

# THE POLISH ECONOMIST

A MONTHLY REVIEW OF TRADE, INDUSTRY AND ECONOMICS IN POLAND

WARSAW — LONDON — NEW YORK

DATE OF THIS ISSUE: AUGUST 28, 1926

HEAD OFFICE: WARSAW, 2, ELEKTORALNA. TELEPHONE: 412-66, 412-73  
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

## C O N T E N T S

COVER ILLUSTRATION: CORN FIELD AFTER STORM	Page
REVIEW OF THE ECONOMIC SITUATION IN JULY ...	77
THE AGRICULTURAL PRODUCTION OF POLAND . . . .	78
POLAND'S FOREIGN TRADE . . . . .	81
THE BURDEN OF TAXATION IN POLAND . . . . .	85
POLISH SUGAR INDUSTRY . . . . .	85
INTERNATIONAL RELATIONS OF THE POLISH STATE	
RAILWAYS . . . . .	87
AMENDMENTS TO THE STATUTES OF THE BANK	
OF POLAND . . . . .	88
SUMMARY OF LAWS . . . . .	91
<b>PRODUCTION AND TRADE:</b>	
STATE OF EMPLOYMENT . . . . .	91
GRAIN . . . . .	91
CATTLE & MEAT . . . . .	93
SUGAR . . . . .	93
TIMBER . . . . .	93
COAL . . . . .	94
PETROLEUM . . . . .	95
IRON . . . . .	96
ZINC & LEAD . . . . .	98
POTASSIUM SALTS . . . . .	98
MOVEMENT OF PRICES . . . . .	99
FAIRS AND EXHIBITIONS . . . . .	100
FOREIGN TRADE . . . . .	100
OPENINGS FOR TRADE WITH POLAND . . . . .	102
TREATIES . . . . .	102
CUSTOMS DUTIES . . . . .	102
TRANSPORTS . . . . .	104
<b>FINANCE AND BANKING:</b>	
BUDGET . . . . .	106
TAXES . . . . .	106
MONOPOLIES . . . . .	107
STOCK EXCHANGE . . . . .	107
CREDIT . . . . .	109
BANK OF POLAND . . . . .	111
LATEST NEWS . . . . .	112
ADVERTISEMENTS . . . . .	I—XVIII

and cover

\* \* \*

JULY showed a further distinct betterment in the economic situation of Poland. After the general heavy crisis which weighed on the country for nearly two years and which was the direct cause of the fall of the zloty, the general situation has been shaping itself more and more favourably. This is not only due to propitious circumstances, such as a good harvest and advantageous conjunctures for export, but also to the strenuous efforts of the Polish community and the Polish Government.

Final figures for the harvest became obtainable during the month of July. They are better than was anticipated and are only slightly lower than the record figures for 1925. The marketing of the first lots has been reflected in the flow of liquid money into the pockets of Poland's most numerous class, i. e., the farmers; this has led directly to general revival of trade.

The situation is growing better in all branches of industry day by day. Production is increasing; the number of unemployed is being reduced; heavy orders are coming in from different parts of the country and from abroad. The quotations for Polish industrial shares have experienced an upward trend in this connection.

Prices continued to decline during the period under review; this concerns all categories of articles without exception, which should indicate that the betterment is general.

The foreign trade in July beats all previous records: the excess of exports over imports was larger than ever before and as the imports remained almost on the same level as in June — the increasingly favourable balance is purely the outcome of increased exportation of nearly all articles and

in all directions. This was accompanied by great activity on the railways and in the ports which reached almost the highest limits of capacity.

The general improvement is also evidenced in the increase of the reserves of the Bank of Poland, which was in a position to increase the emission of bank notes. The money conditions have become easier. The habit of saving has also been revived.

Compared with June, the revenue from taxes and State Monopolies was excellent, and together with the economic policy pursued during that month, it contributed towards the balancing, for the first time, of the State budget.

The improvement of the zloty exchange in July, though very substantial, has not hampered exportation owing to simultaneous decline in prices.

#### REVIEW OF THE GENERAL ECONOMIC SITUATION IN POLAND

July 1926

	UNIT	JULY 1925	JUNE 1926	JULY 1926
<b>STATE OF EMPLOYMENT:</b>				
UNEMPLOYED . . . . .		155.290	288.196	264.737
<b>PRODUCTION:</b>				
COAL . . . . .	} thousand of tons	2.100·6	2.660·8	3.444·0
OIL . . . . .		64·3	67·6	68·0
IRON . . . . .		25·1	19·6	24·1
<b>PRICES:</b>				
WHOLESALE PRICE INDEX . . . . .	} (1913 = 100)	119·6	174·6	166·6
INDEX OF COST OF LIVING IN WARSAW . . . . .		151·6	182·6	177·2
<b>FOREIGN TRADE:</b>				
IMPORTS . . . . .	} million z	181·3	123·5	121·0
EXPORTS . . . . .		86·9	200·1	221·7
EXCESS OF EXPORTS (+) OR IMPORTS (-) . . . . .		— 94·4	+76·6	+100·5
<b>TRANSPORTS:</b>				
RAILWAY TRAFFIC . . . . .	} truck loaded (15 tons) reg. ton	377.859	416.970	467.759
PORT TRAFFIC (DANZIG AND GDYNIA)		159.886	325.150	351.320
<b>BUDGET:</b>				
RECEIPTS . . . . .	} million z	135·5	150·2	157·9
EXPENDITURE . . . . .		177·7	161·6	149·7
<b>MONEY CIRCULATION:</b>				
BANK OF POLAND NOTES . . . . .	million z	461·6	448·0	511·2
COVER IN GOLD AND FOREIGN CURRENCIES . . . . .	% o/o	42·06	33·72	36·19
TOKEN COINS . . . . .	million z	284·6	459·7	469·6
<b>CREDIT:</b>				
(BANK OF POLAND)				
BILLS DISCOUNTED . . . . .	million z	302·9	301·3	304·2
OFFICIAL DISCOUNT RATE . . . . .	% o/o	10 %	12 %	10 %
<b>FOREIGN CURRENCIES:</b>				
(WARSAW STOCK EXCHANGE-AVERAGE RATES)				
U. S. A. DOLLAR . . . . .	} z	5·19	10·09	9·20
POUND STERLING . . . . .		25·33	49·20	48·83

REMARK: — Figures appearing in the above table are intended exclusively to characterise the economic situation in July 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 AGRICULTURAL PRODUCTION OF POLAND

THE HARVEST season is coming to an end and, contrary to initial estimates, it may certainly be considered a favourable one. The corn crops, with the exception of rye, are estimated to be as good,

or at any rate not much worse, than those of last year. Pot herbs, it is true, are worse than last year, yet the production, it is expected, will be maintained on a normal level.

Good crops in Poland have a distinct and immediate effect on the economic life of the country, in view of its agricultural character. Good yields

affect favourably the financial situation of the farmers, increasing thereby the purchasing capacity of the population. As this contributes towards the widening of the internal market, its influence on the results of industrial activity should not be overlooked. The problem of increasing the capacity of this market is of special interest to Poland, as the competition on international markets is made very difficult by the high rate of interest and the consequently excessive cost of production. In the years of good harvest, after the requirements of the home market have been satisfied, large quantities of agricultural produce are available for export. Articles of agricultural production play an important role in the shaping of the foreign trade balance and have frequently a decisive character. During the year 1925 the value of the agricultural produce sent abroad represented \$ 127,938,000, i. e., 54.7 per cent of the total exports. Of this sum 12.8 per cent represent vegetables, 18.2 per cent — articles of animal origin, 14.8 per cent — timber and wood wares, and 8.9 per cent — products of agricultural industry. The foreign trade returns for the first six months of this year show that agricultural produce represents 58.9 per cent of the total value of exports against 50.1 per cent during the corresponding period of last year. These figures are eloquent enough and show the influence of agriculture on the character of the foreign trade balance.

Agriculture is the basis of economic life in Poland; it employs 66.4 per cent of the total population, while industry and mining — only 13.9 per cent, commerce and transports — 9.6 per cent, and other occupations — 10.1 per cent.

Poland is the third producer of rye and potatoes in Europe, following on Russia and Germany, and for barley and oats holds the fourth place. As a stock breeder\*), she holds the third place for pigs and horses, surpassed as before by Russia and Germany, and the fourth place for cattle breeding in which she is surpassed also by France.

The total area of Poland is 37,661,300 hectares of which 18,307,800 ha, i. e., 48.6 per cent is under cultivation, 24.1 per cent — under forests\*\*), 16.9 per cent — under meadows and pastures, and 10.4 per cent — waste land. The relation of the cultivated area to the total surface is not uniform, but ranges from 27.2 to 66 per cent according to the district. The Central and Western regions have best utilised arable soil, while the Eastern areas are much behind in this respect; their wealth therefore is still largely potential.

The crops cultivated in Poland may be divided into five groups: first, grain, which during the last agricultural season covered 65.8 per cent of the total cultivated area, i. e., rye, wheat, barley, oats, linseed and maize; secondly — certain crops which cover 17.1 per cent of the total surface, such as

potatoes, sugar beet, cattle beet, carrots, chicory and so on; thirdly — forage 7.9 per cent; fourthly — pea and bean crops 7.4 per cent., fifthly — crops for industrial purposes, i. e., flax, hemp, hops, osiers, poppy etc. — 1.3 per cent.

The areas of the principal crops under cultivation during the present agricultural season were as follows: wheat — 1,108,000 hectares, rye — 4,852,000 ha, barley — 1,238,000 ha, oats — 2,619,000 ha.

The area under cultivation was reduced by the war operations in the years 1914—1918, but since then the situation has improved, as has been reflected in the steady increase of agricultural production. It is also interesting to note that the area under plantations is increasing more rapidly, although these require a large number of hands. This seems to indicate that agricultural labour is cheaper than capital.

56% of the grain cultivated is winter corn, the rest being the spring variety. The most important crop is rye covering from 25 to 30 per cent of the total cultivated area. The significance of this commodity in Poland lies in the fact that it is used in the form of bread and flour as the main nourishment of the population and constitutes the almost exclusive foodstuff of the peasantry. For these reasons rye has been for a very long time the measure of value with the peasants, and serves frequently for the payment of wages of agricultural labourers. It is safe to say that the whole of this crop is winter rye. For the most part only local varieties with restricted requirements as regards soil and atmospheric conditions are sown; grain of this class is mainly used for local consumption. The "Petkus" type of rye is sown in some regions and is destined for the big trade and for exportation. During the last agricultural season 1925/6 (August 1925 — June 1926) the exports of this variety amounted to 283,661 tons.

Wheat in Poland plays a much smaller rôle, as the area covered does not exceed 6 per cent of the total cultivated land. The consumption of wheat in towns is steadily increasing, and the progress in this respect is proportionate to the rise in the standard of life of the population, whereas in the country, even in the better-off districts, rye remains the basis of nutrition.

The wheat produced in Poland is mainly the so-called earless type, and of the foreign varieties — the well known type — "Square Head". The Polish wheat contains a greater proportion of grains rich in proteine substance, than the West European variety, and is of glass-like structure. For this reason it is frequently bought up for the purpose of being mixed with wheat grown in damp climates, which contains an insufficient percentage of proteine in order to ensure ductility to the dough.

Seven per cent of the land under cultivation is devoted to the production of barley; the barley-producing areas are mainly located in the Western Voievodships, especially as regards the most valuable malting varieties. In the highlands predominates the variety used for production of groats and for feeding purposes. The Polish barley of the

\*) For stock raising see "The Polish Economist" No. 1, page 11.

\*\*) For the timber production see "The Polish Economist" No. 2, page 51.

malting type contains, on the average, 12.2 per cent of proteine compounds, and is a highly valued article of international importance, the export of which has for many years been directed to the Western and Northern European markets. The quantity sent abroad in 1925/6 was 169.287 tons.

The area under oats represents 13 per cent of the surface cultivated in Poland. Previous to the war this commodity was produced solely for the requirements of land owners and farmers, and it is only the Western Voievodships that used to send oats to foreign countries. With the development of stock-raising there is an increasing tendency to produce oats, and in view of the high prices ruling of late for this commodity, there is a trend to replace oats as forage by barley and rye. For this reason the prospects for the development of cultivation of oats depend on the prices of other grains which may be used as material for feeding and fattening cattle and domestic animals.

Sugar beet is a crop worthy of note, the cultivation of which is carried on in the regions possessing sugar factories. In view of the importance to the sugar industry of working beet-root containing a high percentage of sugar, scientific attention has been directed for many years to the selection of seeds in order to obtain the best varieties possible. The results obtained in this respect are very good indeed. During the last 3 years the average percentage of sugar contained in sugar beet worked in Poland — was 16.2 per cent. In some cases the amount of sugar contained was much higher and reached 18.5 per cent.

In view of the high cost of fertilizers the cultivation of pod plants, used as natural manure, is very extensive. The production of the seeds of these plants is gaining importance, large quantities of them being sent abroad.

In 1925/6 the export of seeds of feeding plants and grass was 38.115 tons.



MEADOWS BY THE RIVER NAREW

Potatoes cover 13 per cent of the total cultivated area in Poland; they are cultivated on a large scale and play an important rôle in the organisation of farms. Potatoes are one of the main food-stuffs of the rural population and especially of the poorer classes; they are also used as feeding material in stock breeding and especially in the raising of pigs. Of the total crop about 6 per cent is consumed by industries for potatoe products, about 17 per cent is used for sowing purposes and about 33 per cent — as feeding material. Most of the potatoe varieties cultivated in Poland approach the distillery type containing from 17 to 20 per cent of starch; the population favours most the white variety, contrary to the habit of Western European consumers, who have a preference for the yellow species. During recent years the production of the latter variety, destined for foreign markets, has gained ground considerably.

The cultivation of oil-containing seeds is being carried on on a small scale; nevertheless they constitute an item of a certain importance in the exports from this country, the local consumption being very low. Of these, flax is grown on a large scale, especially in the Eastern Voievodships. In recent years a decrease in the cultivation of rape is noticeable, whereas the area under poppy augmented considerably. The export of the seeds of oil-containing crops in 1925/26 amounted to 27.156 tons.

Of the crops for industrial purposes, that of hops, which enjoys excellent natural conditions throughout Poland, is developing satisfactorily. The cultivation of this plant is also favoured by the circumstance that there are a large number of workers available for the plantations. It may be recalled that in Western Europe, suffering from an insufficiency of agricultural labourers, the plantations of this commodity had to be reduced. On

account of economic conditions, the centres of production of hops in Europe have migrated slowly from West to East. To-day the period of cultivation is setting in in Poland. Of the varieties of hops the most favoured in Poland are the "Żatecki", the "Bavarian" and the "Golding" types. The harvest takes place generally in the first half of August, drying and packing in September. At the beginning of October, i. e., earlier than in any other country, the crops are ready for exportation. In 1925/26 the exports of this plant amounted to 540 tons.

If we compare the productivity of the areas cultivated in the different parts of Poland, the difference between the Eastern and Western Voievodships is very striking. In some cases the difference reaches 180 per cent in the yield. Thus, for instance, the average in the Wilno Voievodship last year was 9 quintals per hectare whereas in the Poznań Voievodship it was 21.4 q.

Such substantial differences are accounted for by the different degrees of agricultural development in the particular regions and are the result of different methods and policies pursued by the alien Governments previous to the restoration of Poland. Polish grain producers were unable to compete with cheap Russian corn on the market of former Russian Poland and with cheap Hungarian corn in the former Austrian Poland, since the Polish soil is not as fertile as that of Russia and Hungary, and the agricultural labourer has a higher standard of living in Poland. That is why intensive cultivation did not pay, and all efforts in this direction had to be abandoned.

After Poland's economic unification agricultural production rapidly adapted itself to new conditions: the Eastern Voievodships are becoming gradually the centre of production of corn and forage, whereas the Western Voievodships, abandoning their previous field of activity, pass to the cultivation of plants requiring great skill, high culture of soil and large capital, that is to say to the production of seeds and crops for industrial purposes.

The yield of Polish agriculture can, of course, fill the requirements of the home market, and there is always a certain surplus in every branch of production available for export. Nevertheless the development of the different branches of agriculture does not go in the direction of increasing exports of raw materials, such as grain, destined for consumption. Successful efforts are being made to furnish the Western European markets with more valuable products such as seeds, malting barley, preserved vegetables etc. The surplus of corn and potatoes is used throughout Poland for the fattening of stock in accordance with the general line of policy aiming at the development of stock-breeding.

## POLAND'S FOREIGN TRADE

THE GEOGRAPHICAL position of Poland is reflected in her foreign trade. In relation to her Eastern neighbours — Russia, the Baltic States and the Balkans — Poland should be regarded as the supplier

of manufactured goods, for she sells in these markets the products of her industry in exchange for raw materials. On the other hand, in relation to Western countries which are more industrialised than herself, Poland is essentially a consumer of manufactures and the source of foodstuffs and raw materials. This double economic activity requires necessarily the adoption of a carefully considered economic policy on the part of the Government, the laying down of which is somewhat complicated. It should be added that the normal development of the commercial relations of Poland with her Eastern neighbours is made difficult by the fact that the general conditions prevailing in Russia — Poland's principal customer for manufactured goods and source of raw materials — have not, as yet, been settled. The result is that a number of Polish industries are unable to work at full capacity, which, in turn, influences the foreign trade balance in a peculiar, one-sided way. This means that at the present moment the export of Poland is mainly composed of agricultural produce and raw materials, whereas that of manufactured goods is not as large as it could be. Of course this one-sidedness will be levelled up to a large extent as soon as the conditions in the countries East of Poland become normal.

The development of foreign trade in recent years, as illustrated by statistical data, confirms our statements.

The foreign trade balance of Poland has been subject to considerable fluctuations during the last few years. Towards the end of 1923 the increase in imports became very marked and lasted throughout the year 1924 reaching the peak in the earlier part of 1925. As exports did not increase in the same proportion, the foreign trade balance, favourable in 1923, was becoming more and more unfavourable in the years following. The middle of 1925 was a turning point: the imports began to fall sharply and thanks to this circumstance the foreign trade balance became again favourable, despite a certain decline in exports. Since that time it has maintained this character. The causes of these changes have already been dealt with in the first issue of "*The Polish Economist*" (page 27). During the first stages, the primary causes of the fall of exports were: the increase in the costs of production and in prices, brought about by the currency reform; bad crops in 1924; and finally the declaration of customs war by Germany. The turning point of the second period was the issue of regulations in July 1925 for restricting imports, and the fall of the zloty which began a month later. The above mentioned fluctuations are illustrated by the following comparative statement of business effected during the first halves of the last three years (in thousands of gold ₯):

	<i>Imports</i>	<i>Exports</i>	<i>Balance</i>
Ist half of 1924	712.964	658.492	— 54.472
" " 1925	1,048.213	630.117	— 418.096
" " 1926	351.898	574.517	+ 222.619

It results from these figures that while the exports of the first six months of 1926 represent 91.1 per cent of exports in the same period of

1925, the imports amounted to 33.6 per cent. A closer investigation of the data relative to individual groups of merchandise will enable us to establish, in what departments the changes were most conspicuous and what is their exact meaning.

The most spectacular changes in the imports have taken place in the foodstuff section; while during the first half of 1925 the imports of alimentary products amounted to 582,318 tons to the value of gold  $\text{zł}$  305,797,000, the imports in 1926 were only 104,492 tons to the value of gold  $\text{zł}$  68,919,000. Of the more important commodities of this group should be mentioned the following:

*First half of 1926: First half of 1925:*

	tons	thous. of gold $\text{zł}$	tons	thous. of gold $\text{zł}$
wheat	577	166	30,357	11,244
rye	1,297	190	40,622	12,017
oats	141	27	66,333	17,152
maize	9,733	1,553	29,730	6,889
rice	11,065	3,680	38,064	16,287
wheat flour	222	94	173,915	87,988
rye flour	38	12	25,997	10,734
lemons and oranges	10,568	4,105	28,947	11,798
tea	831	4,433	927	5,101
cocoa	1,358	2,161	2,774	3,915
coffee	3,101	8,485	3,867	11,123
fish	2,127	2,555	5,675	7,161
herring	23,756	6,739	25,091	13,337
edible fats	3,028	5,817	7,960	15,248
tobacco	7,597	13,720	12,755	28,893
forage	3,533	582	30,812	5,291

The survey of these commodities indicates that some of them, such as corn and flour, have scarcely appeared on the list of imports of 1926; the import of these in the year 1925 is accounted for by bad crops of 1924; other articles, such as groceries and southern fruit, were imported on a smaller scale in 1926 for; on account of the decline of the  $\text{złoty}$  exchange, the prices for these commodities experienced a big advance.

The next important group on the import side is that of cloth and textiles; in the first half of 1926 these amounted to 36,389 tons valued at gold  $\text{zł}$  113,330,000 against 56,761 tons valued at gold  $\text{zł}$  289,067,000 in the corresponding period of 1925. The fall of imports in textiles was due to the increase of nominal import prices, while the real cause of the fall of imports of raw materials (wool, cotton etc.) was the crisis prevailing in the textile industry working chiefly for foreign markets. The main items of this group are the following:

*First half of 1926: First half of 1925:*

	tons	thous. of gold $\text{zł}$	tons	thous. of gold $\text{zł}$
wool	4,635	22,512	8,162	73,340
cotton	24,710	60,859	32,107	101,727
jute	3,901	4,961	7,797	8,825
woollen - cloths	126	1,757	451	13,079
cotton - fabrics	501	6,432	3,812	46,254
silk, half - silk and artificial silk fabrics	45	4,690	138	14,899

The example of the two main import groups characterises the principal causes of the decline of imports as compared with last year. To be com-

plete we would add data relating to a number of other groups and articles imported:

*First half of 1926: First half of 1925:*

	tons	thous. of gold $\text{zł}$	tons	thous. of gold $\text{zł}$
animal products	7,761	18,832	12,460	67,666
ores and minerals	181,103	10,958	188,385	10,493
commodities and chemicals of inorganic origin	113,317	12,823	186,984	25,410
commodities and chemicals of organic origin	25,848	23,075	52,963	25,481
base metals and manufactures made from them	62,492	16,347	147,924	54,425
machinery and apparatus	10,123	21,449	30,683	58,732
electrical wares and appliances	3,914	9,064	6,690	17,264
transport appliances	4,564	11,142	10,219	27,523
paper and paper manufactures	12,504	5,470	26,723	14,698
clothing	362	7,499	1,552	49,076

Upon the careful analysis of the data relative to particular commodities, it will be found that the decrease in imports followed a certain line. The most substantial decline is to be observed in the groups of foodstuffs and manufactures, the import of which had a passing character. Such were corn and flour on account of bad crops, and articles which could be manufactured cheaper abroad on account of high prices ruling on the home market, but which nevertheless could be replaced by other home-produced articles without any prejudice to the consumer. The second place is occupied by the group of articles which may be dispensed with. The third place is occupied by raw materials used in industries working for foreign markets which are now depressed, and by factory fittings and vehicles. Finally there are materials for the production of commodities destined for the internal market which show the smallest decline.

Passing to exports, it should be recalled that the general decrease observed was not very large, whereas the changes in the different groups are very material indeed.

The most important groups in the export section as in that of imports are those of foodstuffs, but, contrary to what we observed in the imports, the export of these articles shows a considerable increase. During the first half of 1926 this export amounted to 697,732 tons with the value of gold  $\text{zł}$  188,113,000 as against 273,198 tons to the value of gold  $\text{zł}$  133,235,000 in the corresponding period of 1925. The following commodities are worthy of note:

*First half of 1926: First half of 1925:*

	tons	thous. of gold $\text{zł}$	tons	thous. of gold $\text{zł}$
wheat	36,608	9,618	—	—
rye	106,883	17,925	283	68
barley	69,469	12,188	14,039	3,618
oats	51,704	8,770	41	10
sugar	142,120	42,046	92,366	43,712
meat	21,399	20,133	28,206	41,105
eggs	32,515	42,068	13,554	21,851
forage	142,344	10,842	45,488	4,641

It is evident that besides corn, the export of which practically did not exist at the beginning of 1925 (with the exception of barley, on account of poor crops in the preceding year), the export of eggs has risen considerably; although the quantity of sugar sent abroad was the same as in the preceding year, yet, as regards value, it shows a small decrease. The exports of meat have also diminished. The increase in quantity and simultaneous fall in value is also observed in the group of timber and wooden wares, the export of which reached in the course of the first half of 1926 2,255,002 tons with the value of gold  $\text{Z}$  97,696,000, the figures for the year 1925 being 1,524,994 tons and gold  $\text{Z}$  122,230,000 respectively. The main articles in this group are the following:

tons and  $\text{Z}$  118,748,000. Among articles of this group should be mentioned:

	First half of 1926:		First half of 1925:	
	tons	thous. of gold $\text{Z}$	tons	thous. of gold $\text{Z}$
coal ... ..	3,961.489	68.125	4,770.011	82.257
motor oils ... ..	60.115	5.217	47.602	5.619
lubricating oils ... ..	24.824	3.865	32.386	6.102
benzine . . . . .	27.616	7.716	33.963	10.894
paraffine ... ..	12.341	8.280	9.154	6.889

Among the above, the exports of coal are of special interest. At the time of the declaration of the customs war on Poland in June last year, Germany, as is well known, put an embargo on Polish coal thinking that by this policy Poland



DISCHARGE OF A BLAST FURNACE

	First half of 1926:		First half of 1925:	
	tons	thous. of gold $\text{Z}$	tons	thous. of gold $\text{Z}$
pulpwood ... ..	408.790	9.530	199.388	7.615
pitprops and round wood . . . . .	369.258	7.594	107.601	3.784
logs ... ..	481.667	17.046	261.184	16.617
deals, boards and laths	643.181	41.236	674.368	60.540
railway sleepers . . . .	203.222	9.636	184.932	13.273

Coal and petroleum products occupy the third place on the list of exports. The total quantity sent abroad during the first half of 1926 was 4,211,537 tons, valued at gold  $\text{Z}$  102,187,000, whereas for the corresponding period of 1925 the figures are 5,002,606

would be compelled to grant concessions in her favour, the fact being that over a half of the total Polish exports were directed to that country. It is true that at the beginning the loss of the German market seriously affected the Polish coal industry, but gradually new markets have been found for this article. No doubt, the favourable situation on the coal market ruling during the last few months has contributed to a large extent towards obtaining good results for the first half of this year. When it is considered, however, that already before the present favourable conjunctures, of the 450 to 500 thousand tons placed on the German markets prior to the conflict, at least a half was sold in other



ELECTRIC FURNACES FOR CALCIUM CYANAMIDE IN CHORZOW

countries, then it must be recognised that the Polish coal mining industry owes its success largely to its own efforts.

Of other groups of commodities exported should be mentioned:

	<i>First half of 1926:</i>		<i>First half of 1925:</i>	
	<i>tons</i>	<i>thous. of goldz</i>	<i>tons</i>	<i>thous. of goldz</i>
live animals . . . . .	—	37.951	—	44.248
animal products . . . . .	11.543	12.606	7.780	16.200
seeds and plants . . . . .	37.433	10.550	34.556	14.404
metals and metal products . . . . .	100.371	62.475	135.158	80.752
zinc . . . . .	56.873	42.475	30.575	25.700
zinc sheets . . . . .	3.341	2.759	18.950	18.333
iron and steel . . . . .	3.604	760	40.937	11.146
textiles . . . . .	17.263	38.983	17.529	63.903
including:				
cotton fabrics . . . . .	1.441	10.516	1.677	19.589
woollen yarn . . . . .	723	7.710	796	13.330

These statistics reflect the crisis prevailing first of all in the iron and textile industries, all the more as already in the year 1925 the export figures were insignificant in comparison with the export

possibilities of these branches. It is, however, interesting to note that during the recent month some signs of improvement in these two branches of industrial activity have been observed.

We have stated above that the active character of the Polish foreign balance at the present moment has its origin in substantial reduction of imports; this reduction was unavoidable for under the present conditions the foreign trade balance exercises a decisive influence on the balance of foreign payments. The favourable foreign trade balance made possible the stabilisation of the zloty as well as the increase of the money in circulation which had fallen below the level of economic requirements.

For these reasons Poland's policy in the future should comprise the preservation of a favourable foreign trade balance. However, it is the aim of the Government not to restrict imports, but to increase both exports and imports simultaneously. Signs of betterment in the economic situation and the elaboration of schemes for the development of production and foreign trade justify the hope for ultimate success. It is in the interests of industrial countries exporting their manufactures that the purchasing capacity of Poland should be augmented.

## THE BURDEN OF TAXATION IN POLAND

WHEN MAKING an attempt to measure the burden of the taxpayer in Poland, one should define clearly what is understood by "burden", and on what basis the calculations are to be made.

There is no doubt that customs duties and stamp dues should be included in the category of public taxes, both direct and indirect. Consequently, the monopoly is also a public burden. The extent of this burden is determined by the degree to which the profit of the monopoly is obtained by its monopolistic advantages and is not an ordinary business profit. The division of profits into two categories gives rise to great difficulties, however, so that from our point of view the whole profit is regarded as a tax; the error made in this case is very slight; it is not only in Poland that the total profit of a State Monopoly business is very small indeed. The burden includes also all deficits of State enterprises which have to be covered by the Treasury. The last mentioned category of tax burden, together with the so-called inflation tax and compulsory loans, will not be taken into consideration here.

As a measure of tax burden may serve: the taxation per inhabitant, the increase in taxation during a certain period calculated in percentages, differences between the direct and the consumption taxes, or the comparison of the burden with the national income. The last mentioned method for the determination of the total burden in Poland should be most suitable.

State revenues — which in fact represent tax burdens — amounted in 1924 to  $\text{Z}$  1.182 million, in 1925 to  $\text{Z}$  1.329 million and in 1926 — taking twice the first six month's revenues — to  $\text{Z}$  1.347 million. To each of these figures should be added  $\text{Z}$  300 million, which represent the amount of municipal taxes, and  $\text{Z}$  90 million — the revenue from the partly autonomous Treasury of the Silesian Voievodship. Consequently, the total for the years mentioned will amount (in million) to  $\text{Z}$  1.572, 1.719 and 1.737 respectively, and thus, excluding the army, gives a burden of  $\text{Z}$  61, 67 and 67'6 per inhabitant.

An exact calculation of the community's income is not available. The estimates range from  $\text{Z}$  5.000 to  $\text{Z}$  12.000 million. The weekly "*Przemysł i Handel*" and the former Minister of Finance, M. J. Michalski, both put the yearly income of the Polish population at  $\text{Z}$  8.000 million or  $\text{Z}$  300 per civilian. Taking these figures as a basis, the ratio of burden to income is as follows (in percentage):

	State taxes	State and Municipal taxes
1924	15'9	19'6
1925	17'9	21'4
1926	18'0	21'7

The above ratio is roughly the same as in other European countries; thus, for instance, in England it amounted to: 23'2 per cent in 1923, and 21'2 per cent in 1924.

As regards the internal distribution of this burden, the greater part falls on the payer of indirect taxes. The taxes on property and income do not exceed 30 per cent of the total. This is evidenced by the following statement which shows the percentage of revenue from different public levies in relation to the total burden which was taken as 100:

	1924	1925	1926
total State loans . . . . .	100'0	100'0	100'0
direct taxes .. . . .	24'6	27'3	29'8
property tax . . . . .	17'0	4'5	3'4
stamp dues . . . . .	6'7	8'6	8'7
customs duties . . . . .	19'2	21'4	12'3
indirect taxes . . . . .	19'5	8'5	9'2
monopolies . . . . .	13'0	29'7	36'6

This is how Polish taxation appears. Of course this table gives no information as to the proportion in which taxes are imposed on big fortunes and incomes as compared with small ones.

The Polish taxation system is in many cases (for instance the land tax) progressive and will have to be revised. The necessity for such a reform finds an increasing number of supporters among the members of the Government and legislative bodies.

## POLISH SUGAR INDUSTRY

AT THE TIME of the outbreak of the Great War there were 87 sugar factories on the territory composing the present Republic of Poland. They worked sugar beet grown on plantations covering 173.000 hectares, the output amounting to 560.000 tons calculated as white sugar. In the years 1915 to 1918, owing to military operations in former Russian Poland and Galicia, twenty four sugar works were completely destroyed and a large number of others were put out of action by the requisition of the more valuable parts of the machinery and apparatus.

In addition, factories which had not been hit directly by the war had to restrict their activity to a minimum owing to the decrease of the areas under beet and to the lack of other raw materials.

Since 1919 the Polish sugar industry has been making efforts to revive its activity, but the system of supply then in force, i. e., State Monopoly — and the Government's requisitions of all sugar reserves, greatly hampered the realisation of this policy. The year 1920 brought new complications caused by the bolshevist invasion: in the greater part of the country sugar beet plantations were destroyed and factories severely damaged. Thus the restoration of the devastated works was necessarily delayed. It was only in the end of the year 1920 that the long-looked-for peace was established in Poland. This change made it possible to undertake intensive work both in the ruined industry and in agriculture. About that time the State Sugar Monopoly was abolished and replaced by free trade. Since that time the Polish sugar industry has been progressing: the areas under sugar beet were increased, sugar factories were rebuilt, those partly damaged were

repaired, while the extension of the narrow-gauge railway systems and ordinary highways also received careful attention. In short, this period marks great progress in the sphere of reorganisation of works and communications, without which the sugar industry cannot develop on rational lines.

Apart from the increase in the area under sugar beet, systematic efforts were made to improve the agricultural methods; the results achieved had a most beneficial effect on the production of sugar. The development of the sugar industry is illustrated by the following table:

	Number of factories at work	Areas under sugar beet (in hectares)	Output (calculated in tons of white sugar)
1913/4	87	173.000	560.000
1920/1	65	69.000	156.000
1921/2	68	82.000	160.000
1922/3	70	108.000	274.000
1923/4	74	140.000	345.000
1924/5	75	168.000	440.000
1925/6	72	176.000	520.000

As may be seen by the figures for the last year, the sugar industry in Poland succeeded in making good the damages sustained during the war, its yearly output being approximately the same as in the year 1914.

The large sugar works situated in the Voievodships of Poznań and Pomorze produced prior to the war raw sugar exclusively, which served as raw material for German refineries. At present, a certain number of these factories produce white sugar for home consumption. Factories located in other regions are of small and moderate dimensions and produce only the white variety in the form of crystals and refined sugar.

When, in the year 1921 and 1922, the sugar production exceeded the requirements of the home market, new outlets in foreign countries had to be found for the surplus. At the beginning there was some reserve on the part of foreign buyers towards Polish sugar. It was quite natural, for the quality of this commodity was unknown to them. After a few years Polish sugar made its name and became renowned. In the present campaign-year 1925/6 the exports will reach about 253.000 tons, calculated on the basis of white sugar; this figure represents an important item both in the foreign trade balance and that of the foreign payments of this country. The full confidence displayed by foreign consumers in the Polish sugar industry is a valuable asset which enabled the sugar Syndicate to obtain substantial advances on the foreign markets. In view of the stringency of liquid money prevailing in Poland, this circumstance cannot be over-estimated.

Polish sugar is exported to all European countries but the largest quantities are sent to England and Holland. The exports, calculated on the basis of white sugar, are shown, in round figures, in the following statement (in tons):

1920/1	43.000
1921/2	40.000
1922/3	93.000
1923/4	153.000
1924/5	186.000
1925/6	253.000

About two-thirds of these quantities were marketed in England.

The population of Poland lost the habit of using sugar during the war, but consumption has been on the increase in recent years. However, the rate of progress in this respect is not proportionate to the increase in production and exports. The protracted economic crisis through which Poland had to pass, and is still passing, is far from favouring increased consumption of this commodity, though, nevertheless, distinct betterment is evident in this direction year by year. This statement is confirmed by the following figures of internal consumption, calculated in tons on the basis of white sugar:

previous to the war about	in the year	1920/1	"	1921/2	"	1922/3	"	1923/4	"	1924/5	"	1925/6
300.000 tons or 11' — kg. per head		116.276	"	130.000	"	179.000	"	183.000	"	250.000	"	267.000
		4'31	"	4'77	"	6'35	"	6'43	"	8'66	"	9'12

As regards the organisation of the Polish sugar industry as a whole, the sugar producers have formed themselves into a union and evolved the so-called Central Board ("Rada Naczelna Polskiego Przemysłu Cukrowniczego") whose object is to ensure: the coordination of efforts of sugar producers; the regulation of supplies destined for the home market; the establishment of the terms on which sales are to be effected for foreign account; and, in some cases, the distribution of foreign sales among the members of the Union.

The sales of Polish sugar, both for home and foreign accounts, are effected by the "Bank Cukrownictwa" (The Polish Sugar Bank) established in 1921. At the beginning its object was to assist the industry of the Western regions only, but subsequently its activity embraced the rest of Poland. The second bank financing the sales of sugar, is the Anglo-Polish Bank, Ltd., of Warsaw, collaborating with the British Overseas Bank Ltd.

The marketing of sugar on the territory of the Republic of Poland is regulated by the Act of Parliament, dated July 22nd 1925, according to which the amount destined for home consumption, as well as the reserves which must be kept by sugar factories for emergency purposes, are determined by the Minister of Finance acting in collaboration with the Minister of Industry and Commerce and the Minister of Agriculture and State Lands. The reserve is to be used in case actual consumption should exceed the estimated figure. The quota for home consumption are distributed among all sugar factories in proportion to output. The factories producing under 40.000 quintals per annum, as well as those which are more than 500 klm. distant from Danzig and Gdynia, are authorised to put on the internal market somewhat larger quantities, than would result from proportional distribution.

The present wholesale price of crystal in Poland is  $\text{zł}$  80 per 100 kg. plus  $\text{zł}$  2 for sack. The excise duty for the last two years has been  $\text{zł}$  35 per 100 kg., and from July 15th, in connection with

the 10 per cent increase of all taxes voted by the Parliament —  $\text{z}$  38·50.

The conditions for the development of the sugar industry in Poland are on the whole very favourable and there is no exaggeration in saying that it has very good prospects for the future.

## INTERNATIONAL RELATIONS OF THE POLISH STATE RAILWAYS

POLAND'S geographical position makes it peculiarly important that her railways should be in direct communication with those of neighbouring states. Understanding this, she adhered to the Berne International Railway Convention on June 1st 1922. The Berne Convention provides general legal basis for the transportation of goods between

It will be seen how complicated is the machine of international communication. That is why the realisation of direct railway communication in the full sense of the word is far from complete in Europe. Poland has already done a great deal towards it.

First, goods may be transported by direct communication on a single bill of lading in accordance with the Berne convention to the following countries :

Austria . . . . .	— in accordance with the provisions brought into effect on the 1st of June 1925
Czechoslovakia . . . . .	— in accordance with the provisions brought into effect on the 1st of June 1925
Switzerland . . . . .	— in accordance with the provisions brought into effect on the 1st of June 1925
Hungary . . . . .	— in accordance with the provisions brought into effect on the 1st of June 1925
Italy . . . . .	— in accordance with the provisions brought into effect on the 1st of June 1925
Germany . . . . .	— in accordance with the provisions brought into effect on the 15th of June 1925



RAILWAY BRIDGE ACROSS THE VISTULA NEAR WARSAW

different states on the strength of a single bill of lading, but under the present circumstances requires, however, to be completed by separate conventions arrived at between individual countries in which certain general clauses of the conventions are dealt with in detail. Currency questions, for instance, which have become of paramount importance throughout post-war Europe, are dealt with in this way. By the conclusion of commercial treaties the contracting parties also reserve for themselves certain privileges in connection with transit and import of manufactures which must, in turn, be given the form of railway agreements. Finally it is necessary for neighbouring states to conclude special treaties; the object of these is the technical regulation of passenger and goods traffic, the use of stations on the frontier, the use of trucks, the performance of customs duty, passport and veterinary formalities etc.

France . . . . .	— in accordance with the provisions brought into effect on the 1st of August 1925
Belgium . . . . .	— in accordance with the provisions brought into effect on the 1st of August 1925
Luxemburg . . . . .	— in accordance with the provisions brought into effect on the 1st of August 1925
Yougoslavia . . . . .	— in accordance with the provisions brought into effect on the 1st of March 1926
Holland . . . . .	— in accordance with the provisions brought into effect on the 1st of May 1926
Denmark . . . . .	— in accordance with the provisions brought into effect on the 1st of July 1926
Sweden . . . . .	— in accordance with the provisions brought into effect on the 1st of July 1926
Norway . . . . .	— in accordance with the provisions brought into effect on the 1st of July 1926

As regards the above mentioned railway communications, the freight is calculated according to the railway distance at the rates and in the currency of each particular country. This method was adopted on account of the unsettled currency conditions prevailing in the different states.

Consequently, though this gives direct communication, yet the rates are by no means direct, for by direct tariffs are understood those established for transportation from one station to another in a single currency without paying any regard to the number of states through which the goods are passing. Rates of this kind have been adopted in direct communication between Poland and Rumania since November 1st 1924, as the result of the very earliest of Poland's commercial treaties. This is facilitated by the circumstance that the frontier is only crossed at one point, i. e., between Sniatyn-Zalucze (Polish) and Grigore-Chica-Voda (Rumanian). The freight expressed in gold centimes is calculated for the whole distance between the main stations of the two countries and for all classes of goods included in the tariff. Negotiations are now pending between Poland and Czechoslovakia for the adoption of similar methods. A special Committee composed of railway officials is now engaged in elaborating direct rates for the most important articles between certain railway stations of Poland and Czechoslovakia. This work will occupy a longer space of time as there are nine frontier points to be taken into consideration.

In this respect the conditions of direct railway communication with Germany are still more complicated. Apart from the large number of frontier points (over 30), of which each possesses different technical characteristics and gives a different distance for transportation, the railway relations between Poland and Germany are regulated by a number of treaties, both political and economic, resulting from the Versailles Peace Treaty. The absence of a commercial treaty and the customs war with Germany contribute materially to the difficulties of reaching a settlement in railway matters with Poland's Western neighbour. Thus the economic negotiations now being conducted between Poland and Germany acquire special significance for the railways of the two countries. It is to be hoped that an understanding of their mutual interests will help to overcome the difficulties and will lead to the regulation of railway communication, not only so as to satisfy the needs of the two parties concerned, but also those of all Europe which at the moment are deprived of freedom of movement between East and West.

Things stand quite differently with Poland's Eastern neighbour. The Union of Socialist Republics did not adhere to the Berne convention, and there is no commercial treaty between Poland and that country; for these reasons direct communications could only be regulated by way of a separate treaty. An understanding between the railway authorities of the two countries was reached, whereby direct railway traffic, as from May 15th last, may be operated through 6 frontier points. About the same time, in March last, a conference was convened in Warsaw with the object of establishing direct railway communications between Soviet Russia and Germany via Poland. In this way the first step has been taken for the reestablishment of railway relations between the East and West of Europe, the

lack of which since the war is severely felt by all continental railway systems.

The following comparative statement will give an idea of the traffic effected on the Polish railway system (in 15 ton waggons):

	1923	1924	1925
exports . .	1,082.500	1,038.300	771.500
imports . .	275.800	348.800	335.500
transit . . .	207.000	217.100	257.400
Total:	1,565.300	1,604.200	1,364.400

The decline in exports in 1925 was caused by the closure of the German frontier to the importation of Polish coal. Since then, however, Polish coal has found new outlets and the exports effected in 1926 are in excess of those of 1924.

## AMENDMENTS TO THE STATUTES OF THE BANK OF POLAND

THE TWO YEARS experience which the Bank of Poland has acquired have proved that the Statutes of this Bank, of January 20th 1924, did not permit it to perform all its economic functions.

The question of amending the Statutes has been under the consideration of the Council of the Bank; the decision was taken at the meeting of the Council held on August 12th. On the 31st of August the general meeting of shareholders will take a final decision in this matter which is to be based on the motion of the Board.

Professor Kemmerer, who is now in Warsaw in response to the invitation of the Polish Government, took an active part in the work connected with the contemplated amendments.

The most important amendments of the Statutes affect the provisions relating to the metallic reserves. Article 51 in its present wording required that the bank notes in circulation should be covered by a reserve of gold, currencies and foreign exchanges to the extent of at least 30 per cent after the reduction of liabilities in foreign currencies. According to the new project of the Council this article will read as follows:

"The bank notes in circulation are to be covered to at least 30 per cent of the amount issued by the following values:

- a) gold reserve in bars and coins,
- b) silver reserve on the basis of gold value which may not exceed 5 per cent of the reserves in gold,
- c) foreign currencies,
- d) balances with foreign banks of high standing at sight or with a notice not exceeding 30 days,
- e) cheques and transfers on foreign banks of high standing payable at sight,
- f) bills issued in Poland or abroad in foreign currencies accepted or endorsed by foreign firms, inspiring full confidence,

The values enumerated in points: c, d, e, f should be expressed in currencies convertible into gold without any difficulty. The Council of the

Bank determines what currencies fill the above requirements.

In calculating the cover the following sums should be deducted:

- a) sums borrowed and guaranteed by the gold reserves of the Bank,
- b) liabilities of the Bank in foreign currencies payable within 90 days.

As soon as the bank notes of the Bank of Poland are exchanged against gold, only those foreign currencies may be considered as cover in the meaning of this article, which may actually be exchanged abroad against gold at any time. As regards foreign bills (\$ f), only those may be taken into consideration which have been accepted or endorsed by first class foreign banks and are payable within 90 days".

When the cover falls below 20 per cent, the tax is 10 per cent and it is automatically raised by 1 per cent for every additional fall of 1 per cent of the cover.

These percentages will be calculated on the surplus of bank notes in circulation over and above the sum covered to the extent of 30 per cent.

If the cover falls under 30 per cent, then the discount rate must exceed 6 per cent by at least one third of the tax rate payable to the Treasury.

If the cover of the bank notes in circulation falls below 40 per cent, but is maintained at the level of not less than 30 per cent, the Bank pays to the Treasury a note tax of 1 per cent per annum on the total sum emitted. According to the project of the Council of the Bank, adopted on the recommendation of Prof. Kemmerer, the



OLD SPINNING MILLS AT ONE OF THE ŁÓDŹ FACTORIES

Compared with the present wording of article 51, the new provisions are more detailed and definite, so that no misinterpretation may take place. The only novelty is the inclusion of silver in the item of bullion-cover which metal, up to now, was among the items of bank-cover.

According to the present stipulation, the cover could under no circumstances fall below 30 per cent. The present project, following the latest types of Statutes, foresees a possibility of reducing the cover below 30 per cent, but this may only be effected on the strength of a decision of the Council of the Bank, adopted by a majority of three fourths of the members of the Council present at the meeting, and provided the decision is approved by the Minister of Finance. In this case the Bank pays to the Treasury a note tax, the extent of which is to amount, when the cover is:

less than 30 p. c.	to 3 p. c. per annum,
" " 27 p. c.	" 6 p. c. " "
" " 24 p. c.	" 10 p. c. " "

above principles have a provisional character, since in art. 52 this project foresees that by a majority of at least nine members of the Council and the President of the Bank, and with the approval of the Minister of Finance, the Council of the Bank may decide:

- 1) that the metallic cover is to be raised from 30 to 40 per cent and the rates of the note tax shifted accordingly,
- 2) that in calculating of the cover ratio all liabilities payable at sight be included in the amount of bank notes in circulation,
- 3) that the last paragraph of article 51 be made operative prior to the exchange of bank notes against gold.

A new provision that may prove of great importance is that which reads:

"Warrants fully guaranteed by agricultural produce and bills of farmers resulting from the purchase of seeds, artificial manures, agricultural implements and live-stock, may be of six months

duration. Nevertheless the sums of such bills cannot exceed 20 per cent of the bills in portfolio of the Bank. In this way the emission policy of the Bank may be better adapted to the agricultural character of this country, a circumstance which was not sufficiently accounted for in the present Statutes.

The project of amendments to the Statutes contains also a provision to the effect that the Bank may acquire State securities bearing interest, municipal and hypothec bonds, to an amount not exceeding 10 per cent of its own capital; at the same time the right to discount such values and attached coupons is restricted to 10 per cent of the bills in portfolio, whereas the old Statutes did not limit the discount of such values at all.

of shares on the bearer representing only rights to the property and the dividend, but which do not bestow the privilege of taking part in the general meeting of shareholders and in general to influence the course of business of the Bank. The amendments provide for bearer-shares with the reservation, however, that the total amount of these shares cannot exceed 15 per cent of the stock capital of the Bank.

According to art. 56, the Bank was allowed only to acquire shares and to interest itself in those enterprises which are engaged in the production of bank notes. The present project extends this latitude to undertakings constituted for the purpose of building and conducting corn elevators,



THE PIŃSK MARSHES WHICH ARE TO BE DRAINED IN THE NEAR FUTURE

The granting of loans against securities bearing strictly defined interest is restricted up to 20 per cent of the amount of bills in portfolio.

A new stipulation has also been introduced which facilitates the redemption of liabilities to the Bank before they fall due; two-thirds of the interest on the unelapsed period will be refunded, whereas up to now the Bank was under no obligation to grant any bonus at all.

To provide for a possible increase of authorised capital, a provision is made in art. 4, whereby the capital of the Bank may be increased up to the amount of  $\text{zł}$  150,000,000; this may be effected by the decision of the Council of the Bank adopted by a majority of at least ten members of the Council and the President of the Bank, and provided that it is approved of by the Minister of Finance. Further increase of the stock capital may only take place by a motion of the general meeting of shareholders which, however, must be approved by the Parliament. According to the Statute in force, up to the present the shares of the Bank were nominal, but frequent transactions with these shares proved beyond doubt that the market was in need

and those whose immediate aim is the development of the activity of the Bank (e. g. Bank of Export Credits). The participation of the Bank in the stock capital of all these undertakings cannot exceed  $\text{zł}$  25 million.

In art. 69 provision is made that with the consent of the Minister of Finance the Bank may accept deposits bearing interest. At present this privilege is solely granted to the officials of the Bank and its management. The remainder of the amendments are of no great importance, and although very numerous, they are confined to improvements of the drafting.

Of the 93 articles of the Statutes, 32 are to be amended and the present changes may be considered as a general revision based on over two years experience, gained under difficult conditions, which hindered the development of the Bank. The articles of association and the experience of foreign banks of issue have also been taken into due consideration. The amendments, as stated, constitute a proof that the Bank of Poland is carefully studying the needs of the economic life of the country and is aiming at maximum efficiency.

# SUMMARY OF LAWS, ACTS AND EXECUTIVE DECREES

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

**Bye-laws relating to the regulation of motor-car, motor-cycle and bicycle traffic over the frontiers of the Republic of Poland** ("Dz. Ust. R. P." No. 69, item 404).

**Protection against the importation of impure seeds** ("Dz. Ust. R. P." No. 70, item 407).

**The issue of the 12th series of 8 per cent Treasury Bonds** ("Dz. Ust. R. P." No. 70, item 408).

**Slight amendments introduced into reduced railway tariffs for coal** ("Dz. Ust. R. P." No. 70, item 409).

**Amendments of the old Austrian law relating to mining, in force in Poland** ("Dz. Ust. R. P." No. 70, item 410).

**Repeal of export duty on wheat\*** ("Dz. Ust. R. P." No. 72, item 418).

**Aerial convention with Sweden\*\*** ("Dz. Ust. R. P." No. 73, items 420 and 421).

**Amendments in the rates payable to customs officers for the performance of duties outside their offices, for overtime and also for**

**the convoy and guarding of goods** ("Dz. Ust. R. P." No. 74, item 426).

**Reimbursement of export duties on rolled foundry products and certain metal articles\*** ("Dz. Ust. R. P." No. 74, item 427).

**Privileged export contingents for Danzig\*\*** ("Dz. Ust. R. P." No. 74, item 428).

**Reimbursement of export duties on textiles\*\*\*** ("Dz. Ust. R. P." No. 74, item 429).

**Application of customs duties rebates to machinery and apparatus not produced in Poland** ("Dz. Ust. R. P." No. 74, item 430).

**Registration in Poland of bonds issued by former Russian Land Banks** ("Dz. Ust. R. P." No. 75, item 434).

**Amendments in the state charges payable for the handling of exports\*\*\*\*** ("Dz. Ust. R. P." No. 76, item 435).

**Supplement relating to the rate of commission to be charged by customs duty agencies of the Po-**

**lish State Railways for the performance of customs formalities** ("Dz. Ust. R. P." No. 76, item 436).

**Slight changes in the direct railway communications between Polish railway stations and those situated on the territory of the Free City of Danzig** ("Dz. Ust. R. P." No. 77, item 441).

**Slight changes in certain extraordinary railway tariff rates** ("Dz. Ust. R. P." No. 80, item 447).

**Amendments of some of the export duties\*** ("Dz. Ust. R. P." No. 82, item 448).

**Contingent of sugar for the requirements of the home market** ("Dz. Ust. R. P." No. 82, item 453).

**Prolongation (up to March 31st 1927) of the power given to the Minister of Finance to issue regulations concerning the circulation of money and foreign exchange between Poland and foreign countries** ("Dz. Ust. R. P." No. 83, item 463).

## PRODUCTION AND TRADE

**STATE OF EMPLOYMENT IN JULY.** — During the four weeks ending July 31st the number of unemployed decreased by 23,459 to the figure 264,737. In relation to the figure for the end of January, when the unemployment in Poland reached the highest level at 359,119, the number of people out of work diminished by 94,342 persons or 32.7 per cent. The decrease of unemployment during the period from July 3rd to 31st, much larger than in the preceding five weeks, is all the more gratifying since during that period no public works were undertaken on a larger scale. Consequently, the betterment in this sphere is the result of increased industrial activity. Of course the harvest contributed towards this end, as a number of unskilled industrial workers found work on the land. The following statement gives the number of unemployed according to trades:

	July	June
mining	29,760	36,967
foundries	10,130	10,814
metal	21,718	24,073
textile	45,034	44,352
building	13,305	60,363
clerical	25,092	24,453
various	119,698	131,174
<b>Total :</b>	<b>264,737</b>	<b>288,196</b>

It results from these figures that during the period under review the most substantial reduction of the unemployed took place in the mining industry, where 7,207 new hands were taken on. This is the direct result of increased extraction of coal, now that the reserves at the collieries are exhausted and due to the necessity of covering the increased demand on the part of foreign customers. The decrease by 3,058 persons in the building trade indicates that the improvement in this department is largely due to the fact that Government is carrying out certain building schemes which are of the nature of investments.

The metal group is also worthy of note as 2,335 persons have been given work during this period. It is also remarkable that in the group "various trades", comprising unskilled workers, the number of unemployed decreased by 11,476; this, as already stated, is accounted for not only by favourable conditions prevailing in the industry, but also because a large number of the idle were sent into the country.

The foundries experienced a slight change for the better, the number of unemployed being decreased by 684. The situation in the textile and clerical groups grew worse, the number of unemployed in these sections increasing by 682 and 639 respectively. It should be mentioned that the number of clerical workers unemployed is steadily increasing.

Not only the unemployed, but also workmen with part-time employment are steadily decreasing in number. Of the 95,661 persons registered under this heading at the end of June there remained as without full work 60,992 at the end of July. Of these 136 persons were employed 1 day per week, 1,948 persons — 2 days, 11,447 — 3 days, 13,665 — 4 days, and 33,796 — 5 days per week, the average being 4.29 days per week against 3.97 days at the end of June.

### GRAIN

— The exports of the four main cereals from Poland during July last and during the agricultural season 1925/6 were as follow (in tons):

	July 1926	1925/6
Wheat	1,555	132,394
Rye	38,349	322,010
Barley	8,736	169,287
Oats	7,043	93,042

\*) See "The Polish Economist" No. 2, page 66.  
\*\*) See page 102.

\*) See page 103.  
\*\*) See page 104.  
\*\*\*) See page 103.  
\*\*\*\*) See page 102.

\*) See page 103.

These figures indicate that the exports of rye and wheat in July have experienced a further rise. This shows that the country possesses a certain carry-over from last year. Of the total quantity of wheat exported in July 86.1 per cent was sent to Germany. The main customers for rye were the following countries: Germany 28.8 per cent, Finland 26.5 per cent, Belgium and Latvia 9.3 per cent. Barley was sent chiefly to Denmark 34.6 per cent, Germany 25.1 per cent, and Norway 13 per cent. Oats found a market in Germany—83.9 per cent, and in the United Kingdom—10 per cent. The total value of exports of grain from Poland during July amounted to about gold  $\text{zł}$  11 million as against gold  $\text{zł}$  6.5 million in the preceding month.

The import of cereals during the same period was quite insignificant.

The movement of prices for grain on the home market as compared with that of prices ruling abroad during the period from July 15th to August 15th was as follows (see table):

During the second half of July, as is shown by the table, the prices for rye and wheat were weakening, whereas during the fortnight from 1st to 15th August the average price for rye rose by 12.90 per cent, whether expressed in gold  $\text{zł}$  or in U. S. dollars. Wheat showed an even stronger upward tendency, namely 13.1 per cent, expressed in  $\text{zł}$ -ty, and 13.3 per cent in U. S. dollars. However, this increase is not likely to be maintained, as it was provoked by smallness of supply due to the harvest season. In view of this year's good crops and the comparatively small requirements of the home market, wheat prices are bound to reach the export level, from  $\text{zł}$  36 to  $\text{zł}$  40, free on rail, according to quality. The prices for rye, on the contrary, are likely to be firm with a slight upward movement on account of poor crops abroad. Prices for malting and feeding barley rose also during the first half of August, though not in the same measure as those for the other cereals.

The prices on the world market during the month ending August 15th were rather weak: in Berlin and Chicago rye dropped by 1.41 per cent, malting barley—0.74 per cent, feeding barley—1.74 per cent. For the first time during the last few weeks the price for wheat in Berlin was \$ 6.38 per 100 kg., whereas Chicago quotations showed a decline of 3.55 per cent.

The estimated crops of cereals in Poland have already been calculated; according to provisional data of the Chief Statistical Bureau, they are as follows (in quintals):

		Percentage in relation to 1924/5
Wheat	14,758.000	93.8
Rye	55,128.000	84.3
Barley	16,417.000	97.8
Oats	32,012.000	96.7

The above estimates may be subject to modifications, though the character of the crops has been established. On the whole, they will not be smaller than those of last year, for it is only rye that is considerably less in quantity.

	July 1st — 15th		July 16th — 31st		August 1st—15th		Percentage of difference	
	$\text{zł}$	\$	$\text{zł}$	\$	$\text{zł}$	\$	$\text{zł}$	\$
<b>W H E A T :</b>								
Warsaw ... ..	37.43	4.02	37.37	4.11	43.12	4.76	+ 13.33	+ 13.60
Poznań ... ..	40.25	4.33	38.—	4.18	41.29	4.56	+ 7.97	+ 8.33
Lwów ... ..	39.90	4.29	34.80	3.82½	42.36	4.68	+ 17.84	+ 18.16
Average price . . . . .	39.19	4.21	36.72	4.04	42.25	4.66	+ 13.10	+ 13.30
Chicago ... ..	—	5.06½	—	—	—	5.07	—	— 3.55
Berlin RMk ... ..	—	—	—	5.25	26.81	6.38	—	—
<b>R Y E :</b>								
Warsaw ... ..	24.37	2.62	24.10	2.65	27.33	3.02	+ 11.81	+ 12.25
Poznań ... ..	28.06	3.01½	24.93	2.74	26.66	2.94½	+ 6.49	+ 6.96
Lwów . . . . .	24.07	2.59	22.67	2.49	28.—	3.09	+ 19.03	+ 19.42
Average price . . . . .	25.50	2.74	23.90	2.63	27.33	3.02	+ 12.90	+ 12.91
Chicago ... ..	—	3.80½	—	4.13	—	4.—	—	— 3.25
Berlin RMk ... ..	20.96½	4.99	18.95	4.51	18.99	4.52	+ 2.10	+ 0.22
<b>B A R L E Y :</b>								
a) Brewing:								
Warsaw ... ..	28.66	3.08	26.07	2.87	28.68	3.17	+ 9.10	+ 9.46
Poznań ... ..	28.12	3.02	26.50	2.91½	28.25	3.12	+ 6.19	+ 6.57
Average price . . . . .	28.39	3.05	26.28½	2.89	28.46	3.14	+ 7.66	+ 8.—
Berlin RMk ... ..	20.79	4.95	19.89	4.73	19.72	4.69½	— 0.86	— 0.74
b) Feeding								
Warsaw ... ..	26.50	2.85	23.25	2.56	26.—	2.87	+ 10.58	+ 10.80
Lwów ... ..	25.07	2.69½	23.50	2.58½	25.25	2.79	+ 6.93	+ 7.35
Average price . . . . .	25.78	2.77	23.37	2.57	25.62	2.83	+ 8.27	+ 9.10
Chicago ... ..	—	3.17	—	3.21½	—	3.07	—	— 4.72
Berlin RMk ... ..	19.65	4.67½	15.94	3.79½	16.43	3.91	+ 2.98	+ 2.95

When the carry-over of grain from the previous year which is put at 300,000 tons is taken into consideration, then the crops of this harvest will not only cover the requirements of the home market, but will provide a margin, equal probably to that of last year, available for export.

**FINANCING OF CROPS.** — The Bank of Poland, taking the view that a revival of the home market may be brought about by a rational financing of this year's crops, had decided to devote a sum of  $\text{zł}$  20,000,000 for purchases of corn direct from the farmers. Of this total,  $\text{zł}$  16,000,000 will be used to finance exports, the remainder being destined for the needs of the home market. The credits will be granted not only for the purchases of grain but also of flour and seeds for pea and bean crops; the crops for forage and industrial purposes are also provided for.

Large firms and societies are authorised to send their applications for export credits to the Bank of Poland, whereas smaller and financially weaker enterprises may obtain credits, on condition that the "Bank Gospodarstwa Krajowego" endorses the prospective liability; the cost of this endorsement, however, must not exceed 2 per cent.

The credits for financing exports will be accorded by instalments. In order to make a beginning and to encourage purchases of grain or seeds from the farmers, the export firms and organisations will be granted for the time being a credit amounting to 20 per cent of the total sum allotted. This credit is to be guaranteed by bills of exchange or securities. The farmers will receive it as an advance at the time of loading the seeds and grain into trucks. Further 60 per cent of the accorded credit will be paid by the Bank of Poland against the respective bills of lading, the balance being payable when the foreign buyer has effected his payment.

**THE ERECTION OF ELEVATORS IN POLAND.** — Since the stabilisation of currency in Poland the Polish Government and private firms have received numerous offers from foreign financial groups for the erection of corn elevators in this country. The economic policy of its pre-war rulers hampered the construction of elevators, so that Polish territories are almost completely without them. Various Western European and American firms have directed their attention to this problem as the exports of grain from Poland have reached large proportions of late. The Government has empowered the "Bank Gospodarstwa Krajowego" to conduct negotiations in this matter. The general outline of the principles for a final settlement have already been laid down. The elevators are to be owned by the State and may be erected also by foreign firms on condition that they grant a long-term credit to the "Bank Gospodarstwa Krajowego", whereas the running of the elevators is to be entrusted to enterpri-

ses which will lease the elevators from the Government. The rent should cover interest and amortisation of the loan specially floated by the Government for this purpose. Foreign capital will also be admitted to the exploitation of the elevators. In addition shares will be partly held by the State banks, but mainly by agricultural societies and commercial firms in Poland. Negotiations for the construction of elevators are already being conducted with an American firm which has secured various contracts for municipal installations in this country, and also with one of the most important Danish firms dealing in corn which also contemplates taking an interest in the exploitation of elevators to be erected in Poland.

## CATTLE AND MEAT

**PROHIBITION OF THE EXPORT OF CATTLE.** — Owing to the epidemics of skin disease observed in certain parts of the country, the Government has prohibited, until further notice, the export of cattle from the following Voievodships: Białystok, Lublin, Łódź, Pomerania, Poznań, Silesia, Warsaw, and from some districts located in the Voievodships of Kielce, Kraków, Nowogródek and Polesie.

**FAIR FOR HORNED CATTLE, HORSES, PIGS AND SHEEP IN LWÓW.** — Simultaneously with the Lwów Eastern Fair, to be held, as previously announced, from September 5th to 15th — will be organised the above mentioned Fair. Its object is to facilitate the establishment of commercial relations between Polish producers and foreign importers of cattle; it is being supported by the Ministry of Agriculture and State Lands, which has appointed Dr. J. Rozwadowski, the well known authority on agricultural matters, who is the President of a special Committee in charge of the organisation of the Fair.

## SUGAR

**RESULTS OF THE SUGAR CAMPAIGN, 1925/6.** — Sugar associations have just elaborated statistical data for this period. In Poland the sugar campaign begins in October and marketing comes to an end in July. That is why the statistical data embrace the period from October 1925 to July 1926.

For the sake of comparison, statistical data for the corresponding period of 1924/5 are also given. The figures are in tons, calculated on the basis of white crystal:

	October-July 1925/6	October-July 1924/5	
Stock per Oct. 1st	347	15,048	
Production	523,092	440,914	
	523,439	455,962	
Consumption	222,503	212,342	
Export	235,286	191,154	
	457,789	403,496	
Stock per July 31st	65,650	52,466	

## TIMBER

— The exports of timber from Poland in July were as follows (in tons):

fire wood	15,094
pulpwood	152,648
pit props	93,470
round logs	4,389
telegraph poles	67,091
planks, deals, battens	162,056
railway sleepers	26,093
staves	4,402

The export of fire wood and pulpwood continued to increase, whereas that of logs sank in favour of dressed timber. The average prices for round wood on the home market, free on rail in the different Directorates of the State Forests, were in June (in  $\text{zł}$  per 1 cubic m.):

pine logs for sawmills (20—40 cm.)	Warsaw	30'60
	Radom	28'00
	Wilno	26'50
	Siedlce	23'00
	Bydgoszcz	21'22
round pine wood for building purposes	Siedlce	20'00
	Wilno	17'60
pine pit props	Warsaw	22'90
	Radom	18'00
	Siedlce	15'00
	Bydgoszcz	14'45
	Siedlce	23'00
spruce logs for sawmills (20—40 cm.)	Lwów	20'65
	Łuck	110'00
oak logs (for joinery)	Siedlce	21'00
	Wilno	20'00
pine fire wood (25 — 50 cm.)	Warsaw	13'75
	Bydgoszcz	8'75
	Radom	8'00
	Toruń	6'65
	Wilno	6'50
beech .. ..	Siedlce	6'00
spruce .. ..	Lwów	9'54
	Lwów	6'63

The prices for round pine and spruce in the central Directorate have been



A FOREST ROAD IN THE EAST OF POLAND

subject to a slight decline, but they rose in the Wilno Directorate in consequence of a larger demand. The prices for sleepers, building materials, both pine and spruce, were firm. During the last days of July a conference was held in the Danzig Railway Directorate, in which the following interests took part: the Ministry of Agriculture and State Lands, the Ministry of Industry and Commerce and the timber trade. The question of transports and transshipment of timber in Danzig was discussed. The handling capacity was agreed to be 540 car-loads per day.

#### REVENUE FROM STATE FORESTS.

According to the monthly budget estimates of the Ministry of Finance, the State forests should have paid to the Treasury  $\text{zł}$  16,800,000 as a net profit for the first six months of this year.

In fact, during that period the sum paid was  $\text{zł}$  22,335,570.77, i. e.,  $\text{zł}$  5,535,570.77 more than was anticipated.

Compared with the revenue paid in during the corresponding period of last year,  $\text{zł}$  13,635,186.46, there is an increase of 64 per cent.

## COAL

—The advantageous circumstances created by the English strike for the Polish coal industry, continued during July and are principally reflected in a steady increase in the export of coal. During the period under review this exportation reached a record figure, and probably its peak, for it is safe to assume that in August the volume of consignments for foreign countries will be, perhaps, smaller; this is likely not on account of the impossibility of effecting further sales but simply on account of continuous shortage of railway trucks, both local and foreign (German for the export to England and Italian for the export to Italy by rail), caused by congestion in Danzig, Stettin and Hamburg and other ports through which Polish coal is directed. It is also very likely that the liquidation of the strike or partial resumption of work in English collieries will diminish the market for Polish coal.

The statistics for export in July in comparison with that effected in June and the average for the year 1925 are shown in the following table (in thousands of tons):

Destination	1925:		1926:	
	1st sem. (monthly average)	2nd sem. (monthly average)	June	July
Austria	194	254	224	177
Hungary	36	85	45	62
Sweden	—	57	200	265
Denmark	2	34	116	104
Czechoslovakia	47	58	43	44
Danzig	26	42	39	43
Latvia	1	16	16	27
Yugoslavia	8	13	22	21

Destination	1925:		1926:	
	1st sem. (monthly average)	2nd sem. (monthly average)	June	July
Switzerland	2	6	7	8
Italy	1	14	99	124
Rumania	6	7	11	11
Lithuania	1	2	4	2
Memel	1	2	1	1
Holland	—	1	6	12
Finland	—	1	28	23
France	—	1	74	26
Norway	—	—	21	26
England	—	—	221	637
Germany	451	—	—	7
Belgium	—	—	—	12
Russia	—	—	—	6
Other countries	—	2	4	17
Total:	776	595	1,181	1,654
Bunker coal	—	—	179	214
Total amount:	776	595	1,395	1,835
Export (Germany not included)	325	595	1,395	1,828
Shipped through:				
Danzig	29	101	272	268
Gdynia	—	9	38	35
Tczew	—	—	23	32

It will be seen that the exports in July last reached 1,835,000 tons — an increase of 440,000 tons or 31.54 per cent over the preceding month. To these exports not only the Silesia and Dąbrowa coal valleys contributed with their higher grades of coal, but also the collieries near Cracow which had not previously done any export business on account of the lower value of their coal.

As regards export to individual countries, the best customer was the United Kingdom with 637,000 tons — an increase of 416,000 tons or 188.24 per cent as against June. This represents only a temporary advantage which will cease to exist as soon as the strike in England is over. But of still greater interest is the steady increase of export to Sweden which reached 265,000 tons in July, and it is highly probable that the gains made on these markets in the face of strong foreign competition will be maintained permanently, as the Baltic States are the natural outlets for Polish coal. In the meantime, in order to relieve the ports of Danzig and Gdynia, the handling capacity of which amounts at present only to about 300,000 tons per month, coal is being loaded in all ports situated on the Vistula, such as: Tczew, Toruń, Solec, Świecie and Kapuściska Małe, Koźle on the Oder and Tamka Garbarska on the Warta. In these ports the coal is being loaded into barges which are towed to Danzig (from Koźle and Tamka Garbarska — to Stettin), where their cargo is transferred to ships in the open sea.

Of the total amount of coal exported in July, 268,000 tons passed through Danzig, 35,000 tons through Gdynia, 76,000 tons through Tczew and all the above mentioned river harbours, 414,000 tons through Hamburg, 79,000 tons through Stettin, 49,000 and 23,000 tons through Bremen and Harburg respectively.

As stated in the last issue\*, a contract with the Soviet Government was signed for the delivery of 500,000 tons of coal to the Northern districts during the next four months from August to November inclusive. Of this quantity 300,000 tons will be conveyed by rail and the remainder — via Danzig by sea. Towards this total 6,000 tons were dispatched in July.

The average daily consignments of coal in July (with 27 working days) amounted to 67,963 tons against 60,652 tons in June — a gain of 7,311 tons or 12.05 per cent.

Such a substantial development of exports, resulted in a corresponding increase of productions which rose from 2,661,000 tons in June to 3,444,000 tons in July, the increase being 783,000 tons or 29.5 per cent, while the stocks which were 889,000 tons on August 1st had declined by 60,000 tons as compared with the preceding month. The home consumption, not including that of the mines themselves, was 1,337,000 tons in July, or roughly the same as in the month of June. From the beginning of September the home consumption of coal is sure to increase, as the seasonal industries, such as sugar refining, distilling and farming, will purchase big quantities for the winter. For the same reason the sales to private individuals will of course also be larger.

It is obvious that such a development of production necessitates a corresponding increase in the number of workmen employed. For the time being the coal-owners refrain from engaging large numbers of workmen on account of uncertainty as to the duration of the present favourable prospects; fearing that it would be necessary to dismiss newly engaged workers at a future date they endeavoured to increase production by the introduction of overtime. Through the mediation of the Government between the coalowners and miners, however, an agreement was reached according to which workmen now taken on will not be treated in the same way as those working permanently. The newly-engaged are considered as temporary workers and, as such, may be discharged at a seven day's notice without the consent of a Dismissal Commissary. This understanding is to remain in force for two months, when it will be revised. In pursuance of this arrangement 8,000 new workmen were enrolled in the month of July, and, when it is remembered that 2,200 workmen were given work in the

\* See "The Polish Economist" No. 2, page 57.

preceding month, it will be seen that the number of unemployed in this branch of production decreased by 10,200. Despite the increase in the number of workmen, collieries are still being operated overtime, so that the output of the workmen rose and amounted to 1.7 tons per day during the period under review, while in June it stood at 1.65 tons, and in May at 1.17 tons. At particular mines, as, for instance, at the State Mines in Upper Silesia (Skarboferme), the average daily output per day for 1 workman has reached an unprecedented record level — 1.557 tons, which is higher than the pre-war level (1.2), despite the reduction of the working day from 10 to 7½ actual working hours.

The high productivity of the workmen and the profitable export business enabled the collieries to lower by 10 per cent the price of coal destined for home consumption. It may be worth while to recall that prices in June went up by 17.5 per cent, as compared with those in May, and that the wages rose only by 10 per cent. The present prices at pit-head are as follows (per ton in £):

	June	July
large lumps	35.70	32.60
nuis I	—	—
" II	30.10	27.60
pea	23.30	21.30
small (0.70)	23.20	21.20
" (0.40)	19.70	18.00
mixed	27.70	25.30
dust	12.10	11.10

The export prices have also risen in July as the result of increased demand. The price for Silesian coal f. o. b. Danzig which was 14/- per ton in April and 19/- in June, rose to 28/- in July. The prices for coal exported to markets covered by conventions, i. e., to Austria, Czechoslovakia and Hungary, have also risen, though not in the same proportion.

The excellent natural conditions of the coal beds in Poland, as well as good and cheap labour, are the main factors accounting for the fact that the Polish coal has the lowest cost of production in the world. If to these advantages is added the high caloric value of Polish coal which can, as shown by experience, compete on foreign markets with English and German coal — it may safely be stated that the export of this commodity will increase in the future and thus ensure a rapid development of the Polish coal mining industry.

## PETROLEUM

— The general situation of the petroleum industry in Poland in July was not subject to any material changes. The production of crude oil somewhat

increased and amounted to 68,000 tons as against 67,600 tons in the preceding month. Stocks at the well-heads and in the tanks held 63,750 tons at the beginning of July as against 75,210 a month earlier.

The average daily output decreased on account of the diminished output of the wells producing large quantities, such as "Pax No. 1", "Blériot Mine" in Tustanowice, and "Ratoczyn" Nos. 1 and 4 in Borysław and others. Despite this, the production of crude oil increased owing to additional and successful drillings at new wells such as "Bruno" No. 1 in Horodyszczce near Mraźnica, "Bloch" No. 1 in Mraźnica and others. Owing to lack of capital the drilling movement was very slack.

The demand for crude oil was very brisk, thanks to the favourable conjunctures on the foreign markets: the prices for crude oil of Borysław origin stood at about \$ 192 per truck-load for large consignments and for smaller quantities at \$ 187.

As the result of a decline in the prices of articles of first necessity, the wages were decreased by 4.789 per cent.



AN OIL WELL IN GALICIA

The number of unemployed has somewhat diminished.

In general the situation continues to be very good. Contrary to the practice of the last two years, Polish petroleum products are exported chiefly via Danzig, and the sales on the new foreign markets more than offset the losses of German custom and the decrease of export to Czechoslovakia. The transit trade via Danzig is in the year 1926 more than three times as great as in the preceding year. The total exports of petroleum products in July were 36,628 tons against 31,510 tons in June, a gain of 5,118 tons.

It is noteworthy that the Polish refineries are endeavouring to introduce distillation by the "Cross" method which will contribute to an increased production of benzine in the near future.

The output of gasoline from gas is on the increase and reached 1,500 tons in July.

**THE GASOLINE INDUSTRY.** — The rapid pace of development in motor-car and aerial communication, so characteristic of recent years, has necessarily led to increased consumption of benzine,

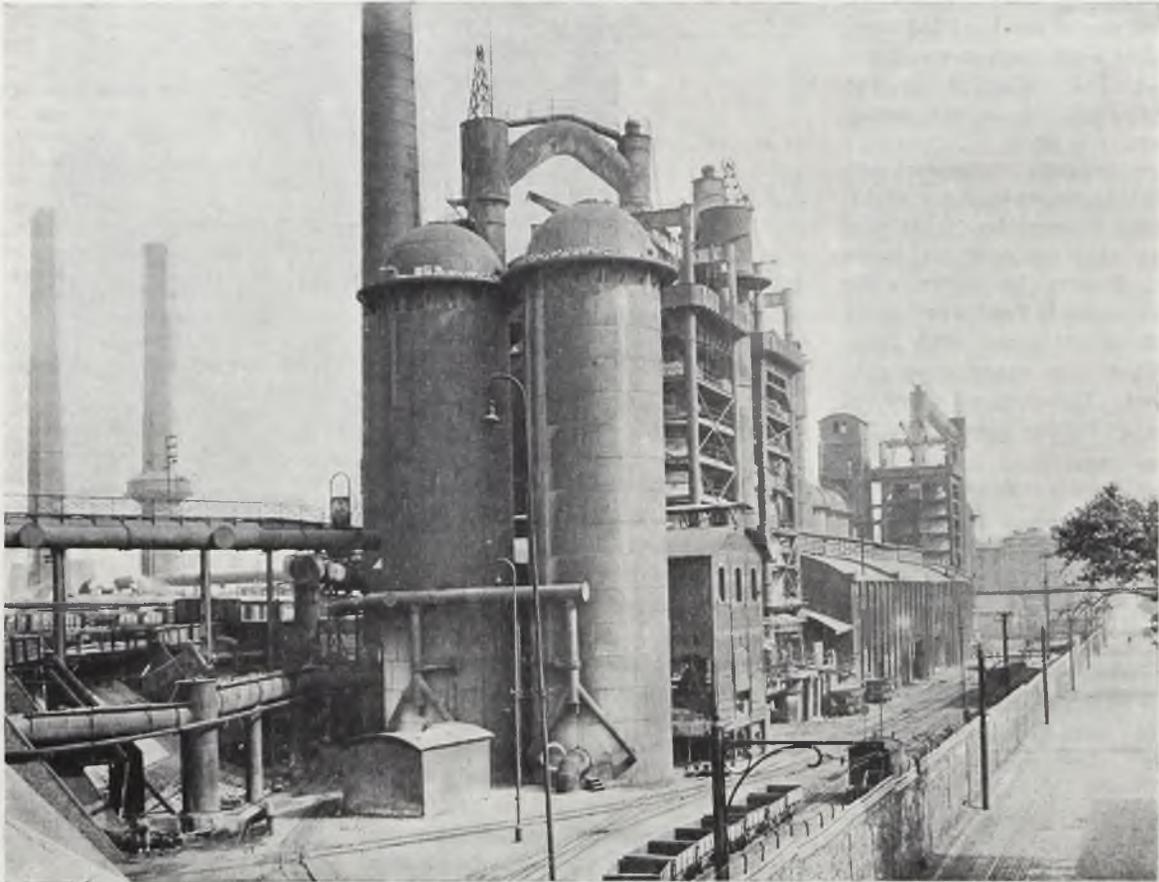
especially of the lighter grade. For this reason special attention is devoted to the branch of production based on natural gas, which yields after compression or absorption comparatively large quantities of gasoline possessing the same characteristics as light benzine with a specific gravity up to 700°. This low point of specific gravity is the main reason for the increasing demand for this commodity, since it can replace the lightest benzine for aerial engines and, by addition to heavy benzine which is losing ground, produces a mixture,

The present year has seen further development of the gasoline production in this country, as is evidenced by the tables below:

	<i>Production of gas</i> (thousands of cubic meters)	<i>Through-put of gas into gasoline</i>
January . . .	43.643	14.564
February . . .	39.437	14.178
March . . . .	43.850	15.769
April . . . . .	38.534	14.972
May . . . . .	38.261	14.072
June . . . . .	38.581	15.405
Total :	242.356	88.961

output of gasoline in Poland may be easily trebled. This increase may be attained by the application of rational exploitation to the gases of the Borysław district which are burnt before undergoing the process of compression and are thus lost irretrievably.

The consumption of gasoline on the home market during the first half of 1926 was 6,272 tons of which a portion was sent to refineries to be mixed with heavier benzine and was subsequently absorbed by the local market. The total exports of gasoline during the same



BLAST FURNACES IN ONE OF THE UPPER SILESIA FOUNDRIES

which is much lighter, and therefore more valuable.

The extent of the development of the gasoline industry in Poland may be gauged by comparing the figures for 1920, i. e., 593 tons produced by two factories, with the present output from 15 factories of an average 1,300 tons a month. Thus the yearly production of gasoline may be roughly estimated at 15,000 tons. The gradual development of this branch of industry covering the period from 1920 to 1925 is shown by the following statement (in tons):

1920	593
1921	661
1922	922
1923	2,075
1924	3,435
1925	9,793

	<i>Output</i>	<i>Gasoline : Consumption (tons)</i>	<i>Export</i>
January . . . .	1.247	1.017	119
February . . . .	1.181	1.048	161
March . . . . .	1.440	1.102	186
April . . . . .	1.324	1.035	112
May . . . . .	1.312	832	42
June . . . . .	1.371	1.238	56
Total :	7.875	6.272	676

Comparing the figures relating to the total production of gas with through-put of gas, it will be seen that Poland is far from the point at which all its gases which can be used for the production of gasoline, are subject to this process before they are used as fuel.

By the application of the present methods of production, and by bearing in mind the natural conditions, the

period amounted to 676 tons, the major portion of which went to Czechoslovakia which took 428 tons, the remainder being taken by: Austria — 224 tons, Switzerland and Hungary — 12 tons each.

"GALICYJSKA KARPACKA NAFTOWA S. A." FORMERLY "BERGHEIM AND MAC GARVEY" domiciled in Glinik Marjampolski (Galicia) has increased its capital by £ 28,620,000 by the emission of 1,144,800 new shares of the nominal value of £ 25 a piece.

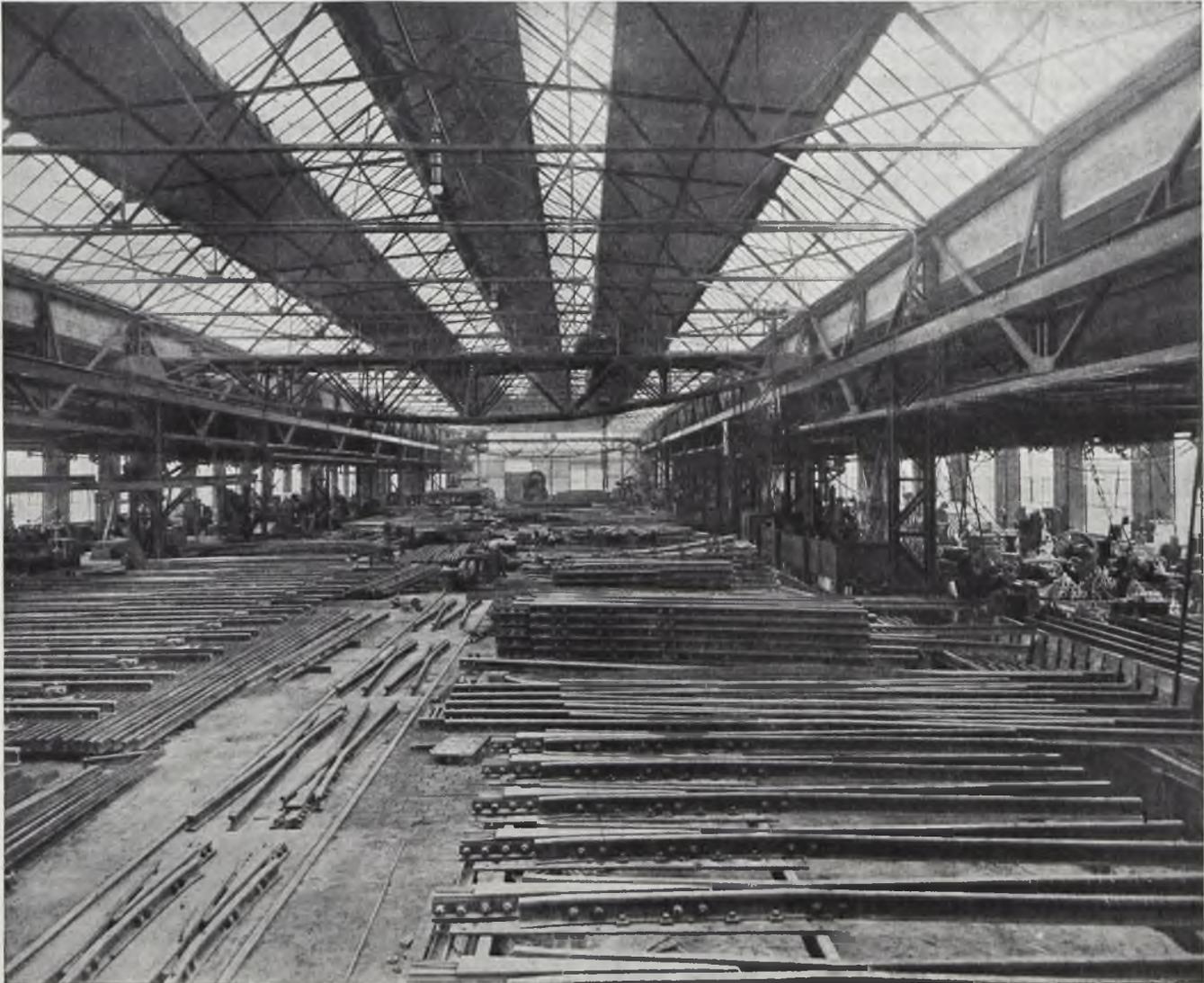
## IRON

— Thanks to the favourable conditions for Polish iron mines prevailing on the Czechoslovakian and German Upper Silesian markets, the activity of this in-

dustry has assumed its largest dimensions since 1923, i. e., since the inflation period and the occupation of the Ruhr valley. Then, thanks to the almost unli-

It will be seen that although the export of iron ore increased, yet this was not in proportion to the output of the mines.

to enable the State Railways to help the iron industry in the way mentioned. It is only natural that the revival in all branches of the founding industry should



INTERIOR OF A WORKSHOP IN THE ROYAL FOUNDRY

imited possibilities for selling iron and steel on the German market, the Polish foundries worked twice the quantities of iron ore that they do now, and the blast furnaces of former Russian Poland did not use the rich foreign ores but the Polish ores which were cheaper.

For this reason efforts are being made to employ an increasingly large quantity of Polish ores in order to diminish the consumption of the costly foreign ores. These efforts are illustrated by the following figures (in tons):

	Output	Exports	Imports
June 1926	27.262 *)	11.068	8.841
July ..	20.206 **)	12.133	11.492
„ 1925	12.188	3.360	27.252

\*) Corrected figure.  
\*\*) Provisional figure.

The total number of workmen employed rose from 3.469 in June to 3.775 in July as against 2.536 in July of last year. In addition, it is contemplated setting in operation a number of iron mines which have not been worked for a number of years. The general improvement in the economic situation of this country, especially of late, was not of course without influence upon the home requirements. The demand for iron and steel rose considerably, mainly on the part of the State Railways, which, owing to the increasingly heavy freights, was compelled to augment the railway rolling stock, and placed large orders for trucks, rails, switches and so on with local firms. The influx of liquid money contributed

become evident in the production of pig iron and steel ingots. Compared with June last, the results obtained during the period under review were the following (in tons):

		Output:			Number of workmen employed
		pig iron	steel ingots	rolling mills	
June 1926	19.628*)	51.679*)	45.590*)	32.416*)	
July ..	24.068**)	69.560**)	53.372**)	33.348**)	
„ 1925	25.066	76.889	60.362	37.228	

The number of workmen engaged in the founding industry shows a further, though small, increase.

The sales of the Polish iron founding products on the international market used not to be sufficiently organised,

\*) Corrected figure.  
\*\*) Provisional figure.

and there were numerous cases of wild competition between enterprises, which now, to avoid this competition, had already formed themselves into a limited liability company called "The Syndicate of Polish Iron Founders". But the methods of effecting foreign sales individually proved prejudicial to the interest of the foundries; the iron masters found it advisable to reach an understanding at a cost of individual sacrifices, and on August 18th last, with one exception, all adhered to "The Export Union of Polish Iron Foundries". Its business address is: 5, Mazowiecka, Warsaw.

As regards the exports of iron, it is safe to say that the prospects are quite favourable on account of the present currency conditions in Poland.

Exports and imports of foundry products (pig iron, steel ingots, iron and steel sheets, iron and steel rails and pipes) is given in the following statement (in tons):

	Exports	Imports
June 1926	6,376	2,163
July "	7,313	3,928
" 1925	2,330	4,301

Compared with July 1925, the exports of foundry products has largely developed; the imports, on the contrary, have fallen. It should also be mentioned that after the declaration of the customs war on Poland by Germany the export of foundry products from Poland to Germany was suddenly stopped, so that the figures for that month show a considerable decline; in June 1925 they amounted to 13,011 tons.

**EXPORTS OF POLISH IRON TO RUMANIA.** — A new firm named "The Polish-Rumanian Iron Company" has been established in Bucarest. The Company is headed by Gen. Ilescu. The object of the Company is to effect sales of Polish iron on the Rumanian market. In addition, the Company contemplates the erection of a waggon-repairing plant which, in time, will be transformed into a waggon-building works.

**THE SILESIA UNITED ROYAL AND LAURA FOUNDRIES, LTD.** — This Company, the largest founding enterprise in Upper Silesia, is now domiciled in Poland. The number of hands employed by this firm has greatly increased as the result of Government contracts for the supply of railway switches. The bridge building and iron construction departments are working at full capacity.

## ZINC AND LEAD

— The output of zinc and lead ores in July was somewhat smaller than that in the preceding month. This is evidenced by the following figures (in tons):

	Local extraction	Imports of zinc and lead ores	Number of workmen employed
June 1926	91,630*	10,352	9,836
July "	102,907**)	6,906	9,710
" 1925	107,962	2,111	9,259

\*) Corrected figure.  
\*\*) Provisional figure.

Nevertheless the number of workmen, as well as the import of ores when compared with the corresponding period of last year shows a substantial rise indicating increased activity in the foundries, and also good prospects for the development of this industry, and especially of zinc, in the future. In fact the output of raw zinc and lead during the month under review not only exceeded the figures which were attained by Polish foundries during the last few months, but also the highest levels since the Great War, though the export of these metals has somewhat decreased.

The exports of zinc and lead as well as zinc sheets is given in the following table (in tons):

	Output:		Exports:			Number of workmen employed
	raw zinc	raw lead	zinc	zinc sheets	refined lead	
June 1926	10,041	2,440	9,031	657	1,954	11,455*)
July "	10,360*)	2,480**)	7,435	464	2,139	11,630**)
" 1925	9,341	2,166	4,903	2,384	1,359	11,907

The production of zinc sheets has declined owing to the imposition by Germany last year of tenfold duties on the import of this material from Poland.

**SILESIA-AMERICAN CORPORATION.** — On July 29th last the firm of Messrs "Harriman & Co." opened in New York the subscription to 7½ per cent Silesia-American Corporation gold bonds for the amount of \$ 15,000,000 emitted at 94½. It is stated in the prospectus that the Company will be controlled by a certain holding Company, the majority of whose shares is held by the "Anaconda Coppermining Company of America". The Silesia-American Corporation is the name of a newly formed Company which is to work those foundries, mines and land properties located on the Polish territory, which were bought by the Harriman Concern from the firm of Giesche\*\*\*).

## POTASSIUM SALTS

— There are two potassium salt mines in Poland, in Kałusz and in Stebnik. They are owned by the State and in 1922 were leased to the "Towarzystwo Akcyjne Eksploatacji Soli Potasowych" (The Potassium Salt Mining Company) two thirds of the capital of which is held by the State Treasury.

The two mines, employing 598 workmen, were working at full capacity in the course of the first half of 1926. This period was very favourable for this branch of production which is increasingly filling the requirements of agriculture for potassium manures.

The total production of potassium salts in the first half of 1926 amounted to 99,599 tons showing an increase of 3.217 tons or 3.3 per cent over the corresponding period of last year.

The amount of cainit produced was 35,283 tons and of sylvinit — 64,316

\*) Corrected figure.  
\*\*) Provisional figure.  
\*\*\*) See "The Polish Economist" No. 1, page 25.

tons. The last named was mined in Kałusz, as the deposits of potassium salts in Stebnik contain only cainit. The production of this material is of secondary importance in Kałusz, as during the 6 months of this year it produced only 2,315 tons, or about 3.5 per cent of the whole cainit production. Compared with the first half of 1925 the production of cainit increased by 10,092 tons or 40 per cent, whereas that of sylvinit was reduced by 6,875 tons, or 9.6 per cent, because large stocks were on hand.

Such rapid progress in the mining of potassium salts is due mainly to the credit facilities accorded by the Government and to the large and increasing demand on the part of home agriculture for this class of artificial manures, as well as to the large reserves of exposed deposits which were previously worked on a very small scale. Contrary to the present policy of the Polish Government, Austria—Hungary, prompted by Germany, purposely hindered the development of this branch of mining; Germany endeavoured to effect large sales of this product from her own Stasfurt deposits in order to maintain its potential influence on the world market.

The sales, like the production, of potassium salts were carried on during the first 6 months of this year under very favourable conditions and amounted to 97,554 tons; compared with the corresponding period of last year they rose by 16,428 tons or 20 per cent. This total was made up of 31,123 tons of cainit and 66,431 tons of sylvinit.

During the first 6 months of this year 85,839 tons or 88 per cent of potassium salts were placed on the home market and the remainder — 11,715 tons or 12 per cent — were sent abroad. Thus in comparison with the first half of 1925 the sales at home rose by 9,013 tons or 11.7 per cent and the exports rose by 7,415 tons or 172 per cent. The best customers for the Polish potassium salts were Czechoslovakia and Rumania.

The increase of these exports is all the more gratifying as up to the present they have not been concentrated as are the German products, but are sold ground. There is every reason to believe that after the completion of the concentration works now erected in Kałusz, the Polish potassium salts will be still more readily bought by foreign consumers. As the result of extensive sales, the stocks which on July 1st 1926 amounted to 32,266 tons, were considerably reduced, being less by 16,780 tons or 34.2 per cent than at the end of the first 6 months of last year.

Thanks to the satisfactory conditions prevailing in the production of potassium salts, their imports greatly diminished during the first half of this year, amounting only to 10.934 tons, whereas the imports in the corresponding period of last year amounted to 47.798 tons, i. e., there has been a reduction of 36.864 tons, or 77 per cent.

The abnormal commercial relations with Germany contributed, to a certain extent, towards the decrease in imports; also the decrease of consumption resulting from agricultural depression was influential in this respect. The lack of credit made it impossible for the farmer

to buy artificial manures on a larger scale.

The total consumption of potassium salts during the period under review was 96.773 tons, i. e., less by 27.851 tons than that during the corresponding period of last year. Although this phenomenon is very sad, yet there is some consolation from the point of view of agriculture that the decrease of consumption has not affected for the worse the home production and that the import of salts only was reduced.

It is safe to say that the continuous development of this industry will result in freeing Poland from dependence

on German salts, as the output will cover the whole demand. Of course, this statement is only true as far as the present requirements are concerned, and these are very far from the standard of a rational and intensive agriculture. If the use of artificial manures in Poland was as extensive as in Germany, then Poland would have to produce at least two million tons per annum. In that case the existing mines could not satisfy her needs, despite the fact that the Polish deposits are very rich. But with new capital it would be quite feasible to satisfy the whole demand.

#### MOVEMENT OF PRICES IN JULY.—

The downward trend which began in June developed with great intensity in the month following. While in June the index of nominal wholesale prices decreased by 3.6 per cent to 174.6, it fell in July to 166.55 — a drop of 4.6 per cent. The downward movement of prices is due to a large extent to the increased purchasing capacity of the Polish currency. Here, however, a certain disproportion is apparent: in relation to gold the purchasing capacity of the zloty increased by 8.86 per cent, while the level of wholesale prices at home decreased, as already stated, by 4.6 per cent; for this reason the downward tendency of prices referred to is only fictitious; in fact prices in Poland, when measured in gold, are on the increase; calculated thus the index of wholesale prices increased from 90.5 in June to 95.02 in July — a rise of 4.87 per cent. In the preceding month the increase was 5.27 per cent. It is noteworthy that prices continue to be maintained at a level lower than in the years before the war and are still lower than those ruling in July of last year, when the index of prices expressed in zloty amounted to 119.6.

Passing to the details in the movement of nominal prices, it should be emphasised that the decrease in prices in July, though very irregular, as is shown in the statement below, was on the whole more general than in June; above all it embraced home agricultural produce, the prices for which fell by 5.76 per cent on the average; manufactures were effected in a lesser degree, the drop being 3.47 per cent.

Details on the movement of prices relating to different groups of commodities are given in the following table

(+ indicates increase, — indicates decrease of prices, in percentages):

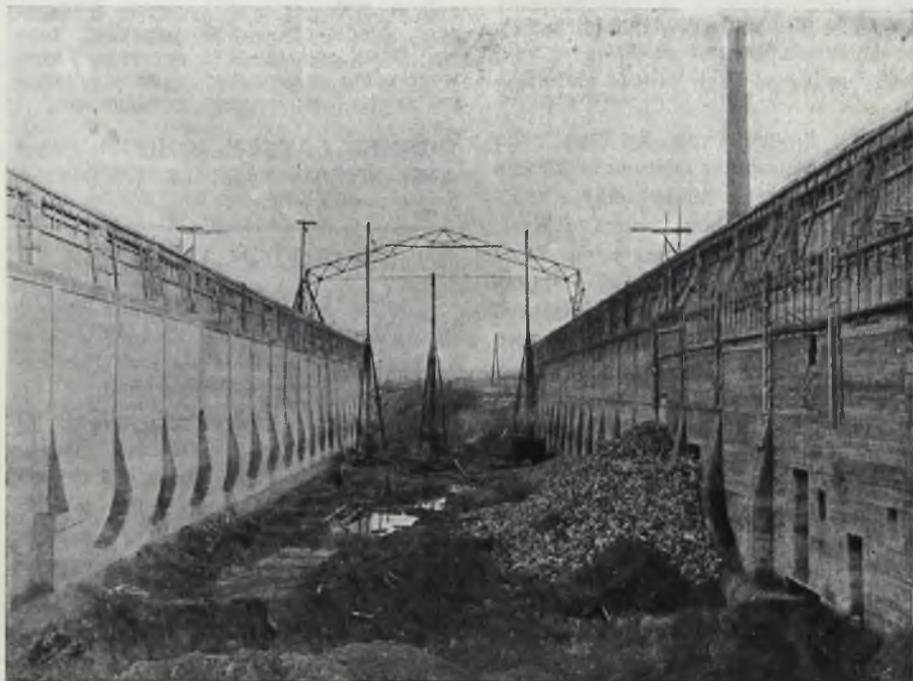
grain and foodstuffs of vegetable origin	—16.52
foodstuffs of animal origin	+ 4.82
groceries and sugar	— 9.73
tanned and raw hides	— 8.85
raw materials and textiles	— 4.90
coal and metals	— 1.80
building materials	0.00
chemicals and various	— 2.92

A very spectacular fall in prices, both nominal and actual, in relation to gold has been observed in the case of corn which is one of the main Polish articles of export. Of course, this decline is the immediate result of the downward tendency prevalent on the world market, and of this year's good crops. Despite the repeal of the export duty,

the price of wheat which had been  $\text{zł} 48.15$  for 100 kg. during the last week of June fell to  $\text{zł} 39.50$  at the end of July, or by 17.9 per cent; in the same way the prices of rye declined from  $\text{zł} 31.50$  to  $\text{zł} 27.—$ , a drop of 14.3 per cent.

Groceries, sugar and leather have also shown a substantial decrease in prices. Raw materials and textiles went down by 4.9 per cent which means that they rose in gold prices. The average quotations for American good middling cotton was  $\text{zł} 4.78$  per 1 kg. loco Łódź at the end of June, while a month later —  $\text{zł} 4.56$ , a decline of 3.3 per cent.

The increase of nominal prices affects only foodstuffs of animal derivation. It is fairly safe to assume that this ten-



NEW ELECTRIC POWER STATION IN PROCESS OF ERECTION

dency is of a temporary character as a distinct decrease in the prices of meat has already set in; thus the average prices for beef per 1 kg. were as follows: from June 7th to 13th  $\text{zł}$  1'96, from June 21st to 27th  $\text{zł}$  2'21, while at the end of July it fell to  $\text{zł}$  2'08. Similar fluctuations were observed in the quotations for pork.

The index of retail prices, which was 243'7 in June, declined in July to 232'8, i. e., by 4'5 per cent. Consequently the fall of retail prices was almost parallel to that of wholesale prices. This is a gratifying phenomenon in view of the substantial difference between wholesale and retail prices in Poland, which was especially marked in the preceding month. The index of the cost of living of a workman's family which was 182'6 in June decreased in July to 177'2, or by 2'9 per cent.

## FAIRS AND EXHIBITIONS

**THE APPROACHING 6-th LWÓW EASTERN FAIR**, to be held from September 5th to 15th, coincides with the beginning of a period of general revival of Polish commerce and industry. It is certain that this fact will favourably influence the number of both visitors and exhibitors. It is expected that there will be a large number of buyers this year. Of the Polish visitors, agriculturists will be the most numerous who, as usual, after the sale of their crops, obtain here their indispensable supplies. As this year's crops are quite favourable and agricultural circles possess a certain amount of liquid money, active buying on their part is anticipated.

Foreign buyers from the East, who are good and regular customers for the Polish and foreign manufactures exhibited, as well as those from the West, are awaited with certainty in large numbers; the latter will have the opportunity of making large purchases of Polish products at this year's Eastern Fair, since the situation is very favourable on the Polish market for exports. There is every reason to believe that foreign visitors will be exceptionally numerous this time, for the possibilities of transacting big business are greater than ever.

The number of exhibitors will be roughly the same as last year. As in previous years, numerous foreign countries will be represented, in particular Czechoslovakia, France, England and Holland. On the whole the firms tak-

ing part in the Fair as exhibitors remain very much the same, which would indicate that their past experience has been satisfactory.

During the Eastern Fair a number of commercial meetings will be held in Lwów. Numerous excursions from different parts of Poland as well as from abroad will arrive as usual. The management of the Eastern Fair gives every information and accords special facilities to the visitors. Foreigners desirous of coming will obtain all assistance and information in any Polish diplomatic or consular post.

**STATISTICS OF THE LAST POZNAŃ FAIR.** — The Board of this Fair, held from May 2nd to May 9th 1926, has recently published a report supplemented with statistical data showing that the total number of exhibitors was 1,400, of which 77'55 per cent were Polish firms, and foreign exhibitors 22'45 per cent. Among the latter Germany occupied the first place with 27'5 per cent of the total number of foreign exhibitors, though restrictions were issued whereby only those firms who have representatives in this country were permitted to take part in the Fair. The second place with 22 per cent was occupied by Austria, which was followed by Czechoslovakia with 8'25 per cent, England — 7'79 per cent, United States of America — 4'58 per cent, Sweden — 4'12 per cent. Belgium, Switzerland, Italy, Greece, Hungary, Denmark, Holland and Rumania were also represented.

As regards the branches of industry, metallurgical and machine industries were best represented (33'82 per cent); next in order of importance come the following industries: timber — 15'32 per cent, textiles — 8'54 per cent, chemicals — 7'95 per cent, paper — 6'52 per cent, foodstuffs — 5'47 per cent, toys and fancy goods — 4'11 per cent. There were some exhibits of pottery, electrical appliances, tannery, cordage etc.

**HORNED CATTLE, HORSES, PIGS AND SHEEP FAIR IN LWÓW.** — See page 93.

## FOREIGN TRADE

— During the month of July the imports into Poland amounted to 175.152 tons valued at  $\text{zł}$  121,013.000, and the exports to 2,788.559 tons valued at  $\text{zł}$  221,552.000; the favourable balance for July was  $\text{zł}$  100,539.000 and for the 7 months ending July 31st  $\text{zł}$  472,470.000. Compared with the returns for June the imports decreased by  $\text{zł}$  2'5 million, and the substantial increase in exports amounted to  $\text{zł}$  21,427.000.

On the import side we find textiles, which in July totalled 6.637 tons (7.677 tons\*) with the value of  $\text{zł}$  37,037.000

( $\text{zł}$  45,511.000). This figure comprises imports of cotton for  $\text{zł}$  19,964.000 ( $\text{zł}$  24,245.000), wool —  $\text{zł}$  6,292.000 ( $\text{zł}$  9,812,000), cotton yarn —  $\text{zł}$  2,322.000, wool yarn —  $\text{zł}$  1,278.000, cotton fabrics —  $\text{zł}$  1,988.000, woolen fabrics —  $\text{zł}$  542.000. The decrease in the imports of raw material for the textile industry which has been observed during the last three months is of special interest. Fairly intense activity prevailing in this branch seems to indicate that big imports of raw material, and especially of cotton, will take place in the near future.

The second group as regards value is food-stuffs, amounting to  $\text{zł}$  19,505.000 ( $\text{zł}$  18,802.000). The import of cereals for baking purposes is insignificant, whereas the imports of rice amounted to  $\text{zł}$  3,128.000 ( $\text{zł}$  1,964.000). Of other commodities should be mentioned: tea, coffee, cocoa —  $\text{zł}$  4,539.000 ( $\text{zł}$  5,108.000), tobacco —  $\text{zł}$  5,019.000 ( $\text{zł}$  4,125.000), oils and edible fats —  $\text{zł}$  1,856.000 ( $\text{zł}$  2,167.000), fish and herring —  $\text{zł}$  1,828.000.

The group of animal products represents  $\text{zł}$  9,454.000 ( $\text{zł}$  7,139.000), including leather  $\text{zł}$  5,280.000 ( $\text{zł}$  4,257.000) and raw hides  $\text{zł}$  2,161.000 ( $\text{zł}$  1,209.000).

The imports of chemicals were as follows:

	7.26 (In tons)	6.26	7.26 (In $\text{zł}$ 1000)	6.26
inorganic chemicals	18.479	15.161	2.615	1.963
organic chemicals	5.514	4.060	8.907	7.773
dyes, colours and varnishes	377	408	1.026	1.263
various chemicals	335	200	1.118	886

Of the metal group iron ores amount to  $\text{zł}$  429.000, lead ores to  $\text{zł}$  612.000 and zinc ores to  $\text{zł}$  2,047.000. The imports of metals and metal articles represented 18.808 tons (8.762 tons) valued at  $\text{zł}$  7,397.000 ( $\text{zł}$  5,226.000) including scrap iron 13.830 tons (5.729 tons). This testifies to a certain revival in the metal industry inasmuch as the exports of iron ores have also augmented. Machinery and apparatus represent 1.883 tons (1.252 tons) to the value of  $\text{zł}$  8,519.000 ( $\text{zł}$  6,131.000), electrical wares and appliances 1.259 tons (673 tons) valued at  $\text{zł}$  5,366.000 ( $\text{zł}$  4,281.000), means of communication 517 tons (1.028 tons) valued at  $\text{zł}$  2,081.000 ( $\text{zł}$  4,642.000).

Among the exports, the fuel group ranks first with a total of  $\text{zł}$  74,647.000 ( $\text{zł}$  46,304.000). The table below shows the exports of different commodities belonging to this group:

	7.26 (In tons)	6.26	7.26 (In $\text{zł}$ 1000)	6.26
coal, coke, briquettes	2,004.945	1,091.269	63.014	34.313
petroleum	5.761	10.264	1.214	2.384
benzine	5.079	5.662	2.471	3.107
motor oils and lubricating oils	21.922	13.713	4.057	3.538
paraffine	2.823	1.784	3.306	2.279

\* Figures in brackets are for June 1926.

Apart from the increase in exports of coal, the exports of oil and paraffine were augmented, whereas the consignments of petroleum and benzine experienced a certain drop.

Foodstuffs occupy the second place with  $\text{₹}$  56,956.000 ( $\text{₹}$  61,039.000) including:

	7.26	6.26	7.26	6.26
	(in tons)		(In $\text{₹}$ 1000)	
rye	38.349	19.424	12.473	6.486
barley	8.736	7.653	2.484	2.956
oats	7.043	8.193	2.214	2.976
rye and wheat flour	3.251	2.775	1.866	1.269
sugar	12.141	10.799	6.978	7.026
meat	3.263	4.537	5.161	6.934
butter	883	864	3.364	3.587
eggs	5.472	8.854	11.622	21.618
forage	45.411	27.132	5.909	3.813

Considerable quantities of beans, peas and potatoes have also been exported.

The decrease of exports of articles, such as meat and eggs, and the continuous decrease of exports of butter is explained by increased consumption of these commodities during the harvest time.

There is a close connection between the foodstuff group and that of live-stock, the exports of which amounted to  $\text{₹}$  8,858.000 ( $\text{₹}$  12,254.000) of which  $\text{₹}$  7,019.000 account for pigs.

The third place in order, as regards value, is occupied by timber and wooden wares, the total export of which amounted to  $\text{₹}$  36,978.000 ( $\text{₹}$  31,962.000). As regards the various kinds of timber, should be mentioned (in tons):

	July 1926	June 1926
pulpwood	152.648	133.415
pit props	93.470	67.239
round wood and logs	67.091	99.525
planks, deals, battens	162.056	125.636
railway sleepers	26.093	34.361

In most sections of this department a big advance is noticeable.

Somewhat diminished were the exports of metal and metal manufactured goods. They totalled 18.055 tons (18.750 tons), with a value of  $\text{₹}$  18,359.000 ( $\text{₹}$  20,749.000), comprising zinc and zinc sheets —  $\text{₹}$  11,312.000 ( $\text{₹}$  13,609.000), lead —  $\text{₹}$  2,885.000 ( $\text{₹}$  2,630.000), iron pipes —  $\text{₹}$  1,767.000 ( $\text{₹}$  1,775.000).

The exportation of textiles has also suffered; the total of this group was 2.278 tons (2.134 tons) with the value of  $\text{₹}$  12,427.000 ( $\text{₹}$  12,950.000). We confine ourselves to mentioning the following (in  $\text{₹}$ ):

	July 1926	June 1926
cotton fabrics	4,311.000	4,413.000
wool	1,256.000	1,917.000
cotton yarn	2,167.000	1,608.000
wool	2,039.000	2,008.000

Finally, of remaining commodities, attention should be directed to animal

products —  $\text{₹}$  3,665.000 ( $\text{₹}$  3,129.000), seeds and plants —  $\text{₹}$  1,321.000 ( $\text{₹}$  1,454.000) and chemicals —  $\text{₹}$  3,810.000 ( $\text{₹}$  3,909.000).

During the 7 months ending July 31st, the imports amounted to gold  $\text{₹}$  417,760.000, whereas the exports amounted to gold  $\text{₹}$  694,629.000, the favourable balance reaching gold  $\text{₹}$  276,869.000.

**NEW FACTORS IN THE RUSSIAN-POLISH TRADE RELATIONS.** — The impoverishment of the Russian market and the immobilisation of large reserves of Russian raw materials, are two facts which exercise great influence upon the economic conditions of the post-war world.

For Poland, Russia was always the main trade outlet, so that the absence of the Russian market is felt severely by the Polish industry even now. That is why the Polish community follows with great interest all that takes place on the territory of its Eastern neighbour.

At the present moment this great power is passing through a number of extremely interesting economic processes. These should attract the attention of the West not only because they may contribute towards the drawing of practical conclusions, to be taken into consideration by capitalistic states when laying down the principles of economic policy, but also because these processes have led, and are still leading, to material changes in the foreign policy of Soviet Russia.

The most remarkable feature of these processes is the disproportion between the purchasing capacity of the public and the productive capacity, which, though progressing, is inadequate.

Another disproportion is to be observed between retail prices of manufactured goods and those ruling for agricultural produce. The latter disproportion has been in existence for some time past, but it has never been as accentuated as it is now.

The causes of the first phenomenon are to be found above all in: 1) the introduction of a stabilised currency in Soviet Russia; 2) increasing production of live-stock which now reaches the pre-war level, and 3) the reduction of land taxes.

The introduction of a stabilised currency by the Russian Government enabled the population to effect savings, which could hardly be made from the outbreak of the Great War down to quite recent times, and which are used for new investments and purchases. The acute and protracted shortage of articles which could be used as investments, necessarily emerged with great intensity as soon as new conditions set in, enabling the population to satisfy their needs.

This is especially true as regards the rural population which was previously deprived of the possibility of keeping accounts in the theoretic currency, the *tchervonetz*, used by commerce and industry, but which later on circulated parallel with the Soviet rouble. A simul-

taneous increase of live-stock created an additional source of income, the profits of which could be devoted to new investments.

Good corn crops, which had a decisive influence on trade and industry before the war, have increased in a very large measure the purchasing capacity of the Russian peasantry. Finally the reduction of taxes imposed on agriculture in the year 1925 has also contributed to this result.

The greater purchasing capacity of the rural population resulted, in its turn, in a sharp rise in the industrial production and helped the productive capacity of the Russian industry to come into full play; increased activity in trade secured substantial advances in wages and augmented the power of absorption of the internal market, mainly in the towns.

As a result of the increased consumption of agricultural produce in towns, and of the large quantities of these articles, which were being consumed by the peasantry itself, now unable to satisfy its needs for manufactured goods, a sharp upward trend was bound to come; this coincided with an increase in the price of manufactured goods, as a consequence of insufficient production.

As the rise in prices in Soviet Russia revealed itself at the time when the whole of Europe was passing through an adverse period, i. e., a decline in prices — the result was to render export activity very difficult for Russia. It was, in fact, greatly reduced, while the margin of profit practically reached the vanishing point. Such a situation must have, in turn, led to the restriction of imports. This circumstance hindered the work of reconstruction and the development of industrial production, accentuating thereby the upward tendency of prices, the rate of exchange of the Russian currency being also adversely affected.

The causes of the second disproportion referred to, i. e., disproportion of retail prices for manufactures sold to the peasantry and those for agricultural produce marketed by the peasantry, may be summarised as follows:

1<sup>o</sup>, the devastation of industrial plants during the war, which should be replaced by new machinery in order to ensure better working;

2<sup>o</sup>, the absence of skilled workers and qualified technical personnel;

3<sup>o</sup>, bad organisation of industry and especially of commerce;

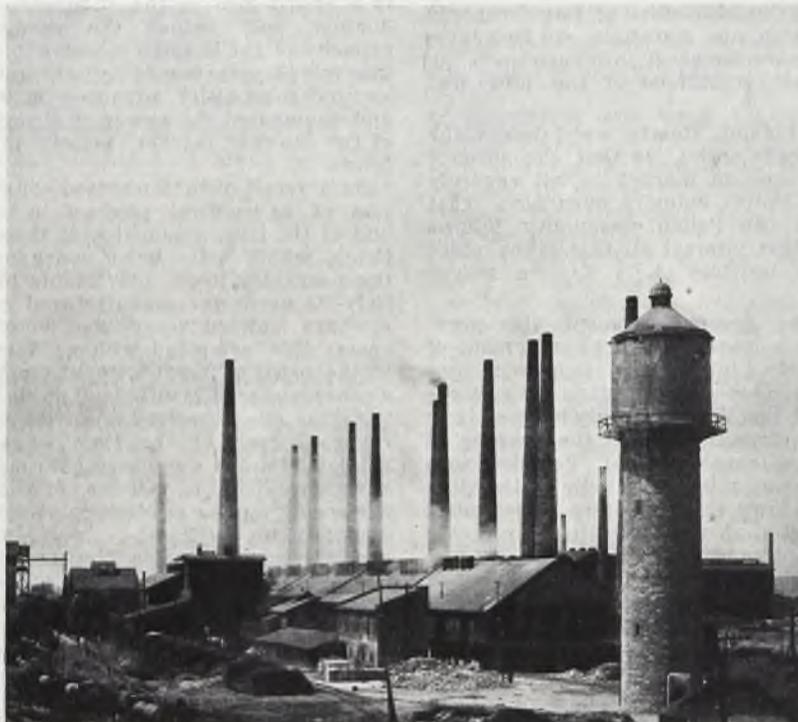
4<sup>o</sup>, abnormally low rate of productivity of the Russian workmen;

5<sup>o</sup>, excessive taxation of industrial enterprises for the support of various services to be rendered to the community.

There is still another factor to be mentioned, and that is increased general overhead charges per unit, caused by the fact, that the factories were unable to work at full capacity owing to inadequate supplies of raw material. Consequently the Government of the Soviets had to face unprecedented difficulties. The preservation of the rate of

the tchervonetz necessitates a decrease in prices; the latter cannot be effected without the development and increase of industrial production. Substantial extension of manufactures is unthinkable without replacement of machinery in the industrial enterprises, which means increased imports. The latter, again, is dependent on exports on long-term credit. To obtain long term credits has become, under those circumstances, the main object of the foreign policy of

costs of social legislation which must be revised, the reorganisation of State industry and commerce, increased productivity of labour, influx of technical personnel from abroad and the obtaining of long-term credits. No doubt, the hope of securing credits amounting to 300 million RMk. has played an important rôle in the political negotiations with Germany. For this same reason it is possible that an agreement for the recognition of Russian debts to France will



ZINC REFINERY IN TRZEBINIA NEAR KRAKÓW

Soviet Russia. The attraction of private capital, which was invested during the period of the "NEP" ("New Economic Policy") and was afterwards hidden, as a result of taxation and repression, must be the second task of the Russian Government's internal policy. Finally, the need to increase exports compelled the Russian Government to follow the policy adopted by the late Imperial Government, namely the exercise of pressure by taxation on the peasantry. The well known slogan of Wyshnegradsky — "don't eat but export" must necessarily hold good with the present rulers.

The taxes on agriculture are being raised and the term of payment is postponed to October, in order that special pressure may be exercised on the peasantry with the aim of increasing the supply of corn.

The policy of putting pressure on the peasantry by means of taxation and the effort to bring down the price for agricultural produce should be accompanied by a simultaneous decline in prices for manufactured goods. But here again crop out the questions of reducing the

be reached between the two countries.

This motive may be the eventually decisive factor in a real pacification of Soviet policy and so in an improvement in Polish-Russian relations.

#### THE EXPORT OF POLISH IRON TO RUMANIA. — See page 98.

**INFORMATION AS TO POLISH COMMERCE IN THE NEAR EAST AND THE BALKANS.** — The Polish Consulate in Galatz (Rumania) has had for some years a well organised museum of samples and patterns of Polish products. This Consulate has recently started to publish an informative periodical called "*Bulletin de l'Exposition Permanente du Consulat Polonais à Galatz*".

It aims at promoting and fostering commercial relations between Poland and the Near East, and contains *inter alia* addresses of Polish firms desirous of entering into relations with foreign firms. This section is particularly well conducted.

## OPENINGS FOR TRADE WITH POLAND

Particulars of any of the under-mentioned offers may be obtained 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.

### Export from Poland.

**Ref. No. 22:** Polish manufacturers of mineral and bone superphosphates wish to get into touch with importers of those articles in foreign countries.

**Ref. No. 23:** Polish works producing methylated spirit, fusel oil, acetone, tar and charcoal wish to get into touch with importers of these articles in foreign countries.

**Ref. No. 24:** Manufacturers of artificial silk yarn and nitro-cellulose wish to get into touch with foreign firms interested in their importation.

**Ref. No. 25:** Polish firm manufacturing complete installations for sugar factories wishes to get into touch with foreign firms interested in the importation of same.

**Ref. No. 26:** Firm producing fruit juices is desirous of entering into relations with wholesale merchants interested in this branch.

**Ref. No. 27:** Engineering works offer steam rollers, locomotives, railway coaches and railway trucks, steam boilers.

## TREATIES

**GERMAN-POLISH COMMERCIAL NEGOTIATIONS** were suspended on August 14th for the summer vacations. The vacations will last up to September 20th next, when the negotiations will be resumed by the two commissions, dealing with matters of persons physical and legal, and the customs tariffs.

**THE AERIAL CONVENTION BETWEEN POLAND AND SWEDEN,** signed in Stockholm on the first of October 1925, became effective on the 23rd of July 1926. The first aerial line of communication, between Gdynia and Stockholm, will be opened in the near future.

## CUSTOMS DUTIES

**AMENDMENTS TO THE MANIPULATION DUES ON POLISH EXPORTS AND IMPORTS.** — New regulations have appeared in the Official Journal of Laws ("*Dz. Ust. R. P.*" No. 76, item 435) dated July 31st last, whereby § 15 of the Customs Tariff Act, concerning the imposition of manipulation dues on imports and exports, has been changed.

The new provisions introduce, for the time being, small changes both in the text of the stipulations and in certain rates. Certain rare categories of dues are augmented, while others are decreased. These amendments will not inconvenience foreign trade; on the contrary, by the codification of partial amendments, which were gradually accumulating for the last few years, it will help foreign trade interests to get acquainted with the method of application of import and export dues in Poland.

**SUPPLEMENTARY EXPLANATIONS TO THE POLISH CUSTOMS TARIFF.** — Authoritative explanations of the Polish Customs Tariff, published from time to time, with the aim of supplying the customs officers and the trade with detailed indications as to how the duties on different goods are to be levied, have been codified and published as a separate regulation, dated February 12th 1926 ("Dz. Ust. R. P." No. 51, item 304). Now new regulations, dated August 5th 1926 ("Dz. Ust. R. P." No. 84, item 471), as to the imposition of export duties on timber and wood wares, have been issued and form an *addendum* to the earlier regulations.

**CUSTOMS REGULATIONS AS REGARDS PARTLY WORKED GOODS AND FINISHING PROCESSES.** —

The Polish customs regulations provide for two kinds of finishing processes, the "passive" and the "active".

The active process is that which takes place in Poland by the application of Polish labour to materials of foreign origin. The passive process occurs when Polish raw materials and half-finished articles are exported for further transformation. Consequently those articles are available for exportation which cannot be dealt with in this country or at least, not as profitably as abroad. The active process can be permitted when a given enterprise is capable of undertaking a certain work and affords a guarantee that it will not misuse the privilege granted.

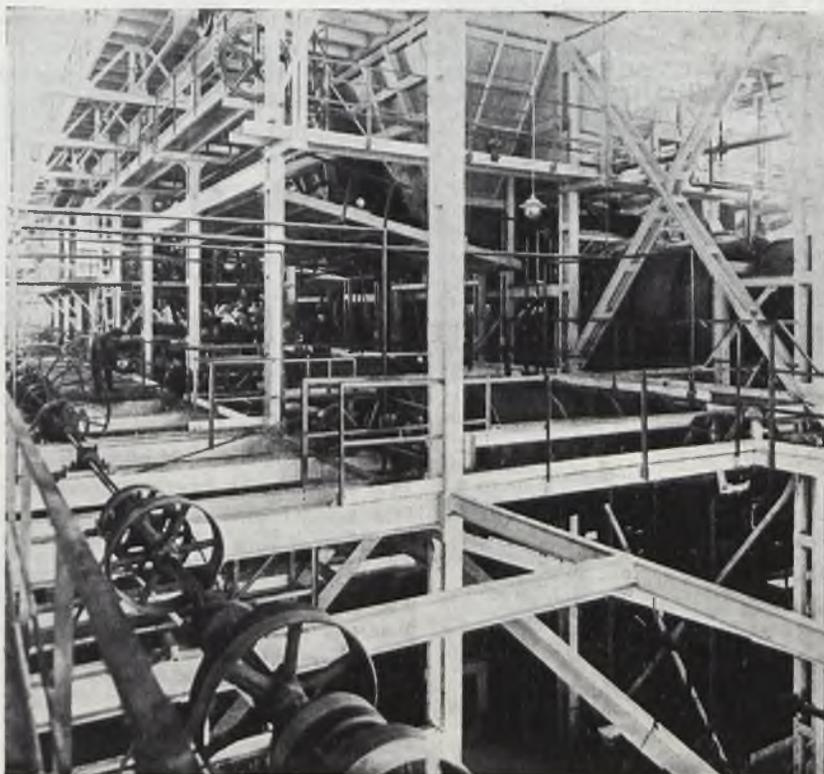
In each case detailed conditions are laid down, and a key, whereby the ratio of finished articles to the imported or exported raw materials or half-finished articles, is determined.

Both the "active" and the "passive" processes are controlled by customs authorities. In addition to the control of books, the process of manufacture is supervised. The active process is actually carried on on a large scale, whereas the passive process in some cases assumes abnormal forms which have to be reduced to reasonable limits. Detailed regulations in this respect have already been elaborated. After their publication these problems will be much simplified, rendering the task of those concerned much easier. In addition there are many cases so complicated that they cannot be controlled by ordinary means. If, for instance, an industrialist imports dyes for the dyeing of yarns and fabrics, or if he imports chemicals

for the finishing departments, then actual control can hardly be exercised. It is obvious that it is impossible to determine the quantity that remained in the country and that which was re-exported abroad. The same applies to screws, rivets and iron used in the manufacture of agricultural machinery. It is certain, that these articles were imported for the purposes of re-exportation, but

2) customs duty amounting to  $\text{zł}$  5 per 100 kg. on caustic glycerine, a by-product of soap factories, has been established (item 253 of the Polish Customs Tariff).

**PROHIBITION OF EXPORT OF CATTLE ON ACCOUNT OF EPIDEMICS.** — See page 93.



INTERIOR OF A ZINC WASHING PLANT

there are no means to determine the proportion of the material exported. Certain quotas determined in percentages have been established for this process. After most minute calculations it was possible to determine, for instance, the quantity of foreign chemicals and dyes used for the manufacture of cotton fabrics at the time of exportation. The quantity of foreign iron used as raw material in the case of agricultural implements at the time of exportation was calculated in the same way. On the basis of these calculations a key was established according to which the duty paid on the introduction of chemicals, dyes and raw materials is refunded. Detailed control diminishes all the more since the key is calculated with great caution and fractions are omitted.

**AMENDMENTS OF EXPORT DUTIES.** — The following amendments have been introduced into the schedules of export duties:

1) the customs duty for aspen offcuts obtained in the production of basts and wooden fabrics was abolished (item 228 of the Polish Customs Tariff),

**REIMBURSEMENT OF CUSTOMS DUTY ON RE-EXPORT OF TEXTILES.** —

The regulations in this matter of July 3rd 1925 provided for reimbursement of customs duties on foreign dyes and chemicals used in the manufacture of textiles in Poland. These regulations were applicable to cotton, woolen and semi-woolen fabrics.

New regulations have been issued recently (dated July 20th 1926, "Dz. Ust. R. P." No. 74, item 429), whereby this law was extended to knit products. The customs duties are reimbursed at the following rates (in  $\text{zł}$  per 100 kg.):

finished white cotton fabrics	1-40
" coloured "	25—
" " woolen "	48—
" " semi-woolen "	36-50
knit white cotton fabrics	1-20
" coloured "	25—
" " woolen "	48—
" " semi-woolen "	36-50

**REIMBURSEMENT OF CUSTOMS DUTIES AT THE TIME OF EXPORTATION OF ROLLED FOUNDRY PRODUCTS AND OF CERTAIN METAL WARES** is being instituted by new regulations of the Government ("Dz. Ust. R. P." No. 74, item 427, issued

on July 19th 1926\*). According to these regulations, customs duties imposed on certain goods used in the manufacture of rolled foundry products and certain metal articles, are reimbursed after their exportation as finished goods. Raw materials and subsidiary articles, as well as the rates of the customs duties, are included in the regulations. Reimbursement of customs duties is effected on the production of export receipts issued by competent customs officers, on the strength of certificates by special export unions

**PRIVILEGED EXPORT CONTINGENTS FOR THE CITY OF DANZIG.** — On the basis of the Polish-Danzig agreement of August 12th 1925, negotiations have been conducted with the Senate of the free City of Danzig concerning the drawing up of a list of contingents according to which the export duties to be imposed during the period from April 1st 1926 to March 31st 1926 will be subject to certain rebates. In consequence of this, new regulations were issued on July 20th last ("Dz. Ust. R. P." No. 74, item 428), which established the following contingents and the reduced export customs tariff:

Items	Articles	Contingents (in tons)	Reduced rates (in % for 100 kg.)
226	Raw bones	600	2'—
227	Raw hides and skins:		
	a) ox hides	200	12'—
	b) calf skins	200	30'—
	c) horse hides	100	12'50
	d) sheep skins	100	10'—
	e) goat skins	25	30'—
	f) hare and rabbit skins	15	100'—
	g) waste and cuttings of raw hides	25	2'—
230	Crude gas tar	500	1'—
235	Iron and steel scrap	1.000	2'—
236b	Copper scrap	60	40'—
239b	Brass, bronze, tombac, argentine (German silver) scrap	100	30'—
242	Rags, fabric cuttings, old cables, cordage, paper clippings and waste	400	1'50
246	Wheat	2.000	duty free

## TRANSPORTS

**RAILWAY TRAFFIC IN JULY.** — During this month a further substantial increase was reported in the railway traffic, the average daily car-loadings on the Polish stations being 13,798 15 ton trucks; of these 8,783 were directed to various stations in Poland and 5,015 were sent abroad. In this way the average daily loadings compared with those of the preceding months rose by 1.191, and by 2.399 if compared with July of last year. There is also an increase, though not so marked, in the number of trucks received from foreign countries. The following statement shows the average daily number of trucks loaded with various merchandise destined to home stations (in 15 ton trucks):

coal, coke and briquettes	2.342
crude oil and petroleum products	167
timber	910
agricultural produce	615
raw materials and manufactures	1.696
miscellaneous	3.053
Total:	8.783

Compared with the preceding month the average daily car-loadings with Polish destinations increased by 332. This was due to increased transport of agricultural produce, timber, raw materials and manufactured goods. A slight increase in the transport of mining products should be mentioned. The average daily car-loading of goods going to foreign countries is given below (in 15 ton trucks):

coal, coke and briquettes	3.535
crude oil	94
timber	1.081
corn	96
miscellaneous	209
Total:	5.015

Compared with June, the average daily car-loadings of goods destined for foreign countries were higher by 859 waggon or 21.1 per cent. This reflects the fact that the exports of this country are on the increase. Of particular trades, that showing the largest increase of car-loadings is coal. The average daily truck-loadings of this commodity rose by 728 when compared with the preceding month; the same applies to timber, the loadings of which rose by 112 trucks, and corn which rose by 22 trucks per day.

The exports of crude oil and petroleum products were unchanged while the last of the groups mentioned in the statement comprising manufactured goods etc., shows a slight decrease amounting to three truck-loads per day on the average.

The number of 15 ton trucks received from abroad showed a further rise during July. It amounted to 422 per day on the average against 399 in June. This figure is much lower than that in the corresponding month of last year, when the average daily was 1,228.

The average daily number of trucks that passed through Poland in transit during the period under review was 869, i. e., 24 less than in the preceding month, yet 116 more than in July of last year.

**NEW ROUTES FOR EXPORTATION.** — Increased exportation, especially of coal, has compelled the Polish State Railways to find new export routes. Up to now the major part of loose freight consignments destined for foreign countries were directed by the sea. It is well known that the handling capacity of the Danzig and Gdynia ports is insufficient for Polish requirements. Besides, even a slight mishap to the appliances of these ports entails delay in the load-

ing of goods which provokes congestion on the railway sidings in the port. The same thing happens when the cranes are engaged in discharging incoming ships. Moreover, the handling of shipments destined for Hamburg and Stettin by the German railways continues to be inadequate, so that the direction of larger quantities of coal through the remaining export routes (by the Vistula ports and through Germany by the Oder, or through German Silesia by rail) was impossible on account of the absence of transshipment facilities. For this reason two new routes were resorted to — the first one in the direction of Tamka Garbarska and from there by water through Germany to Stettin, the second by rail through the frontier station Turmont—Zemgale to Riga (Latvia).

**INCREASE OF ROLLING-STOCK ON THE RAILWAYS.** — The number of coal trucks owned by the Polish State Railways has proved insufficient, especially of late, at a time of increased coal exports. The shortage of coal-trucks is badly felt on account of the slow transshipment of coal into steamers. This hampers and delays the movement of trucks. Consequently the Polish State Railways were compelled to hire abroad the rolling stock required. The German State Railways supplied the largest number of trucks — from 1,500 to 2,000 a day for consignments directed to Hamburg and Stettin, but in view of the congestion on these lines\*) their number was later considerably reduced. The management of the Czechoslovakian railways supplied about 50 trains per week, circulating between Poland and Czechoslovakia. At present the Ministry of Railways contemplate hiring from foreign railways a number of trucks of a special type adapted to the transportation of coal and sugar beet. In order to make the Polish railways independent of other countries in this respect and to prevent a shortage of trucks in the future, this Ministry has concluded a contract with a Polish firm for the supply of 2,400 open trucks which are to be delivered in the course of this year. Arrangements have also been made for the supply of a number of locomotives.

**PORT TRAFFIC IN JULY.** — Just as during the last period, if not in a still higher degree, the Polish ports were congested in July, and the efforts to increase the handling capacity, made by the port authorities, were far from successful. It is not only with the transshipment of coal that difficulties were experienced; there were other articles, and especially timber, that could not be sent off in due time. That is why the exports from Poland, and above all those of coal, had to search for new routes to the sea, other than Polish ports. The trade availed itself of all possibilities in this direction: the German and Lat-

\*) These regulations were supplemented by an addendum of August 11th 1926 extending these privileges to locomotive exporters ("Dz. Ust. R. P." No. 84, item 472).

\*) See "The Polish Economist" No. 2, page 67.

vian ports, and combined transport by rail and water.

In Danzig the number of incoming and outgoing vessels rose in July considerably, i. e., by 20 per cent. The number of arrivals was 649 against 542 in June, the departures numbering 635 against 530 in June. Tonnage rose in a lesser degree, about 10 per cent, representing 328.273 reg. tons for incoming ships as against 306.773 reg. tons in the preceding month, and in the case of outgoing ships — 334.114 reg. tons as against 305.119 a month earlier. The nationalities of the ships calling at the port of Danzig in July were:

	Arrivals:		Departures:	
	ships	reg.tons	ships	reg.tons
Poland & Danzig	100	18.514	106	20.708
Germany	194	74.286	191	81.764
Finland	8	2.749	5	1.783
Estonia	6	2.071	3	860
Latvia	9	6.507	14	12.955
Lithuania	2	874	3	1.311
Sweden	143	74.294	127	66.472
Norway	31	25.790	37	29.720
Denmark	112	76.328	161	64.717
England	25	29.947	28	34.929
Holland	6	1.515	7	2.437
France	10	11.021	9	10.216
Spain	—	—	1	2.176
Italy	1	2.436	1	2.055
Greece	1	1.981	1	1.981

In the port of Gdynia the traffic was much smaller in July than in June: the arrivals numbered 21 with 17.406 reg. tons, whereas the departures numbered 24 with the total tonnage of 17.206. During June 34 ships with the total tonnage of 20.033 reg. tons called at Gdynia. Despite smaller arrivals of ships and their reduced capacity in July as compared with June, the work done was roughly the same, for the exports of coal via Gdynia amounted to 36.611 tons and the figure for June was 36.637 tons. As regards passenger-traffic, 333 persons left Gdynia and only 100 were brought there.

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

	ships	reg.tons
Sweden	10	6.630
Denmark	4	3.374
Latvia	4	2.827
Germany	5	2.534
France	1	1.841

**ENGLISH VERDICTS AND POLISH LAW.** — An interesting case was brought before a Polish Court, which acquires special significance as a legal precedent.

"The London Merchant Bank Ltd.", formerly "The London and Hanseatic Bank Ltd.", submitted an application to the District Court in Łódź enclosing a verdict of the High Court of Justice



A WAREHOUSE IN THE PORT OF DANZIG

**NEW SYSTEM OF LOADING APPLIANCES AT THE PORT OF TCZEW.** — The newly opened inland port of Tczew\* has recently been fitted with appliances for the loading of coal. The new appliances are on an American system; they consist of specially constructed moving shoots and are electrically driven; they are the "last word" in modern constructions of this kind and are the first to be brought to Europe. Thanks to the new facilities, the handling capacity of the port of Tczew will easily reach 50.000 tons of coal per month.

**AERIAL COMMUNICATION IN JULY.** — During this month 357 flights (in June 327) have been effected on 7 aerial lines of communication; the distance covered was 116.560 klm. (in June 107.575 klm.) or about 327 klm. per

flight. The total number of passengers carried was 883 (in June 893) while the transports of goods and correspondence transported amounted to 20.057 kg. (in June 8.867 kg.) and 212 kg. (in June 205 kg.) respectively.

**AERIAL CONVENTION WITH SWEDEN.** — See page 102.

**PARCEL SERVICE WITH NORWAY.** — A new route for this service has recently been opened. Parcels for this route, via Danzig and Stockholm, may not exceed 20 kg. in weight. As the steamers on this route run about every ten days, parcels will only be sent by it upon the request of the sender. Directions to this effect should be included in the address.

\*) See "The Polish Economist" No. 2, page 69.

in England, whereby the firm "Emil Haebler" in Łódź was sentenced to pay £ 5.600 in favour of the Bank. The application purported an order of execution in Poland on this verdict.

The Polish Court took the view that a verdict of an English Court is not valid in Poland, since there is no convention between the two countries for the execution of verdicts; besides in this indi-

vidual case consideration should be given to the fact that the Polish Civil Law requires that conflicts be resolved by the Court in the district of the defendant, which was not the case in this action.

The conclusion is that foreign firms, having financial claims on firms domiciled in Poland, should vindicate their rights before the Polish Courts.

# FINANCE AND BANKING

**STATE REVENUE AND EXPENDITURE IN JULY.** — Revenue and expenditure in July were as follows (in million of  $\text{zł}$ ):

out doubt this favourable proportion will improve further during the months to come. It is, of course, probable that expenditure will exceed the forecast as

for July was attained thanks to a simultaneous rise in revenue and a substantial reduction of expenditure. As compared with June which showed a deficit of  $\text{zł}$  11.4 million, the first rose by  $\text{zł}$  7.7 million, whereas the second declined by  $\text{zł}$  11.9 million. The increase in revenue is due to augmented profits from State Monopolies (from  $\text{zł}$  45.2 to  $\text{zł}$  51.6 million), for the receipts of other sources have experienced only slight changes in comparison with June. The revenue from the Administration of the Ministry of Public Works rose by  $\text{zł}$  1.9 million, whereas the profits from State enterprises declined by  $\text{zł}$  0.6 million. The fall in expenditure is accounted for by the fact that fewer payments towards the redemption of foreign loans fell due. In June amortisation instalments and interests were paid, which totalled  $\text{zł}$  18.3 million, whereas in July total payments in this direction amounted only to  $\text{zł}$  3.1 million. The increase in the expenditure of the Ministry of Industry and Commerce from  $\text{zł}$  1.3 to  $\text{zł}$  3.9 million should be noticed. This was occasioned by the payment of an instalment to the builders of the port at Gdynia.

**TAXES IN JULY.** — The Polish State revenues have been increasing since the beginning of the year. It is noteworthy that this tendency gained in intensity during the recent months, i. e., during the summer, when no important taxes fall due. During the summer months the revenues from direct taxes, representing about 30 per cent of the total revenue of the Treasury, whether from public levies or monopolies, are composed of overdue taxes and payments of those which were previously deferred or else of postponed instalments; in addition there are taxes payable periodically.

Despite this, the June revenue from public levies and monopolies gave a record figure, for the first half of 1926, of  $\text{zł}$  122.7 million, whereas the month of July gave  $\text{zł}$  134.8 million, i. e., 10 per cent more. It should be mentioned also that the increase of taxes during July was not influenced in any way by the 10 per cent increase introduced in that month, as the revenue from this source was only  $\text{zł}$  0.4 million.

The comparison of actual revenue from public levies and monopolies for July with that estimated for July and with

	Revenue	Expenditure
A) Civil service ... ..	99.6	148.5
The President of the Republic ...	—	0.2
The Parliament... ..	—	0.7
State Control ... ..	—	0.3
Council of Ministers . . . . .	—	0.1
Ministry of Foreign Affairs ... ..	0.6	3.5
" " War . . . . .	1.0	50.8
" " the Interior ... ..	1.3	14.2
" " Finance .. . . .	85.5	7.5
" " Justice ... ..	2.8	6.3
" " Industry and Commerce.	0.5	3.9
" " Railways . . . . .	—	0.2
" " Agriculture and State		
Lands . . . . .	1.0	2.5
" " Religious Cults and Edu-		
cation . . . . .	0.2	22.4
" " Public Works . . . . .	3.1	8.2
" " Labour and Social Pro-		
tection ... ..	0.2	6.4
" " Land Reform . . . . .	0.5	1.9
Pensions ... ..	2.8	6.3
Grants to Invalids ... ..	—	9.9
State liabilities .. . . .	—	3.1
B) State Enterprises . . . . .	6.7	1.3
C) Monopolies . . . . .	51.6	—
Total A + B + C ... ..	157.9	149.7

From these figures we see that State revenues exceeded the expenditure in July by  $\text{zł}$  8.2 million. July is the first month this year which not only does not show a deficit, but has produced a surplus which makes good, in some measure, the deficit on the first half-year amounting to  $\text{zł}$  71.4 million. Consequently the deficit for the seven months ending July 31st was  $\text{zł}$  63.2 million. The relation of actual revenue and expenditure during the seven months period to the amounts foreseen in the preliminary budget is given in the following statement (in million of  $\text{zł}$ ):

	The preliminary budget for 1926	Actual	% of yearly budget
Expenditure	1.730	1.015.9	58.7%
Revenue	1.528	952.7	62.3%

The expenditure slightly exceeded the proportion for the first seven months, but the revenue was 4 per cent above the estimate for the same period. With-

at the time of its calculation, at the beginning of this year, the salaries of the civil servants had been temporarily reduced, while the sums due to the Treasury in foreign currencies were calculated at the rates below those ruling now at the Stock Exchange; but it is clear that revenues should increase in a much larger proportion especially when it is borne in mind that the summer months are not very favourable as no substantial payments of taxes fall due during that period. Further it is only within the next few months that the Treasury will begin to feel the beneficial effect of the 10 per cent supplementary tax, the revenue from which during July amounted only to  $\text{zł}$  0.4 million. Thus the budget surplus of the remaining months will cover the deficit of the first half year in accordance with the Government's intentions.

The favourable balance in the budget

1/12 of the estimated revenues in the yearly budget, is extremely favourable. This is illustrated by the following figures (in million of  $\text{zł}$ ):

	Actual revenue:		Esti- mated	1/12 *)
	July 1926	1926	for July 1926	of the yearly budget
Direct taxes	25.5	36.6	26.4	27.7
Indirect taxes	10.9	14.8	9.7	9.1
Customs duties	26.7	16.9	13.0	16.7
Stamp fees	9.8	10.4	9.0	9.3
Total of the ordinary public revenues	72.9	78.7	58.1	62.7
Property tax	7.0	4.2	4.0	5.0
	—	0.4	—	—
Monopolies	79.9	83.2	62.1	67.7
	38.8	51.6	40.5	37.9
Total of public levies and monopolies	118.7	134.8	102.6	105.6

Compared with the corresponding month of last year, there is an increase in revenue from all sources except customs duties (decreased imports) and from the property tax (the estimate for 1925 being  $\text{zł}$  300 million, whereas for the year 1926 it was only  $\text{zł}$  60 million).

Compared with 1/12 of the estimated revenue of the whole year 1926, there is an increase in all sections except the property tax. In all comparisons the increase of revenue from State Monopolies is very striking.

Upon the examination of the budget figures for the period from January to July, it will be found that the increase of revenue from public levies and monopolies, as compared with the corresponding period of last year, rose from  $\text{zł}$  780.8 to  $\text{zł}$  808.3 million and that the ratio of actual revenue to those forecast for the whole year 1926 is 63.8 per cent, whereas it should actually be 58.3 per cent. After the elimination of customs duties which were higher last year by  $\text{zł}$  101.8 million owing to larger imports, it will be seen that the revenues from public levies and monopolies exceed those of last year by  $\text{zł}$  129.2 million. Compared with the estimates for the year 1926 the highest percentage of revenues for the period from June to July show: direct taxes — 71.2 per cent (income tax — 73.4 per cent), indirect taxes — 70.1 per cent, monopolies — 65.6 per cent, stamp fees — 62.0 per cent, customs duties — 49.7 per cent, property tax — 44.9 per cent.

What are the reasons for such excellent results in the Treasury revenues this year, and notably in July, and above all from the public levies and monopolies? The main factors are: the improvement in the general economic situation in Poland during the recent months; the betterment of the situation in agriculture, brought about by the harvest

of 1925; better organisation of the Treasury machine; and finally, the fact that the fall of the zloty and the increase in prices led to larger revenues and enabled the tax-payer to meet more easily his liabilities, since they were assessed at the time when the zloty was at par and are being paid in a depreciated currency.

**TRADE ACTIVITY OF THE STATE SPIRIT MONOPOLY IN JULY.** — In July last the State Spirit Monopoly sold the following quantities of spirit (in thousands of hectolitres 100<sup>0</sup>):

	J u l y:	
	1925	1926
for drinking purposes	33.9	29.2
for industrial purposes	3.1	1.3
denaturated spirit	7.3	4.9
	44.3	35.4

It will be seen by these figures that during the period under review the sales of the Spirit Monopoly were smaller by 8.9 thousand hectolitres than those in the corresponding period of last year; the sales of spirit for drinking purposes decreased by 4.7 thousand hectolitres, of spirit for industrial purposes — by 1.8 thousand hectolitres and of denaturated spirit — by 2.4 thousand hectolitres.

Compared with the returns for June last, the sales were less by 11.1 thousand hectolitres, the largest reduction, by 6.6 thousand hectolitres, being shown by the sales of spirit destined for the preparation of drinks. The above figures, however, do not give an exact idea of the quantities sold during July last as they were decreased owing to the change in the method of booking of the sales on commission basis (passage from daily to monthly reports).

This change will be accounted for in the month following.

The net profits of the State Spirit Monopoly paid to the Treasury in July were  $\text{zł}$  18,000,000.

**TRANSFERS OF THE TOBACCO MONOPOLY IN JULY.** — In July the gross sales of the State Tobacco Mono-

poly amounted to  $\text{zł}$  46.4 million including the commission of sales agents amounting to about 13 per cent. In the preceding month the gross sales amounted to  $\text{zł}$  41.8 million (i. e.,  $\text{zł}$  36.4 million net). The figure for the corresponding month of last year was  $\text{zł}$  33.9 million. On the whole the volume of business transacted by the Tobacco Monopoly is on the increase.

The net profit paid to the Treasury rose in the same proportion and was  $\text{zł}$  28 million in July,  $\text{zł}$  22 million in June and  $\text{zł}$  19.3 million in July last year. As the profits anticipated from monopolies for the whole year were  $\text{zł}$  200 million, it is safe to assume that this amount will be exceeded by between 20—25 per cent.

## STOCK EXCHANGE

### FOREIGN CURRENCIES

It will be seen from the table of foreign currencies quoted on the Warsaw Exchange during the preceding month, that the zloty has experienced a certain improvement as compared with currencies at par. The Pound Sterling and the Swiss franc declined by over 7 per cent. In relation to the U. S. Dollar, the difference was much smaller both on the Exchange and on the open market. The French, Belgian and Italian currencies, whose stabilisation seems to encounter great difficulties, show as on other Stock Exchanges considerable fluctuations. During the month of July the fall of these currencies has assumed increased proportions: the French franc lost 20 per cent, the Belgian franc dropped by 14 per cent and the Italian lira declined by 16 per cent.

Substantial surplus of exports over imports has very favourably influenced



ZINC MINE AND ZINC WASHING PLANT IN UPPER SILESIA

\*) The average monthly receipts.

the Polish trade balance. The reserves of the Bank of Poland have been strengthened. The requirements of commerce and industry for foreign currencies have been completely satisfied, the reserves of foreign currencies on the home money market being quite ample. During the preceding month the sales of foreign currencies on the Warsaw Exchange reached \$ 45 million. When to this is added the volume of business transacted outside of the Stock Exchange, and the foreign currencies sold by the Bank of Poland to industry in other towns, such as Poznań, Lwów, Kraków, then the total will evidently be still greater.

nished attendance, the month of July was marked this year by intense activity and a firm tone, especially as regards dividend-bearing shares; a number of shares have experienced an upward trend. The largest business was done in the latter half of the month between the 19th and the 24th, as it was then that the greatest intensity prevailed. One of the main causes of the increase in the quotations of shares, previously referred to, is the fact that shares of enterprises quoted on the new provincial stock exchanges have not been duly appreciated up to now. Another reason is the stabilisation of the Polish currency and the increasing confidence of

the emission of the shares of the Bank of Poland they stood at \$ 19, whereas at the end of last month the quotation was equivalent to \$ 8; it was therefore only natural that the demand should become more intense after such low quotations. For all other bank shares mentioned below, the interest taken was intensified also and the quotations rose from 25 to 50 per cent.

The shares of the Warsaw Society of Coal Mines gained 23 a piece, which represents 57.5 per cent. The reasons for the increase in the quotations of these shares were dealt with in our last issue, and it may be of interest to note that a number of transactions could not be

		30.6	1—10.7	12—17.7	19—24.7	26—31.7	30.7	
<b>Warsaw Exchange</b>								
London	£ 1	47.80	44.82	44.84	44.61	44.33	44.30	
New York	\$ 1	9.60	9.20	9.20	9.15	9.08	9.08	
Paris	Fr. fr. 100	27.85	24.48	23.24	20.19	22.42	22.22	
Brussels	B. fr 100	27.75	23.30	21.07	21.02	22.92	23.46	
Zurich	Sw. fr. 100	190.15	178.51	178.56	177.70	176.52	176.30	
Milan	Lir 100	35.50	31.40	31.48	30.14	29.69	29.82	
Amsterdam	Fl. 100	—	369.78	370.16	368.74	365.90	366.25	
Vienna	Sh 100	138.95	130.31	130.36	—	128.97	—	
Prague	Kcz 100	29.10	27.30	27.30	27.17	27.00	26.99	
Stockholm	Kr. 100	—	247.06	246.73	245.62	243.54	—	
<b>Foreign Exchanges</b>								<i>par value</i>
London	£ 1	51.50	47.33	46.25	45.50	45.46	45.50	25.22
New York	₶ 100	9.00	9.12½	—	—	—	—	19.30
Zurich	₶ 100	50.00	55.00	55.00	57.01	56.90	56.50	100.—
Vienna	₶ 100	71.30	76.36	77.09	77.55	77.27	—	137.13
Prague	₶ 100	335.00	370.00	369.10	369.80	378.25	—	651.—
Berlin	₶ 100	42.50	45.43	45.50	46.16	46.23	—	81.—
Danzig	₶ 100	52.57	56.06	56.01	56.60	56.52	56.52½	99.108

A large amount of foreign currencies is absorbed at Łódź, by the requirements of the textile industry. The Bank of Poland supplies foreign currencies without any restriction whatsoever. This is effected through specially authorised banks; the Bank of Poland accords to the banks mentioned a certain quota of foreign currencies in order to enable them to meet their own liabilities incurred abroad. It should be stated that, at the moment, there is no shortage of foreign currencies on the Polish market.

#### S H A R E S

Despite the summer holidays during which the activity on the Stock Exchange usually slackens by reason of the dimi-

the public in the present financial policy of the Treasury.

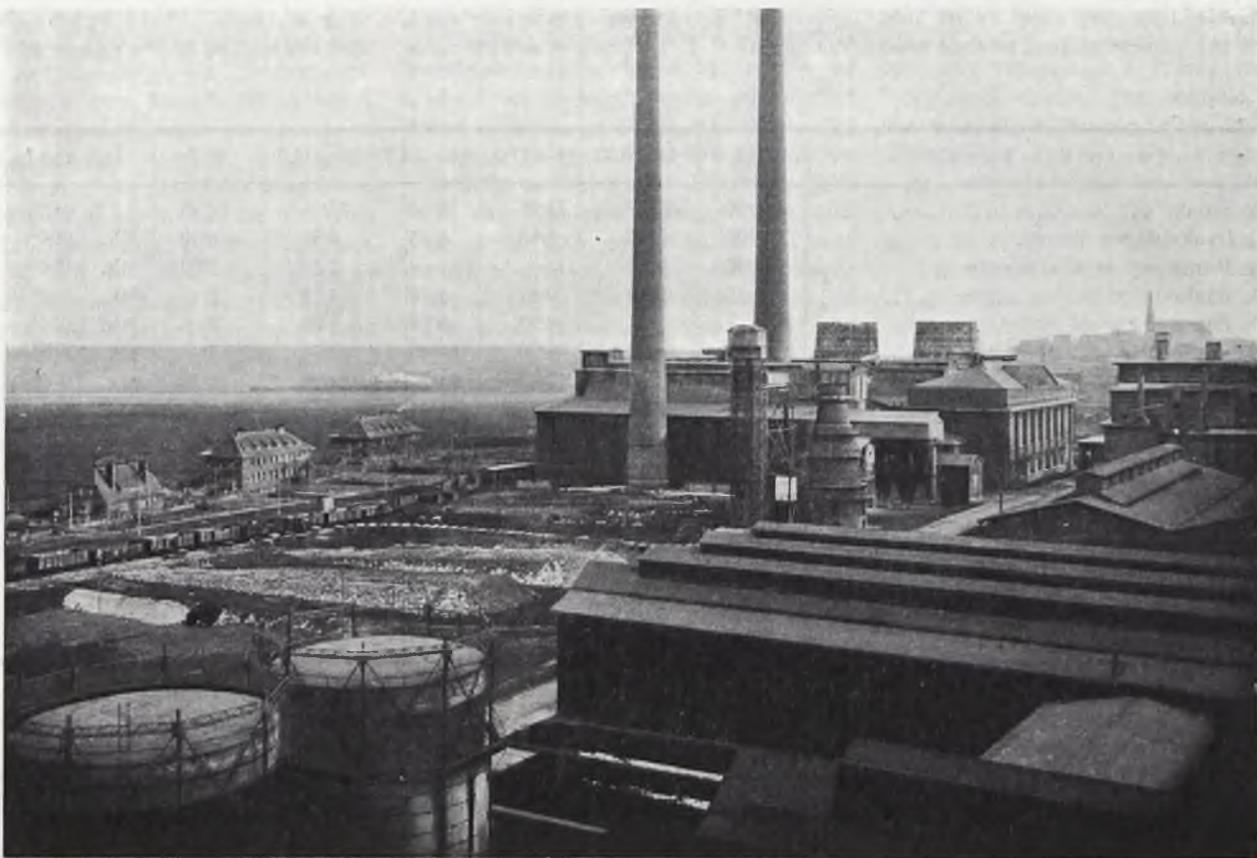
As regards the bank shares in which the business is usually very slow, there have been substantial changes both in the volume of business done and in the rates at which they were quoted.

The shares of the Bank of Poland continue to be much in favour, the daily purchases amounting to about 2,000 shares per day. The amendments introduced into the Statutes of the Bank of Poland and the possibility of increasing its capital have been some of the factors with a decisive influence upon the demand. Apart from those of banking institutions, large purchases were made by the coulisse which hopes for an early advance in these shares. At the time of

made for lack of offers. Among metal shares the "Starachowice" were much in demand; during the period under review they rose by about 90 per cent. Big business was done in the "Modrzewów" shares which experienced a rise of 65 per cent; all the other metal shares appearing in the table given below have risen from between 25 to 55 per cent. The textile values ("Zawiercie", "Żyrardów"), though less active, on account of the high value they represent, have followed the general strong movement. The difference between the quotations at the end of June and those ruling at the end of July amounted to 20 or 25 per cent.

In the petroleum section only Nobel Bros. attracted interest; these shares





BOILER HOUSE AND ELECTRICAL POWER PLANT OF THE CHORZÓW WORKS

during the period from the 1st of August to the 31st of October 1926, so long as they may be in need of money for carrying on. Finally the superphosphate industry may utilise those credits which have been redeemed by the payment of bills issued in connection with spring purchases.

In this way, backed by credits for production purposes, the superphosphate factories agreed to sell their stocks in złoty currency on the basis of a three months credit, half of which may be prolonged to six months; besides the promised credits, the "Państwowy Bank Rolny" (The State Agricultural Bank) buy superphosphates to the amount of  $\text{zł}$  2 to 3 million in order to sell them to cooperative societies, which work permanently with this bank in connection with the financing of purchases of artificial manures.

The State Chemical Factory of Nitrates in Chorzów was granted in the spring season of 1926 the following re-discount credits: Bank of Poland— $\text{zł}$  5,000,000, Bank Gospodarstwa Krajowego— $\text{zł}$  2,400,000 and Państwowy Bank Rolny  $\text{zł}$  3,000,000, total— $\text{zł}$  10,400,000. In that season, the sales of nitrates amounted to about 50,000 tons valued at  $\text{zł}$  16,000,000 and to about 12,000 tons of ammonium nitrate valued at  $\text{zł}$  4,700,000, the total being  $\text{zł}$  20,700,000. As is well known, the nitrate salts are used mainly in spring. In order to enable the factory

to work during the period from July 15th to December 15th, while only accumulating stocks, credit facilities are indispensable. The factory succeeded in obtaining from the Bank of Poland an additional re-discount credit of  $\text{zł}$  3,000,000. The Państwowy Bank Rolny bought nitrates for about  $\text{zł}$  1,500,000, and during the months of September, October and November the Chorzów Chemical Works will probably obtain further credits of about  $\text{zł}$  4,500,000. It is also possible that the factory just mentioned will sign a contract with the Sugar Industry Bank by which the Bank will grant advances against ammonium nitrates for the spring season delivery. In that case the amount of credit to be granted by the Bank of Poland would decrease in proportion.

In the autumn season the sales of nitrates will probably reach about 30 thousand tons. It should be mentioned that the consumption of nitrates and saltpetre is rising rapidly in Poland, while the import of the latter is steadily decreasing. The expansion of the output of ammonium nitrate seems to indicate that the requirements of this country will be entirely covered by local production.

The industry of potassium manures has received a permanent re-discount credit in the Bank of Poland amounting to  $\text{zł}$  1,200,000, in the Bank Gospodarstwa Krajowego—amounting to  $\text{zł}$  1,600,000, total— $\text{zł}$  2,800,000. In order

that farmers may be provided with artificial manures in the autumn season, the Bank of Poland increased the re-discount credit by  $\text{zł}$  500,000 granted to The Potassium Salts Exploitation Co. Ltd. ("Towarzystwo Akc. Eksploatacji Soli Potasowych"), whereas the Państwowy Bank Rolny contemplate placing an order for potassium artificial manures to the value of  $\text{zł}$  500,000. The extension of credits by an additional  $\text{zł}$  500,000 will be sufficient to provide the farmers with potassium manures in the coming autumn.

The "Towarzystwo Akc. Eksploatacji Soli Potasowych", of whose shares 51 per cent are in the hands of the Government, is erecting a concentrating plant; the home requirements for high-grade standardised potassium salts will be covered by home production, when the plant is completed. In the year 1925 a sum of  $\text{zł}$  2,500,000 was granted for this purpose from the State fund for trade facilities. The investments made up to now amount to over  $\text{zł}$  4,000,000. It is very probable that the Company will shortly receive additional sums for the completion of the plant. According to estimates, the consumption of caimit and potassium salts will reach about 30,000 and 37,500 tons respectively with a value of about  $\text{zł}$  3,355,000.

Nitrate and potassium salts will be sold to farmers on a three months credit, which may be prolonged for another

three months, at a rate of 13 per cent per annum.

Special attention should be directed to the scheme of the State Agricultural Bank which aims at providing farmers with artificial manures. The bank succeeded in obtaining an assurance from the Bank of Poland by which the latter is to grant a credit of  $\text{zł}$  4,500,000 and on the strength of this arrangement purchased: 15,750 tons of superphosphates, 8,600 tons of basic slag and 8,500 tons of potassium manures. These consignments are intended to be sold to agricultural cooperative societies and to individual groups of farmers. The bank adopted this scheme with the object of furnishing artificial manures to even the smallest consumer of limited means who otherwise would not be in a position to get these commodities on credit; the State Agricultural Bank sells the manures to farmers through the intermediary of agricultural cooperative societies, district savings banks etc.; in places where there are no such business organisations, the bank delivers artificial manures directly to groups of farmers on the basis of joint responsibility, the minimum quantity, in that case, may not be less than one truck-load. The transactions are effected on credit, the liability incurred by groups is to be redeemed up to January 15th 1927—and in the case of agricultural societies — by February 1st 1927. The rate of interest is also 13 per cent per annum. No commission is charged by the Bank.

Thanks to the above mentioned facilities the consumption of artificial manures in Poland will probably not decline this year and will perhaps experience a certain increase despite the stringency of liquid capital in this country.

**FINANCING OF CROPS.** — See page 93.

## THE BANK OF POLAND

— The main causes of the big influx of foreign exchange to the Bank of Poland in June and July last were the following: first, the distinctly favourable balance of payments, and, secondly, offers of foreign currency on the part of all those who hoarded it or who used it for business transactions and credits, but now wished to protect themselves against the rise of the exchange.

The gross reserves of foreign currencies and exchange rose during July from gold  $\text{zł}$  78.5 to 91.3 million, i. e., to \$ 17.6 million. The difference in the rate of exchange of foreign currency accounts (calculated at par:  $\text{zł}$  5.18 = \$ 1) amounted on July 31st last to  $\text{zł}$  58.7 million. The purchases of foreign currencies and foreign exchange in July amounted to gold  $\text{zł}$  91.6 million of which  $\text{zł}$  48.0 million\*) were for exports. Simultaneously with the increase of foreign currencies and foreign exchange the liabilities of the Bank in foreign currencies have decreased from gold  $\text{zł}$  69.0 to 47.3 million or to \$ 9.1 million. The decrease of liabilities was mainly due to a large payment representing \$ 4 million =  $\text{zł}$  20.7 million, a very considerable part of the sum borrowed by the Bank of Poland from the Federal Reserve Bank last year for investment purposes. This debt was completely redeemed at the beginning of August.

\*) Besides this the transfers for exports effected in  $\text{złoty}$  amounted during July to  $\text{zł}$  10,156,000.

As a result of the increase of the gross reserves of foreign currencies and foreign exchange and the decline of liabilities in foreign currencies, the net volume of foreign currencies in the Bank augmented during July from gold  $\text{zł}$  9.6 to 44.0 million or to \$ 8.5 million; this is one of the components of the cover of the  $\text{złoty}$ .

The second component part of the  $\text{złoty}$  cover, namely gold in bars and in coins, rose from gold  $\text{zł}$  134.7 to 135.2 million, i. e., to \$ 26.1 million; this slight increase is accounted for by small purchases of gold by the branches of the Bank.

The total gold cover of the  $\text{złoty}$  is given by the following statement (in million of gold  $\text{zł}$ ):

	June 30th	July 31st
gold	134.7	135.2
foreign currencies	21.0	22.8
foreign exchange	11.4*)	21.2
	144.3	179.2

In relation to the bank notes in circulation this cover amounted on July 31st to  $\text{zł}$  511.2 million or 36.19 per cent, as against 33.72 per cent on June 30th last. The bank notes in circulation on the 31st of July last, converted into dollars, amounted to \$ 56.4 million, the gold cover being \$ 34.6 million or 61.3 per cent.

The bank cover of the bank notes in circulation rose in July from  $\text{zł}$  353.3 to 356.6. The different items were

\*) Credit balance.

	JUNE 30th		JULY 10th		JULY 20th		JULY 31st	
<b>Assets:</b>								
Gold in bars, bullion and cash	57,207.960.47		57,343.987.47		57,443.836.30		57,711.242.72	
Gold on deposit abroad	77,487.909.12	134,695.869.59	77,487.909.12	134,831.896.59	77,487.909.12	134,931.745.42	77,487.909.12	135,199.151.84
Foreign balances		78,548.690.99		94,793.967.38		94,863.435.05		91,324.624.63
Silver and token coins		643.523.05		280.647.84		874.941.20		705.023.96
Bills of exchange		301,313.644.79		301,837.845.08		296,770.071.47		304,177.675.74
Loans against securities		29,864.484.60		29,781.257.65		26,915.828.65		33,385.543.07
Report		20,191.080.00		17,620.680.00		17,213.680.00		15,937.390.00
Loans to Government		23,780.400.00		23,823.770.00		24,451.400.00		24,351.000.00
Treasury notes discount		50,000.000.00		50,000.000.00		50,000.000.00		50,000.000.00
Property and fittings		33,311.835.15		33,314.858.70		33,314.858.70		33,315.604.96
Other assets		64,232.468.52		80,705.209.71		86,165.744.63		102,554.929.01
		736,581.996.69		766,990.132.95		765,501.705.12		790,950.943.21
<b>Liabilities:</b>								
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		448,013.160.00		455,992.810.00		455,119.180.00		511,166.190.00
<b>Current accounts:</b>								
Government Institutions	959.282.51		7,789.157.23		5,620.149.94		32,422.57	
Outstanding guarantees	53,410.484.63		72,938.951.96		73,329.320.24		64,659.554.89	
Various	23,971.805.04		18,595.379.53		18,134.525.68		21,531.497.24	
Liabilities in foreign currencies		78,341.572.18		99,323.488.72		97,083.995.86		86,223.474.70
Liabilities on report transactions		48,714.760.34		51,290.260.27		51,805.780.06		31,311.061.08
Other liabilities		20,251.710.00		17,668.180.00		17,264.730.00		15,977.770.00
		38,352.924.17		39,807.523.96		41,320.149.20		43,364.577.43
		736,581.996.69		766,990.132.95		765,501.705.12		790,950.943.21

subject to following fluctuations (in million of Z):

	June 30th	July 31st
bills, warrants, securities, drawn coupons	301.4	304.2
silver (in million of gold Z)	1.3	1.7
silver coins and small change owned by the Bank	0.6	0.7
liabilities of the Treasury	50.0	50.0
	353.3	356.6

The increase of discount credit by the bank—representing the major portion of the Bank cover of the notes in circulation—is very small: it rose from Z 301.3 to 304.2 million. The credits granted by the Bank against securities rose in a larger proportion, namely from Z 29.9 to 33.4 million. The total credits accorded

during July rose therefore from Z 331.2 to 337.6 million. This increase by 6.4 million or about 2 per cent is very small. This leads one to the conclusion that the Bank of Poland by the adoption of a cautious currency policy does not take full advantage of the influx of foreign currencies and foreign exchange for the extension of its credit activity. The reserves of gold and foreign currencies rose by gold Z 34.9 million, whereas the credit—only by gold Z 6.4 million. Besides this, the increased credit activity is to be ascribed to the fact that the Bank of Poland has accorded credits amounting to Z 20 million for

the financing of this year's crops\*) (Z 16 million for export purposes and Z 4 million for the needs of the home market). The increase of credits for these purposes is undoubtedly to be considered as very useful and by no means risky. It may be noted, by the way, that the amount of "report" advances has decreased in July from Z 20.2 to 15.9 million. Abundant influx of foreign currencies and foreign exchange to the Bank is reflected in the increase of bank notes in circulation, which rose from Z 448.0 to 511.2 million.

\*) See page 103.

## LATEST NEWS

### WARSAW EXCHANGE:

	10.8.26	20.8.26
\$ 1 = Z	9.07	Z 9.07
£ 1 = „	44.20	„ 44.18

### BANK OF POLAND:

#### ASSETS:

Gold reserve	„	Z 135,330.551.47
Foreign balances	„	82,763.401.72
Bills of exchange	„	304,024.607.01
Loans against securities	„	27,041.557.10

#### LIABILITIES:

Notes in circulation	„	511,729.670.—
Current accounts	„	107,778.085.69

**REPEAL OF CURRENCY RESTRICTIONS.** — In accordance with the regulations issued by the Minister of Finance, dated August 20th, the movement of foreign currencies and foreign exchange is free. Transfers of foreign currencies and foreign exchange, for well-defined business purposes, may be effected through the intermediary of the Bank of Poland and specially authorised banks.

These regulations will be dealt with in our next issue.

## INDEX OF ADVERTISEMENTS

	Page		Page
<b>AGRICULTURAL PRODUCTS</b>		The Starachowice Works, Warsaw	II
"Kooprolna" Ltd., Warsaw	VIII	Warsaw Society of Coal Mines and Smelting Works Ltd., Warsaw	I
"Lubań" Ltd. (Potato Products Works), Poznań	XII		
Sugar Industry Bank Ltd., Poznań	IV	<b>OIL</b>	
Union of Cooperative Consumers Societies of Poland, Warsaw	V	Polish State Petroleum Co., Warsaw	XVIII
<b>BANKS</b>		<b>SHIPPING</b>	
Anglo-Polish Bank Ltd., Warsaw	XVI	"Artus" A. G., Forwarding Agents, Danzig	XVII
Bank of the Cooperative Societies Ltd., Poznań	XI	Bergenske Baltic Transports Ltd., Danzig	XII
Sugar Industry Bank Ltd., Poznań	IV	The Port of Danzig, Danzig	III
<b>CHEMICALS</b>		Svenska Orient Linien, Danzig	VII
Dr. Roman May Ltd., Poznań	XVI	Wieler & Hardtman A. G., Danzig	X
"Strem" Ltd., Warsaw	VII	<b>TEXTILES</b>	
Tomaszow Artificial Silk Co. Ltd., Warsaw	XIV	Leonhardt, Woelker & Girhardt Ltd., Łódź	VII
<b>COAL</b>		J. K. Poznański Ltd., Łódź	XIII
Giesche Ltd., Up. Silesia	cov. III	<b>TIMBER</b>	
Hohenlohe Works, Up. Silesia	XV	J. Goldberger, Danzig	XIV
Polish State Coalmines, Up. Silesia	cov. IV	S. J. Jewelowski, Danzig	VIII
The Silesian United Royal & Laura Foundries, Up. Silesia	VI	Holzexport M. Slaweit A. G., Danzig	I
Warsaw Society of Coal Mines and Smelting Works Ltd., Warsaw	I	The Starachowice Ltd., Warsaw	II
<b>METALS, METAL WARES &amp; MACHINERY</b>		<b>TRANSPORT</b>	
H. Cegielski Ltd., Poznań	IX	"Artus" A. G., Forwarding Agents, Danzig	XVII
Giesche Ltd., Up. Silesia	cov. III	Bergenske Baltic Transports Ltd., Danzig	XII
Hohenlohe Works, Up. Silesia	XV	Wieler & Hardtman A. G., Danzig	X
Norblin, Buch Bros. & T. Werner Ltd., Warsaw	V	<b>VARIOUS</b>	
The Silesian United Royal & Laura Foundries, Up. Silesia	VI	Cement Ltd., Warsaw	XI
		"Polish Home Made Art", Warsaw	XV
		"Samolot" Ltd. (Aeroplane Works), Poznań	XVII

FOR THE PROPRIETORS PUBLISHED AND EDITED BY STEFAN C. MICHLEWSKI