.

3.720 tons of animal products valued at $\text{zł} 15,978.000$ were imported; increased purchases of raw hides amounting to 2.435 tons valued at $\text{zł} 7,306.000$ as against 1.797 tons valued at $\text{zł} 4,431.000$ in September were noticeable, whereas those of tanned hides and skins were maintained on the September level, the respective figures for October and September being: $\text{zł} 6,205.000$ and $\text{zł} 6,149.000$.

Material changes are evident in all the chemical groups as shown by the following statement:

	October September		October September	
	in tons		in $\times 1000$	
inorganic chemicals	4.938	20.473	1.661	3.236
organic chemicals	9.187	6.286	13.814	9.722
dyes, colours and varnishes	539	486	1.606	1.342
various chemicals	355	333	1.300	1.047

A substantial drop in the imports of inorganic chemicals is due to the fact that the import of artificial manure, the most important commodity in this group, has ceased by the first half of September. In the group of organic chemicals the value of the imports of vegetable oils for technical purposes rose from $\text{zł} 2,988.000$ in September to $\text{zł} 4,271.000$ in October, of animal fats for technical purposes — from $\text{zł} 2,372.000$ to $\text{zł} 2,831.000$, and of tanners materials — from $\text{zł} 1,266.000$ to $\text{zł} 3,063.000$.

The imports of iron ores declined to 25.546 tons, while those of zinc ores rose from 7.326 tons in September to 10.664 tons in October. The import of metals and metal products rose from $\text{zł} 6,533.000$ to $\text{zł} 8,791.000$, of machinery and apparatus — from $\text{zł} 9,032.000$ to $\text{zł} 9,651.000$, of electrical appliances and material — from $\text{zł} 3,642.000$ in September to $\text{zł} 5,601.000$ in October, and

of means of communication — from $\text{zł} 1,860.000$ in September to $\text{zł} 2,373.000$ in October.

The following increases of imports should also be mentioned: plants and seeds amounting to $\text{zł} 1,300.000$ ($\text{zł} 1,012.000^*$), building materials and ceramic ware — $\text{zł} 2,066.000$ ($\text{zł} 1,655.000$), rubber goods — $\text{zł} 2,747.000$ ($\text{zł} 1,294.000$), paper and paper products — $\text{zł} 6,360.000$ ($\text{zł} 6,389.000$), clothing and underclothing — $\text{zł} 1,949.300$ ($\text{zł} 2,149.000$), scientific instruments and school accessories — $\text{zł} 1,451.000$ ($\text{zł} 1,200.000$).

In the exports a decline was observed in the fuel group; its total value which in July was $\text{zł} 74,647.000$, in August — $\text{zł} 85,770.000$, in September — $\text{zł} 69,262.000$, fell to $\text{zł} 58,480.000$ in October; the decrease of the export of coal played an important part in this respect, the quantities of coal dispatched abroad in September and October having been much smaller than in August on account of the necessity of supplying the home market and the shortage of coal trucks. While the exports of coal, coke and briquettes amounted to 2,004.945 tons in July and to 2,195.369 tons in August, they dropped to 1,840.224 tons in September, and to 1,479.420 tons in October. The monthly values of exports were as follows: in July — $\text{zł} 63,014.000$, in August — $\text{zł} 67,916.000$, in September — $\text{zł} 57,456.000$, and in October — $\text{zł} 47,518.000$.

Particulars as to the export of petroleum products, which comprise the rest of the fuel group, are given in the following statement:

	October September		October September	
	in tons		in $\times 1000$	
petroleum	8.934	9.400	2.111	2.011
benzine	5.492	7.035	2.478	3.517
motor and lubricating oils	16.316	11.599	3.207	2.542
paraffine wax	2.294	2.657	2.725	3.385

It should be mentioned that these exports, with the exception of lubricating oils, were higher during the last ten months as compared with the same period of last year.

The volume of foodstuffs sent abroad in October was higher than that for September and amounted to $\text{zł} 54,162.000$, the chief items of this group being given below:

	October September		October September	
	in tons		in $\times 1000$	
wheat	1.971	3.014	954	1.331
rye	19.234	24.392	7.051	8.030
barley	14.581	19.370	5.089	6.197
groats	3.154	1.123	1.010	270
peas, beans	7.134	4.422	4.056	2.500
potatoes	45.328	678	3.611	40
sugar	9.854	3.026	5.770	1.865
meat	1.830	1.503	4.740	3.241
butter	684	867	2.976	3.775
eggs	3.855	4.604	8.591	9.882
hops	266	50	2.520	739
forage	27.633	27.363	4.592	4.424

* Figures in brackets mean the respective values or quantities for September.

It will be noticed that there are material changes in this group. The quantity of grain declined; on the other hand potatoes, which were not exported in previous months, and the gathering of which was not completed in September, now occupy a prominent place. The same applies to pod crops. Of the other articles the exports of sugar — mainly raw — and of meat, rose very markedly, whereas those of butter and eggs declined, as is usual at this time of the year.

The timber and woodware group showed a large increase, and amounted to 454.564 tons (415.766 tons) valued at $\text{zł} 35,278.000$ ($\text{zł} 29,500.000$). Among the most important items of this group should be mentioned:

	October September		October September	
	in tons		in $\times 1000$	
pulpwood	103.768	112.741	4.282	4.779
pit props	90.094	73.613	3.645	2.562
round wood and logs	50.093	45.112	2.772	2.464
planks, deals, battens	161.083	145.161	19.074	15.081
railway sleepers	18.131	14.260	1.649	1.216
furniture	363	501	791	1.072
veneers	1.646	1.356	964	786

All the most important varieties of raw and sawn timber, sleepers, veneers show increased exports, while pulpwood and furniture show a decline. It should be mentioned that with the exception of railway sleepers, barrels and joinery, pulpwood and furniture, the exports for the last ten months are higher than those for the corresponding period of last year.

A certain rise was also shown by the metal and metal wares group, the total exports amounting to 24.077 tons (22.594 tons) valued at $\text{zł} 23,567.000$ ($\text{zł} 20,954.000$). The more interesting items are given below:

	October September		October September	
	in tons		in $\times 1000$	
iron and steel sheets	3.193	3.063	1.781	1.737
iron pipes	3.175	2.369	1.928	1.363
lead	975	1.750	1.339	2.392
zinc	10.719	8.535	14.993	11.801
zinc sheets	1.010	796	1.598	1.306

It will be seen that the largest increases are shown in the export of zinc, zinc sheets and pipes, while the smallest were in respect of lead.

The textile group shows a drop from $\text{zł} 12,018.000$ in September to $\text{zł} 11,093.000$ in October. As is shown by the figures relating to the State of employment, the number of textile factories in operation is continuously increasing, the decline in exports being accounted for by the rise in the absorptive capacity of the home market, which consumes the surplus of production. Of course,

the crisis in cotton prices also exercised a certain influence on exports as it rendered competition difficult for those manufacturers who had stocks on hand for which they had paid high figures. The main exports were the following:

	October In tons	September In tons	October In % 1000	September In % 1000
cotton yarn	86	203	730	1,540
fabrics	99	139	1,777	2,520
woolen yarn	608	551	5,356	4,629
fabrics	51	68	1,405	1,536

The decline (in the volume of yarn exports is striking. On the other hand the exports of cotton fabrics rose to a certain extent, whereas those of woolen fabrics declined slightly.

Of the remaining groups of exports the following should be mentioned:

	October In tons	September In tons	October In % 1000	September In % 1000
live animals	—	—	9,007	8,358
animal products	986	1,494	1,935	1,981
plants and seeds	4,393	4,523	3,464	3,597
inorganic chemicals	7,258	7,275	1,505	1,854
organic chemicals	3,300	2,838	1,302	1,386

The most important of these groups is that of live animals of which pigs occupy the first place with $\text{Z} 5,494,000$ ($\text{Z} 5,364,000$), and geese — the second with $\text{Z} 2,562,000$ ($\text{Z} 1,949,000$).

After having passed in review the more important items of the October trade, the following statements as to the changes which have set in as compared with the preceding month may be of interest. In the first place—a very large increase in the volume of imports is noticeable. This fact, on account of its adverse influence on the balance of foreign trade, is sometimes considered as an unfavourable factor, but this is not a correct view of the situation, as for a number of months Polish imports have been much below their normal level. It is therefore obvious that a certain improvement in the economic situation as a whole, has called forth a demand for foreign goods. But independently of that, the increase of imports is to a large extent due to the replenishment of stocks of industrial raw materials, as will be seen from the increased imports of raw hides, zinc ores, raw zinc, wool, fats and oils, machinery, electric appliances; as regards exports, the most important feature is that their total amount, with the exception of coal, was by over $\text{Z} 15$ million higher in October than in the preceding month. Further development of exports should in the future fill in the gap, which was caused by the drop in coal exports.

OPENINGS FOR TRADE WITH POLAND

Particulars of any of the under-mentioned offerings may be secured on applying to the Editor, "The Polish Economist", and quoting the respective Ref. No.

The Editor accepts no responsibility for the consequences of the transactions concluded.

Ref. No. 41: Polish manufacturer of porcelain is desirous of getting in touch with foreign buyers.

Ref. No. 42: Colophonium, turpentine and clear turpentine are offered for export by Polish producers.

Ref. No. 43: Polish engineering works manufacturing pumps for electrical and internal combustion engines, turbines and water installations for sugar factories, distilleries etc. is desirous of getting in contact with firms interested in this line.

Ref. No. 44: Manufacturers of silver plated and silver ware are desirous of entering into relations with firms abroad.

Ref. No. 45: Manufacturers of pencils seek connections with foreign buyers.

Ref. No. 46: Polish firm exporting hops seeks buyers and connections with abroad.

CUSTOMS DUTIES AND FOREIGN TRADE REGULATIONS

THE SHORTENING OF THE PERIOD IN WHICH ERRONEOUSLY LEVIED CUSTOMS DUTIES ARE TO BE ADJUSTED.—In the regulations relating to the customs tariffs (art. 21) the term for the adjustment of customs duties erroneously imposed or levied in excess, was fixed for two years. New regulations have now been issued ("Dz. Ust. R. P." No. 101, item 586), whereby, as from October 13th last, this period has been reduced to one year.

REIMBURSEMENT OF CUSTOMS DUTY IN CONNECTION WITH THE EXPORT OF CARBIDE AND NITRATE SALTS.—In accordance with new regulations issued on September 24th 1926 ("Dz. Ust. R. P." No. 101, item 585) Polish exporters of carbide and nitrate products are entitled to the refund of the customs duties paid for the importation of the electrodes used in their manufacture. The draw back has been fixed as follows: carbide — $\text{Z} 0.50$ for 100 kg., nitrate salts — $\text{Z} 0.40$ for 100 kg., ammonium nitrate — $\text{Z} 0.90$ for 100 kg.

CUSTOMS REBATES IN CONNECTION WITH THE IMPORT OF MACHINERY AND APPARATUS.—A regulation has recently been issued whereby a reduction of 80 per cent of the import duties may be granted in respect of machinery and apparatus which are not produced in Poland, on

condition, however, that they represent a component part of a newly built complete plant for departments of industrial works, which is to be used with the view to bringing down the costs of production, or for the purpose of the increase of industrial or agricultural production generally.

TRANSPORTS

RAILWAY TRAFFIC IN OCTOBER.—Increased activity prevailed on the Polish State Railways in October. This was made possible by the fact that loose freight in most cases was confined to certain lines especially to those connecting with the Baltic ports. In addition, the distribution of traffic throughout Poland was more uniform. In connection with the harvesting of crops, the transports of agricultural produce and, in the first place, those of sugar beet and potatoes, are responsible for the intensification of traffic on the railway lines serving the agricultural centres. Thanks to this circumstance, the overstrain on certain lines was not so marked as before; on the other hand the shortage of rolling stock, especially of goods trucks, was felt in a much greater degree. It is true that as the result of the increase of loose freight of home transports (sugar beet to sugar factories, potatoes to distilleries) with a simultaneous decline of consignments destined to foreign countries, the average distance of transports was shorter, so that the carrying capacity of the trucks and the average daily number of car-loadings rose — nevertheless, it is worth while noting that increased home transports of agricultural produce adversely influenced the supply of trucks for articles destined for foreign markets and in the first place for coal; the situation was complicated by the withdrawal of a number of trucks which had been hired by the Polish State Railways from foreign railway systems, and also by the delay in returning Polish trucks used for the export of coal, as well as owing to substantial limitation of trucks by German railways which were used for exports through German ports — a circumstance which played an important rôle, for while in September the German State Railways supplied about 2,000 coal trucks, the number dropped in October to about 300.

During October the average daily number of 15 ton trucks loaded was 15,470, a gain of 492 over the preceding month, and of 2,481 over the corre-



PETROLEUM TANKS AT BORYSLAW RAILWAY STATION

sponding period of last year. Of the total number of transports, 11,674 trucks were dispatched to inland stations and 3,796 to foreign stations, while the average daily figures in the preceding months were 9,786 and 5,186 respectively. The average daily number of loaded trucks received from abroad, rose from 530 in September to 603 in October, as against 788 in October of last year. A certain, though smaller increase was shown in average daily transit consignments which rose from 933 in September to 935 in October, as against 788 in October last year. The average daily loadings of the different categories of goods dispatched to Polish stations are illustrated by the following statement (in 15 ton trucks):

coal, coke and briquettes	2,712
crude oil and petroleum products	217
timber	796
agricultural produce	3,024
raw materials and industrial products	1,803
miscellaneous	3,122
Total:	11,674

As stated above, the transports to Polish stations experienced an average rise of 1,888 waggons per day as compared with the preceding month. This was mainly due to the increase in the volume of consignments of agricultural produce, the average daily loadings in this group

being 1,668 trucks of sugar beet as against 118 in the preceding month, 444 trucks of potatoes as against 98 in September; coal, coke and briquettes also showed an increase of 13 trucks; crude oil and petroleum products—of 44 trucks; timber — of 10 trucks, and group "various" — of 13 trucks. On the other hand the average daily loadings of raw materials and manufactured goods declined by 214 trucks; this cannot be regarded as a decline in the demand for trucks on the part of the industry, for the railway authorities, in view of the shortage of trucks, gave priority to the transports of seasonal consignments and perishable goods, such as potatoes and sugar beet.

The average daily loadings of the different categories of goods dispatched abroad are illustrated by the following statement (in 15 ton trucks):

coal, coke and briquettes	2,573
crude oil and petroleum products	77
timber	701
agricultural produce	96
miscellaneous	349
Total:	3,796

Compared with the preceding month, the average daily loadings declined by 1,390, the loadings of coal, coke and briquettes — by 1,444, crude oil and petroleum products — by 9, timber and

agricultural produce — by 59 and 10 respectively. It is only the last named item that has shown a rise of 132 trucks including an increase of sugar exports from 2 to 51 per day on the average.

The total average daily work performed by goods trucks in October amounted to 17,108 of 15 ton trucks and was lower than in September by 673 and larger by 2,532 than in the corresponding period of last year.

UNIFICATION OF RAILWAY TARIFFS FOR THE CONSIGNMENTS OF COAL DISPATCHED BY SEA.—

There are three routes leading from the Polish coal districts to Danzig and Gdynia: 1^o, via Częstochowa — Skierniewice — Toruń, 2^o, via Kalety — Podzamcze — Toruń, and 3^o, via Lubliniec — the Kluczbork corridor — Łęka — Toruń. The first two routes are exclusively on the Polish railway system, and as they are not in a position to satisfy the export needs, it has been necessary to direct a portion of the transports via the Kluczbork corridor, which though the shortest, is the most expensive route, on account of the additional high rate for the sector on the German line amounting to 3.15 gold francs or 5.5 per ton. The only way of equalising the rates charged by all routes was by the lowering of those which are charged on the Polish railways in the direction of the Kluczbork corridor, and simultaneously increasing those charged in other directions, namely — Częstochowa and

POLSKI LLOYD LTD. FORWARDING—SHIPPING
WAREHOUSING—INSURANCES
BONDED STORES IN WARSAW, LWÓW, KRAKÓW
BRANCHES: WARSAW, KRAKÓW, LWÓW, BIAŁYSTOK, ŁÓDŹ, KATOWICE, POZNAŃ, STOLPCE, WILNO, GDYNIA
HEAD OFFICE: WARSAW, 36, ALEJE JEROZOLIMSKIE

Kalety. For this purpose the rate to Danzig and Gdynia via Kluczbork for the section under Polish control has been fixed at zł 6.5 per ton, and via Częstochowa—Skierniewice and Kalety—Podzamcze—at zł 12. The first mentioned rate together with that for the German section (zł 5.5) exactly equals the second. This readjustment of the tariff has consequently increased by zł 3 per ton the rates via Częstochowa and Kalety.

POLISH - HUNGARIAN RAILWAY UNION. — A Polish-Hungarian railway conference, at which the delegates of the Czechoslovakian and German railways were present, was held in Warsaw from the 29th to the 30th October.

Direct goods train communication between Poland and Hungary, passing in transit through Czechoslovakia and through Germany and Czechoslovakia, has already been in existence for some time past, on the strength of the Berne International Convention, but the transport rates have been calculated separately for each country, according to its internal tariffs and in its own currency. The question under consideration was the introduction of the so-called "Union Through Tariffs" between Poland and Hungary which would include the whole journey in a single rate.

The first conference on this matter was held in Budapest in March last. The formation of such a union was then decided in principle, and the preparatory work was transferred to a special commission composed of railway officers which elaborated the proposal in Lwów. At the second general conference the work performed by the Lwów Commission and the drawing up of further preparatory work was considered. The conference, firstly, approved the Statutes of the Polish-Hungarian Union, with the participation of the Czechoslovakian and German railways; further it considered the complicated calculations submitted showing the shortest distances between Polish and Hungarian stations when German lines are used. It was explained that the whole problem was confined to the regulation of competition between certain Polish and German lines, and in order that this matter might be closely examined it was decided to appoint a special German-Polish Committee.

For the transport of coal over the whole distance payments in Hungarian currency were decided upon, whereas for other articles — for the whole distance and in both directions payments are to be effected in Polish currency. Finally, it was decided to call a tariff commission to Budapest for the completion of the railway tariff in respect of chief items of the trade between Poland and Hungary, and for the approval of the work accomplished by the Commission it was decided to hold the third Conference of the Union at Prague.

STATE COMMISSIONER FOR COAL TRANSPORT. — See page 216.

RAILWAY TRUCKS FOR THE TRANSPORT OF COAL. — See page 216.

PORT TRAFFIC IN OCTOBER. — The month of October was a period of further intensive activity in the Polish ports. The capital investments in both ports, which are calculated to increase their capacity, will, however, only give practical results in the coming spring. Although the present work on the extensions of quays and railway sidings, as well as of loading facilities both in Danzig and Gdynia, is pursued with energy, yet there is little hope for an immediate effect, so that the movement of ships and goods shows but little variation month by month.

In Danzig the movement of ships in October was practically the same, as in September. The average tonnage per ship was higher but, as the total tonnage was the same, there was a proportionate decline in the number of incoming and outgoing ships. The arrivals in October were 510 with 308.476 reg. tons as against 554 ships of 304.755 reg. tons in September. The departures numbered 511 with 314.214 reg. tons, the corresponding figures for September being 570 ships and 320.552 reg. tons. It may be of interest to recall the corresponding figures for October 1925 which were as follows: arrivals — 403 ships and 206.500 reg. tons, and departures — 392 ships with 201.499 reg. tons.

As in previous months, the main export article was coal, the total shipments of which amounted in October to 354.999 tons, timber ranked second

with 117.659 tons followed by grain with 21.377 tons, and petroleum products with 6.149 tons.

The shipments conveyed through Danzig by the Vistula amounted to 81.062 tons as against 26.486 tons in October 1925, whereas up river transports were 12.359 tons as against 7.279 tons in October 1925.

The number of passengers landed in Danzig was 887, and that taken away was 3.046.

The nationality of the ships which called at Danzig during October was the following:

	Arrivals:		Departures:	
	ships	reg.tons	ships	reg.tons
Poland & Danzig	26	9,689	19	7,741
Germany	194	95,569	183	82,696
Finland	9	5,479	9	5,479
Russia	2	2,195	2	2,195
Estonia	—	—	2	132
Latvia	10	9,326	9	10,025
Lithuania	1	437	1	437
Sweden	106	64,554	111	69,713
Norway	47	29,512	50	33,847
Denmark	71	53,483	76	59,196
England	26	25,508	30	28,869
Holland	6	1,939	8	2,653
Belgium	3	1,175	2	917
France	9	9,610	8	8,320
Greece	—	—	1	1,944
Total:	510	308,476	511	314,214

The traffic of the port of Gdynia, which, as is known, is under construction, did not show any material changes as compared with the preceding month. Contrary to anticipations, the newly installed cranes for coal loading could not be operated at full capacity during the period under review.

The total number of ships calling at Gdynia in October was the same as that in September, namely 27, their tonnage, however, was somewhat higher



A VIEW OF THE FISHING PORT OF HEL

being 19,320 reg. tons as against 17,826. The departures numbered 28 with 19,749 reg. tons, the corresponding figures in September being 25 and 17,918 respectively. As in previous months, the activity of the port was almost exclusively confined to exports. The consignments were composed of 36,271 tons of coal as against 33,225 in September and, for the first time for a long period — of 2,720 tons of cement. There were 58 incoming and 533 outgoing passengers.

The nationality of ships which called at Gdynia in October were the following:

	Ships	Reg. tons
Sweden	10	5,493
Norway	5	3,675
Germany	5	1,955
France	1	1,841
Denmark	3	2,059
Finland	1	2,652
Latvia	1	814
Estonia	1	831
Total:	27	19,320

AERIAL COMMUNICATION IN OCTOBER. — The drawing in of the winter season has adversely influenced aerial communication, but the reduction of the use of the aerial lines will be

still more striking in November. Aerial services were maintained in October on six lines as against seven in the preceding month. The total number of flights was 353 as against 343 in September. The total distance covered was 88,275 km. and represented a reduction of some 25,000 km. as compared with a month earlier. The number of passengers carried was 736, and the weights of goods and postal bags were 18,087 kg. and 73 kg. respectively as against 806 persons, 10,958 kg. and 227 kg. in September.

FINANCE AND BANKING

STATE REVENUE AND EXPENDITURE IN OCTOBER were the following (in million of zł):

It will be seen that the revenue exceeded the expenditure during the period under review by over zł 30

August; so far the Post and Telegraphs have transferred to the Treasury comparatively small amounts, namely; zł 7.8 million in August. It is, therefore, to be expected that a larger sum will be paid in towards the end of the year, for both these latter months showed usually favourable balances. A slight increase in the expenditure of the State Administration was noticeable in nearly all Ministries; despite this, the total State expenditure was less than in the month of September, which was largely due to the decrease of the disbursements connected with the relief of unemployment, the number of people receiving assistance having decreased materially.

Generally speaking, the increase in expenditure should not be considered as being very large, especially when it is borne in mind that the economy policy of the Ministry of Finance with the view of the establishment of budgetary equilibrium within as short a period as possible, must necessarily have prevented the satisfaction of a large number of State requirements. It is, therefore, quite probable that State expenditure, provided, however, that the revenue will permit it, will experience a certain rise in the near future. This increase will, in the first instance, be owing to the necessity for raising the emoluments of the civil servants, which are still at the level of December last, despite the increase of the cost of living, which question has, therefore, assumed an acute character. In consideration of the fact that civil servants are in a difficult financial situation, the Government has decided to pay them a bonus of 20 per cent of their monthly salary in two instalments, in November and December; this, however, is a temporary

	Revenue	Expenditure
A) Civil service	113.5	150.7
The President of the Republic ...	—	0.3
The Parliament... ..	—	0.9
State Control	—	0.3
Council of Ministers	—	0.1
Ministry of Foreign Affairs	0.8	3.4
" War	1.2	50.2
" the Interior	1.1	16.6
" Finance	98.3	7.7
" Justice	3.1	7.7
" Industry and Commerce.	0.3	1.5
" Transport	—	0.2
" Agriculture and State Lands	1.6	2.6
" Religious Cults and Education	0.7	24.5
" Public Works	3.3	10.2
" Labour and Social Protection	0.2	4.0
" Land Reform	—	2.0
Pensions	2.9	7.2
Grants to Invalids	—	10.5
State liabilities	—	0.8
B) State Enterprises	12.0	0.9
C) Monopolies	56.3	—
Total A + B + C:	181.8	151.6

million. This surplus is accounted for, in the first instance, by increased revenue, the major portion of which was derived from public taxes; the latter are dealt with in detail in another column. It may be of interest to note that the revenue from State undertakings

contributed materially towards this increase; thus the State Forests brought in over zł 7 million, the State Railways— zł 4.5 million, this latter department having begun to contribute to the Treasury a portion of its surplus of revenue commencing with the month of

expedient as the question is to be dealt with as a matter of principle in January next.

Nevertheless, any increase in expenditure should be made with great caution in order not to endanger the budgetary equilibrium. It should be borne in mind that up to the present the Treasury has not disposed of sufficiently large money reserves, which circumstance renders its work complicated, and places it in a difficult position when the payments of salaries are to be made.

For the last ten months the revenue and expenditure in round figures were as follows (in million of zł):

January	153	132	—	21
February	125	115	—	10
March	133	124	—	9
April	139	137	+	2
May	154	137	—	17
June	162	150	—	12
July	150	158	+	8
August *)	149	166	+	17
September	156	163	+	7
October	152	182	+	30
Total for 10 months:	1,473	1,464	—	9
10/12 of the preliminary budget	1,442	1,273	—	169

It will be seen by the above statement that, as the result of the decrease of expenditure and the increase of revenue, the anticipated deficit will be almost totally covered, and it may safely be stated that there will be a large surplus at the end of the year. This is all the more probable as the receipts show a continuous upward tendency, which should accentuate itself in the last two months, as is usually the case at the end of each year.

TAXES IN OCTOBER. — As already stated in our previous issue, the last months of the fiscal year are usually favourable to the Treasury, as substantial revenues from public levies fall due during that period. The receipts from this source during the month of October confirm the statement, as the revenue rose by zł 14 million as compared with the month of September.

Such a substantial increase in the State revenue is not only to be ascribed to the fact that the payments of certain taxes fell due during the month, but also to a large extent to the favourable economic situation in Poland and especially that prevailing on the money market. There was an increase in the amount of taxes collected, as the taxpayer was in a better position to meet his obligations towards the Treasury.

The largest increase was that of the

*) In our previous issue we gave provisional figures from the cashiers department of the Treasury, as the budget figures for the month of August were not then available.

direct taxes which gave zł 39.9 million as against zł 37.4 in September. The revenues from the industrial and income taxes were much higher than before, whereas the receipts from the land taxes were slightly lower. As an instalment of the land tax is payable in the second half of October and in the first half of November, there is every reason to believe that the revenue from this source will show a large increase next month.

Indirect taxes gave zł 0.6 million less than in the preceding month, which is accounted for by the decrease of the taxes imposed on sugar, the reduction of revenue owing to this being about zł 1 million.

A comparatively large increase amounting to zł 2 million was shown by the customs receipts. This indicates that there was an increase of imports in October, and a revival of trade in general. Owing to the general impoverishment of the community, consumption has been very restricted for some time past, and given the necessary improvement of conditions a revival of trade was to have been anticipated.

The best proof of the better conditions prevailing in business is the increase in the revenue from stamp dues; nearly all the items under this heading show smaller or larger increases. The increase in the receipts from the extraordinary property tax, as compared with the previous month, is to be ascribed to the same cause. Formerly, despite the reduction of the amounts of tax instalments, the tax-payers were unable to pay them when due, whereas now, owing to easier money conditions, the instalments are being paid without great difficulty. The 10 per cent extraordinary supplementary tax gave a more substantial revenue in October, amounting to zł 4.8 million, which sum is larger than that for the last quarter (zł 4.5 million). State monopolies, too, gave more in October than in the preceding month and show a steady increase in revenue. Compared with the receipts for September and those of the corresponding period of last year, the State revenues in October were the following (in million of zł):

	Actual revenue:		Estim- ated	1/12 of the
	Oct. 1925	Oct. 1926	Sept. 1926	yearly budget
Direct taxes	32.5	39.9	35.1	27.7
Indirect taxes	8.4	11.6	12.2	9.1
Customs duties	15.8	18.5	16.5	16.7
Stamp fees	11.3	11.9	10.6	9.2
Total of the ordinary public revenues:	68.0	81.9	74.4	62.7

Property tax	2.9	8.0	5.0	5.0
10 per cent extra-ordinary tax	—	4.8	2.6	—
Monopolies	35.3	56.4	55.1	37.9
Total of public levies and monopolies:	106.2	151.1	137.1	105.6

On analysing the receipt from public taxes and monopolies for the last ten months, it will be seen that they amount to zł 1.228 million or 96.9 per cent of the amount estimated in the budget which was based on an anticipated revenue of zł 1.267 million. A steady increase of revenue even during the months during which these receipts usually decreased will also be noticed; for particular months the receipts were as follows: January — zł 111.4 million, February — zł 95.9 million, March — zł 102.8 million, April — zł 119 million, May — zł 121.1 million, June — zł 122.7 million, July — zł 134.8 million, August — zł 132.4 million, September — zł 137.1 million, and October — zł 151.1 million.

THE STATE SPIRIT MONOPOLY IN OCTOBER. — The sales of the State Spirit Monopoly in October were the following (in hectolitres 100³):

October:		
	1925	1926
for drinking purposes	36,600	40,400
„ industrial	2,400	3,400
denaturated spirit ⁴	6,100	8,000
	45,100	51,800

It will be seen that the volume of sales declined very materially during the period under review, namely — from 73,600 hectolitres in September to 51,800 hectolitres in October; unfortunately the figures for October are not quite accurate on account of the adjustment in the returns of sales of spirits which had been made in previous months; this is indicated by the fact that the sales for October are shown to be higher by 5,700 hectolitres, or 12.4 per cent over the average monthly sales during last year.

During the past ten months the total quantity of spirit sold amounted to 460,500 hectolitres, this figure being 55,900 hectolitres, or 13.8 per cent more than that for the corresponding period of last year. The sales of spirit for drinking purposes amounting to 359,900 hectolitres were higher by 37,400 hectolitres, those for industrial purposes — 26,400 hectolitres, showed an increase of 1,900 hectolitres, and those of denaturated spirit — 74,200 hectolitres — an increase of 26,700 hectolitres.

Out of its net profits the State Spirit Monopoly paid to the Treasury the sum of zł 25.3 million in October; this payment was equal to that made in the preceding month and exceeded that made in October 1925 by 15.2 million. During the last ten months the total payments to the Treasury have amounted to zł 197.9 million as against zł 141.8 million in the corresponding period of last year.

THE STATE TOBACCO MONOPOLY IN OCTOBER. — The value of sales of tobacco products in October 1926 as

compared with the previous periods was (in million of zł):

	1925	1926
1st semester	27.5	30.8
2nd "	32.1	41.3
3rd "	31.7	44.1
October	31.7	42.3

The net profit derived by the Treasury from the monopoly amounted in October 1926 to zł 25.5, the total for the past ten months of this year being zł 217.5 million. It is noteworthy that the anticipated revenue of zł 200 million for 1927 has already been exceeded by 30.5 per cent.

The production of the State Tobacco Monopoly during the first half of 1926 amounted to (in kilos):

	1925	1926 (January-June)
cigars	359,355	184,653
cigarillos	13,183	14,583
cigarettes without mouthpiece	1,817,248	878,753
cigarettes with mouthpiece	3,485,316	1,373,084
cut tobacco	5,638,733	2,478,866
low grade tobacco	6,309,073	3,514,210
snuff tobacco	392,960	184,960
shewing tobacco	11,380	5,614
Total:	17,727,248	8,634,723

The production in the first half of 1926 was practically the same as in the corresponding period of 1925. As regards the different varieties of tobacco products, the increase in the output of cigars and especially of cigarillos

amounting to 111 per cent should be mentioned; on the other hand the decline in the production of cigarettes without mouthpieces was 3 per cent, and that for cigarettes with mouthpieces was 21 per cent. This is due to the preference of consumers for cigars and tobaccos; the production of cut tobaccos rose by 170,000 kg.; the highest grades were less in favour, the rise being 12 per cent, whereas in the case of lower grades the increase was 17 per cent.

STOCK EXCHANGE

FOREIGN CURRENCIES

In October the rate on New York on the Warsaw Stock Exchange continued to be maintained on the same level ($\$ 1 = \text{zł}$ 9). Of the other strong currencies the Pound Sterling, the Swiss Franc, and the Dutch Gulden have experienced a slight decline. The cost of drafts on Vienna and Prague was unchanged throughout the month, in relation to the zł oty. The quotations of the zł oty on foreign exchanges, as may be seen from the appended table, confirm that the zł oty has been stabil-

ised. Drafts on Brussels, Paris and Milan, which were somewhat erratic during September, were more steady during the past month, with a slight upward tone. The most substantial increase was recorded by the Italian Lira, the rise being 13 per cent.

The growth of the reserve of foreign currencies at the Bank of Poland, as well as the increased deposits in private banks, had a decisive and favourable influence on the rate of exchange of the zł oty both at home and abroad. It should also be mentioned that the transactions in foreign currencies have, for some time past, lost their speculative character, as the demand is exclusively the outcome of sound business.

During the last month the volume of business in foreign currency done on the Warsaw Stock Exchange rose again, and surpassed $\$ 10$ million, of which 95 per cent was composed of drafts, and 5 per cent of bank notes.

The open market showed little interest in foreign currencies; the demand for the dollar was exceptionally weak, and prices were practically the same as those quoted officially.

		30.9	1—9.10	11—16.10	18—23.10	25—29.10	30.10	par value
Warsaw Exchange								
London	£ 1	43.77	43.77	43.77	43.72	43.69	43.68	25.22
New York	\$ 1	9—	9—	9—	9—	9—	9—	5.19
Paris	Fr. fr. 100	25.76 $\frac{1}{2}$	25.72	26—	26.84	27.89	28.35	100—
Brussels	B. fr. 100	24.67 $\frac{1}{2}$	24.75	25.28	25.49	25.20	—	100—
Zurich	Sw. fr. 100	174.35	174.31	174.32	174.18	174.01	173.95	100—
Milan	Lir. 100	34.05	34.52	36.80	38.84	39.95	38.50	100—
Amsterdam	Fl. 100	—	361.15	360.84	360.91	360.73	360.80	208.32
Vienna	Sh. 100	127.40	127.31	127.29	127.28	127.26	127.50	72.93
Prague	Kez. 100	26.72	26.72	26.72	26.72	26.72	26.72	105.01
Stockholm	Kr. 100	241.30	241.18	241.25	241.30	—	—	138.89
Foreign Exchanges								
London	£ 1	42.50	42.50	42.50	42.50	43.80	44—	25.22
New York	zł 100	11.09	11.07	11.26	11.46	11.35	11.37	19.30
Zurich	zł 100	57—	57.02	57.92	57.50	58—	57—	100—
Vienna	zł 100	78.25	78.33	78.49	78.52	78.54	78.70	137.13
Prague	zł 100	375.75	374.60	374.55	376.07	375.38	—	651—
Berlin	zł 100	46.45	46.50	46.48	46.55	46.53	46.45	81—
Danzig	zł 100	57.05	57.01	57.03	57.02	57.07	57.09	99.108

SHARES

The share market has become more animated, the best proof of which are the numerous transactions effected both on the Stock Exchange and amongst outside brokers. The decline in quot-

ations brought about by speculators in September, encouraged a large number of people to make purchases; there was also some buying done for foreign account, for some of the foreign markets are permanently interested in the shares of Polish companies, particularly in

those of companies established before the war.

The volume of business done in popular shares during October increased by about 50 per cent, as compared with a month earlier.

The shares of the Bank of Poland

continued to be very much in favour. The shares of the Warszawski Bank Dyskontowy were also the object of extensive demand but the offers only amounted to a few thousand. Slight interest was displayed in the Bank Zachodni, the Bank Zjednoczonych Ziem Polskich, the Bank Związku Spółek Zarobkowych (Bank of the Cooperative Societies) and other banking shares.

The shares of the Warsaw Coal Mining Company which gained a few points, contributed very materially to

the movement on the Stock Exchange. Compared with the month of September, the volume of business transacted rose by over 70 per cent.

Of sugar shares Chodorów ranked first, for, gaining about 17 per cent, they reached 122 (nominal value — 100); in view of the small number of these shares offered the volume of transactions during the period under review was smaller by 25 per cent than in September.

In the metallurgical section, headed

by the Starachowice Company which represents the bulk movement in shares, a slight upward tendency was noticeable.

The quotations in the textile section (Żyrardów, Zawiercie) are somewhat higher but in a lesser degree than in case of metallurgical shares.

The volume of transactions in the shares of the Nobel Bros. was practically the same as in the previous month; they gained about 15 per cent.

Industrial shares	30.10	1—9.10	11—16.10	18—23.10	25—29.10	30.10	Nominal
Bank Polski	83.—	78.50	76.05	81.—	84.90	84.63	100.—
Bank Dyskontowy Warszawski	—	7.86	7.81	7.87	8.72	—	Mk. 5.000.—
Bank Handlowy w Warszawie	3.55	3.40	3.32	3.30	3.29	3.25	Mk. 1.000.—
Bank Zachodni	1.60	1.43	1.41	1.40	1.45	1.50	Mk. 540.—
Bank Zjedn. Ziem Polskich	1.85	1.85	1.85	1.66	1.60	1.60	Mk. 1.000.—
Bank Zw. Sp. Zarobkowych	—	6.50	6.05	5.60	6.40	6.—	Mk. 1.000.—
Warsaw Coal Mining Co.	65.—	66.72	67.80	75.20	77.68	77.75	100.—
Chodorów	105.50	107.67	107.—	114.94	124.92	122.—	100.—
Cegielski	17.08	15.88	13.18	14.50	16.—	—	50.—
Zieleniewski	12.25	12.38	12.45	13.25	13.19	—	Mk. 1.000.—
Starachowice	2.01	1.83	1.76	1.90	2.28	2.47	Mk. 500.—
Lilpop, Rau & Loewenstein	18.—	16.13	16.28	16.58	18.31	18.75	25.—
Ostrowiec	7.03	6.70	6.81	7.22	7.64	7.82	Mk. 500.—
Modrzejów	3.93	3.47	3.25	3.42	3.80	4.03	Mk. 500.—
Rudzki	1.23	1.15	1.17	1.18	1.27	1.33	Mk. 500.—
Warsz. Sp. Akc. Budowy Parowozów	0.32	0.28	0.27	0.32	0.32	0.31	Mk. 500.—
Żyrardów	12.25	11.23	11.90	12.18	12.84	12.75	Mk. 540.—Rb. 250
Zawiercie	—	15.30	15.75	15.83	15.83	16.—	Mk. 6.000.—
Nobel Bros.	2.50	2.39	2.33	2.29	2.65	2.88	Mk. 1.000.—
Ł. J. Borkowski (Elibor)	1.38	1.24	1.35	1.30	1.30	1.30	Mk. 216.—
Wysoka	3.—	2.92	2.90	2.95	2.97	—	Mk. 1.000.—

STATE, CITY AND LAND LOANS

Investment securities were active and firmer in tone than during the preceding month. Since the middle of October

the interest-bearing securities emitted in stable currencies have been quoted in percentages of their face value and not as heretofore — in Złoty. The new system gives the relation of the actual

value of given securities to their nominal value.

Besides the 8 per cent Bank Gospodarstwa Krajowego (Government Bank) bonds which have been quoted on the

State, Municipal & Land Loans	30.9	1—9.10	11—16.10	18—23.10	25—29.10	30.10	Nominal
8% Internal Gold Loan (conv. 1925)	160.—	160.—	160.—	92.93*)	92.45	92.50	100.—
5% Conversion Loan	44.83	45.71	45.81	45.56	45.88	45.75	100.—
6% External Dollar Loan 1920	—	637.88	642.38	72.66*)	72.28	—	100.—
10% Railway Loan (1st series)	149.—	148.67	151.33	87.18*)	87.10	87.—	Gold fr. 100.—
8% Bank Gospodarstwa Krajowego Bonds	—	—	80.—*)	—	80.—	—	Gold 100.—
8% State Agricultural Bank Bonds	—	—	—	79.83*)	79.90	80.—	Gold 100.—
4% Land Credit Association Bonds**)	—	30.50	31.33	32.—	33.25	—	100.—
4% Land Credit Association Bonds**)	35.53	33.84	34.55	35.81	36.97	37.63	100.—
5% Credit Soc. of the City of Warsaw Bonds***)	40.77	40.04	42.16	43.97	44.30	44.85	100.—
4½% Credit Soc. of the City of Warsaw Bonds***)	40.—	39.02	39.53	40.18	40.46	—	100.—

*) Since October 15th these securities have been quoted in percentages of their nominal value.

**) Formerly referred to as "Land Bonds".

***) Formerly referred to as "City of Warsaw Bonds".

Warsaw Stock Exchange for some time past, the 8 per cent Bank Rolny (State Agricultural Bank) bonds were admitted on the Stock Exchange list on October 21st last.

REDEMPTION OF STATE LIABILITIES ABROAD DURING THE PERIOD FROM SEPTEMBER TO NOVEMBER 1926. — The amount devoted by the Treasury to the redemption of State liabilities abroad during the months of September, October and the first half of November, was \$ 4,750,000, or at an average rate of exchange of zł 9 to the dollar — zł 42,750,000.

The payments made were the following: at the end of September — the October coupons for the 6 per cent 1926 Dollar Loan totalling \$ 587,235;

at the end of September — Poland's share in the interest on a portion of the late Austrian debt totalling \$ 195,004.27 and zł 5,264.79;

in the middle of September — \$ 58,800 in part-payment of the war debt contracted with the Italian Government in the years 1919 — 1920;

in September, October and November — Lira 28,407,562.50 for the payment of current coupons and towards the redemption of the 7 per cent Italian loan of 1924; this sum was covered by the profits derived from the State Tobacco Monopoly;

at the beginning of November — \$ 2,220,000 for the payment or interest on obligations issued to the "Service Motor Truck Co." of Indiana, and for the discharge of the liabilities incurred with the London banks for the purpose of intervention as well as for the payment of instalments, and for the repayment of principal and interest against the 8 per cent Dollar loan of 1925 floated by Messrs] Dillon, Read and Co. of New York.

Finally, the Ministry of Communication transferred a certain amount towards the redemption of the debts contracted in the United States for the supply of locomotives with Messrs "The Baldwin Locomotive Works", and in Italy with Messrs "E. Breda" for the supply of trucks.

SAVINGS DAY IN POLAND. — As already stated in these columns*, in connection with the Universal savings day, fixed on October 31st, a similar day has been arranged in Poland. On this occasion a conference composed of representatives of savings institutions was held in Warsaw. M. E. Szmidt, the President of the Post Office Savings Bank (P. K. O.) was in the chair. The questions dealt with, related to the organisation, the methods of work and policy to be pursued by Savings Institutions, the problem of the maintenance of the value of the deposits, and finally — the question of savings propaganda. A number of papers were read, and in the end

a permanent institution named "The Bureau of Conferences of Savings Institutions in Poland" was called into being.

It should be mentioned that the question of public savings in Poland is specially neglected, it having been particularly harassed by the partitioning powers before the war. This applied specially to former Russian Poland, where communal governments did not exist and where the population was deprived of the possibility of depositing its savings.

After the restoration of Poland the scope for savings banks was very limited. This was largely due to the general post-war impoverishment of the population, and also to the fluctuations of the Polish currency, which has only of late been stabilised, and finally to the fact that the actual organisation of district communal savings banks, which in an agricultural country like Poland represent the best type of savings institution, has only taken place in recent years. The Post Office Savings Bank with branches in all towns, which has been successfully developing during the seven years of its existence, is not much used by the rural population.

The Savings Conference held on October 31st, and especially the fact of the creation of a permanent body of representatives of savings institutions, should under these conditions play a great rôle in Poland, all the more so, that among the population, especially in the rural districts, there is already to-day a marked tendency to accumulate savings, which, so far, were little made use of as regards the movement of money. Consequently, propaganda for the savings movement is highly necessary.

UNIFICATION OF LEGISLATURE RELATING TO THE COMMUNAL SAVINGS BANKS. — Communal savings banks which are everywhere regarded as the most important collectors of the savings of the community have required in Poland for some time past to be reformed in accordance with modern ideas. In each of the component parts of Poland, according to the laws of the alien rulers, there was a different type of communal savings banks, whilst in former Russian Poland they did not exist at all; in that province they were established by a provisional decree in 1919. It should be mentioned that the existing pre-war savings banks carried on their business on the basis of obsolete statutes of 1838 and 1844.

The Government is at present elaborating a new law, so as to provide for a uniform type of a communal savings bank for the whole country. The establishment of rural savings banks is dealt with in the first place, whereas those to be established in towns and townships come next. The draft of the statutes provides for the creation of savings banks by local communal authorities, but they are to function as independent legal units carrying on their business on the strength of their own statutes. The draft provides for the elaboration of

the statutes of the usual type of savings bank.

A communal body forming a savings bank must accept full responsibility for all its liabilities. The commune can exercise control over the activity of the bank by taking part in the election of its officers. The only passive transactions of the bank will be the acceptance of saving deposits. The remainder of the transactions are more varied and comprise: the purchase of State and communal interest-bearing securities, the granting of loans, the discount of bills of exchange etc. The investment of the funds of the bank is limited to 40 per cent of the savings deposits; this measure aims at the maintenance of reserves of ready cash.

A uniform type of organisation of communal savings banks is to be introduced throughout Poland in the course of next year.

CANCELLATION OF SECURITIES DEPOSITED IN RUSSIA. — During the war a large number of bearer bonds were taken to Russia by Polish citizens and deposited in private and official financial institutions in that country. Under the Riga Treaty it was agreed that the Soviet Government will either return all these securities or pay compensation for their loss, but the Polish claims in this respect have not been satisfied by the official Russian Committees dealing with this matter.

In view of the necessity for the registration of the claims of Polish citizens of bearer bonds deposited in the above manner, a decree dated 27th December 1924 ("Dz. Ust. R. P." No. 115/1924, item 1.032) was issued by the President of the Republic in which the Chairman of the Chief Liquidation Office was empowered, if he was satisfied as to the authenticity of the documents submitted by the interested parties, to prohibit any transactions in the securities concerned, and to secure for the benefit of the owners all rights resulting from protests lodged with him prior to the publication of the order.

By virtue of a new decree issued by the President of the Republic on the 10th of November 1926 ("Dz. Ust. R. P." No. 113, item 654) supplementing the above decree of the 27th December 1924, the manner is laid down in which protests may be made against the decision of the Chairman of the Chief Liquidation Office relating to payments and transactions, the modus of cancellation of bearer bonds which had been secured, the issue of new bonds expressed in Złoty in substitution for those cancelled, the issue of duplicate or substitute certificates, and finally the method of making payments for cancelled bonds.

This decree relieves the Tribunal from having to decide in incontestable cases, and enables the just claims of former owners to be met by a simple decision of the Chairman. At the same time it also safeguards the rights of the holders of disputed bonds by directing such cases to the competent tribunals.

* See "The Polish Economist", No. 4, page 150

BANK OF POLAND

— The month of October saw a further favourable development of the activity of the Bank of Poland. The bullion and foreign currency reserves as well as the volume of bank notes in circulation, and credits accorded by the bank, all show an increase.

The issue of bank notes rose during the month from zł 581·4 million to zł 585·2 million, while at the same time the bullion and currency cover of the bank notes rose from gold zł 223·4 million to gold zł 225·8 million, or to \$ 43·6 million. The bullion and foreign currency cover of the bank notes issued shows a slight drop, namely from 40·55 to 39·75 per cent.

The main factor of the bullion and foreign currency reserves—gold, increased from gold zł 135·4 million to gold zł 135·5 million, or to \$ 26·1 million; this increase is accounted for by new purchases of gold. The second component part of the cover—silver, is still a small one: on the 30th of September it amounted to gold zł 0·25 million and rose on the 31st of October to zł 0·36 million. The net amount of foreign currencies and drafts, together with assets in foreign currencies, rose in October from gold zł 87·8 to gold zł 90 million, or to \$ 17·4 million. This increase is accounted for

by the rise of the foreign currency reserve which rose from gold zł 5·3 million to gold zł 7·7 million. This seems to indicate that the slight hoarding tendency, which was noticeable in the latter half of September, has quickly vanished. The purchases of foreign currencies and drafts amounted during the period under review to gold zł 79·1 million including gold zł 39·4*) million from export. The sales of foreign currencies and drafts reached gold zł 77·0 million. It will be seen that the amount of foreign currencies, drafts, and foreign assets amounted to gold zł 113·5 million at the 31st of October against gold zł 109·1 million on the 30th of September, while foreign liabilities (together with report transactions) amounted to gold zł 23·5 million as against gold zł 21·3 million in the preceding month. The difference between the two sums represents the above mentioned net amount of gold zł 90 million; in September this difference was gold zł 87·8 million. A slight increase in the reserves of foreign currencies and drafts in September is accounted for by a comparatively large demand for these on the part of Government Offices. In this connection the Bank transferred abroad gold zł 14·9 million.

*) Besides this, the transfers for exports effected in zł amounted during October to zł 6·3 million.

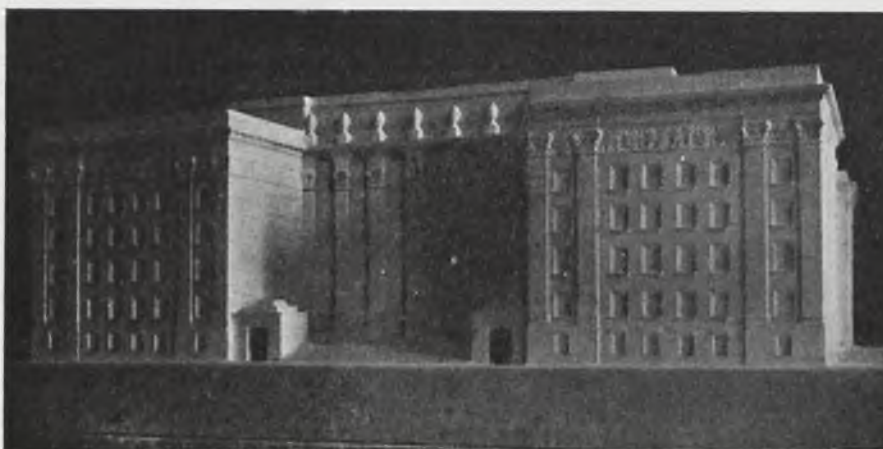
It results from the above statements that the bullion and foreign currency cover of the bank notes issued, as at October 31st last, compared with that per September 30th, was as follows:

	September 30th	October 31st
gold	135·4	135·5
silver	0·2	0·4
foreign currencies	5·3	7·7
foreign valuta	82·5	82·3
	223·4	225·8

The credits granted by the Bank of Poland during the period under review were as follows: bills in portfolio rose from zł 315·7 million to zł 323·5 million. The difference between the credits accorded by the Bank and those actually employed by the clients is worthy of note as it constitutes a proof that the money market is saturated with short term credit. The discount credits granted amounted to zł 423·0 million on the 31st of October so that the amount of credit actually employed represented 76 per cent as against 75 per cent in the preceding month.

The sum of loans guaranteed rose during the month of October from zł 27·9 million to zł 28·7 million. The amount of advances resulting from report transactions rose from zł 14·1 million to zł 16·6 million. The amount of discounted interest-bearing securities (payable within three months of the date of

	SEPTEMBER 30th	OCTOBER 10th	OCTOBER 20th	OCTOBER 31st
Assets:				
Bullion:				
Gold in bars and cash	135,376.720·71	135,403.607·53	135,439.025·23	135,473.738·98
Silver " " " "	250.085·13	285.328·40	291.411·19	359.001·69
Foreign balances - - - -	109,095.634·86	104,985.465·24	103,357.074·41	113,519.587·02
Exchange difference on currency a/r. - - - -	91,886.167·28	88,221.944·28	85,736.411·64	92,738.794·23
Silver and token coins - -	28,757.663·96	28,581.617·90	27,469.429·28	8,410.115·97
Bills of exchange - - - -	315,730.112·29	320,051.101·78	317,795.517·39	323,537.902·96
Loans against securities -	27,916.974·80	28,435.933·56	27,918.019·74	28,713.830·38
Report - - - - -	14,082.090·—	14,975.090·—	15,577.740·—	16,568.540·—
Interest-bearing securities discounted - - - -	24,495.466·76	24,907.216·28	25,160.410·73	24,722.339·94
Interest-bearing securities bought - - - - -	85.876·54	587.912·76	1,627.193·06	1,621.014·44
Loans to Government - -	50,000.000·—	50,000.000·—	50,000.000·—	50,000.000·—
Property and fittings - - -	33,339.827·50	33,370.727·64	33,373.403·09	33,396.348·58
Other assets - - - - -	51,966.216·18	51,395.958·74	57,451.125·30	54,426.848·10
	882,982.836·01	881,201.904·11	881,196.761·06	883,488.062·29
Liabilities:				
Capital - - - - -	100,000.000·—	100,000.000·—	100,000.000·—	100,000.000·—
Reserve fund - - - - -	2,907.870·—	2,907.870·—	2,907.870·—	2,907.870·—
Notes in circulation - - -	581,447.470·—	573,209.570·—	552,648.630·—	585,179.210·—
Current accounts and other liabilities:				
Government Institutions	12,423.384·03	3,300.064·78	3,383.554·36	7,881.621·81
Outstanding balances -	97,880.440·97	114,599.309·54	130,387.785·20	94,159.199·71
Various - - - - -	7,196.392·48	5,940.892·51	8,097.737·94	7,977.755·19
Liabilities in foreign currencies - - - - -	9,378.521·80	9,327.798·20	9,740.090·89	10,378.040·65
Liabilities on report transactions - - - - -	11,924.790·—	12,416.390·—	12,402.114·—	13,133.818·25
Other liabilities - - - - -	59,823.966·73	59,500.009·08	61,628.978·67	61,870.546·68
	882,982.836·01	881,201.904·11	881,196.761·06	883,488.062·29



THE FRONT OF THE VOIEVODSHIP BUILDING IN KATOWICE,
UNDER CONSTRUCTION

discount) increased from zł 24.5 million to zł 24.7 million. The liability of the Treasury (bearing no interest) was as before zł 50 million.

In other items of the cover of the money in circulation, the following changes should be mentioned: the amount of small change held by the Bank (silver, nickel and bronze coins

as well as paper money in denominations of zł 2 and 5 issued by the Treasury) dropped very considerably—namely, from zł 28.8 to zł 8.4 million. The sum of interest-bearing securities purchased by the Bank rose from zł 0.09 to zł 1.6 million.

The whole bank cover on the 31st of October as compared with that on the

30th of September last is given below (in million of gold zł):

	September 30th	October 31st
bills, warrants, withdrawn securities with coupons	340.2	348.3
Polish silver coins and taken money	28.8	8.4
loans against securities	27.9	28.7
interest-bearing securities, the property of the Bank	0.09	1.6
liability of the Treasury	50.0	50.0
Total:	447.0	437.0

LATEST NEWS

WARSAW EXCHANGE:

	10.11.26	20.11.26
\$ 1 = zł	9.00	9.00
£ 1 = " zł	43.69	43.69

BANK OF POLAND:

ASSETS:	10.11.26	20.11.26
Gold and silver reserve . zł	135,876.369.91	135,955.087.82
Foreign balances . . . " zł	123,546.098.45	133,025.769.89
Bills of exchange . . . " zł	309,834.019.02	308,330.823.61
Loans against securities . . . " zł	28,965.451.90	29,047.181.90

LIABILITIES:

Notes in circulation . . . " zł	549,675.290.—	528,703.240.—
Current accounts . . . " zł	139,967.086.71	184,307.213.59

BANK NOTES COVER (bullion & foreign currencies)

43.93%	47.57%
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