

THE POLISH ECONOMIST

A MONTHLY REVIEW OF TRADE, INDUSTRY AND ECONOMICS IN POLAND

WARSAW — LONDON — NEW YORK

DATE OF THIS ISSUE: JULY 27, 1926

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BRANCHES: LONDON, 47-A, PORTLAND PLACE, W. 1, NEW YORK, 953, 3rd AVENUE

ANNUAL SUBSCRIPTION: 10/—, \$ 2.00 OR £ 20— (IN POLAND) INCLUDING POSTAGE. REMITTANCES IN CURRENCY NOTES OR CHEQUES TO BE ADDRESSED TO THE EDITOR: WARSAW, POLAND, 2, ELEKTORALNA

COVER ILLUSTRATION: ST KINGA, PATRON SAINT OF THE POLISH MINERS

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JUNE, as regards the economic development of Poland, was a month of progress in every province of life, which had until quite recently suffered from a heavy crisis. While now material improvement is noticeable, there is still a great deal to be done.

The favourable results obtained during the month are of special interest, for usually at this time of the year the trade activity is diminished.

The harvest period is in full swing, which circumstance for an agricultural country like Poland, is always the culminating point of its yearly labours. The yield of cereals and vegetables endangered by excessive rains in April and May, thanks to the improvement in the weather conditions in June, is hoped to be better, so that the aggregate agricultural production in the year 1926 will, to all probability, be quite favourable.

In industry and mining the situation is growing still better. The number of unemployed had diminished in June, whilst the output of the staple industries was on the increase. This applies specially to coal, in which department big strides were made, thanks to exceptional export activity.

Prices during the month under review experienced a downward trend, with the exception of those for coal, which owing to the increase of miners wages, had to be revised. Had it not been for this fact, the general decline in the index of prices would have been more conspicuous.

The balance of foreign trade continues to be distinctly active: exports have materially increased, and the rise in exports covered with a large margin the simultaneous advance in imports. This was accompanied by intensified activity both in railway and in port traffic.

The development of exports assisted the Bank of Poland in the purchase of foreign currencies and in the increase of gold reserves, whereby the position of the zloty was strengthened.

As regards taxes, the collections effected in June confirmed once more the accuracy of the budget estimates: the revenues from taxation have not only reached the amount anticipated, but have even surpass-

sed them. The surplus is accounted for by the increase of direct taxes and by additional profits from state monopolies. This contributed materially towards the offsetting of the budget deficiency in June.

In connection with the general betterment of the economic situation, the rate of exchange of the zloty has been stabilised, after having gained some 10 p. c. in June.

REVIEW OF THE GENERAL ECONOMIC SITUATION IN POLAND

June 1926

	UNIT	JUNE 1925	MAY 1926	JUNE 1926
STATE OF EMPLOYMENT:				
UNEMPLOYED		171.340	304.113	288.196
PRODUCTION:				
COAL	} thousand of tons	2.200·9	2.234·9	2.657·5
OIL		68·3	69·3	69·0
IRON		26·8	22·9	19·6
AGRICULTURAL INDEXES:				
(CROP PROSPECTS)				
RYE	} (5 points system)	3·7	2·9	3·2
WHEAT		3·7	3·4	3·7
BARLEY		2·9	3·2	3·3
OATS		2·7	3·3	3·4
PRICES:				
WHOLESALE PRICE INDEX	} (1913 = 100)	119·3	181·2	174·6
INDEX OF COST OF LIVING IN WARSAW		148·4	183·2	182·6
FOREIGN TRADE:				
IMPORTS	} million ₯	169·4	106·4	123·5
EXPORTS		103·6	181·8	200·1
EXCESS OF EXPORTS (+) OR IMPORTS (-)		-65·8	+75·4	+76·6
TRANSPORTS:				
RAILWAY TRAFFIC	} truck loaded (15 tons) reg. ton	368.040	315.000	378.210
PORT TRAFFIC (DANZIG AND GDYNIA)		133.800	279.700	325.150
BUDGET:				
RECEIPTS	} million ₯	130·6	136·6	150·2
EXPENDITURE		139·9	148·9	161·6
MONEY CIRCULATION:				
BANK OF POLAND NOTES	million ₯	503·2	413·0	448·0
COVER IN GOLD AND FOREIGN CURRENCIES	% %	46·68	32·25	33·72
TOKEN COINS	million ₯	244·0	442·2	459·7
CREDIT:				
(BANK OF POLAND)				
BILLS DISCOUNTED	million ₯	299·3	302·9	301·3
OFFICIAL DISCOUNT RATE	% %	10 %	12 %	12 %
FOREIGN CURRENCIES:				
(WARSAW STOCK EXCHANGE-AVERAGE RATES)				
U. S. A. DOLLAR	} ₯	5·18½	10·55	10·09
POUND STERLING		25·27	51·25	49·20

REMARK: figures appearing in the above table are intended exclusively to characterise the economic situation in June 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".
Some of the above figures are provisional.

THE COAL PROBLEM IN POLAND

OF LATE Poland has exported increasing quantities of coal and has found new outlets for this commodity. In this connection the future prospects for production are steadily improving.

These facts are responsible for the view expressed, both at home and abroad, that the problem of Polish coal is essentially an export question.

If this matter is to be considered from the point of view of future developments, it should be stated that the prevailing opinion is correct, but only as far as the present conditions are concerned. It will suffice in this respect to compare the figures

of the output of Polish coal with those relating to home consumption.

The analysis of the two figures is extremely interesting.

At present the yearly production of coal in Poland is about 30 million tons. This is not, however, the maximum figure, which under favourable conditions may easily reach 40 million tons per annum. On the other hand, the home consumption represents 16 to 17 million tons which equals on the average 0.6 ton per capita and per annum. The "clou" of this problem lies exactly in the restricted

the general development of the country. The thing is that small sales of coal in Poland are the reflection of the insufficiency of development of a large number of basic factors of national life, and above all in the departments of railways and sea and river transports. Similarly radical changes in the consumption of coal are to be expected in connection with the setting in operation of factories which have been working at a reduced capacity since the war. Finally, the possibility of increased consumption of coal as fuel in private houses in the future should not be lost to sight; this is an im-



SINKING OF A NEW COAL PIT

home consumption. When it is considered that, for instance, in the neighbouring country of Germany the yearly consumption per head is 2.6 tons, in Czechoslovakia—1.69, in France and England—1.90 and 4.22 respectively, then it becomes clear that there are large possibilities for this commodity on the home market and that there is room for increased consumption. It should also be mentioned that the increased consumption in Poland is bound to come and that this will keep pace with

portant item in view of large quantities of fire wood being used in many regions.

If therefore Poland has to export between 12 and 15 million tons of coal per annum, representing the amount which cannot be consumed at home, and even if this quantity by increased production is augmented to 20—25 million tons, then this increased figure divided by about 29 million inhabitants will give only an increase of about 0.6 to 0.8 tons per capita. In other terms, in order to be able

to place the total coal production only on the home market, Poland will have to increase its home consumption to about 1·2 to 1·4 tons per capita per annum. Compared with the figures given above relating to the consumption of coal in other countries, the forecasted figure for Poland should not appear excessive. It is obvious therefore that looking at this question from a broad point of view there is no reason to believe that its solution is confined solely to export.

Nevertheless the present state of affairs will prevail for a number of years to come. This means that Poland will have to export large quantities of this mineral and keep the output on the corresponding level at the expense of exports. There is no doubt about that. It is only natural that the present economic policy of the Polish Government is to a large extent based on the export of coal. At the present moment this problem is of such an importance to Polish production that it emerges, as it were, almost on every occasion: by laying down

the wellknown German-Polish conflict which was partly in connection with the export of coal to Germany; up to the middle of 1925, that country received almost 2/3 of the Polish coal extracted within an easy reach of her frontier, but nevertheless in July 1925 Germany put an embargo on this commodity. Polish coal had to find new outlets. It chose the natural and heretofore most neglected way, namely — to the sea. So far it had not been sent away by that route, because of the fact that the Polish territory having been divided and incorporated into three different States, this route did not exist — the Polish coal mining districts were at that time cut off from the sea. That is why the present change in the direction of the shipments of coal has entailed considerable complications as regards transport both by rail and sea which were overcome by indispensable investments in all the provinces concerned. Railway stations in the coal mining areas were extended and additional railway lines were built to connect the coal mining districts with



AN IRON FOUNDRY

of policy relating to prices, railway tariffs, extensions of ports, commercial negotiations with the neighbouring countries etc. It may be observed by the way that Polish coal is of high quality and as such is easily sold on foreign markets; in addition the coal mining industry is worked here under exceptionally favourable natural conditions; the labour, too, leaves also nothing to be desired. That is why systematical efforts aiming at the creation of an advantageous situation for Polish coal give increasingly good results.

To begin with, by way of savings in the introduction of rational methods, the productive capacity of the miner was increased considerably. At the end of 1923 the amount of coal extracted per day was 0·553 and towards the close of the following year this figure was increased to 0·88 tons, while towards the end of 1925 the daily output reached 1·1 tons per day. At present the figure is 1·163. It may be mentioned incidentally that the general overhead charges have of late also been reduced.

The weak side of the Polish industry is perhaps the shortcomings of the means of transport. These disadvantages revealed themselves especially during

the sea. It may be recalled that investments in the two Polish ports, Danzig and Gdynia, received very careful attention. In addition the new inland port of Tczew was specially adapted for the transshipment of coal. All these ports, however, including the German ports of Hamburg and Stettin, through which this mineral is also being exported from Poland, have by no means been organised for the export of coal. Further extensions in this direction are being pursued with great intensity.

All these endeavours have already been crowned with success: although Germany still refrains from taking Polish coal, the exports of this article are today larger than ever, especially during the last few months, when the progress made in this respect was quite notable. Thus, for instance, if the quota of coal exported in June amounting to 1·4 million tons could be maintained, then the figure for the whole year would come to 17 million tons, and if in the future only a part of the amount previously sent to Germany is recovered, then the estimate mentioned is quite feasible. It should also be emphasised that the widespread opinion, where by such substantial gains in the exports of Po-

lish coal are attributable to the special situation created on the international coal market by the strike in the British mining industry, is certainly too farfetched — the Polish coal conquered new markets above all by its quality and price.

All said and done, it should be pointed out again that the solution of the coal problem in Poland lies in the increased consumption on the home market, while the question of exports is to be considered as a current need, but for what length of time — it is difficult to foresee. In any case, as things stand now, this problem is of paramount importance to this country and completely justifies not only the endeavours as regards organisation and the investments which Poland is making in this connection, but also Poland's attitude towards coal questions, when they become the subject of treaties between different countries.

EQUILIBRIUM OF THE BUDGET

THE BUDGET estimate for the year 1926 was submitted to the Parliament on October 9th 1925 by M. Wł. Grabski the then Minister of Finance. The estimated expenditure was assessed at zł 1,887.9 million and the revenue at zł 1,889.4 million, the anticipated surplus of revenue over expenditure being zł 1.5 million.

The experience of the last months of 1925 compelled the Government to revise the estimates, for there was some apprehension concerning the collection of the sums appearing in them. The revision lasted some 6 weeks and aimed at a reduction of expenditure and an increase of revenue. In January last the newly established estimates were sent to the Diet in the form of letters modifying the items of the previous drafts. The expenditure foreseen was put at zł 1,730 million, while the revenue was calculated at zł 1,508 million, thus making a deficit of zł 202 million.

In order to measure the extent of the economy effort, it should be taken into consideration that a large number of items appearing in the new project had to be increased in relation to items contained in the previous estimate. This applies specially to the expenditure in foreign currencies which, in view of the fall of the złoty , had to be proportionally increased. Further, the sum to be used in connection with the relief of the unemployed had also to be augmented, as the number of people out of work rose in the meantime. These two factors are responsible for the increase of expenditure in the new estimate by over zł 109 million.

In order that the extent of the economy should be fully realised, from the difference between the originally proposed expenditure of zł 1,887.9 million and the zł 1,730 million contained in the revised budget estimate, should be deducted the amount, by which the different items had to be increased, so as to adjust them to the new economic and financial conditions. However, the amount of the total expenditure thus established could not have been maintained. Owing to the fall of the złoty in

the course of the first five months of this year, the estimated expenditure payable abroad became fictitious, because it was calculated on the basis of zł 6.50 to the dollar. It was also necessary to provide for the increased disbursements in foreign countries. The increased cost of living compelled the Government to cancel the temporary reductions of the emoluments of civil servants and army officers from 4 to 6 p. c. The consequence was that the estimated expenditure had to be augmented by zł 58 million, i. e., by some zł 40 million for foreign payments, at the rate of exchange equalling zł 10 to the dollar, and by zł 18 million in connection with the cancellation of the reductions of salaries referred to. In this manner the forecasted deficit grew to zł 260 million, but, taking into account the economies effected during the 5 months in relation to the estimated amounts, and also the surplus of revenue over expenditure during the same period, the Minister of Finance put the actual deficit at zł 190 million which will have to be covered in the course of the present budgetary year. While opposing most energetically the borrowing of money for budgetary purposes and the covering of deficits by new issues of bank notes, the Minister of Finance is endeavouring to meet the deficiency by increased State revenues and further reductions of expenditure. In the first instance all taxes are increased by 10 p. c., which should bring in zł 115 million. This increase is by no means dangerous to production, for a slight rise in the assessments cannot be considered as exceeding the paying capacity of the community, especially when it is borne in mind that the assessments in January 1924 were the same as now, despite the fact that the wholesale index prices in that month were 109 against 174 at the present moment.

The Minister of Finance intends to further increase the revenue by the extension of the field of activity of the spirit monopoly, and also by putting up the prices for spirit; it is stated that this source should give about zł 35 million. Another zł 40 million required to cover the deficit will be obtained by the application of economy measures to the civil service (zł 10 million), by savings effected in state enterprises and above all in the railway department. From these sources will be gathered the zł 190 million that are indispensable for making up the budgetary deficiency. In addition the Minister of Finance is empowered to raise the size of the instalments towards the property tax; this is a kind of reserve, to which the Minister of Finance may resort in case of necessity. In this way the budget equilibrium is sure to be attained.

The heretofore receipts confirm this assumption: that during the first half-year the actual expenditure represented 50 p. c., and the revenue — 52 p. c. of the amounts anticipated for the whole year 1926, without the 10 p. c. increase introduced in July. In view of these results it is safe to state that the budget estimate is based on sound foundations, and everything seems to indicate that the final result will be more favourable than it was anticipated.

This is all the more probable as the latter months bring in comparatively the largest revenues. It is hoped therefore not only to achieve a complete budgetary equilibrium, but also to set aside certain cash reserves which are indispensable, especially in view of the fact that in the new budget estimates will have to be reinstated items providing for investments which were removed from the last budget.

POLISH-RUSSIAN COMMERCIAL RELATIONS

UNDER normal conditions, i. e., under circumstances that would enable the Polish industrials to compete freely with those of other countries in the market of Soviet Russia, Polish-Russian trade relations would, no doubt, be more intensive and the volume

Armies of Polish commercial travellers visited regularly all parts of Russia from the Pacific in the East to the Polar Sea in the North.

Unfortunately all these natural advantages accruing to the Polish industry resulting from the neighbourhood of the two countries were to a large degree neutralised by the introduction of the Soviet State Monopoly of Foreign Trade, and the centralisation of practically all purchases in the hands of the commercial missions established by the Russian Government in the different industrial centres of Europe. These missions are subject to the control of a special body, which distributes orders in accordance with the foreign political policy of the Russian Government. An exceptionally marked fall in the purchasing capacity of the population of Soviet Russia after the war and the subsequent revolution was not without its influence on the reduction of the volume of trade between the two countries.



RESTAURANT PAVILION AT THE POZNAŃ FAIR

of business done by Poland with the Union of Socialist Soviet Republics would most probably be larger than that of all other countries taken together. This is accounted for by the fact that previous to the war the major part of Polish industry catered for the Russian market. The goods sold comprised cotton and wool fabrics, leather, metal and glass wares etc., while Polish engineering firms carried out extensive structural iron and steel works, mainly bridges, and were also engaged in the building of railways. In addition, the simpler types of agricultural machinery and implements, as well as household wares etc. were supplied. It should also be mentioned that Polish engineers had a large share in the extensions of the most important branches of Russian industry, and above all in the mining areas and iron founding districts.

Owing to the policy of the Russian Government and the diminished purchasing capacity of the country, official exports of Russian goods to Poland in the year 1924 amounted to Z 5 million only, whereas the imports from Poland in the same year were valued at Z 11.4 million. It should be mentioned that a portion of the Polish exports to Soviet Russia was effected through the intermediary of Vienna and Berlin, large consignments of Polish textiles and zinc having been bought in Berlin. On the other hand paraffine wax and household goods of Polish origin were supplied in large quantities through Vienna. Through a German firm, Messrs. Ravack and Grünfeld, Polish foundries received substantial consignments of high grade Russian iron ores. The improvement of Polish-Russian political relations.

in the year 1925, and the simultaneous rise in the absorptive capacity of the Russian market enlived considerably the trade between the two countries, and led to the development of direct trade relations. Exports from Russia to Poland in the year 1925 amounted to Z 40 million, i. e., about 4 times as much as in the preceding year. Also by that time the volume of business done through the intermediary of Berlin and Vienna had greatly declined in favour of direct trade between Poland and Russia.

It should be emphasised that the trade connections between Poland and its Eastern neighbour, as compared with those existing before the war, have undergone a radical change not only as regards the volume of business, but also the class of goods supplied. The quantities of merchandise have been considerably reduced; to begin with articles of a luxury and semi-luxury character have been eliminated, and a number of commodities which were consumed on a very large scale previous to the war, are no longer required. Also the erection of plants, bridges etc. having been suspended in Russia, constructional work has neces-

<i>Group</i>	<i>Value of exports from Poland to Russia</i>
Textiles	18.3
Foodstuffs and animals	11.8
Metals and metal articles	3.8
Clothing	1.4
Petroleum products	1.0
Machinery and apparatus	1.0
Vegetables	0.5
Chemicals	0.4
Fancy goods	0.3
Ores and minerals	0.2
Scientific instruments	0.1
Paper and paper wares	0.1

So much for the so called official trade. This will undoubtedly increase in the year 1926 because new types of goods which were not previously exported will be sent. In this connection it is of interest to record a large transaction in coal, and there are further indications that repeat orders for this commodity will be secured in the near future. Negotiations for the sale of large consign-



ONE OF THE NEW AVENUES IN WARSAW

sarily fallen off. But the sale of such articles as sugar and recently coal, compensate to a certain extent for the business which has been lost.

The following table enables one to form an opinion of the Polish-Russian commercial intercourse in the year 1925 according to groups of merchandise (in million of Z):

<i>Group</i>	<i>Value of imports from Russia to Poland</i>
Foodstuffs and animals	5.2
Ores and minerals	2.4
Animal products	0.7
Transport appliances	0.2
Vegetables	0.1
Timber and wood wares	0.1
Rubber articles	0.09

ments of Upper Silesian iron and steel products are now also in progress.

It may be of interest to say a few words with regard to the frontier trade. According to the laws in force in Soviet Russia, this trade is illegal and as such is fought against by the authorities. But the measures taken give little results in view of the almost ideal conditions for smuggling, presented by a frontier line 1,000 km. long running through forests, lakes and swamps and sparsely inhabited areas. In any case it is certain that the volume of this kind of business exceeds that of the official trade and varies according to the demand and supply on the internal markets in Russia. This trade was particularly active after the conclusion of the Polish-Russian war, in the years 1921 and 1922, at the time when on account of an absence

of stocks and the economic blockade of Soviet Russia by a number of European States that country was compelled to resort to this form of trade in order to fill the needs for articles of first necessity. At that time at the border line a number of companies were formed with the object of carrying on trade with Soviet Russia, and in some departments such as agricultural machinery and implements, the demand was so large that the firms concerned had to import these articles also from abroad, mainly Czechoslovakia, in order to meet the increasing demand for this class of goods. The following two years were critical for the frontier trade, firstly as the Soviet Government gave up the system of purchasing on the frontier and entered into official commercial relations with a number of countries, in which purchasing offices were opened. In this way the frontier trade assumed the character of smuggling. Consequently voluminous articles such as machinery and agricultural implements ceased to be the object of transactions, and the firms concerned had to suspend their activities. The years 1925 and 1926 especially revealed a sharp turn in this trade brought about by shortage of goods and substantial advances in prices on the internal markets of Soviet Russia. The pace of the improvement noticeable in the course of this year proved so extensive that the Russian Government deemed it advisable to issue very severe special regulations against unlawful trade.

The frontier trade, in view of the influence exercised by it on the state of employment in certain branches of industry, is to a large extent a political factor. The articles dealt with embraced textiles, clothing, fancy goods, fine chemicals etc. Besides these there is a market for goods of foreign origin, especially saccharine, the price of which is several times larger on the Russian internal market, than in other countries.

Coming back to the official trade carried on in accordance with the regulations in force in Soviet Russia, and through the intermediary of a commercial mission in Warsaw as well as the mixed Polish-Russian Company the "Pol-Ros" controlled by the Mission — it should be mentioned that this commerce has not been wholly legalised by means of a commercial treaty between the two countries. The repeated efforts to bring this to fruition have given no results. One of the causes of the failure was undoubtedly the efforts on the part of the Soviets to reconcile questions of husbandry with politics. Not without influence in this respect was the fact that on account of the internal political organisation in Soviet Russia, commercial treaties present less interest from a practical point of view, than in normal conditions in other countries. It is generally understood that normal commercial treaties have the object of reserving certain privileges for the citizens of one of the contracting parties carrying on business on the territory of the other, as well as the obtention of preferential treatment as regards customs duties. In Soviet Russia, on the contrary, the activity of foreign nationals is regulated by way of individual treaties with the Soviet Government, while the value of customs duty reba-

tes is greatly diminished by the foreign trade being monopolised.

Without attaching from a practical point of view, too much importance to a commercial treaty with Russia, for the reasons above mentioned, the Polish Government is still desirous of concluding it, in the hope that this may contribute towards an ultimate pacification of Polish-Russian relations in general, and also to a certain extent in consideration of transit traffic through Russian territory.

THE POLISH DOLLAR BANK

OPINIONS are frequently expressed that the best way to stabilise the rate of exchange of the zloty and to strengthen the reserves of the Bank of Poland in gold and foreign currencies is to increase the capital of the Bank of Poland by the admission of foreign funds.

Upon the analysis of the authorised capital of the 25 European banks of issue, Soviet Russia not included, it will be found that the Bank of Poland in this respect occupies the 6th place and, if Spain is not counted, it also occupies the 6th place in proportion to the population. On the contrary, as regards the volume of business and banking transactions shown by the sums appearing in the balance sheets, the Bank of Poland occupies one of the last places. This is illustrated by the following statement:

Authorised capital converted into dollars:		Balance amounts at the end of 1925:	
Country	Par value in thousands of dollars.	Country	Exchange value in million of dollars
England	70.822	France	2.164.4
Italy	46.320	England	1.609.5
France	35.222	Spain	1.403.1
Spain	32.810	Germany	1.096.5
Germany	29.248	Italy	894.7
Poland	19.300	Holland	405.0
Portugal	14.587	Belgium	385.8
Sweden	13.400	Czechoslovakia	288.0
Finland	12.600	Sweden	242.4
Czechoslovakia	12.000*)	Portugal	213.1
Belgium	9.650	Switzerland	204.3
Norway	9.380	Austria	197.6
Holland	8.040	Yugoslavia	163.1
Denmark	7.236	Hungary	155.9
Austria	6.079	Greece	155.0
Hungary	6.079	Denmark	154.9
Yugoslavia	5.448	Rumania	133.9
Switzerland	4.825	Norway	109.6
Greece	3.860	Poland	82.9
Bulgaria	3.594*)	Finland	70.4
Latvia	2.443	Bulgaria	56.9
Rumania	2.316	Latvia	36.7
Danzig	1.460	Esthonia	23.6
Lithuania	1.200	Lithuania	15.1
Esthonia	670*)	Danzig	9.1

The main cause of this state of affairs is the comparatively small volume of money circulation in Poland. According to calculations, the value of the money in circulation previous to the war on the present terri-

*)According to the rate of exchange at end of 1925

tory of the Polish Republic amounted to between \$ 300 and 350 million. During the last month preceding the drop of the zloty exchange, i. e., on the 30th June 1925 it amounted only to \$ 90·8 million. There is a still greater disproportion as regards the amount of credit granted. According to statistical data, the extent of the pre-war credits and those granted at the end of 1925 within the frontier of the present Republic of Poland is shown in the following statement (in million zł):

A. — Short term credit:	End of 1913	End of 1925
Banks of issue	426·0	325·6
Joint Stock Banks	849·5	800·9
Cooperative and saving banks	1.827·0	73·7
TOTAL of short term credit	3.012·5	1.200·2
B. — Long term credit	5·102·0	500·0
TOTAL of all credits	8.114·5	1.700·2

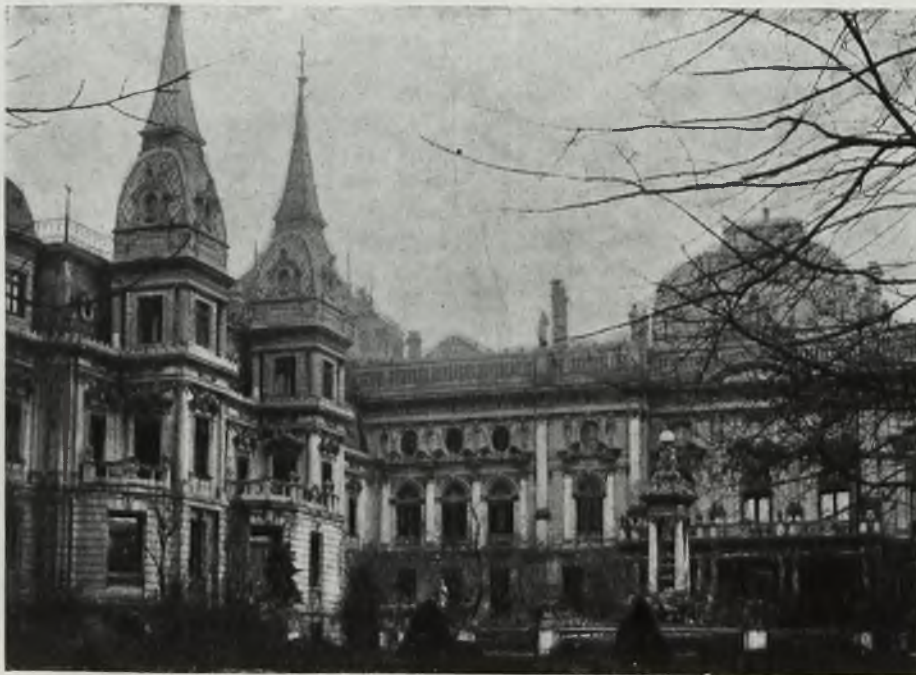
It will be seen that the amount of credit granted at the end of 1925 represents $\frac{1}{5}$ of the pre-war figure.

As besides the zloty bank notes there is a large amount of foreign currencies in circulation, and

which were based entirely on the classic theory, and also in cases when the credits of the Bank of Poland are for too short a period.

The activity of the dollar bank will comprise the granting of credits for productive and export purposes, and also in exceptional cases for the purchases of indispensable raw materials and semi-finished articles on foreign markets. The bank will grant credits to businessmen who have concluded contracts with foreign merchants and possess no bills of exchange, or who, possessing bills have no possibility of discounting them. Credit will also be granted when the Polish merchant expects to receive foreign drafts due to him for exports previously effected. The credit secured at the dollar bank against bills of exchange would actually represent an increase of working capital which would be used for financing new foreign transactions.

The dollar bank is to be an entirely independent credit establishment directed and controlled by the officers of the Bank of Poland. It is to be free from political influence, while by virtue of its statutes no credit will be granted either to the State or to municipal bodies.



HEAD OFFICE OF ONE OF THE ŁÓDŹ TEXTILE FACTORIES

especially dollar bank notes, a new bank (the name of this Institute has as yet not been decided) is being created on the initiative and under the control of the Bank of Poland. This matter was definitely settled by the council of the Bank of Poland on July 8th.

The object of the new bank will be to mobilise the hoarded foreign currencies by introducing deposit accounts in dollars, and to organise new forms of credit the practice of which was not foreseen by the articles of association of the Bank of Poland,

Credit business will be concluded on the same lines as employed by the Bank of Poland with certain reservations, namely:

- a) credit will be given exclusively in U. S. dollars; it may be accorded for a period exceeding 3 months (Bank of Poland discounts only bills in zł payable within 3 months);
- b) the prospective creditor will be required to furnish proof that he is sure to receive foreign currencies or drafts at some later date.

On the whole, the dollar bank will be called upon to fill the same rôle in Poland as that of the "Gold Disconto Bank" in Germany, whose main object is to promote exports and obtain foreign credits. The aim of the Bank of Poland, which is to be the chief shareholder of the new bank, is similar to that of the Reichsbank in that the business of the new bank will be carried on in the premises of the Bank of Poland and by its personnel. The dollar bank will also concentrate the search for short term discount credits in foreign countries, and by its endorsements strengthen confidence in Polish bills bearing the signature of isolated banking

POLISH STATE RAILWAYS

ON THE territories forming the Polish State there were before the war about 17,000 km. of normal gauge railways of which 45% were in former Russian Poland, 30% in the former German province and 25% in the former Austrian partition. These lines were all operated by the respective Governments. Towards the end of 1918 the railways passed into the hands of the newly organised Polish State Railways system. In view of the military operations then in progress, they were taken over gradually.

By January 13th 1919 the Polish State had suc-



LOCOMOTIVE SHED UNDER CONSTRUCTION NEAR WARSAW

establishments and private firms, and also to control the short term credits coming to Poland from abroad.

The Bank of Poland in addition to fulfilling its main function as bank of issue would also manage and control the dollar bank, and by means of its high reputation would facilitate the gradual removal of the insufficient confidence in Polish investments.

Arrangements for the creation of the dollar bank are already in progress. Among the productive branches which will receive special attention are to be mentioned forestry and agriculture.

ceeded in controlling 5,191 km. of normal gauge lines situated mainly in former Russian Poland, together with 1,758 locomotives, 3,043 passenger coaches and 33,633 goods waggons. The track, bridges and buildings situated on these lines were greatly damaged by military operations, the workshops ruined, and 49% of the total number of locomotives, 35% of passenger coaches and 11% of goods waggons required repairs.

At the beginning of 1920 the aggregate length of track controlled by the State had reached 7,487 km.; in the middle of that year, as a result of the invasion by the Soviet military forces, the total

length of the railways was suddenly reduced by a half, but soon afterwards, following the victorious advance of the Polish Army, the railway system began to expand again at a still quicker pace.

Such sudden changes in the scope of the railway system accompanied by the general economic depression, rendered the task of the directorate of the newly organised managing system one of extreme difficulty; hampered as it was by a lack of credit and by the currency inflation a rational tariff policy was impossible to follow. From the very inception of the system good progress was made by continued extensions and improvements.

with railways. Finally in the year 1919 a well known firm, Messrs. The Baldwin Locomotive Works of Philadelphia supplied 150 powerful goods locomotives on equally easy conditions.

The incorporation in the year 1922 of the Upper Silesian railway system of 572 km. with the State Railways was of great importance, especially when one considers the intense activity of this section amounting to 8,000 carloadings per day. The completion of the allotment of German rolling stock to Poland was another landmark in the history of the railways of this country. A quantity of Austrian rolling stock was also taken over, but owing



THE SAME SHED RECENTLY COMPLETED

At the beginning of 1919 the Interallied Railway Mission headed by an Englishman, General Hammond, arrived in Warsaw; thanks to the help of this mission the Polish State Railways obtained 100 locomotives and 2,000 waggons from the rolling stock transferred to the Allied Powers by Germany. In addition, the British Government rendered great assistance in the restoration of the railway workshops by enabling this country to obtain from Great Britain the necessary machinery on easy terms of credit. About the same time an American mission of technical advisers, presided over by Colonel A. B. Barber, came to Warsaw and took up chiefly matters connected

to the differentiated interests and views of the succession States of the former Austro-Hungarian Empire, this question has not yet been completely settled.

In the course of the past 7 years the State Railways succeeded in improving the permanent way as regards the state of the sleepers, which had been greatly neglected during the war, and the replacement of worn rails, the rebuilding of the main bridges and stations, and the filling up of the gaps in the rolling stock. Nevertheless on many lines the rails should be replaced by new and heavier ones, whilst the old rolling stock

requires to be repaired or substituted by new units.

At the present moment the total length of normal gauge track in Poland is 16,955 klm., the number of locomotives is 5,173, passenger coaches — 11,781, and of waggons — 130,392. This includes 17.5% of locomotives, 16% of passenger coaches and 8% of goods waggons requiring immediate attention and repairs. Besides this the Government operates 2,524 km. of narrow gauge railways (60 and 75 cm.).

In 1925, the total performance of the normal gauge rolling stock was 46,818,000,000 axle kilometers, embracing 7,125,000,000 passenger kilometers and 12,644,000,000 ton kilometers.

These figures and especially those relating to ton kilometers are far from attaining the pre-war level. This is accounted for chiefly by the absence of transit traffic to Russia which, previous to the

employees together with workmen which was 250,000 in 1923, is now reduced to 190,000 despite the increase in traffic. Further reductions in the personnel are still contemplated.

As in other countries which passed through the abyss of the inflation period, the tariffs could not keep pace with the devaluation of the currency, and therefore the receipts of the railways were invariably below the increasing costs of operation. In the year 1924 at the time of the currency reform, the financial position of the railways experienced a favourable change. At the same time a new tariff approaching the pre-war level was adopted, but even then the tariff index was much below that of the average wholesale index prices.

As is well known, the sudden stabilisation of the currency caused an economic crisis, which was followed by a decrease in railway transports.



A STANDARD TYPE OF A SMALL RAILWAY STATION

war, substantially burdened the railway lines now belonging to Poland.

Nevertheless the traffic towards the East is steadily increasing and the conclusion of the commercial treaty now in course of negotiation between Poland and Germany will no doubt stimulate transit traffic through Poland.

Coal and timber are the most important items representing 44.5 and 11 p. c. respectively of the total weight of goods carried by the state railways.

Following the example of the railways in former belligerent States, the Polish railways, as a result of the war-time disorganisation, suffered badly from a greatly swollen personnel, all the more that work had to be given to railwaymen of Polish birth who were fugitives from Russia, Germany and Austria. However, this matter has already been settled to a large extent: the total number of em-

To lessen the crisis and to increase business it was considered advisable to systematically lower the tariff rates. This policy resulted in the financial year 1924 being closed with a profit amounting to X 71.5 million which sum was devoted entirely to new investments. The same system of equilibrium is being maintained in both the ordinary and the extraordinary railway budgets.

Composed of three different systems located on the borders of the great military powers, Russia, Austria and Germany, the railway system cannot satisfy all requirements of the newly created State. A comparatively large number of strategic lines have lost their previous importance, and it is only in a small degree that some of them can profitably be made use of under normal peace conditions. Also lines which formerly played an important rôle in the commercial relations with

Vienna, Berlin and Petrograd, have degenerated in some degree, while the transit lines from the West to the East maintain their importance. The lack of new transit lines from the South to the Baltic ports of Danzig and Gdynia is badly felt. In this way the system of Polish Railways has to face the necessity of large extensions and great reorganisation. That is why in 1919 a plan for the construction of 3,500 km. to be built within the next 10 years had been adopted and the execution of this plan immediately proceeded with. So far the line from Kutno to Strzałków which shortens the distance from Berlin to Moscow by 70 km., and the line from Łódź to Płock via Kutno which is the middle link of the new transit line from the South via the coal-mining districts to the Baltic, have been completed.

POLAND'S WOOD RESERVES

THE AREA under forests in Poland is 8,948.762 ha, which represents 23 p. c. of the total surface of the state, and as regards the population of the country the ratio is 0.33 ha of forest per 1 inhabitant. The largest individual forests are situated in the Polesie and the Wołyń Voievodships and the least extensive — in Upper Silesia. The distribution of afforested areas is very uneven, the most extensive being in the Stanisławów and Silesian Voievodships where the ratio of forests to the total area of these districts is 34 p. c. Further rank the following Voievodships: Polesie - 30 p. c., Wołyń - 28 p. c., Lwów - 25 p. c., Nowogródek - 25 p. c.,



ASPEN FOREST







In view of financial difficulties in connection with the construction of new lines, the Ministry of Railways got in touch with foreign financial groups. An arrangement was made to grant a concession to a French group for the construction of a transit line to unite Upper Silesia with the Baltic. Another agreement was made with a British financial group which was to undertake the construction of a still more important transit line from Upper Silesia to Kieff. Preliminary studies and plans of these lines have already been elaborated. As soon as the financial situation in Europe becomes more settled the interested groups will carry out their plans. Meanwhile the Ministry of Railways, on the strength of the understanding with the contracting party, is constructing under its own management the segment of the Silesia-Baltic line, the lack of which constitutes a great hindrance to the increasing exports of Polish goods via Danzig.

Wilno - 25 p. c., Kielce - 24 p. c., Kraków - 23 p. c. The Warsaw Voievodship where the forests represent 12 p. c. of the whole area, is at the end of this list.

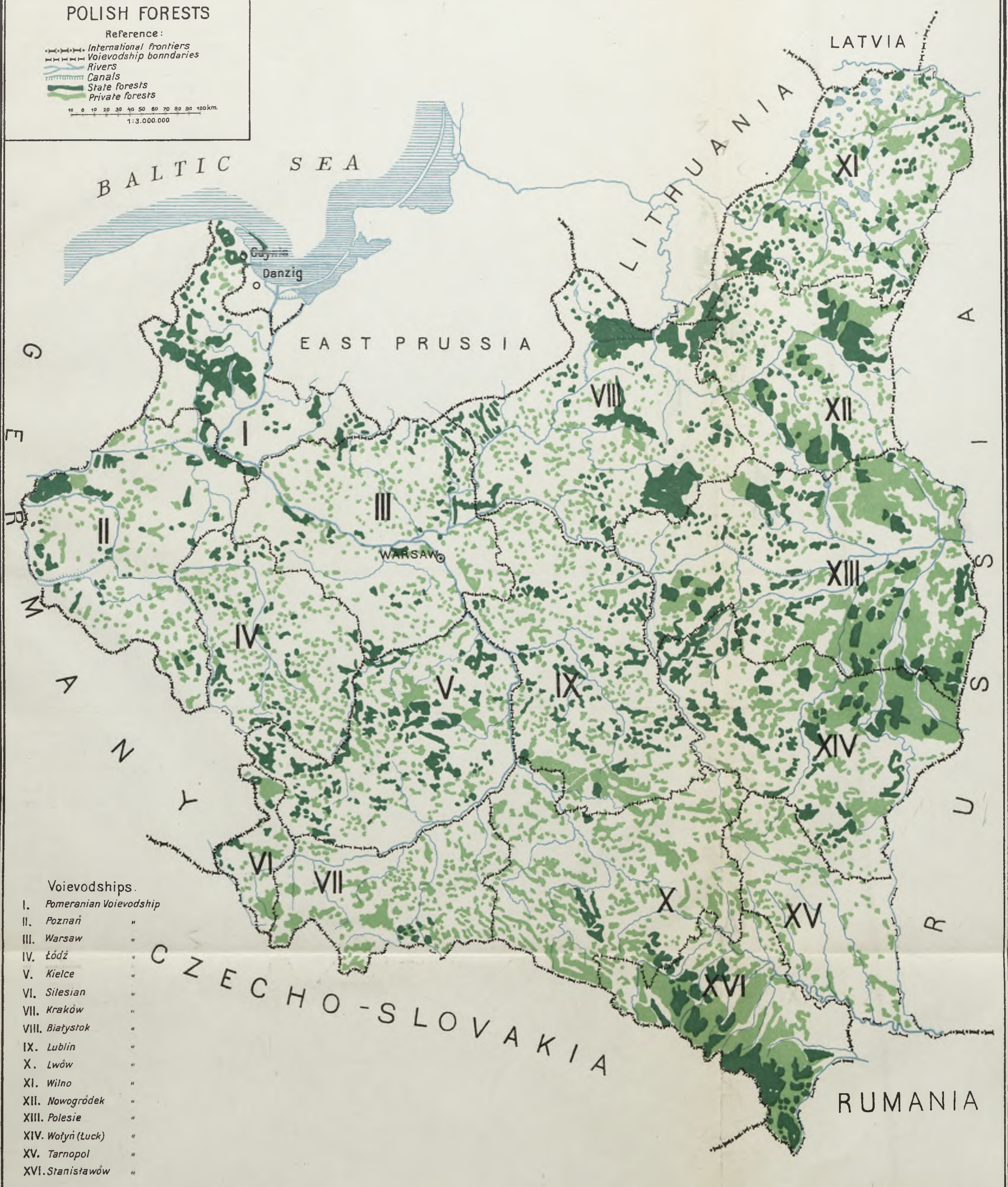
As regards the ownership of the wooded areas, over 31 p. c., namely 2,835.406 ha belong to the State, 47 p. c. to large estate owners and 22 p. c. to the peasants. The high percentage of forests controlled by large estate-owners and the State, enables rational methods of development to be pursued in this respect, and as this can only be carried on on wide areas, the development of forest industry is thus ensured. Wooded areas, relatively little in size, belonging to small landowners are generally of subsidiary interest compared with the farming activities of the owners, and in view of the weak technical knowledge and experience on the part of owners they are not being developed satisfactorily.

POLISH FORESTS

Reference:

-  International frontiers
-  Voievodship boundaries
-  Rivers
-  Canals
-  State forests
-  Private forests

0 10 20 30 40 50 60 70 80 90 100km.
1:3,000,000



Voievodships.

- I. Pomeranian Voievodship
- II. Poznań "
- III. Warsaw "
- IV. Łódź "
- V. Kielce "
- VI. Silesian "
- VII. Kraków "
- VIII. Białystok "
- IX. Lublin "
- X. Lwów "
- XI. Wilno "
- XII. Nowogródek "
- XIII. Polesie "
- XIV. Wołyń (Łuck) "
- XV. Tarnopol "
- XVI. Stanisławów "

quota the actual reserve, which, on the average, is 320 m³. of timber per 1 ha, the total yearly amount available for exploitation is 7,815.072 m³.

The exploitation of State owned forests has not exceeded the above mentioned yearly quota. The amount of timber produced by the State forests in 1920 was 3,684.175 m³, in 1921 — 8,796.814 m³, in 1922 — 10,041.180 m³, in 1923 — 8,369.113 m³, thus the yearly average was 7,722.821 m³. These figures show that the methods employed with regard to the State owned forests are rather conservative. On the strength of theoretical calculations based on the relation of the average production of the State forests and that relating to those owned by large estate owners and the peasantry, the estimated yearly production of timber by the privately owned forests may be put at 13,300.000 m³. Consequently, the total yearly production of timber in Poland represents about 21 million cubic meters.

PROFESSOR E. W. KEMMERER'S MISSION TO POLAND

ON THE 3rd of July Professor Dr. Edwin Walter Kemmerer, the eminent American economist, arrived for the second time in Poland. Professor Kemmerer is not a delegate of any Government and still less a representative of any financial group desirous of working in Poland.

The visit is paid in response to the invitation of the Polish Government which being engaged in the organisation of economic life, gladly listens to counsels emanating from enlightened citizens of States entertaining friendly relations with Poland. The visit of Commandor Hilton Young, the eminent English Parliamentarian, was of this character, as is the case with the present American Commission, headed by Prof. E. W. Kemmerer.

This Commission will remain in Poland some 2—3 months and, at the request of the Polish Government, will study the organisation of the Polish Treasury, banking, development of production, and will eventually report on rational ways and means of organisation of State enterprises and monopolies.

The Commission is composed of:

Dr. Edwin Walter Kemmerer, Chairman of the Commission, Professor of Economics and Finance in Princeton University, President of the American Economic Association, Expert on State Finance,

Dr. Harley L. Lutz, Professor of Economics in the Leland Stanford University, Former Member of the Commission of Financial Advisers to the Government of Chili, as Expert on taxation,

Mr. Joseph A. Broderic, Vice-President the National Bank of Commerce of New York, Chairman of the Educational Committee of the American Institute of Banking,

Mr. Joseph T. Burns, Former Member of Commission of Financial Advisers to the Government of Chili as Expert in budgetary and accounting practice,

Mr. Wallace Clark, Chairman of the Committee of the Society of Industrial Engineers on elimination of waste in management,

Mr. Frank A. Eble, Former Customs Representative in charge at Berlin, Germany, with jurisdiction over Germany, Norway, Sweden, Finland and Denmark,

Dr. Frank D. Graham, General Secretary of the Commission, Professor of Princeton University, Assistant and Associate,

Mr. Frank W. Fetter, Secretary to the Chairman of the Commission, Secretary to Dr. Kemmerer in connection with the latter's work in Guatemala on a plan for currency banking and fiscal reforms,

Mr. Donald Kemmerer, son of the Professor, Deputy Secretary.



ORE WASHER AT A ZINC FOUNDRY

SUMMARY OF LAWS, ACTS AND EXECUTIVE DECREES

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

Traffic facilities in the Polish-Czechoslovakian frontier districts ("Dz. Ust. R. P." No. 58, item 340).

List of railway lines to which the international convention concerning the transport of goods is applied ("Dz. Ust. R. P." No. 58, item 342).

Amendments in the exceptional railway tariff for the transport of timber and coal ("Dz. Ust. R. P." No. 59, item 345).

Reimbursement of duty levied on machinery and apparatus imported for certain specified purposes* ("Dz. Ust. R. P." No. 59, item 346).

Opening of newly constructed railway line Zgierz-Kutno ("Dz. Ust. R. P." No. 60, item 352).

Prices and duties on imported spirits and brandies ("Dz. Ust. R. P." No. 60, item 353).

Prolongation of the moratorium on bills of exchange in the War-

saw and Lublin districts until September 30th 1926 ("Dz. Ust. R. P." No. 61, items 357 and 358)

Change of the proposed types of 10 and 20 gold $\frac{1}{2}$ coins ("D. Ust. R. P." No. 61, item 368).

Prolongation of the ultimate date concerning the submission of motions with regard to registration of the debentures of private enterprises ("Dz. Ust. R. P." No. 61, item 369).

Installation and control of distilleries ("Dz. Ust. R. P." No. 61, item 370).

Prolongation and amendment of the Usury Act* ("Dz. Ust. R. P." No. 62, item 372 and No. 64, item 381).

Reduction in railway tariff rebates for coal exports ("Dz. Ust. R. P." No. 62, item 375).

Budget estimate for the 3rd quarter of 1926** ("Dz. Ust. R. P." No. 63, item 376 and No 67, item 398).

Prolongation (up to the 1st of January 1927) of the period for the submission of applications concerning the maintenance of legal rights in respect of claims issued on the bearer, kept in Russia ("Dz. Ust. R. P." No. 63, item 378).

Supplementary retail price-list of tobacco products ("Dz. Ust. R. P." No. 64, item 379).

New prices for monopoly salt* ("Dz. Ust. R. P." No. 64, item 380).

New fees for the State Assay Office ("Dz. Ust. R. P." No. 64, item 382).

Ratification of Polish-German convention relating to frontier traffic** ("Dz. Ust. R. P." No. 65, items 383 and 384).

Amendments of the by-laws of the State Agricultural Bank, ("Dz. Ust. R. P." No. 66, item 395).

Extension of full spirit monopoly to the Lwów Voievodship ("Dz. Ust. R. P." No. 67, item 397).

PRODUCTION AND TRADE

STATE OF EMPLOYMENT IN INDUSTRY IN JUNE. — In June the unemployment continued to decline, so that in the first days of July the total number of unemployed was 288,196; compared with figures reported at the end of May, the aggregate number of people out of work decreased by 15,900, and compared with the statistical data for the end of January, when the unemployment in Poland attained its highest level — 359,119 persons — it decreased now by 70,900 or 19.6 p. c. The number of unemployed in the different groups were the following:

mining	36,967
foundries	10,814
metal	44,352
textile	16,363
building	24,073
clerical	24,453
various	131,174

Total: 288,196

Compared with the state of employment at the end of May, the largest decrease was experienced in the last group, namely 11,742 persons; in connec-

tion with the revival of the activity in the building trade the number of unemployed in this group decreased by 2,300; the number of miners out of work decreased by 1,304 owing to the improvement noticeable on the coal market. The gain in this respect is comparatively small, on account of large orders being executed from previously accumulated stocks, it is hoped therefore that as soon as the stocks are exhausted, the progress in this sphere will be more marked. Moreover, a slight betterment was observed in the state of employment in the metal industries where occupation was found for 1,444. On the other hand, the number of unemployed operatives in the textile industry augmented by 188, while that of clerical workers — by 599.

The number of workpeople employed on part time has diminished and represented at the end of June 91,806 against 95,582 in May. The number of people working 1 day per week was 1,302, 2 days — 2,602, 3 days — 28,152, 4 days —

25,298, and 5 days — 38,303. Compared with the figures reported in May the situation has bettered, for the average of days worked by the partly employed has increased from 3.97 to 4.0 days in a week.

The total number of persons receiving grants at the end of June was 149,116.

GRAIN

— The export of grain in June 1926 is given in the following statement (in tons):

	June 1926	January 1926	June 1925
Wheat	500	—	36,608
Rye	19,424	283	106,883
Barley	7,652	14,039	69,468
Oats	8,193	41	51,704

Compared with the previous month the exports of wheat and rye rose considerably, whereas those of barley and oats diminished. Wheat was mainly sent to Germany, where, during the period under review, 98 p. c. of the total exports were placed, despite the exorbitant du-

*) See page 74.

**) See issue No. 1, page 32.

*) See page 59.

**) See page 66.

*) See page 66.

ties applied by Germany in respect of goods emanating from Poland. Rye was exported to Finland, which took 31 p. c. of the total export of this commodity, and Germany (27.6), Denmark (16.5), Esthonia (7.1) and Latvia (6.5).

Barley was mainly sold for the following accounts: Holland 25.2 p. c., Germany 22.9, Denmark 19.1, Belgium 10.9 and Austria 9.4 p. c.

Oats were directed chiefly to Germany, the amount placed in that country being 70.5 p. c. of the total amount exported, while comparatively smaller quantities were taken by Norway — 8.5 p. c., and the United Kingdom — 6.8 p. c. The aggregate value of grain exported in June exceeded gold zł 12.5 million.

The imports of corn were almost insignificant and comprised 444 tons of barley and negligible quantities of oats and rye.

The movement of prices on the whole market in relation to those ruling abroad during June are given in the following table:

During the period under review a sharp decline took place in the prices of wheat and rye. The prices for wheat expressed in zł ruling in the earlier part of July compared with those obtained in the latter half of June, were on the average lower by 17.70 p. c., and those expressed in \$ — by 11.56 p. c. The quotations for rye were less by 16.42 p. c., and those converted into \$ — by 9.87 p. c. The average prices indicated do not include those ruling on provincial markets, where they were much lower. The figures paid for barley were unchanged, and in some cases even a small rise was observed, namely: 0.41 p. c. for brewing barley and 5.64 p. c. for the feeding variety.

The prices on the world market had an upward trend during the same period, the rise on wheat in quotations in Chicago was 0.61 p. c., for rye in Berlin and Chicago 8.10 p. c. on the average, for brewing rye in Berlin 4.87 p. c. and for feeding rye in Berlin and Chicago 5.10 p. c. on the average.

The quotations on the Polish market were influenced by the substantial stocks of grain from last year, which were larger than it was presumed, and also by the weather conditions and good prospects for this year's yield.

As regards the reserves of grain, those of barley and wheat may be considered as usual, whereas the stocks of rye, especially in the Eastern provinces, are very large indeed.

Winter sowings, compared with those of last year, continued to show further improvement, the only exception being rye, the prospects of which are by 0.5 degrees lower as compared with the figures for the corresponding period of last year. Wheat and barley are better this year. The prospects for the summer sowings, in relation to those of a year earlier, show a betterment by 0.3—0.7 degrees.

The state of cultivation at the end of June, estimated on the basis of the 5 point system*) was the following:

*) Qualification grades (5 point system): 5 - excellent, 4 - good, 3 - moderate, 2 - not bad, 1 - bad.

	June 1st — 15th		June 15th — 31st		July 1st — 15th		Percentage of difference	
	zł	\$	zł	\$	zł	\$	zł	\$
W H E A T :								
Warsaw	51.50	5.06	48.78	4.88	37.43	4.02	-23.26	-17.63
Poznań	51.25	5.04	48.—	4.80	40.25	4.33	-16.15	-9.79
Lwów	48.80	4.79	46.10	4.61	39.90	4.29	-13.45	-6.94
Average price	50.51	4.96	47.62	4.76	39.19	4.21	-17.70	-11.56
Chicago		5.15		5.03		5.06½		+ 0.61
Berlin RMk								
R Y E :								
Warsaw	31.83	3.16	31.15	3.11	24.37	2.62	-21.76	-15.75
Poznań	31.91	3.18	32.21	3.22	28.06	3.01½	-12.88	-6.36
Lwów	27.95	2.74	28.18	2.82	24.07	2.59	-14.59	-7.54
Average price	30.56	3.03	30.51	3.05	25.50	2.74	-16.42	-9.87
Chicago		3.57½		3.58		3.80½		+ 6.29
Berlin RMk	17.88	4.25	19.05	4.54	20.96½	4.99	+ 15.05	+ 9.91
B A R L E Y :								
a) Brewing:								
Warsaw	31.50	3.15	31.—	3.10	28.66	3.08	- 8.	- 0.64
Poznań	31.04	3.05	29.82	2.98	28.12	3.02	- 5.70	+ 1.47
Average price	31.27	3.10	30.41	3.04	28.39	3.05	- 6.85	+ 0.41
Berlin RMk	19.09½	4.54	19.87	4.72	20.79	4.95	+ 4.95	+ 4.87
b) Feeding								
Warsaw	29.58	2.91	30.10	3.01	26.50	2.85	-11.96	- 5.32
Lwów	26.57	2.60	29.—	2.90	25.07	2.69½	-13.55	- 7.10
Average Price	28.07	2.75	20.55	2.96	25.78	2.77	-12.75	- 6.21
Chicago		3.12		3.03		3.17		+ 4.62
Berlin RMk	17.64½	4.20	18.60	4.43	19.65	4.67½	+ 5.64	+ 5.54

	June 1925	May 1926	June 1926
winter wheat	3.7	3.4	3.7
" rye	3.7	2.9	3.2
" barley	3.3	3.2	3.5
spring wheat	2.9	3.2	3.4
" rye	2.8	2.9	3.1
" barley	2.9	3.2	3.3
oats	2.7	3.4	3.4

The temperature in June was comparatively uniform and mild, the average monthly fluctuated within the limits 15.5° to 17.0° and was lower by 0.5° than the average temperature for the last few years. The amount of sunshine continued to be insufficient throughout the country, while the intensity of warmth increased considerably. Similarly the amount of moisture was quite adequate, and even too excessive in some regions. The reserve of moisture in the soil with the exception of the Voievodships of Wilno, Nowogródek and Polesie, where it was insufficient, was excessive in all other provinces of the country. The sudden change that took place in the last days of June, when a fine period set in, is responsible for better prospects as regards the views of this year's crops. If the weather conditions during the harvest do not change for the worse, it may be assumed that the yield of wheat will be as favourable as that of last year, whereas the prospects for rye are less favourable than last year, yet above the average. The yield of spring corn will, it is expected, be the same as in 1925.

MEAT

"UNICAR" United Meat and Fat Products Works, Ltd. — This enterprise has been established at Katowice (Upper Silesia) by the Silesian Meat Products Factory at Mikołów. The capital, fully paid up, amounts to 1,200,000.

SUGAR

EXPORT SALES OF SUGAR BY THE "SUGAR INDUSTRY BANK" LTD. — The sales of sugar produced during the 1925—1926 campaign are almost completed, so that the figures concerning this campaign carry a certain weight.

The sale of sugar for foreign account is done almost exclusively by the above mentioned bank which collaborates with the British Overseas Bank, and is organised by the Union of Sugar Factories, in which are represented all the sugar factories of Poland.

The data issued by the Bank give the following sales effected for the different accounts from the beginning of the campaign up to June 1926 (in tons):

	White sugar	Raw sugar 88° net	Raw sugar 65° net	Total calculated as white sugar
England	80,421	48,900	6,829	129,552
Estonia	315	—	—	315
Finland	1,100	—	—	1,100
France	2,200	1,500	—	3,550
Danzig	1,062	16,240	—	15,678
Holland	7,500	50,014	—	52,512
Latvia	3,300	—	—	3,300
Germany	1,250	2,500	—	3,500
Norway	10	—	—	10
Sweden	—	3,565	—	3,208
Total:	97,158	122,719	6,819	212,725

TIMBER

— The exports of timber from Poland in June were the following (in tons):

fire wood	16,265
pulp wood	133,416
pit props	67,239
round logs	99,525
telegraph poles	12,676
planks, deals, battens	125,636
railway sleepers	34,361

Compared with the previous month the exports of timber rose in some measure,



POLISH SPRUCE

especially as regards firewood and telegraph poles. The export of pulp wood was maintained high, the amount being over 130 p. c. of the May figure. Other items were maintained on the average level. The exports of timber effected during the first 6 months of this year compared with items of the corresponding period of last year were the following (in tons):

	January 31 st 1925	June 30th: 1926
firewood	9,794	57,560
pulp wood	199,388	408,791
pit props	107,602	369,258
round logs	261,545	483,931
telegraph poles	23,474	48,868
planks, deals, battens	681,539	648,275
railway sleepers	184,933	204,222

It will be seen by this statement that during the first semester the export of firewood, pit props and logs rose by over 100 p. c., whereas the export of dressed material was about the same as that in the first half of last year.

In June the quotations on the Danzig market were as follows:

	sh
pine logs 20 — 25 cm. (top end)	12/—
" " 25 — 30 " " "	17/—
" over 30 " " "	24/—
square logs from 30 cm., free of knots	32/—
pine telegraph poles	22/—
" railway sleepers	2/2
sleepers	5/9
oak "Memel" staves	300/— to 320/—

Compared with the prices ruling in May there was a decline in the quotations for pine logs by about 1 sh. per 1 m.³, and also in sleepers.

The average prices for round material on the home market free on rail in the different directorates of the State forests in June were (in 1/ per 1 m.³):

pine logs for saw-mills (20—40 cm.)	Warsaw	33.00
	Radom	30.00
	Siedlce	23.00
	Wilno	24.00
	Toruń	32.70
round pine wood for building purposes	Siedlce	19.40
	Wilno	16.00
pine pit props	Warsaw	21.00
	Radom	15.50
	Siedlce	15.00
	Bydgoszcz	14.85
spruce logs for saw-mills	Siedlce	22.42
	Lwów	21.79
pulp wood	Siedlce	21.35
	Wilno	21.00
pine fire wood	Warsaw	13.00
	Radom	7.00
	Siedlce	5.70
	Wilno	6.20
beech " "	Bydgoszcz	8.32
	Lwów	9.92
spruce " "	Lwów	5.89

The prices for round material on the home market continued to increase, for instance: pine round wood in the directorate of State forests in Warsaw rose from 1/ 30.90 to 33, in Radom from 1/ 28 to 30, in Wilno from 1/ 20.48 to 24; round wood for building purposes in Siedlce went up from 1/ 18.56 to 19.40, and in Wilno from 1/ 15.30 to 16; the quotations

for pulp wood and pine pit props also advanced; on the contrary beech and spruce fire wood declined from zł 10.62 to 9.92 and from zł 7.40 to 5.89 respectively, while fire wood was maintained on the same level.

Of the new regulations concerning the timber trade should be mentioned those issued by the Minister of Railways dated May 28th and June 12th last. Both relate to the amendments in the railway tariffs. The regulations of the 28th of May, made operative as from June 10th last, provide for higher rates; namely rebates B, C, D, E, F, G, on the basis of which are calculated the transports of timber, have been raised on the average from 10 to 12.8 p. c. for distance up to 800 km. incl. The second series of regulations which came into force as from June 20th, provide for certain tariff rebates in the export of timber from the Grajewo district deriving from all stations located in the railway directorate of Wilno on the railway line: Grajewo — Brześć — Baranowicze — Stołpce.

COAL

—It was only in June last that the coal industry in Poland felt the result of the strike in the United Kingdom. Above all this was reflected in the disproportion of coal exports, as compared with the previous months. The export of Polish coal in June 1926, according to provisional data is given in the following table (in thousands of tons):

Destination	1925:		1926:	
	1st sem. (monthly average)	2nd sem. (monthly average)	May	June
Austria	194	254	158	231
Hungary	36	85	27	45
Sweden	—	57	144	178
Denmark	2	34	78	116
Czechoslovakia	47	58	35	43
Danzig	26	42	31	36
Latvia	1	16	16	17
Yugoslavia	8	13	22	22
Switzerland	2	6	11	8
Italy	1	14	97	97
Rumania	6	7	8	12
Lithuania	1	2	1	4
Memel	1	2	—	1
Holland	—	1	—	5
Finland	—	1	16	26
France	—	1	19	37
Norway	—	—	16	22
England	—	—	—	281
Germany	451	—	1	—
Other countries	—	2	—	18
Total:	776	595	680	1,199
Bunker coal	—	—	24	192
Total amount:	776	595	704	1,391
Export (Germany not included)	325	595	703	1,391
Shipped through				
Danzig	29	101	267	272
Gdynia	—	9*	38	38
Tezew	—	—	6	23

It will be seen by this table that the exports in June, as compared with May

last increased by 687,000 tons, a gain of 97.59 p. c., and reached a record figure, for it was much higher than in any month of the 1st semester of 1925, i. e., previous to the German-Polish customs war, and even higher than those of any month in 1923, when, in view of the occupation of the Ruhr Valley, Polish coal found itself in an extremely good situation. The shortage of coal occasioned in England by the strike in that country as well as in the coal importing states, is responsible for a further rise in prices, which in turn affected the prices for Polish coal. Thus, for instance, the prices f. o. b. Danzig rose from 16/- to 17/6 and 18/- for large lumps, which circumstance has contributed towards the profitability of export. The increase in prices enabled the coal to be sent in large quantities via Hamburg, this figure alone reaching 281,000 tons; the volume of bunker sales has also increased reaching 192,000 tons. Of course these are momentary advantages which will no longer exist, as soon as the strike in England is over, but the conquest of the Swedish market is likely to prove a permanent gain. Exports to the latter country have increased by 34,000 tons mainly for the State Railways, which heretofore kept putting off its purchases in Poland, and have now concluded a contract for the supply of coal for a long period.

The expansion of coal exports led necessarily to an increase of production which rose from 2,234,927 tons in May to 2,657,458 tons in June — a gain of 422,530 tons, or 19 p. c. The remainder of the export surplus, as well as the increase in the internal consumption by about 250,000 tons, was covered from the stocks which at the end of June were decreased from 1,452,446 to 949,074 tons, or by 34 p. c. The increase of production and the decline in stocks have also contributed towards the earnings of the workmen. In previous months and even in May the monthly wages of the miners were very low as the majority of pits were only worked for 4 days per week and a few for 5 days at the most, while now all coal mines without exception are being operated 6 days per week, and moreover the number of workmen had to be increased by 2,200. It will be seen therefore that the situation in the coal industry has greatly improved in June; this is all the more remarkable as the summer months, May and June, are generally the worse on account of the home consumption being very limited; commencing with July, the internal market im-

proves gradually, the season industries such as sugar factories and distilleries and in general the agricultural section of the community pile up coal reserves for the coming campaign.

INCREASE IN PRICES OF COAL. — As already reported*), the miners wages have been increased by 10 p. c. since June 10th last. After consideration of this factor the mine owners decided to increase the prices of coal by 17.5 p. c. Supplies for the State railways and Government institutions were to be exempt from this increase.

The Government was of opinion that the advance in prices was too excessive and was not justified by the circumstances. It was also considered as being dangerous to the economic life of the country as a whole, because it would probably provoke a rise in prices of other commodities and also in the cost of production, in which coal plays an important role.

The Government's intervention gave the requisite results: the prices were ultimately increased in a much smaller proportion than was originally intended, namely by 7.5 p. c. instead of 17.5 p. c.

In view of the above, the prices for coal in Poland in the main coal centre, in Upper Silesia were, resp. are (in zł per ton):

	up to July 20th				from July 20th			
	1	9	2	6	1	9	2	6
large lumps & nuts I	35	70			32	60		
nuts II	30	10			27	60		
pea	23	30			21	30		
smalls 0.70	23	20			21	20		
** 0.40	19	70			18	00		
mixed	27	70			25	30		
dust	12	10			11	10		

Prices of coal destined for railways and Government institutes are left unchanged and are maintained on the May level.

DELIVERY OF COAL TO SOVIET RUSSIA. — A group of Polish coal exporters concluded on July 17th last a contract with the Commercial Mission of Soviet Russia to Poland, for the delivery of coal to Russia. According to this contract, the Polish group is to supply 500,000 tons of coal up to and including November next. Of this quantity 300,000 tons are to be forwarded by rail through various points located on the Polish-Russian frontier, and the balance is to go by sea via Danzig. Prices are calculated free on rail at loading station. The first consignments have already been despatched.

PETROLEUM

— The general situation in the petroleum industry in June continued to be satisfactory. As forecasted**), the production of crude oil in May not only did not diminish, but increased to 69,304 tons,

*) See Issue No. 1, page 23.

**) See Issue No. 1, page 23.

*) Beginning with September 1925.

again of 1.087 tons as compared with the preceding month, while in May last year the total production amounted to 70.532 tons. The difference therefore is very small. The net output in May last, after the deduction of impurities and the quantities used as fuel, amounted to 63.321 tons against 62.002 in the corresponding month of last year.

There will not be much difference between the May and June outputs. Of the newly completed drillings and oil-producing wells in June are noteworthy: well No. V, Mine „Union“ in Mraźnica, owned by the French Company „Limanowa“ gave in June at the depth of 1.356 m. 15 tons of crude oil per day; the well No. II, Mine „Joffre“ in Mraźnica, owned by the same Company gave 20 m³ of gas per minute at the depth of 1.360 m. and is still in the course of drilling; at the „Tryskaj“ mine from the well No. II at the depth of 1.454 m. about 7.5 tons per day is being obtained. These additional drillings with the increased production do not bring about any change in the situation in view of the decline of output from other wells.

The average price for crude oil in June was \$ 18.2 per ton, and will probably remain on this level, because refineries now deal with the whole production; it is also reported that accumulated stocks

of crude oil diminished at the beginning of June by some 3,000 tons and represented 75,211 tons.

It is stated that the stocks of Borysław crude oil have been largely reduced, whilst those of special brands have slightly augmented. At the end of May last the Company „Olej skalny“ (subsidiary of the „Standard Oil Company“) commenced the drilling of two new wells, one in Nahujowice, near Borysław, and another in Lucza located in the Stanisławów district, near the Słoboda Run-gurska. In the last named well at the depth of about 40 m. rock salt deposits some 20 m. thick were found. The presence of this mineral in the upper layers is usually accompanied by the existence of crude oil in the deeper ones.

The Polish geologist, M. Hempel, while examining the deposits in the Carpathian regions came to the conclusion that they are identical to those in the Borysław and Tustanowice districts.

On the strength of these observations M. Hempel states that similar layers rich in crude oil should be found there at a depth of some 150 to 200 m. lower than the last drillings. With the improvement of technical means of drilling this depth is attainable. Should the presumption of M. Hempel be correct, then the Borysław and Tustanowice oil fields

have prospects for further development and could be exploited for several tens of years to come.

At the latest sitting of the Refinery Syndicate held at the end of June prices of benzine and lubricating oils on the home market were slightly augmented, whereas those for paraffine and paraffine wax were lowered to the level in force at the end of last year. It was also decided at that meeting that the sales of paraffine for foreign account should be effected as from September 1st next by the central office. The latter office of sales will be attached to the Warsaw Syndicate, and in addition there will be opened branches in Danzig, Paris and Vienna (the latter to meet the requirements of Central Europe).

The export of petroleum products in June amounted to 31,510 tons valued at £ 5,913,000 against 32,248 tons valued at £ 10,841,000 in May. The Polish petroleum exports in June as in previous months were mainly directed to the Baltic States, the United Kingdom, France, Switzerland and Czechoslovakia. The exports embrace petroleum: gas oil, paraffine wax, lubricating oils and benzine.

„POLISH PETROLEUM“ LTD. — This enterprise has increased its capital by £ 500,000, for which purpose 20,000 new shares have been issued at £ 15 nominal and £ 30 issue price.



A PETROLEUM REFINERY

SALT

— During the past 6 weeks the 16 salt mines and salt works existing in Poland were working at full capacity. Of the total number referred to above 2 salt mines out of 3, and 9 salt works out of 11 are State owned; in the two remaining the Government is interested in 2/3 of the capital. There are also 2 private saline deposits. The total number of workmen employed in the 16 enterprises is 3,658.

The aggregate production of salt during the past 6 months was 203,178 tons. Of this quantity 118,529 tons or 58.4 p. c. were produced by State owned works and mines, and the balance of 84,649 tons or 41.6 p. c. — in the works of private firms. The total output was composed of the following: rock salt — 94,019 tons or 46.3 p. c., evaporated salt — 56,556 tons or 27.8 p. c. The latter item includes 9,947 tons of evaporated salt produced by means of a Vacuum apparatus; finally 52,593 tons or 25.9 p. c. of liquid salt for industrial purposes were produced (after conversion of the figures into those of the dry salt.) The major part of the production represented edible salt, the output of which was 136,627 tons or 67.2 p. c., industrial salt — 62,747 tons or 30.9 p. c., cattle salt — 3,220 tons or 1.6 p. c., and other salts such as for bathing purposes etc. — 584 tons or 0.3 p. c. Compared with the first 6 months of 1925 the production of salt in Poland experienced a certain though slight improvement, as the output was higher by 13,470 tons, or over 7 p. c.

The above increase in production was in the main brought about by the augmented output of the State salt works in Inowrocław and also in the privately worked saline deposits in Solno and Barycz. The production of all the other enterprises was maintained more or less on the level of the first 6 months of 1925, with the exception of the mine in Wapno and the "Vacuum" salt works in Wieliczka, the production of which declined somewhat. The salt from the last named works, though of a very high quality, almost chemically pure, is being sold with some difficulty on the home market, because the public at large is not accustomed to this variety and has a marked preference for salt in large crystals. As regards the different grades of salt, it should be mentioned that the production of cattle salt is unfortunately maintained on a low level, the demand for this article being limited, notwithstanding the fact that it is cheap, and therefore within the reach of every

farmer. The cause of this lies in the lack of understanding of the advantages resulting from the use of salt in connection with stock raising.

Of the total quantity produced the sales effected in 1926 amounted to 199,004 tons or 98 p. c.; compared with the corresponding month of last year there is a gain of 15,137 tons or 8.2 p. c. The stocks of all enterprises represented 13,131 tons and were the same as at the end of June of last year. The stocks rose, however, by 4,500 tons in relation to those at the beginning of the year 1926. This was largely due to the accumulation of salt by the Vacuum Company.

Of the total quantity sold 190,953 tons or 96 p. c. were placed on the home market, whereas only 8,051 tons or 4 p. c. were sent abroad. The sales effected in this country show an increase as compared with the last year; on the contrary, the exports of this article have remained on the 1925 level and unfortunately do not affect the volume of business done.

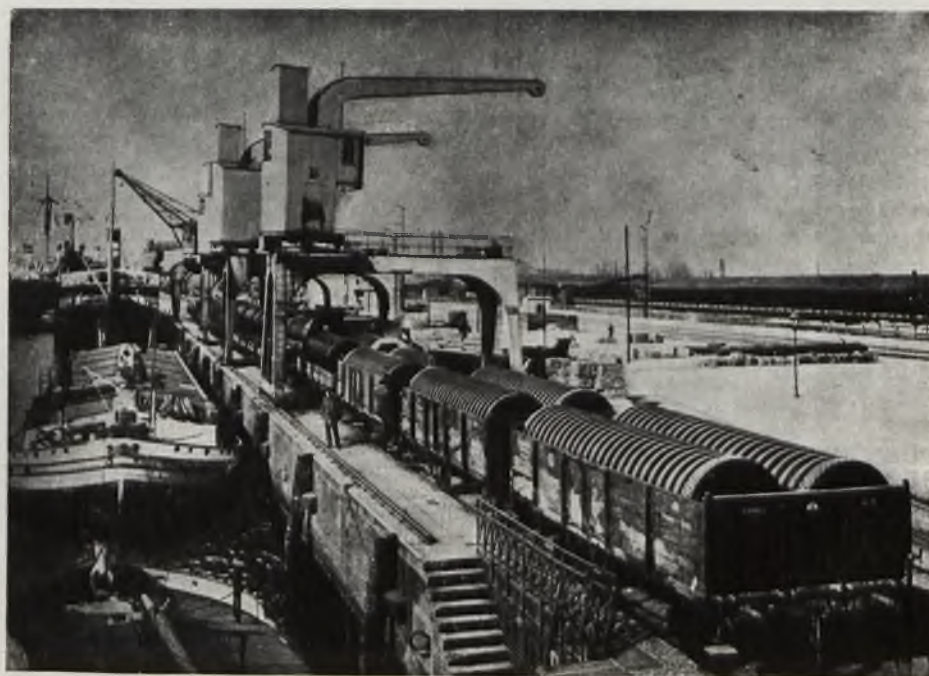
The exports comprised 7,546 tons or 94.3 p. c. of edible salt, the remainder being industrial salt. The main importers of this commodity were the Scandinavian and the Baltic States; Czechoslovakia took 465 tons. As the main conditions for the development of salt industry in Poland, which is based on almost inexhaustible deposits of this mineral, is the export of salt, every effort should

be made to introduce this commodity on the foreign markets.

The total amount of salt produced by both State-owned and private enterprises is taken over by the State Monopoly which effects sales for both home and foreign accounts. The prices per ton for home consumption were: for Vacuum evaporated salt ₹ 220, ordinary evaporated— ₹ 200, edible ground rock salt— ₹ 132, edible rock salt in lumps— ₹ 130, industrial and cattle salts — ₹ 40, for bathing ₹ 135 per ton, free on rail at works. The prices are fixed in individual cases. No duties are levied on the export of salt, the export prices being determined according to conjunctures, importance of the transaction, distance from the buyer; the costs of production are so low, that they can never hinder the development of exports.

IRON

— In connection with a certain increase in the output from foundries in June, a corresponding rise in activity was noticeable in the mining of iron ore. The restrictions in the imports of poor foreign ores (₹ 5 customs duty per ton for ores containing less than 50 p. c. of mineral) had also a beneficial effect upon the conditions in the mining industry. The following table contains the output of iron ore, exports of ores and imports of rich ores in June, as compar-



LOADING OF A CONSIGNMENT OF PIPES MANUFACTURED IN POLAND

ed with the corresponding figures for May last and June 1925 (in tons):

	Output	Exports	Imports
May 1926	22,265*	6,891	18,027
June 1926	26,960**)	11,068	8,841
June 1925	17,786	—	25,587

The total number of workmen employed in iron mines in this country was 3,470 in June as against 3,360 in May.

In the iron foundries the position did not undergo any material change in June as compared with the preceding month; although an increase in production is reported, thanks to orders for rails placed by the State railways, and also to a certain extent to those received by the foundries from private concerns. Some sales for foreign account have also been effected. The production of pig iron was somewhat reduced, so that one furnace was temporarily put out of action. This was also partly due to large stocks of this material which have accumulated during the past few months. The production of steel, on the contrary, was somewhat augmented. The output of iron sheets increased by 21 p. c.

The following table shows the output of Polish iron foundries (in tons):

	Furnaces	Steel works	Sheet works	Number of workmen
May 1926	22,968*	50,122*	37,821*	31,911*
June 1926	19,628**)	52,570**)	45,599**)	32,220**)
June 1925	26,768	70,506	50,437	36,905

The number of furnaces in blast in June was 7 against 8 in the preceding month.

The market in June was featureless. The syndicate prices for iron were unchanged: pig iron for castings No 1 — z 200, commercial iron — z 325, wire — z 375, sheets 5 mm. and up basic price — z 400, up to 5 mm. — z 485, per ton free on rail. The exports and imports of foundry products (pig iron, steel ingots, rail, sheets and pipes) are shown in table below (in tons):

	Exports	Imports
May 1926	5,890	1,923
June 1926	6,376	2,163
June 1925	13,011	5,003

POSSIBILITIES FOR THE TRANSPORT OF SWEDISH ORE VIA DANZIG. — Iron ores exported from Sweden to Poland and Czechoslovakia are forwarded not via Danzig but through Stettin; during the last year the imports of iron ore effected via Danzig amounted to less than 20,000 tons, while the quantity received through Stettin exceeded 1,000,000 tons.

*) Corrected figure.
**) Provisional figure.

The shipments of iron ore via Danzig include imports of this material destined for Polish Upper Silesia and Czechoslovakia. The large consignments which might have been imported via Danzig are evidenced by the fact that the well known foundries in Witkowice (Czechoslovakia) receive about 600 thousand tons of Swedish ores. At present, however, this ore goes via Stettin, from where it is floated to its destination down the Oder. The shipments of iron ore through Stettin are so large that only a part of them are sent by the Oder, and the remainder by rail.

The natural way of these shipments leads through Poland, but at present there are difficulties in the imports of iron ores via Danzig on account of the increased loadings of Polish coal. As all the technical facilities now available are being used for the loading of coal, the transshipment of imported ores into waggons at Danzig is at the present time impossible, especially as the daily transshipment of ores should reach at the least 1,000 tons. It is therefore necessary to obviate this difficulty.

The solution is to effect the transports by a combined route from Danzig to Upper Silesia by water and rail, namely — in the port of Danzig the ore is loaded into barges going to Bydgoszcz and Toruń at which places the material is loaded into waggons and sent to its destination.

The following figures give the costs of transport via Stettin and via Danzig (per 1 ton):

a) railway transport via Stettin:	
transshipment from ship into waggons	0.80 RMk.
freight Stettin — Bytom	9.00 "
Bytom — Upper Silesia	0.75 "
Total:	10.55 RMk.

b) transport via Danzig:	
transshipment from ship into waggons (0.50 Danzig gulden)	z 1.60
freight Danzig-Bydgoszcz (by water)	8.00 "
port dues in Danzig (0.20 Danz. guld.)	0.40 "
charges in Einlage (0.10 Danz. guld.)	0.20 "
transshipment into waggons in Bydgoszcz	2.00 "
railway freight Bydgoszcz-Upper Silesia	7.50 "
Total:	z 19.10
z 1. — = 0.40 RMk.; z 19.10 = 7.65 RMk.	

Therefore the transport by combined water and rail route is cheaper than that by rail from Stettin to Upper Silesia

$$\frac{10.55 - 7.65}{10.55} = 27.5\%$$

The cost of transport by this route is also 10 p. c. cheaper than that from Stettin via the Oder.

As to a suitable place of transshipment this may easily be found in the vicinity of Toruń or Bydgoszcz. The port belonging to the "Lloyd Bydgoski Ltd." located on the river Brda near Bydgoszcz may be indicated as one of the best sites, for it has a direct railway connection and is available for use now.

There is another circumstance that should also be borne in mind, namely that the Swedish port of Lulea, through which the ores of that country are mainly exported, is only opened during 6 months from May up to and including October. This period is very convenient for the use barges on

the Vistula, the intensity of river transports during these months in Poland being very limited. That is why from May to October the Vistula barges might be freely used without any fear that the freighting of large quantities of ore might provoke any increase of the rates charged.

For the time being, the quantities of Swedish ores which could be transported by the above mentioned route are from 15 to 25 thousand tons per month.

Z I N C

— The zinc and lead industry worked in June under normal conditions. The zinc mines produced the following quantities of ore prior to its being segregated and enriched (in tons):

	Output of zinc and lead ores	Imports of zinc ores	Number of zinc lead ores	workmen employed
May 1926	88,682	5,309	877	9,758
June 1926	89,465	91,136	916	9,739
June 1925	90,887	3,532	991	9,282

On the whole the zinc market was good, for the London quotations on which those for Polish materials are based, have experienced a certain rise and were on the average £ 33 per ton.

The output of raw lead and zinc and exports are shown in the following statement (in tons):

	Output of zinc	Exports of zinc lead sheets	Number of zinc lead sheets	workmen employed
May 1926	10,116	2,440*	11,056	607 1,482 11,412
June 1926	10,041	2,440**)	9,031	657 1,954 11,439
June 1925	9,338	1,992	5,968	3454 847 12,398

T E X T I L E S

— The month of June was favourable for the textile industry and showed distinct improvement of conditions and good prospects for orders, both from home and abroad. Towards the end of the month the cotton industry in Łódź employed in 43*) mills 53,159 operatives who were working as follows:

37.3%	6 days per week
32.8 "	5 " "
29.9 "	4 " "

Previous to the war these mills employed 63,981 workmen, whereas at the time of record post-war activity, in July 1923, the number of operatives was 71,457.

In the wool and half-wool departments together with the combing and spinning mills 21,277 operatives were engaged

*) This figure includes only large establishments members of a separate Syndicate. There is a large number of small factories organised in another Syndicate.

in Łódź at the end of June (previous to the war 54.831), of which:

66.3% were employed	6 days per week
16.0 "	5 " "
14.9 "	4 " "
1.2 "	3 " "
1.6 "	2 " "

In Bielsk (Bielitz) the wool industry worked in June on the average 4 — 5 days per week; there, too, the situation was better.

On July 1st 1926 the wages of the workmen in the Łódź district were raised by 12 p. c. Prior to that date the wages amounted from zł 5 to 6 per day for the skilled workers; these wages had been in force since the conclusion of a collective agreement signed on December 9th 1924.

In June the situation on foreign markets showed some signs of improvement. The exports effected during that period by the manufactures of the Łódź district were as follows*):

**) These figures do not include exports of combed yarns.*

	thousands of kg	zł
white cotton fabrics . . .	11.8	24.000
coloured " " " " " "	296.8	308.000
semi-wool " " " " " "	19.0	18.500
pure wool " " " " " "	44.5	66.300
	372.1	416.800

Among the customers were the following countries (in order of value):

Lithuania	34.9	p. c.
Rumania	26.2	" "
China	15.8	" "
Latvia and Esthonia	5.6	" "
Austria	3.7	" "
Denmark	3.1	" "
Great Britain	2.8	" "
The Balkan States	1.7	" "
Miscellaneous	2.4	" "
Total:	96.2	p. c.
Danzig	3.8	" "
Grand total:	100	p. c.

In June Russia was not among the importers of Polish textiles.

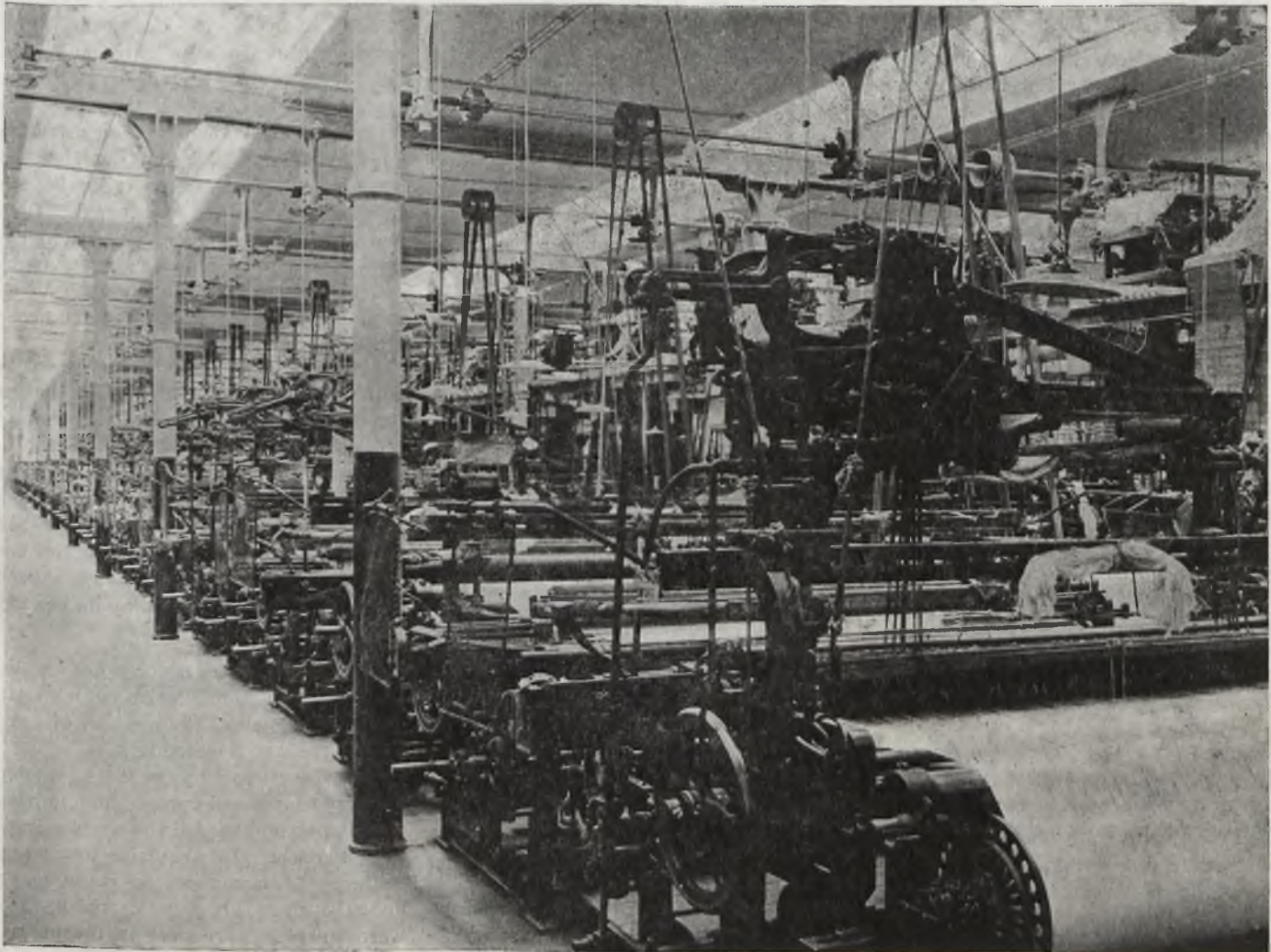
Bielsk, an important centre of the wool industry, secured in June big foreign orders, mainly in the Balkan States, in the Near East and in North Africa. These orders are for heavy winter goods.

The enlivenment in the textile industry

was specially noticeable in the cotton department in Łódź.

The raw material for this industry is imported mainly from the United States of America and from Egypt. In view of the downward trend in the world market of raw cotton, the manufacturers effect their purchases with great caution. The losses sustained by manufacturers possessing large stocks of cotton are offset by the difference in price which has resulted from the fact that price lists in dollars were calculated recently at a moment when the rate of exchange was zł 7.80 to the dollar, while the present rate of exchange ranges from zł 9.15 to 9.20. Besides the large number of cash transactions represent also certain equivalents on losses on raw materials. This fact is easy to understand when it is considered that the great majority of transactions were effected against cash or in bills, the discount of which was not charged to the buyer.

The main features of the last few weeks



A WEAVING MILL

were large transactions in cotton yarns; these were brought about by good conditions as compared with previous months, as well as diminished offers of yarns. Owing to the summer holidays and the suspension of work in the spinning mills of "Scheibler & Grohman", "La Czeszochovienne" and the "Zgierz", an acute shortage of certain varieties of yarns is felt on the market.

The latest quotations for cotton yarns were the following (in \$):

No	
8/1	0.66
12/1	0.68
16/1	0.69
24/1	0.81
26/1	0.83
32/2	0.98

The prices for mercerised yarns were (in \$):

No	
60/2	2.35
80/2 (combed and gazed)	3.35
100/2	3.80

Terms — half in cash, half in bills from 30 to 40 days, plus 1.5 p. c. per month. Nos. 24/1, 26/1 and 32/2 are much in demand.

On the market for ready made cotton goods a slight betterment was observed in June. The most important centre for the sale of these goods is Łódź.

The developments of the few weeks on the cotton manufacturing department throw a characteristic light upon the economic phenomena in Poland. The decline in the rate of exchange of the dollar has occasioned the cheapening of cotton fabrics, and thereby increased possibilities of sales on the internal market. Besides a great progress is to be noticed in the psychology of the manufacturers; it is a direct result of acquired experience. In the course of the last few years the trade never thought of cutting down prices at the moment, when favourable conditions were prevailing on the market. On the other hand, when a downward tendency set in, this was solely initiated by those merchants, who were compelled to reduce prices in order to meet their liabilities by increased sales. Usually the goods were sold to other merchants possessing liquid capital, and the difference between the prices was pocketed by the financially stronger merchants, and the consumer did not benefit by the downward trend. The merchants generally made some rebates in favour of the consumers, but this was done only if and when the prices could no longer be maintained on the high level. To-day the situation on the market has changed radically. The decrease in prices which

results from the fall of the dollar, has been passed on to the consumer without any delay. The cause of this is not to be looked for in the improvement taking place in the morale of business circles, but rather in their financial weakness. After the losses sustained in the course of the last years, the textile trade in Poland changed its character firstly on account of the elimination of a number of intermediaries, and secondly on account of the decrease in the volume of liquid capital. Under these conditions the credits granted by the wholesale trade to the retailers were very limited, so that the provincial buyer could no longer speculate, as was the case some years ago; and as soon as the consumers began to buy more freely, the retailer, in order to meet the demand, was compelled to buy new seasonable goods. Under such circumstances it is much easier to form an opinion as to the actual conditions prevailing on the market.

The recent fine weather is responsible for large sales being effected in Galicia and in the Eastern areas, where all those who refrained from making indispensable summer purchases rushed to wholesale dealers, increasing thereby the amount of business done. Also Upper Silesia and the Dąbrowa coalmining districts, thanks to the favourable conditions prevailing in the coal industry, are to be cited among heavy buyers. When taking into consideration the volume of stocks referred to held by the retailers, it will be easy to understand why such an extensive activity in the sales developed in the course of the last few weeks.

In previous years, the summer season used to be closed in April or in May at the latest, whereas this year it has continued into July, i. e., at the time, when usually preparations are made for the approaching winter season. The wholesale transactions were effected on the following terms: $\frac{3}{4}$ in cash, the balance being payable in bills not exceeding 60 days. Nevertheless about 75% of the provincial dealers paid in cash or against short bills up to 14 days, receiving thereby a discount of from 5 to 7 p. c. of the sale price. Wholesale dealers, after having sold their goods for cash bought up bills on the open market for the purpose of offering them subsequently to the manufacturers. Thanks to this unsound method, made possible by the existing difference between the official and the private rates of discount, the retailer is enabled to make profits, whereas

the wholesale dealer by selling at a cheaper price is in a position to increase the volume of business.

Under such conditions, when the demand for bills was more intense, private discount was in a more or less privileged situation on the market, for good commercial bills expressed in zloty could be obtained at 3 $\frac{1}{2}$, and medium from 4 to 4 $\frac{1}{2}$ p. c. per month.

Large sales were made in satins, cretonnes, reps and zephyrs, and cheap white fabrics. It is characteristic of the present market that there are very few bills being protested, although at the end of June the bills for purchases made at the time when the dollar was quoted $\text{z} 11$, fell due. The protests were very rare and far between, owing to great caution being exercised by dealers.

The prices for cotton fabrics are unchanged despite the 12 p. c. increase in the workmen's wages. Nevertheless they are too high, when the fact is borne in mind, that the price lists now in force were made up by manufacturers at a period when the dollar was equal to $\text{z} 7.90$, and that the present rate of $\text{z} 9.15-9.25$ to the dollar not only covers the difference resulting from the increased wages, but even leaves a certain additional margin to the good. Yet some of the manufacturers augmented their prices by 4 p. c., which action, in some quarters, was considered as an effort to assist the retail dealers, who had bought their stocks when the dollar was at a higher level. This policy is far from being rational, for it works against the consumer and thereby minimises the possibilities of trade.

At the moment nobody seems to be much concerned with the winter season. But nevertheless here and there slight interest is being taken in winter articles. There is some optimism in industrial circles as the summer season though not actually good, was not bad after all. The general opinion in the cotton trade seems to be that a good summer season is followed by an equally good one in winter.

In the wool industry Łódź is not the most important centre, which is to be found at Bielsk. The position of Łódź in this respect is secondary.

The sales of wool by the Polish woolen industry decreased during June, owing to the weak tendency of the world market in this article. This explains why many of the Polish manufacturers made heavy losses during this month, which they were unable to recover in the betterment of conditions caused by the rise in the value of the zloty.

The market conditions for combed yarns have been good, the internal requirements increased, and exports to the Western European countries remained on the same level as in the preceding month; this allowed for the putting into service of additional looms.

The cheaper qualities of woolen goods, for local consumption, did not benefit by the favourable conditions, because the consumers, i. e., the working classes, are buying cheap cotton imitations, and the wealthier classes prefer a higher quality of material for their own use.

CHEMICAL INDUSTRY

THE TOMASZÓW ARTIFICIAL SILK COMPANY. — In the beginning of the current year this firm started to erect a new factory for the production of viscose wool. This commodity is known already on the world market under the name of "Snia-Fils" and represents the product of a chemical working of wood pulp into textile substance, giving a substitute for wool. This production is parallel to the production of artificial silk, the output of which in Poland amounts to about 1.200 tons a year. The artificial viscose wool factory will be finished probably in the beginning of 1927 and it will enable the Polish textile industry to grow partly independent of the import of cotton and wool.

ELECTRICAL INDUSTRY

"POLISH RADIO" LTD. — A private limited Company existing under the same name, domiciled in Warsaw, has been transformed into a joint stock Company with a paid up capital of £ 1,250,000. The founders are: "Polish Radio" Ltd., "Sita i Światło" Ltd., M. L. Skulski and M. T. Sułowski.

ARTS AND CRAFTS

— Arts and crafts in Poland have an old tradition of their own. In the XVIII century the makers of carpets, rugs and porcelaine ware, were in a flourishing state. The industry have been fostered in the houses of magnates and encouraged by the king of Poland Stanislas August, himself a refined connoisseur and artist.

In modern Poland after a period of 125 years of foreign rule and a consequent downfall of the upper classes of the community, creative artistic power has mainly been preserved by the peasant folk. The result is that nowadays the arts and crafts are concentrated in villages which accounts for their having their own peculiar character.

It should be mentioned that the Polish peasant has a keen sense of harmony in colours, shape and ornament. The artistic inclinations of the peasantry are evidenced by their continuing to wear multi-coloured raiment and can be



POLISH „KILIMS“ AND GARDEN FURNITURE

noticed in almost every province of country life in general. The quaint and primitive *motives* of rustic art are improved and modernised by the best Polish artists, while gifted individuals of peasant descent are educated at numerous schools of home art.

But the most important asset by which is implied the highly qualified craftsman playing so important a rôle in the industrial art, creative tradition and perfected models, are not sufficiently made use of, so that the branch of peasant industry bears the character of small home industry. Up to the present it has not been adequately financed nor organised for mass production. The above mentioned characteristics and shortcomings of the Polish peasant industries

were emphasised at the recent exhibition of decorative art in Paris. The Polish pavilion at this exhibition was favourably commented on by the most severe critics, and secured the highest number of prizes, but unfortunately this marked success was not accompanied by adequate business results. Strange as it may appear, it was not accounted for either by lack of orders or the level of prices, but solely by unpreparedness on the part of the Polish producers for mass industrial production.

It will be seen therefore that the Polish peasant industry affords an interesting field for investments of capital.

This industry in Poland is a many-sided one, but the following branches are specially noteworthy:

1° The manufacture of rugs ("kilims") and highly coloured woolen fabrics used for the decoration of walls, the covering of furniture and floors. This is a product peculiar to this country manufactured on hand looms and reproducing patterns of herbs and plants, as well as geometrical figures. These fabrics possessing high decorative qualities are very durable and useful.

2° Artistic basket-making is also one of the best developed branches. The special variety of willow growing on the banks of the Vistula is highly appropriate for basket-making, and the large reserves of raw material would suffice to meet



PEASANT EMBROIDERY

the requirements for basket fancy wares for the whole of Europe.

3° Manufacture of inlaid floorings, parquets and wood carvings is carried

on in the wooded areas of Poland and mainly in the highlands.

4° Toy-making which has its own designs of high artistic value.

In addition to these main branches of artistic production should also be mentioned: pottery, peasant embroidery and fabric-staining.

MOVEMENT OF PRICES IN JUNE.—

After an upward trend of prices lasting two months a change set in June. Practically all prices declined, which is evidenced by the decrease in the wholesale prices index from 181.2 in May to 174.6 in June, or by 3.6 p. c. The high prices before the decline were above all caused by the fluctuations of the rate of exchange of the zloty and not by the situation on the internal market*). In this connection the purchasing capacity of the zloty followed the fluctuation in the

market was responsible for the decline of prices in Poland in relation to gold at the time of the fall of the zloty.

In this way the level of prices in June was lower than that obtaining previous to the war, for according to the calculations of the Chief Statistical Bureau the index of wholesale prices calculated in gold*) amounted for June last to 90.5, while for the corresponding period of last year it was 119.3. The same index for May last was 85.4. The rise in relation to the preceding month

which rose from zł 2.01 per kg. at the end of May to zł 2.21 at the end of June—an advance of 10 p. c. The wholesale prices for manufactures declined by 3.2 p. c., whereas those for home agricultural produce fell by 3.22 p. c. The details concerning the movement of prices for various groups of merchandise are given in the following table—in percentage (+ increase, — decrease):

grain and foodstuffs of vegetable origin	— 10.3
foodstuffs of animal origin	+ 3.9
colonial produce and sugar	— 8.1
tanned and raw hides	— 19.9
raw materials and textiles	— 5.6
coal and metals	— 3.5
building materials	+ 2.9
chemicals and various	+ 8.9

The average retail index of prices declined from 246.6 in May to 243.7 in June, or by 1.2 p. c. Consequently the decline in retail prices was much slower than that of wholesale prices, so that the difference existing between the wholesale and the retail prices was aggravated. In relation to gold the level of retail prices in June was higher than that prior to the war by 26.3 p. c.

A still smaller decline is shown by the index of the cost of living of a workman's family in Warsaw, which was 183.2 in May against 182.6 in June, or 0.3 p. c.



PRESS AND PUBLICITY PAVILION AT THE LWÓW EASTERN FAIR

rate of exchange. This applies specially to imports; thus for instance the average weekly price for American cotton good middling was quoted at zł 4.78 per kg. loco Łódź, as compared with zł 5.42 in May, and showed a decline of 11.8 p. c. at the end of June. The prices for some export articles, such as for instance wheat, experienced also a slight decline, though not in the same degree. The quotations for other commodities having also a slight connection with the market, were stationary, as during the previous decline. The last named factor as well as in some measure the decrease of prices for grain on the world

*) The average weekly rate of exchange of the dollar on the Warsaw Exchange declined from zł 11 at the end of May to zł 10 at the end of June, and similarly as regards the sterling—from zł 53.61 to 48.78.

indicates that the appreciation in the rate of exchange of the zloty was more rapid than the downward trend of prices. This is only natural, in view of the stability of prices expressed in zloty referred to for goods produced and consumed at home. The level of prices for those of the articles which have remained stationary for a considerable period, increased during the last few months. The prices for this class of goods were raised on account of the increase of workmen's wages, and of the rise in prices of certain semi-finished products indispensable for their manufacture. The price of coal should be mentioned in view of its increase by 17.5 p. c. and its subsequent reduction in July to 7.5 p. c.**), as well as the quotations for beef

*) Prices in the year 1914 = 100.
**) See page 57

FAIRS AND EXHIBITIONS

THE 6th LWÓW EASTERN FAIR.—As mentioned in the last issue of "The Polish Economist", the sixth Lwów Eastern Fair will take place this year from the 5th to the 15th September. This fair is the largest annual function of its kind in Poland. It was organised with the aim of assisting in the economic rapprochement of Western and Eastern Europe.

For this reason a large quantity of foreign firms show a great interest in the annual opening of the Fair.

The management of the Eastern Fair accord every possible facility and assistance to foreign exhibitors.

Steps have been taken in order to ensure that a general permission is obtained from the competent authorities for the importation and the sale of all the goods exhibited, and also to arrange for the granting of the requisite import licences for goods which may be sold by exhibitors.

Exhibitors will be granted free transport over the Polish State railways for the return of goods which they have

shown at the Fair. Charges to Lwów on the inward journey must be paid by the exhibitor.

With regard to customs charges, arrangements have been made whereby goods may be cleared on conditional customs permits, under which the duty is payable at the end of six months or when the goods are sold. Exhibitors desiring to benefit by this last arrangement are requested to communicate directly with the management of the Fair.

The applications of exhibitors should be addressed to the "Targi Wschodnie" (The Eastern Fair) Lwów (Poland), 1, Jęgiellońska, or to the Editor of "The Polish Economist".

FOREIGN TRADE

The foreign trade in June showed imports of 167,568 tons having a value of ₹ 123,513,000, and exports of 1,808,562 tons having a value of ₹ 200,125,000. The excess of exports over imports amounted to ₹ 76,612,000.

The following table shows that the foreign trade balance was favourable during all the months of this year (in thousands of ₹):

	Imports	Exports	Excess of Exports
January	68,492	159,304	90,812
February	68,895	131,352	62,457
March	110,571	132,871	22,300
April	118,796	163,134	44,338
May	106,371	181,783	75,412
June	123,513	200,125	76,612
Total:	596,638	968,569	371,931

The balance of Poland's foreign trade expressed in gold złoty (gold francs) appear, when compared with previous years, as follows (monthly average — in thousands of gold francs):

	Imports	Exports	Excess of Imports (-) or exports (+)
1922	70,446	54,596	-15,852
1923	93,040	99,632	+ 6,590
1924	123,219	105,489	-17,730
1925	131,514	104,367	+ 27,147
1926 (1st semester)	58,650	95,753	+ 37,103
1926 (June)	63,482	102,867	+ 39,385

The general excess of exports over imports amounted during the first half-year to ₹ 370,891,000.

The most important group of imports, as in past months, is that of textiles, amounting to ₹ 45,511,000. The most remarkable figures in this section were in cotton — ₹ 24,245,000 and wool ₹ 9,812,000. The import of manufactured textile goods, due to a certain animation of the textile industry, increased considerably in comparison with the past months (May — ₹ 35,571,000, April — ₹ 38,664,000).

The next most important section as regards the value is foodstuffs of which the imports amounted to ₹ 18,802,000. Poland does not need to import either corn or flour thanks to the favourable

harvest of the last and of the present year. The greater part of this sum represents the value of tobacco — ₹ 4,125,000, coffee, tea and cocoa — ₹ 5,108,000, fats — ₹ 2,167,000 and rice — ₹ 1,964,000. The group of animal products came to ₹ 7,139,000; among these dressed leather amounted to ₹ 4,257,000 and hides — ₹ 1,209,000.

Poland imported in June also ores, namely iron ore — ₹ 387,000, lead ore — ₹ 507,000 and zinc ore — ₹ 3,184,000. The total of ores imported in June reached 27,255 tons valued at ₹ 5,454,000.

Among other imported merchandises were electrical materials — ₹ 4,281,000, machinery — ₹ 6,131,000, cloth and linen — ₹ 3,497,000; artificial manures are also to be mentioned.

Foodstuffs occupy the first place in exports, the value of this group amounting to ₹ 61,039,000 (May — ₹ 62,456,000). Among these were: rye — 19,424 tons valued at ₹ 6,486,000, barley — 7,653 tons valued at ₹ 2,956,000, oats — 8,193 tons valued at ₹ 2,976,000, and large quantities of peas, beans and French beans. The sugar exports amounted to 10,999 tons of ₹ 7,026,000 value, the export of eggs — 8,854 tons, ₹ 21,618,000, butter — 864 tons, ₹ 3,587,000, and fresh meat — 4,537 tons, ₹ 6,934,000; all these figures increased considerably in June.

The second place among the export articles is occupied by the coal and oil products, namely ₹ 46,304,000:

	tons	₹
coal	1,088,933*	34,222,000
petroleum	10,264	2,384,000
benzine	5,662	3,107,000
oils and greases	13,713	3,538,000

The third place is represented by timber and woodware which reached 501,147 tons valued at — ₹ 31,962,000.

The export of metals amounted in June to 18,750 tons or ₹ 20,749,000; among these zinc and zinc sheets represented 9,688 tons valued at ₹ 13,609,000, lead — 1,954 tons, ₹ 2,630,000, iron pipes — 2,617 tons, ₹ 1,775,000.

The export of textiles was 2,134 tons valued at ₹ 12,950,000. The exports of cotton fabrics are expressed by the figure at ₹ 4,413,000, woolen — ₹ 1,917,000, and spun woolen thread — ₹ 2,008,000.

The export of animals is also to be mentioned; it reached ₹ 12,254,000 (4,527 horses, 4,736 cattle, 63,105 pigs, and large quantities of poultry.)

*) This figure is lower than the item of 1,391,000 tons of coal indicated on page 57, as it shows the coal quantities which have been definitely registered by the Export Customs Offices, during June, whereas the full figure includes all coal shipments in general.

The favourable conditions for the corn and coal exports will undoubtedly contribute to the increase of exports also in the next months.

THE AMERICAN-POLISH CHAMBER OF COMMERCE AND INDUSTRY IN POLAND

was established in 1921 and works in conjunction with the Polish-American Society, under whose auspices it was formed. This Society was established in 1919 for the purposes of developing closer cultural relationship between Poland and United States by means of lectures, publications, social assemblies etc.

The functions of the Chamber, according to its by-laws, are manifested in four principal directions, viz. the entering into relations with the more prominent American economist; the distribution of informations to the American press, financial organisations and individual firms through the intermediary of the New York Chamber of Commerce; the making of propaganda as to the economic conditions of Poland, and the maintenance of relations in those matters with Polish and American officials.

Through the above channels the Chamber endeavours to awaken the interest of prominent Americans in Poland and to encourage them to study this country, by inviting them to Poland with the view of personally making themselves acquainted with the economic conditions of Poland.

The object of the Chamber is realised by keeping the Polish and American markets mutually acquainted with their respective conditions and possibilities of business, by drawing attention to the commercial articles which are required, by publishing of lists of offers and of firms interested in reciprocal imports and exports.

The action of the Chamber has for its purpose the strengthening of Polish exports by giving them the proper designs and striving to standardise Polish production according to the requirements and prescriptions of international commerce, and as regards imports — the making of the Polish market independent of intermediaries by means of direct connections with American capital in Polish enterprises.

The above efforts have in a number of cases already produced favourable results, and their intensity is witnessed by the voluminous correspondence which is being conducted.

In this connection the Chamber publishes in Polish a monthly magazine "Ameryka-Polska", periodical Polish-American bulletins of an informative character and also special pamphlets as for instance "A short Survey of Poland" etc.

In its direct operations the Chamber of Commerce has initiated a considerable amount of matters of paramount importance for relations between the two countries, as for instance the consolidation of the Polish debt in the United States; the acceleration of the parcel traffic between the two countries; the business of American remittances and contracts with American firms; the making operative of the law on patents

and trade marks; the question of arbitrage and of a press agreement, etc.

In America the Chamber works through its sister organisation — the American-Polish Chamber of Commerce and Industry in the United States, Inc. (953, Third Avenue at 57th Street, New York, N. Y.).

In its organisation the American-Polish Chamber in Poland consists of honorary members, real members (legal bodies), and ordinary members (individuals). The Board of the Chamber is elected for three years, one third of its members retiring every year. The Board elects the presidential body and the executive committee. In 1926 the presidential body consisted of Leopold Kotowski, President; Stanisław Arct, Vice-President; Konstanty Hejmowski, Vice-President; Stefan Szumański, Vice-President.

The address of the American-Polish Chamber of Commerce and Industry is 72, Nowy Świat, Warsaw.

TREATIES

COMMERCIAL TREATY WITH CZECHOSLOVAKIA. — Up to the present there has been no commercial treaty between Poland and Czechoslovakia. During the first years of independence the two countries regulated the movement of goods by means of the so called compensation treaties. It was the period of transitory methods, so characteristic of the whole of Central Europe, when the States intervened in almost every business transaction, and when, in many cases, the States acted as intermediaries. But this policy benefited neither the State nor the trader. Consequently it was deemed advisable to relieve the commerce from the State assistance and leave the business world to itself. Provisional compensation agreement had to be replaced by normal commercial treaty. Negotiations commenced in 1921 and resulted in the signature of a normal commercial treaty, on October 20th of the same year. But this treaty was not made operative on account of the political situation between the two countries not being definitely settled. When finally the conflicting interests had been reconciled, it was found that the treaty concluded in 1921 did not fulfill the requirements of the situation which had changed in the meantime. It was therefore necessary to elaborate a new treaty which was signed on April 23rd 1925 by the then Ministers of Foreign Affairs of the two countries, M. Skrzyński and M. Benes. At the same time a number of special regulations governing problems of mutual interest were signed. The treaty referred to was ratified shortly afterwards by the Polish Parliament, but owing to various impediments, it could not be approved of by the Czechoslovakian legislature. The main cause of this were the changes introduced into the customs tariff of this country. After the first increase in the rates of the customs duties, effected on May 19th 1925 the Government of Czechoslovakia intimated that the basis, upon which the

treaty was founded had undergone a change and that certain recompenses should be provided for. In this way was brought about the first supplementary protocol dated July 3rd 1925, whereby further customs rebates were granted to that State. Meanwhile the Czechoslovakian Parliament was dissolved, so that the ratification on the part of Czechoslovakia had again to be put off.

At the same time it appeared that the treaty contains dubious points which had to be cleared up. This was the origin of the second supplementary protocol dated April 21st, 1926. The convention, together with the two supplementary protocols, was recently ratified by the Czechoslovakian Parliament. As regards the ratification of the treaty by the Polish Parliament, the second protocol is now being examined by a parliamentary commission and will probably be ratified in the near future. It is hoped that the treaty will be brought into effect towards the middle of August at the latest, although it is now already being adhered to, with the exception of customs duties.

This treaty regulates all economic matters between the two countries. Special agreements attached thereto decide upon questions in respect of coal, veterinary regulations, railway tariffs etc. In its present form it is one of the most detailed and extensive Polish commercial treaties.

THE POLISH-GERMAN AGREEMENT ON LOCAL FRONTIER TRAFFIC was signed at Danzig on December 30th 1924. The ratifications of that agreement were exchanged in Warsaw on June 22nd last, its full text was published in Journal of Law's (*"Dz. Ust. R. P."* No. 65, items 383 and 384) on July 7th 1926, and it was made operative from the same date.

CUSTOMS DUTIES NAD FOREIGN TRADE REGULATIONS

FALSE RUMOURS AS TO A HIGHER CUSTOMS TARIFF IN POLAND. — Lately rumours have been lanced to the effect that the Polish Government intends to advance the customs duties for import of foreign goods, resp. to introduce the valorisation of the present rates on a gold basis. Although this complicated problem had been under consideration, yet it may be stated that the project was dropped and that no immediate changes are contemplated.

THE ABOLITION OF THE EXPORT DUTY ON WHEAT. — The Economic Committee of the Council of Ministers decided on July 17th to abolish the export duty on wheat, which has been in force since January 16th last.

IMPORT OF SAMPLES. — According to the Polish customs regulations, samples which cannot serve for any other

purpose, certain quantities of foodstuffs, such as tea or coffee, which are addressed to importers of this class of goods, may be admitted free of duty, with the view to their being tested or kept for comparison with larger parcels of goods bought abroad.

On the contrary, all other samples and consequently those which might be sold as goods, may only conditionally be introduced free of duty. Upon the introduction of such samples the full amount of duty should be deposited as a guarantee, this sum is subsequently reimbursed if the samples are sent back, provided, of course, that the identity is sufficiently proved, and the period for re-export has not expired. To this category belong, for instance, pocket knives, scissors etc., numbered and fixed to cartons, half pairs of stockings and gloves. The addressee is also free to damage the specimens in such a way that they may not be used as merchandise, but may only be utilised as samples. If, however, no application is made in this respect, the samples are dutiable.

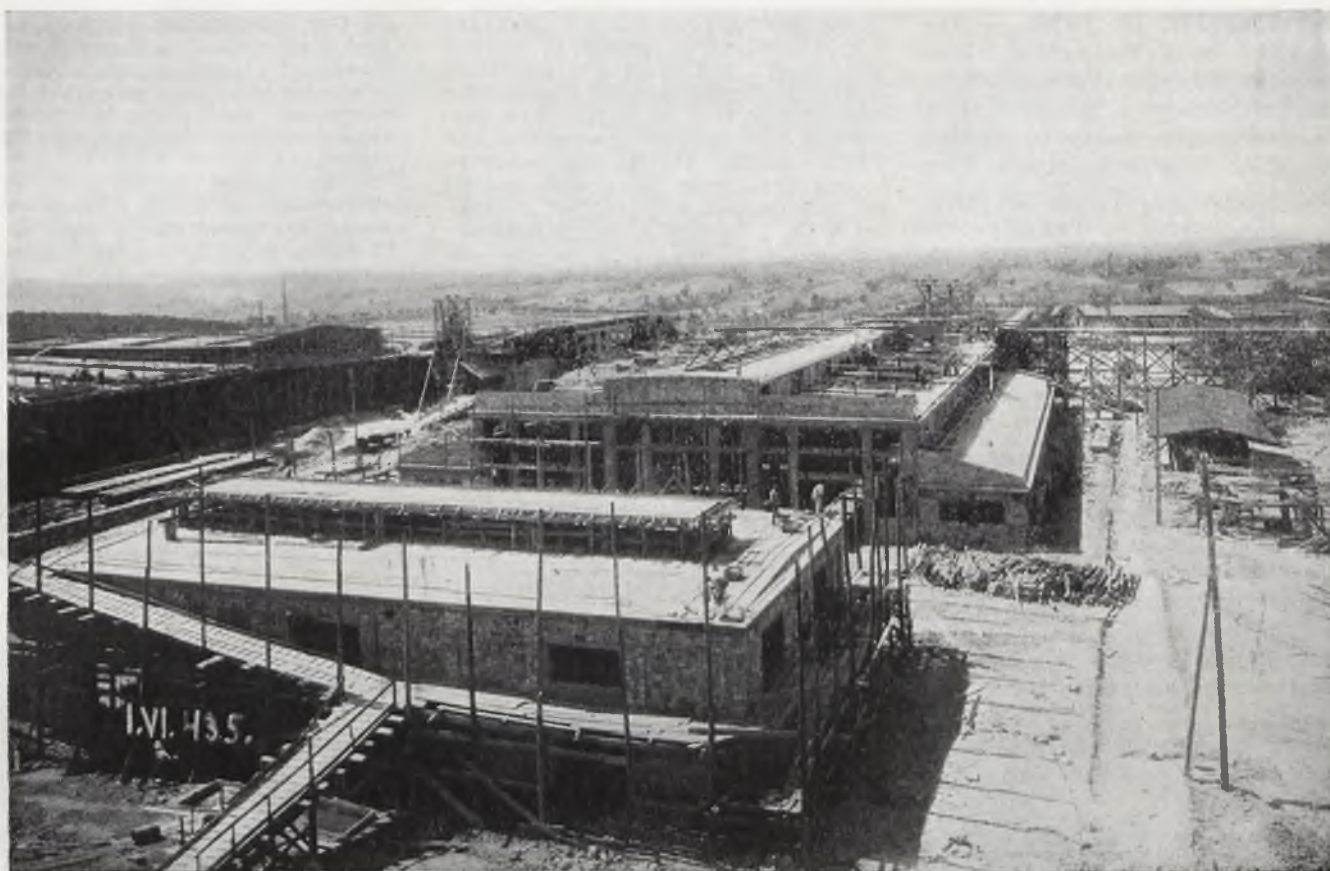
The privilege of re-export referred to is granted only in cases when the samples are conveyed by post or by rail, or are introduced by commercial travellers, and on condition that they emanate from countries with which a commercial treaty has been concluded.

So far the re-export of samples brought by commercial travellers, or conveyed by other means is explicitly stipulated in the commercial treaties with the following countries: Austria, Belgium, Czechoslovakia, Denmark, Finland, France, Holland, Hungary, Italy, Japan, Rumania, Switzerland, Sweden, Turkey, and Yugoslavia. Samples and specimens may be introduced through any railway customs house, and the re-export may be effected through a different one, but in each case the duty paid is refunded immediately.

As long as the temporary import restrictions are in force, samples and specimens are allowed to enter, provided that an import licence had previously been granted; in the default of a licence, in addition to a custom guarantee the importer is required to furnish another guarantee that the prohibited goods shall not remain in Poland.

REFUNDING OF CUSTOMS DUTIES OVERPAID ON MACHINES AND IMPLEMENTS ENTITLED TO DUTY REDUCTIONS.

— Recently a new ordinance has been issued (*"Dz. Ust. R. P."* No. 59 of 1926, item 346), by virtue of which the Minister of Finance may in certain cases refund to the importer of foreign machines and implements entitled to customs duty reductions on the basis of former ordinances (*Dz. Ust. R. P."* No. 23, item 140, and No. 39, item 246) the difference between the ordinary and the modified duty, inasmuch as the machines and implements in question have had to pay the ordinary duty after the date of the corresponding ordinances (March 4th and April 26th 1926 respectively) and also if the type of the machines has been identified.



THE CONSTRUCTION OF AN ENGINEERING WORKS

TRANSPORTS

RAILWAY TRAFFIC IN JUNE. —

During this period the volume of goods transported by the railways was much larger than in the preceding month. The carloadings were more numerous to all destinations, but the most intensified activity prevailed in the outward goods traffic. The average daily number of 15 ton waggons loaded was 12,607, of which 8,451 carried goods destined for home consumption and the remainder 4,156 transported goods sold for foreign account. Compared with the preceding month, the average number of daily loadings increased by 2,447 waggons, and by 339 waggons as compared with June 1925.

The following figures show the average daily number of waggons of different groups of merchandise sent to Polish stations (15 ton trucks):

coal, coke and briquettes	2,553
crude oil and petroleum products	173
timber	870
agricultural produce	522
raw materials and manufactures	1,396
miscellaneous	2,937
Total :	8,451

Compared with the preceding month, the average number of coal loadings rose

by 329, which would indicate that the consumption of this commodity increased on the home market. Further the consignments of timber and raw materials for industrial purposes increased on the average by 173 and 163 waggons per day respectively.

A slight increase in this respect is also evidenced by the average advance of 44 waggons per day employed for the carrying of agricultural produce.

The average daily export loadings in the different groups of merchandise were the following (15 ton trucks):

coal, coke and briquettes	2,807
crude oil	94
timber	969
corn	74
miscellaneous	212
Total :	4,156

As compared with May last the average daily increase in waggons sent abroad was 1,697. This big advance is to be ascribed to the increase of bulk exports, mainly of coal, coke and briquettes amounting to 1,369 waggons per day, a gain of 96.6 p. c.

Gains were also observed in the export of timber by 274 waggons, or 39.4 p. c. The increase by 8 waggons per day in the transports of agricultural produce

should also be mentioned as indicating that Poland has still some reserves left from the last year. In connection with such an important rise in the volume of transports destined for foreign markets via Danzig, Gdynia and the Vistula ports, the handling capacity of the ports in question and the railway lines leading to the sea is absolutely exhausted.

In this connection about 27 trains per day were directed to German ports, mainly to Stettin and Hamburg. But subsequently, owing to congestion on the German railways the Government of that country reduced the number of trains to 11, of which 8 were to Stettin and from 2 to 4 to Hamburg.

The average number of waggons received from abroad rose from the 360 in May to 399 in June. This is of interest, because the last few months had shown gradual recessions: March - 425, April - 383, May - 360.

The number of trucks used for transit has also increased as compared with the preceding month and the corresponding month of last year; the average number of 15 ton waggons in this section was 893, in May-696, and in June 1925—687.

PORT TRAFFIC IN JUNE. — The volume of traffic in the ports of Poland increased slightly in that month, but the intensified activity is insignificant in comparison with the demand for tonnage on the part of the different industries, and especially that of the coal trade. This month proved incontestably that the question of the extension of Polish ports required the most careful and immediate attention.

At the port of Danzig 542 vessels of 306.773 reg. tons called in June, as against 511 vessels of 292.026 reg. tons in May, while the departures from that port during the same period were 530 vessels of 305.119 reg. tons as against 487 vessels of 259.756 reg. tons in May. The gain in relation to the preceding month does not appear to be very large, but as compared with the corresponding period of last year — the port traffic in Danzig assumed much larger proportions, for the rise represents over 130 p. c.

The nationality of the ships which called at Danzig during June were the following:

	Arrivals:		Departures	
	shlps	reg.tons	ships	reg.tons
Poland & Danzig	83	16,908	77	14,760
Germany	174	72,555	167	65,370
Finland	9	5,296	10	7,413
Estonia	4	940	3	904
Latvia	14	11,790	10	7,047
Lithuania	1	437	1	437
Sweden	98	53,821	106	58,614
Norway	24	19,079	22	19,207
Denmark	82	57,039	76	55,658
England	27	36,686	22	30,336
Holland	9	5,097	12	5,873
France	6	5,792	10	8,635
Spain	1	2,176	—	—
Italy	5	10,069	8	18,435
Greece	3	5,983	3	5,962
United States of America	1	3,105	2	6,465

At the port of Gdynia the number of arrivals rose from 28 in May to 34 in June, but as regards tonnage the increase as compared with May was a very small one (from 19,908 to 20,033 reg. tons). The majority of the vessels arrived in ballast and carried 263 passengers, while the cargo they picked up was 36,637 tons of coal and 950 passengers.

The vessels leaving that port in June sailed under the following flags:

	ships	reg.tons
Poland & Danzig	6	2,893
Sweden	13	5,831
Denmark	4	2,595
Norway	2	1,459
Germany	5	2,268
France	2	3,682
Latvia	2	1,365
Estonia	—	—

POSSIBILITIES FOR THE TRANSPORT OF SWEDISH ORE VIA DANZIG. — See page 60.]

RENEWAL OF THE CONTRACT FOR THE PORT CONSTRUCTIONS AT GDYNIA. — The port facilities in

Danzig having proved insufficient, the Polish Government decided to build a new seaport at Gdynia. On the 4th of July 1924 the Government concluded a contract with the specially, *ad hoc*, constituted Franco-Polish consortium with which among others the following French firms were associated: "Société de Construction des Batignolles", "Schneider & Co.", "Société Anonyme Hersent".

According to the agreement, the concern was to build the whole port, which should be capable of dealing with 5 million tons per annum. The work was to be completed by 1930. Some time later, by the addendum dated February 27th 1925, the final term of completion was shortened by one year, so that the work is being pursued with an increased speed.

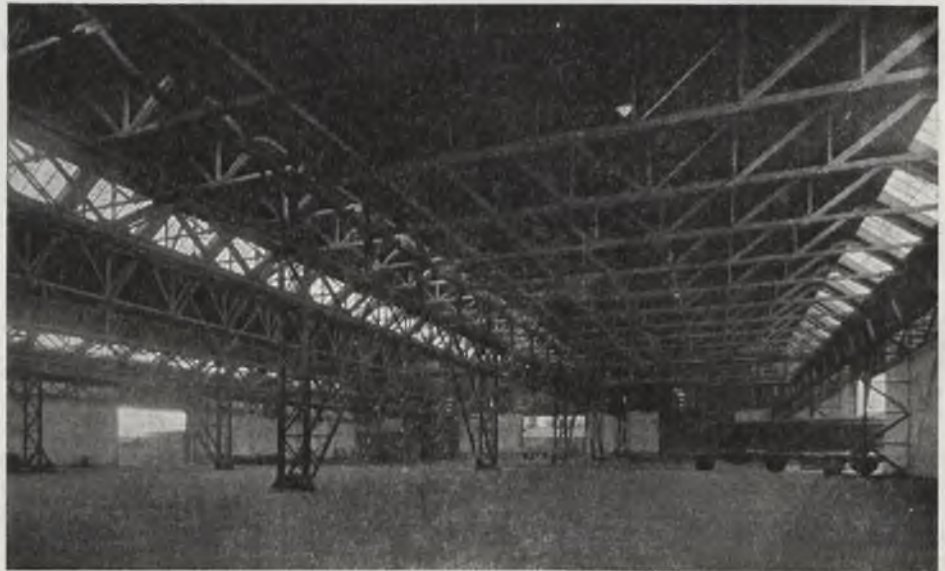
The main feature of the agreement was the credit accorded by the concern to the Polish Government to the extent of the cost of construction of the port.

1° The builders had charged to the Polish Government all the work carried out without paying regard to the fact of its being completed, while the Polish Government was prepared to effect payment solely for constructions actually finished.

2° The concern charged to the Polish Government the 21 p. c. supplement, whereas the latter, basing itself on the stipulation of the agreement, took in the view that this should only be paid at the time of the final payment.

As a result of this difference of opinions the Polish Government paid gold zł 1,660.200 against the bill of the concern amounting to gold zł 3,551.899.

The misunderstanding in the interpretation of the terms of payment on the part of the building concern brought it into financial difficulties, when its own obligations towards the Morgan group fell due. The Morgan group refused to finance the concern any further; sub-



INTERIOR OF A DANZIG WAREHOUSE

The concern in question was financed by the Morgan group. In exchange for the credit accorded the Polish Government agreed to increase the price of the estimate by 21 p. c., and the surplus was made payable at the time of final settlement. The principal fixed in the estimate was, however, to be paid by annual instalments commencing with the year 1926. There was a clause that the extent of instalments paid by the Polish Government was not to exceed the equivalent of the work actually carried out.

The application of this clause gave rise to a conflict between the Polish Government and the builders in connection with the first instalment payable on the 20th of January 1926. The source of the misunderstanding lay in the interpretation of certain articles of the clause referred to. Different views were taken with regard to the following points:

sequently the work in Gdynia was partly suspended. It must be mentioned that during the first 5 months of this year the builders effected only about 15% of the work foreseen in the programme.

This state of affairs led necessarily to the revision of the agreement. The negotiations with builders resulted in a new understanding, whereby the concern is to continue the work on the condition that the contract will no longer be on a credit basis, and that the financing of the enterprise would be undertaken by the Polish Government itself, in order to avoid the repetition of such incidents.

The original cost price as well as the term of completion are maintained. The payment of the surplus amounting to 21 p. c. was of course cancelled. The construction of the port was resumed and is being carried on with great intensity.

In conclusion should be stated that the Franco-Polish concern is conducting its work very efficiently from the technical point of view.

PORT AT TCZEW.— The two Polish Baltic Ports— Danzig and Gdynia, being unable to cope with the traffic, new and special arrangements have been made at Tczew, a river port, situated on the Vistula, some 35 kms. from the sea.

Since the middle of April last the exports of coal to Sweden have also been directed through Tczew. The coal is being loaded in special barges, which are hauled to their destination. A special concern has recently been formed for the purpose of carrying on the transportation of coal by these means.

For the time being the equipment in Tczew can handle about 30,000 tons per month.

DIRECT STEAMSHIP SERVICE BETWEEN DANZIG AND SOUTH AMERICA.

— In view of the development of commercial relations between Poland and South America, and especially with the Argentine, where over a million of Polish emigrants reside, the establishment of a regular service between Polish and South American ports and vice-versa, became an urgent necessity. Up to the present there has not been such a service, as the traffic between the countries was very limited.

An understanding was recently reached with a Finnish concern, the "Finland Syd America Linien", whereby their vessels will call at the port of Danzig. The first Polish cargo was mainly composed of large consignments of cement destined for Brazil. Messrs. "Bergenske Baltic Transports, Ltd." are the Danzig representatives of the above mentioned Company.

CHANGES IN THE PARCEL POST SERVICE WITH FOREIGN COUNTRIES.

— The following changes in this service were introduced on July 1st:

1) A new route was established between Poland and Finland via Latvia and Esthonia. This route is available:

a) for ordinary parcels up to 20 kg in weight.

β) for parcels with declared value up to 1,000 gold francs and not exceeding 20 kg. in weight.

The charges for parcels sent to Finland via Latvia and Esthonia are the following:

a) for ordinary parcels up to 1 kg. 2'50 gold frs
for ordinary parcels over 1 kg. up to 5 kg.—4'25 gold frs
for ordinary parcels over 5 kg. up to 10 kg.—7'05 gold frs
for ordinary parcels over 10 kg. up to 15 kg.—12'70 gold frs
for ordinary parcels over 15 kg. up to 20 kg.—17'10 gold frs

b) the charges for the dispatch of parcels with declared value include payment according to the weight calculated on the

same basis as for ordinary parcels, insurance premium at the rate of 50 gold cent. for every 300 frs or fraction thereof of the declared value and, in addition, for forwarding expenses 50 gold cent.

2) The charges for parcels addressed to *Esthonia* via *Latvia* are:

a) for ordinary parcels up to 1 kg. —1'75 gold frs

for ordinary parcels over 1 up to 5 kg.—2'75 gold frs

for ordinary parcels over 5 up to 10 kg.—4'75 gold frs

for ordinary parcels over 10 up to 15 kg.—7'80 gold frs

for ordinary parcels over 15 up to 20 kg.—10'70 gold frs.

b) as above (item 1b)

3) The weight of parcels addressed to following countries may be increased as follows:

a) to IRAK (via Danzig and England) up to 9 kg.

b) to MALTA (via Czechoslovakia and Italy) up to 10 kg.

c) to PALESTINE (via Germany and Hamburg) up to 10 kg.

4) The charges for parcels addressed to DENMARK are reduced as follows:

for 1 kg. parcels 10 gold centimes

5 " " 25 " "

10 " " 30 " "

5) The charges for parcels addressed to FRENCH INDO-CHINA are increased as follows:

for 1 kg. parcels to 30 gold centimes

5 " " 50 " "

10 " " 90 " "

DIRECT TELEPHONE COMMUNICATION WITH HUNGARY

was opened on June 15th last. The fee for a 3 minutes call between Warsaw and Budapest is fixed at gold fr. 4'80 and between Warsaw and Miskolc—at gold fr. 6.—.

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.

A. Import into Poland.

Ref. No. 11: A factory in Poland seeks connections with foreign exporters of ivory.

Ref. No. 12: Shipments of shellac sought by Polish buyers.

Ref. No. 13: A firm in Poland dealing in machines and tools for metal and woodworking wishes to enter into direct relations with foreign producers of these articles.

B.—Export from Poland.

Ref. No. 14: A factory of bentwood furniture, veneer seats and backs, is desirous of entering into relations with firms abroad.

Ref. No. 15: Polish foundry wishes to open up connections with foreign firms in order to export from Poland: iron bars, thin sheets, hoops, narrow gauge rails, bolts, nuts and rivets, also steel cylinders.



WORKMEN'S COLONY NEAR KRAKÓW

Ref. No. 16: Works producing Diesel engines seek buyers and representatives abroad for its products.

Ref. No. 18: An enterprise producing basket ware and wooden fancy goods is desirous of entering into relations with foreign firms for the purpose of exporting its products.

Ref. No. 19: A metal factory produces for export: rolled wire, rails and accessories, bolts, screws and rivets, spades and forks.

Ref. No. 20: Potash salts, directly from the producer, offered for export.

Ref. No. 21: A Polish contractor is desirous of entering into relations with foreign buyers of feathers and down.

REMARK: — Foreign firms, wishing to export to Poland or having interest in Polish goods, are requested to send to the Editor "The Polish Economist" detailed offers and particulars of their requirements which will be published free of costs in the weekly "Przemysł i Handel" the most widely circulated economic paper in Poland.

FINANCE AND BANKING

STATE REVENUE AND EXPENDITURE IN JUNE. — State revenue and expenditure in June were as follows:

paration of the budget — about the middle of April — was more favourable, than at present.

	Revenue		Expenditure	
	estimated	actual	estimated	actual
A) Civil service	85.1	97.7	161.9	160.3
The President of the Republic ...	—	0.1	0.1	0.1
The Parliament... ..	—	—	1.0	0.7
State Control	—	—	0.4	0.4
Council of Ministers	—	—	0.2	0.1
Ministry of Foreign Affairs	0.6	0.4	2.3	4.1
" " War	0.8	1.1	48.8	48.1
" " the Interior	0.9	1.8	15.1	13.3
" " Finance	75.1	85.8	7.1	7.5
" " Justice	2.6	2.9	6.2	6.2
" " Industry and Commerce.	0.3	0.2	5.0	1.3
" " Railways	—	—	0.2	0.2
" " Agriculture and State Lands	0.8	0.9	3.2	2.1
" " Religious Cults and Edu- cation	0.2	0.4	23.0	23.1
" " Public Works	1.8	2.0	11.2	10.7
" " Labour and Social Pro- tection	0.1	0.1	9.4	6.4
" " Land Reform	—	0.2	3.6	2.3
Pensions	1.9	1.8	5.7	6.5
Grants to Invalids	—	—	8.5	8.9
State liabilities	—	—	10.9	18.3
B) State Enterprises	5.4	7.3	1.3	1.3
C) Monopolies	40.7	45.2	—	—
Total A + B + C	131.2	150.2	163.2	161.6

It will be seen that the receipts of all the Ministries are much higher, than those anticipated in the monthly estimates. This applies specially to the receipts of the Ministry of Finance, which, owing to particularly favourable conditions as compared with previous years, show a surplus from public levies amounting to 10 million over the sum assessed. State disbursements though comparatively heavy, did not exceed the sums appearing in the monthly estimate. This end was achieved by strict adherence to the economy policy. Much larger sums than those anticipated were spent by the Ministry of Foreign Affairs, also the payment of debts abroad contributed to a large extent to the increase of the sums to be devoted to the redemption of these debts. The rise in the items mentioned is responsible for the fall of the zloty exchange which, at the time of the pre-

The actual State revenue and expenditure during the period from January 1st to June 30th, in relation to the yearly estimates, is shown by the following statement (in million 1):

	The preliminary budget for 1926	Actual:	% in rel. to the yearly budget
Expenditure	1.730	866.2	50.69%
Revenue	1.528	794.8	52.02%

On examining these figures, it will be found that the half-yearly budgeting was completed more than satisfactorily. The Treasury receipts exceeded the estimates by 2 p. c., whereas those on the expenditure side were only higher by 0.5 p. c. than the sum assessed. Consequently the deficit for the past half year proved much smaller than originally anticipated, and represented 35 p. c. of this sum. This deficiency, though insignificant, is the source of some diffi-

culty for the Treasury, as at the present moment, in view of the great stringency of liquid capital on the Polish market, the general public will be unable to absorb a larger volume of short term treasury bonds. This deficit therefore necessarily reduces the cash reserves, without which a rational State husbandry is unthinkable. The scheme of the Minister of Finance aiming at the budgetary equilibrium should give satisfactory results in the second half of this year. The reduction in expenditure, and the simultaneous increase in revenues are calculated for that period in such a manner as to cover the deficit for the first 6 months and, in addition, to close the budgetary year with a certain surplus.

TAXES IN JUNE. — The receipts from public levies and monopolies collected in June, compared with the preceding month and with the figures for the corresponding period of last year are given in the following table (in million 1):

	June 1925	June 1926	1/12 of the yearly budget *)
Direct taxes	25.7	36.3	27.7
Indirect taxes	8.5	10.4	9.1
Customs duties	26.5	14.4	16.6
Stamp fees	9.1	10.3	9.3
Total of the ordinary public revenues	69.8	71.4	62.7
Property tax	6.4	6.1	5.0
Monopolies	33.0	45.2	37.9
Total of public levies and monopolies	109.2	122.7	105.6

The month of June was usually for the Treasury one of the most difficult periods, for during that space of time no substantial revenues fell due. Last year, as in 1924, as compared with all the other months, the June receipts were the lowest. In the current year the last month was a favourable one as the total revenue including public levies, together with the property tax and the revenue from state monopolies, exceeded by 121.1 million the amount collected in the corresponding month of last year.

It should be mentioned that the revenues from the monopolies are increasing month by month. The progress made in this respect is illustrated by the following figures (in million 1):

Year	Month	Revenue (million 1)
1925		12.8 *
1924		32.9 *
1926	January	40.7
	February	39.4
	March	39.6
	April	40.5
	May	41.1
	June	45.2

*) The average monthly receipts.

The receipts from public levies and monopolies for the last 6 months as compared with the corresponding period of 1925 and the budget estimates for the current year are given in the following table in (million z):

	Revenues:			
	Ist semester 1925	Ist semester 1926	The revised budget estimate for 1926	Actual receipts - in percentage of the estimated sums
Direct taxes	168.2	200.3	332.6	60.23
Indirect taxes	50.1	62.4	108.9	57.36
Customs duties	174.5	82.5	200.0	41.25
Stamp fees	57.4	58.7	111.5	52.63
Total of the ordinary public revenues	450.2	403.9	752.9	53.65
Property tax	34.6	22.8	60.0	37.94
Monopolies	177.4	246.7	454.5	54.27
Total of public levies and monopolies	662.1	673.5	1,267.5	53.13

The analysis of the above figures reveals that the estimates for the current year were laid down with accuracy and

The receipts from public levies and monopolies in relation to the last year show an increase of z 9 million. This figure will become still more significant, when it is considered that the revenue from customs duties was reduced from z 174.5 million in 1925 to z 82.5 million in the current year. This deficiency was compensated for by the increase of receipts from direct and indirect taxes and above all from state monopolies.

A number of causes are responsible for the improvement in this province, the main ones of which were: the progress in the Treasury organisation, good crops in 1925 which, while enabling the tax payers to meet their obligations towards the State, contributed materially to the favourable change of the foreign trade balance; this in turn improved the position of some branches of industry and commerce; still the most important cause was the nominal increase in prices. In order to understand

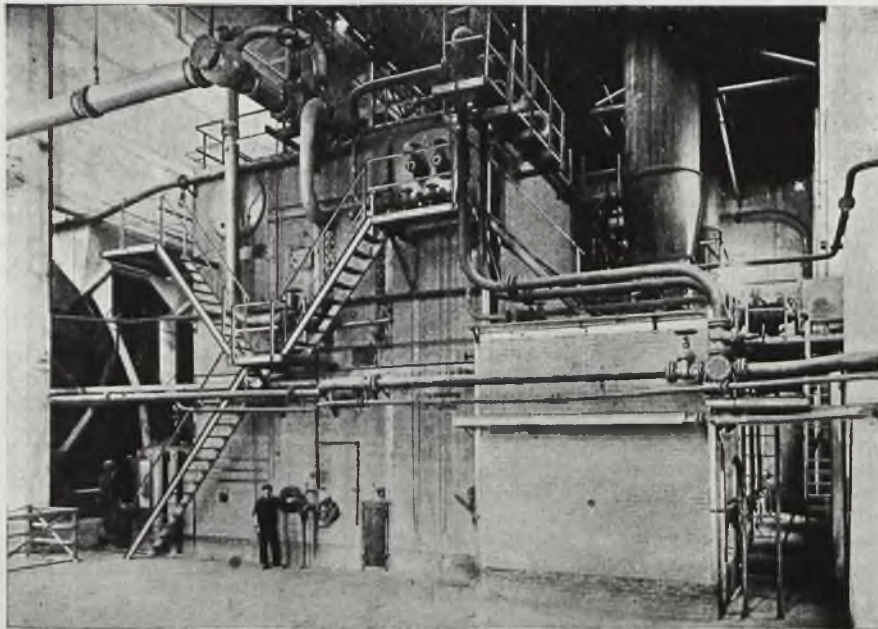
tion to the nominal volume of the national husbandry.

THE NEW 10 P. C. SUPERTAX.

— The law on the completing of the provisional budget for the period from the 1st of May to the 30th of June 1926, and on the provisional budget for the period from the 1st of July until the 30th of September 1926, which was enacted on July 1st last, contains in art. 5 the authorisation for the Minister of Finance to levy during the period from July 1st until December 31st an extraordinary supertax amounting to 10 p. c. of certain existing taxes*).

This supertax will be levied from July 16th until December 31st 1926, as to 10 p. c. on direct taxation, with the exception of the income tax levied on non-established income, and on the indirect taxation — on stamp duties paid in cash, with the exception of the issue taxation, and on the death duties and the donation tax, which falls due to payment in the above period.

The supertax will not be added to the property tax, premises tax and tax on



PORTION OF AN ENAMELLED HOLLOW WARE WORKS

great caution. The only disappointment was occasioned by the property tax which during the period under review brought in less than was expected, but everything seems to indicate that by the end of the year the full estimated amount will be collected. Also the customs receipts did not attain to the estimate. This was brought about by the decreased imports. On the whole it was extremely difficult to foresee the actual receipts from this source on account of the introduction of new customs tariff as from January 1st last.

The changes that have taken place in this respect, it will be sufficient to give monthly indexes of wholesale prices for 57 commodities calculated for the month of January and June, taking 1914=100. In 1925 these indexes represented in January 119.5 and in June — 119.3, whereas in the year 1926 they were 142 and 174 for the two corresponding months.

It is obvious therefore that such a marked difference in prices helped the payer considerably to meet his obligations towards the Treasury, as it has reduced the actual tax burden in rela-

tion to the nominal volume of the national husbandry, to the forest levy and to the country duties, neither will it be applied to the local Government supertaxes.

The 10 p. c. extraordinary supertax will also be levied as from September 1st until December 31st 1926 on all unpaid taxes due to this supertax, being paid or compulsorily levied in the said period of time, without making any difference as to whether those non-payments arose through the fault of the tax payer, through granting of adjournments, or of payment by instalments.

The above regulations will not apply

*) See Issue No 1 page 32.

to the indirect taxes which have been credited or adjourned by the competent fiscal authorities before the 16th of July 1926, as far as the amounts credited or delayed have been paid in, on the dates when they fell due. Fiscal claims which on December 31st 1926 are unpaid will be levied in the period after that date augmented by the 10 p. c. extraordinary supertax.

The 10 p. c. supertax will be levied simultaneously with the payment of public taxes. No fines for delay or interest on adjournment, will be imposed in respect of it.

On the 16th of July 1926 the nominal selling price of the official forms for bills of exchange and of revenue stamps, with the exception of the stamps of nominal value 5 grosz, was increased by 10 p. c.

The calculating and levying of the 10 p. c. extraordinary supertax on the stamp duty paid in cash by intermediary of public notaries and institutions must be executed by themselves.

The supertax in question will be mentioned in the extraordinary preliminary budget of the Ministry of Finance for 1926 as "the extraordinary supplement to the public taxes".

BUSINESS ACTIVITY OF THE STATE SPIRIT MONOPOLY IN JUNE.

— In June and in the course of the first 6 months of this year the State Spirit Monopoly sold the following quantities of spirit (in thousands of hectolitre 100⁰):

	J u n e: January—June:			
	1925	1926	1925	1926
for drinking purposes	33.7	35.8	185.9	205.3
for industrial	2.7	2.6	13.3	13.0
denaturated	5.8	8.1	22.3	37.7
Total:	42.2	46.5	221.4	256.0

It will be seen by the above table that the quantity of alcohol sold in June was larger by 4.3 thousand hectolitres than in the corresponding month of last year. The quantity of alcohol used for drinking purposes rose by 2.1 thousand hectolitres, and of the denaturated spirit by 2.3 thousand hectolitres, whereas the sale of spirit for industrial purposes declined by 0.1 thousand hectolitres.

Compared with May, the June sales were higher by 8.5 thousand hectolitres; the largest increase of 7.1 thousand hectolitres was in the sales of alcohol for drinking purposes.

When comparing the business results covering the half year ending June 30th with the corresponding period last year, it will be found that the total sales this year exceeded those of last year by 34.6 thousand hectolitres, i. e., 15.6 p. c. The increase in the sale of spirit for drinking purposes was 10.5 p. c., and in the sale of denaturated spirit — 69.2 p. c., whereas the decrease in the sales of alcohol for industrial purposes represented only 1.9 p. c. The total amount of the raw alcohol received by the State Spirit Monopoly during the first half year was 468 thousand hectolitres, including 36 thousand hectolitres in June and 72 thousand hectolitres in May.

The net profits of the State Spirit Monopoly paid to the Treasury in June were £ 18.7 million and during the first 6 months of the present year — £ 109.8 million.

TRANSFERS OF THE TOBACCO MONOPOLY IN JUNE. — In the month of June in the 22 State tobacco factories, employing 12,000 workmen, were produced:

	J u n e:	
	196	195
Cigars	6,067,000	4,460,000
Cigarettes	679,229,000	520,231,000
Other tobacco products	1,248,850 kg.	995,096 kg.

Parallel to the increase of the output the sale of tobacco products has grown considerably when compared with last year. The value of sales was (in million £):

	196	195
January	24.9	29.1
February	25.4	25.9
March	30.3	27.7
April	37.0	31.6
May	30.9	32.5
June	36.4	32.2
Total 1st semester	185.0	179.0
Total for 1925	—	371.1

The income of the Tobacco Monopoly has also shown an increase. The payments to the Treasury in each separate month as net income were (in million £):

	1926	1925
January	17.0	11.5
February	18.0	12.0
March	18.0	12.5
April	19.0	14.3
May	20.0	15.0
June	22.0	18.0
Total 1st semester	114.0	83.3
Total for 1925	—	182.4

FOREIGN INDEBTEDNESS OF THE POLISH STATE ON THE FIRST OF JULY 1926. — The fall of the zloty has substantially burdened the foreign debts of Poland. A number of payments in connection with foreign debts fell due during the period from the 1st of June to the 1st of July 1926. These comprised accrued interest and instalments. On July 1st was payable the first instalment towards the relief credit obtained from the following European States: England, Norway, Sweden, Denmark, Holland, France and Switzerland. On June 15th was effected the instalment of the consolidated debt towards the United States of America, and, in addition, during the period under review, the emission loans as well as other debts were also redeemed.

The aggregate amount of Poland's foreign debts on July 1st 1926 amounted to £ 3,369,775.553 (or \$ 351,018.286) which shows an increase of £ 701,169.947 over the figures obtaining on the 1st of January 1926.

The change in the zloty indebtedness during the first 6 months of 1926 was brought about by the following factors: 1^o, the fall of the zloty, 2^o, the payment of amortisation instalments, 3^o, the entering into the Register of State Debts of the proportion of the Pre-War Funded Debt of Austro-Hungary, payable by Poland (this entry was effected as the result of the ratification of the Prague agreement of November 6th 1925 by the Parliaments of two interested countries), and 4^o, further realisation of credits for investment purposes, granted by the French Government.

The Polish foreign debt as per statement made up on July 1st 1926, is composed of the following categories:

Emission loans	£ 645,537.790 = \$ 67,243.520
Liabilities towards various foreign Governments	„ 2,332,658.716 = „ 242,985.282
Liabilities towards private foreign concerns	„ 39,684.087 = „ 4,133.759
Proportion of the Pre-War Austro-Hungarian Funded Debt payable by Poland	„ 351,894.960 = „ 36,655.725

The following table shows the liabilities payable abroad according to the creditor countries:

	foreign currencies	£	%
United States of America	\$ 233,669,127.80	2,243,223.627	67
Great Britain	£ 4,880,285.13.9	232,545.613	7
France	Fr. fr. 1,011,659,775.80	281,747.247	8
Italy	Lire 465,250,000.—	165,163.750	5
Holland	Fl. 8,613,608.35	33,945.370	1
Norway	Kr. 20,167,600.—	—	—
Sweden	Kr. 6,259,900.—	43,596.653	1.3
Denmark	Kr. 426,775.—	16,378.402	0.5
Switzerland	—	1,110.080	0.03
land Sw. fr.	89.325.—	169.851	—
Proportion of the Pre-War Austro-Hungarian Funded Debt payable by Poland	G. Kr. 180,810.802.—	351,894.960	10.17
Total	\$ 351,018.286.—	£ 3,369,775.553	100%

The chief creditor of Poland is the United States of America, large 6% and 8% Emission Loans having been floated on the American market in the years 1920 and 1925 respectively. In addition to this, Poland owes \$ 176,810,000 to the Government of United States. The 6% dollar loan of 1920 was emitted *al pari* and is to be redeemed in 1940. Coupons are payable by the National Bank of New York; the amount in circulation on July 1st was \$ 19,574,500. The 8% Railway gold dollar loan of 1925 was financed by Messrs. Dillon, Read and Co. and was emitted at 95, it is to be redeemed within 25 years at the rate of 105. The initial amount representing \$ 35 million is guaranteed by State railways and the revenue from sugar excise duty.

In sterling Poland has contracted various liabilities towards the Government of Great Britain, which liabilities were consolidated by the London agreement dated December 10th 1924. The redemption of this debt commenced on January 1st 1925, while the last instalment is to be effected on January 1940.

The liabilities towards France are composed of war-debts contracted for the purpose of the organisation of General Haller's army in France, for material from post-war stocks and for a portion of the loan granted in 1924 for investment purposes.

A 7% loan amounting to 400 million lire emitted for investment purposes to be extinguished in 20 years was floated on the Italian market in 1922. It is guaranteed by revenue from the tobacco monopoly. This debt was incurred in order to meet payments for the supplies of war material.

The liabilities in Norway Sweden, Denmark and Switzerland were contracted in connection with the relief credits scheme. In addition to the relief

credit Poland owes a certain sum to the Dutch State clothing office.

The rates of interest paid are as follows:

United States of America	3% to 8%
Great Britain	5%
France	5%
Italy	6%—7%
Holland, Norway, Sweden, Denmark and Switzerland	5%

All interests as well as instalments towards settlement of principal are paid punctually at the dates stipulated.

STOCK EXCHANGE

FOREIGN CURRENCIES

In the course of June a very considerable improvement of the rate of exchange of the zloty took place, and at the beginning of July this improvement manifested itself in the form of a flight

As a consequence of the advance of the zloty, business on the Stock Exchange has been very poor. Business circles which had previously purchased foreign currencies in order to cover themselves against possible losses on the exchange now refrained from making any transactions, expecting a further advance of the zloty. Therefore during the whole of June the offerings of foreign currencies were greater than the demand.

A considerable increase of the currency reserves of the Bank of Poland permits one to suppose that the level of the rate of exchange of the zloty will be kept up for a long time.

The advance of the zloty in June was felt first of all on the Stock Exchanges

the quotations of the zloty have often been higher than that of Warsaw.

For comparison the following rates are quoted as to the exchange of the zloty, given in percentage, in proportion to parity, which ruled on June 30th last:

Warsaw*)	52.7
Prague	51.5
Vienna	52.2
Zurich	50.0
London	49.0
New York	46.6
Berlin	52.5
Danzig	53.0

SHARES

The month of June has shown but little animation in the field of securities.

In order to understand, why at the same time as the depression of the

	31.5	1—5.6	7—12.6	14—19.6	21—26.6	30.6	
Warsaw Exchange							
London £ 1	53.15	51.63	48.76	48.76	48.76	47.80	
New York \$ 1	10.90	10.59	10.—	10.—	10.—	9.60	
Paris Fr. fr. 100	35.45	33.38	29.90	28.41	28.76	27.85	
Brussels B. fr 100	—	33.32	30.46	29.07	28.79	27.75	
Zurich Sw. fr. 100	211.55	205.72	194.—	193.93	193.96	190.15	
Milan Lir 100	41.25	40.32	36.97	36.14	36.24	35.50	
Amsterdam Fl. 100	439.10	426.57	402.70	402.52	402.54	—	
Vienna Sh 100	154.40	149.83	141.54	141.54	141.66	138.95	
Prague Kcz 100	32.35	31.42	29.70	29.68	29.68	29.10	
Stockholm Kr. 100	—	284.50	267.82	—	268.71	—	
Foreign Exchanges							
London £ 1	50.00	51.50	50.33	51.83	51.20	51.50	25.22
New York £ 100	9.25	9.16	9.12	9.—	9.—	9.—	19.30
Zurich £ 100	43.00	47.12	47.90	50.50	46.50	50.—	100.—
Vienna £ 100	63.00	63.15	69.89	69.41	69.73	71.30	137.13
Prague £ 100	287.50	308.—	330.—	332.4	324.6	335.—	651.—
Berlin £ 100	37.50	39.30	41.21	41.19	41.27	42.50	81.—
Danzig £ 100	47.12	48.84	51.12	50.73	51.15	52.57	99.108

on the part of the public from the foreign currencies which they had previously hoarded. So the tellers of the Bank of Poland have been constantly besieged by the public, and the Bank, in spite of executing heavy remittances for abroad for the account of public debt, was able to considerably increase its reserves in foreign currencies and securities.

An important rôle in such a turn of the social psychology has no doubt been played by a series of favourable economic happenings, such as an highly active trade balance in May and June, a very considerable export of coal in June, good crop prospects and lastly the lea ring up of the political situation.

of this country, and this in turn influenced the exchanges abroad. As for the latter, the further away a foreign Exchange is and the less relations it maintains with Poland, the firmer appears the exchange. On such places as London, New York and Zurich the zloty exchange during June was constantly a little below the Warsaw level, whilst on the contrary in the period of the depression of the zloty its level was higher abroad, than in Warsaw. But in Berlin and Danzig the Stock Exchanges reacted very quickly to the advance of the zloty on the Polish internal market. This may be especially said of Danzig, as most nearly tied in an economic sense with Poland, as in that town

Polish currency, there was an advance in the value of shares and bonds, one must draw a certain analogy between the inflation period, when the Polish mark was a legal tender, and the most recent period, i. e., since the zloty exchange was shaken. During inflation, when the Polish mark rolled down in a swift course, the mass of the public in its flight from the mark, independent of professional speculation, used to buy up the shares of various enterprises. Nowadays the matter appears quite the reverse, as the demand for shares increases according to the advance of the zloty exchange, that is to say in the

*) In relation to \$.

strength of special regulations issued by the Ministry of Finance, the State Banks, namely: "Bank Gospodarstwa Krajowego", "Państwowy Bank Rolny" (The State Agricultural Bank) and "Pocztowa Kasa Oszczędności" (the Post Office Savings Bank) have reduced the rate of interest for active banking operations as from the first of July, whereas for passive transactions the rate will be diminished on the 1st of August.

In consequence of these regulations the Bank Gospodarstwa Krajowego has reduced the rate of interest for ordinary loans to 14 p. c. per annum, and for privileged loans to 12 p. c. per annum. This bank charges from 8 to 10 p. c. for passive operations on call. The Post Office Savings Bank (P. K. O.) has brought down the rate of interest for ordinary guarantee loans from 18 to 14 p. c., and for privileged loans from 12 to 10 p. c., while the charge for loans against securities is cut down from 18 to 15 p. c. net (with the exception of loans guaranteed by the shares of the Bank of Poland, for which the rate of interest is calculated at 12 p. c. net; in addition the rate for savings deposits was reduced from 9 to 7 p. c. Finally the State Agricultural Bank lowered the rate of interest for loans granted to 10—14 p. c., whereas money on call and in current and savings accounts is to be reduced from 9 to 7 p. c.; term deposits now receive 9 instead of 12 p. c. per annum.

In connection with the reduction of the rate of interest in the state banks and in the Bank of Poland the Government passed through the Parliament an amendment to the Usury Act which was published in the official Journal of Laws ("Dz. Ust. R. P.") № 62/1926, item 372. This bill provides for the reduction of the authorised rate of

interest from 24 to 20 p. c. per annum. As regards banking transactions, a different system was adopted: the rate of interest is not to exceed 18 p. c. per annum, postage expenses, charges and other petty expenses and commissions on open and current accounts cannot exceed 1/4 p. c. per quarter. For loans against movable property, securities and goods excepted, the maximum rate of interest authorised together with commission, is not to exceed 18 p. c. The valuation, storage and insurance expenses in connection with pawned effects are reduced from 3 to 2 p. c. per month. Higher rates of interest in connection with agreements arrived at previous to the publication of the bill may be charged up to the 1st of August 1926.

LONG TERM LOANS. — Difficulties in obtaining capital for investments in Poland both on the home and foreign markets prevented the issuing of bonds on a larger scale.

Nevertheless several transactions of great importance have been concluded.

The most important was the agreement made with Messrs. Ulen & Co, New York, who have taken over municipal obligations of the Bank Gospodarstwa Krajowego to the extent of \$10,000,000. The above mentioned firm operates on with the capital realised through the sale of those bonds on the New York market, and is constructing with these funds drainage and water system in four Polish cities: Lublin, Częstochowa, Radom and Piotrków.

Furthermore this same Bank has issued municipal obligations for a nominal amount of gold ƶ 25,000,000 part of which has been partially sold

and partially lombarded in Switzerland. Finally the issue of mortgage bonds up to March 1926 amounted to gold ƶ 1,451,350 nominal which have been placed on the home market.

BANK OF POLAND

The main items of the balance sheet of the Bank of Poland during the June ten day periods were as follows (in ƶ):

Table — see below

The analysis of the above figures reveals that the most important changes during June were the following: rapid growth of the gold reserves and the volume of bank notes in circulation; the increase of the grand total is also worthy of note. The increase in gold reserves referred to concerns exclusively the growth in volume of foreign currencies and drafts, because the reserve of actual gold in bars and coin experienced a very small rise of gold ƶ 0.3 million. The amount of gold ƶ 77.5 million deposited with the Bank of England as a guarantee for the intervention credit granted last year by the Federal Reserve Bank to the Bank of Poland, is untouched. On the other hand the volume of foreign currencies, drafts and transfers payable abroad augmented from ƶ 53.4 million to ƶ 78.5 million, a gain of 47.4 p. c. This substantial gain is, above all, the result of the change taking place on the home money market. As

	M A Y 31st		J U N E 10th		J U N E 20th		J U N E 30th	
Assets:								
Gold in bars, bullion and cash	56,881.387'02		57,038.748'49		57,115.011'48		57,207.960'47	
Gold on deposit abroad	77,487.909'12	134,369.296'14	77,487.909'12	134,526.657'61	77,487.909'12	134,602.920'60	77,487.909'12	134,695.869'59
Foreign balances		53,407.575'47		70,998.730'88		72,280.254'39		78,548.690'99
Silver and token coins		728.098'06		985.962'01		1,554.080'42		643.523'05
Bills of exchange		302,901.331'33		302,832.152'41		305,389.364'81		301,313.644'79
Loans against securities		30,378.725'18		29,539.323'22		29,017.034'22		29,864.484'60
Report		20,495.940'00		20,414.390'00		20,310.780'00		20,191.080'00
Loans to Government		23,607.900'00		23,765.350'00		23,765.370'00		23,780.400'00
Treasury notes discount		50,000.000'00		50,000.000'00		50,000.000'00		50,000.000'00
Property and fittings		33,316.091'16		33,316.945'55		33,309.729'55		33,311.835'15
Other assets		34,883.948'76		53,830.320'71		55,572.874'04		64,232.468'52
		684,088.906'10		720,209.832'39		725,802.408'03		736,581.996'69
Liabilities:								
Capital		100,000.000'00		100,000.000'00		100,000.000'00		100,000.000'00
Reserve fund		2,907.870'00		2,907.870'00		2,907.870'00		2,907.870'00
Notes in circulation		412,963.400'00		423,626.190'00		415,534.590'00		448,013.160'00
Current accounts:								
Government Institutions	5,418.287'29		5,192.051'07		8,427.277'10		959.282'51	
Outstanding guarantees	34,334.495'01		60,896.071'15		70,045.350'56		53,410.484'63	
Various	33,437.168'68		26,286.160'23		26,202.475'39		23,971.805'04	
		73,189.950'98		92,374.282'45		104,675.103'05		78,341.572'18
Liabilities in foreign currencies		40,647.006'47		45,751.086'00		46,243.984'28		48,714.760'34
Liabilities on report transactions		20,549.050'00		20,466.150'00		20,368.627'50		20,251.710'00
Other liabilities		33,831.628'65		35,084.253'94		36,072.233'20		38,352.924'17
		684,088.906'10		720,209.832'39		725,802.408'03		736,581.996'69

a result of the marked upward tendency of the rate of exchange of the zloty, a large volume of foreign currencies hoarded by the public have been thrown on the market and found their way to the Bank of Poland in the ordinary course of business. The inflow of foreign currencies from exports amounted to zł 58'6 million.

At the same time the volume of liabilities of the Bank of Poland payable abroad increased from zł 61'2 to zł 69 million, a rise of zł 7'8 million, while the assets in foreign currencies rose from zł 40'6 to zł 48'7 million. Liabilities incurred by "report" transactions declined from zł 20'5 to zł 20'2 million. Finally the gold cover of the bank notes in circulation rose from zł 126'6 to zł 144'3 million and was composed of the following items (in thousand zł):

	May 31st	June 30th
Gold	134.369	134.696
Currencies	10.091	20.996
Drafts	-17.879*	-11.413*
Total:	126.581	144.278

The amount of bank notes in circulation in the course of June augmented

*) credit balance,

from zł 413 to zł 448 million, a gain of zł 35 million, or 8'5 p. c. All the other items of the balance sheet of the Bank of Poland during the period under review are practically unchanged. This applies also to the cover of the bank notes in circulation, which was composed of the following items (in thousand zł):

	May 31st	June 30th
Bills, delivery orders, payable bonds and coupons	303.137	301.413
Silver in bars	305	1.284
Polish silver and nickel coins (the reserve of the Bank up to 5 p. c. of the Bank notes issued)	728	644
Liabilities of the State Treasury (limited by the bye-laws of the Bank to zł 50,000,000)	50.000	50.000
	354.170	353.340

The total of bank notes in circulation on the 30th of June was zł 497'6 million equal to 111 p. c. of the currency issued against 116'4 at the end of May. The gold cover represented 33'72 p. c. against 32'25 in May. The volume of credits accorded in June by the Bank of Poland remained unchanged.

A slight drop from zł 302'9 to zł 301'3 million was noticeable in respect of bills

of exchange in portfolio. The grand total of the balance sheet advanced from zł 684'1 to zł 736'6 million.

The discount rate of the Bank of Poland in June was maintained on the previous level. The reduction in the rate of discount was effected on the 7th July*). The rate of discount applicable to bills of exchange was reduced by the Bank of Poland from 12 to 10 p. c., while that for loans against securities — from 14 to 12 p. c. per annum.

The discount rate for foreign bills remained unchanged, i. e., it represents the official discount rate of the country in which it is payable plus 1 p. c. if it is payable in the country in which it was issued and plus 2 p. c. if it is payable in any other country. The maximum rate however can not exceed 8 p. c.

SUPPLEMENT TO THIS ISSUE:
THE INTERNATIONAL SIGNIFICANCE OF THE DEPRECIATION OF THE ZLOTY — BY FELIKS MLYNARSKI, PH. D.

*) See page 74.

LATEST NEWS

WARSAW EXCHANGE:

	10.7.26.	20.7.26.
\$ 1 = zł	9'20	zł 9'20
£ 1 = "	44'82	" 44'82

BANK OF POLAND: (20.7. 26)

ASSETS:

Gold reserve	zł 134,931.745'42
Foreign balances	" 94,863.435'05
Bills of exchange	" 296,770.071'47
Loans against securities	" 26,915.828'65

LIABILITIES:

Notes in circulation	" 455,119.180'—
Current accounts	" 78,949.470'18

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