

THE POLISH ECONOMIST

A MONTHLY REVIEW OF TRADE, INDUSTRY AND ECONOMICS IN POLAND
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AUGUST saw a further progress in the economic situation in Poland. The general conditions in this respect have stabilised and the prospects for the future continue to be good. Although to a certain extent the present situation is the outcome of a chain of propitious and advantageous conditions, the general improvement of the situation in this country is also due to the strenuous efforts of the community and the Government.

In agriculture there set in the period of realisation of the harvest, which on the whole was quite satisfactory. The selling of the crops was effected in favourable circumstances, as the prices for grain have recently gone up, which for an agricultural country like Poland is a rather consequential factor.

As regards industry, a further revival of production, and a notable decrease of unemployment were the main features of the month of August. This applies to all branches of industry, and especially to those which are engaged in the production of finished articles, such as the textile and the metallurgical industries. But the coal mining industry still stands at the head, as it is working at full capacity in order to supply the markets deprived of this commodity.

The index of prices shows a slight increase owing to the rise of agricultural values referred to above.

Foreign trade is making progress, and continues to be active: the volume of imports increased in August, but the exports rose also. As before, the exports of coal, which attained a record figure during the month under review, are worthy of note. The exports of textiles are the next most important item.

*) "Ferrum" Establishments; see page 135.

The Bank of Poland has increased its gold and foreign valuta reserves very materially, has paid all its liabilities, facilitated the circulation of currency, and, finally, has strengthened the basis of the zloty, the rate of exchange of which was slightly improved during August.

For the Treasury, too, this month left nothing

to be desired: the receipts from public levies, monopolies and state enterprises were appreciably larger than in the preceding month, which circumstance made it possible for the State to incur certain expenditures without endangering the equilibrium of the budget, which continues to be well balanced.

REVIEW OF THE GENERAL ECONOMIC SITUATION IN POLAND

August 1926

	UNIT	AUGUST 1925	JULY 1926	AUGUST 1926
STATE OF EMPLOYMENT:				
UNEMPLOYED		184.910	264.737	244.552
PRODUCTION:				
COAL	} thousand of tons	2.085.7	3.444.0	3.673.0
OIL		70.8	68.4	68.5
IRON		24.1	24.0	29.0
PRICES:				
WHOLESALE PRICE INDEX	} (1913—100)	124.1	166.6	173.2
INDEX OF COST OF LIVING IN WARSAW		151.4	177.2	181.0
FOREIGN TRADE:				
IMPORTS	} million z	116.2	121.0	161.4
EXPORTS		99.1	221.7	225.2
EXCESS OF EXPORTS (+) OR IMPORTS (—)		—17.1	+100.5	+63.8
TRANSPORTS:				
RAILWAY TRAFFIC	} truck loaded (15 tons) reg. ton	363.072	467.759	485.918
PORT TRAFFIC (DANZIG AND GDYNIA)		183.202	351.320	358.183
BUDGET:				
RECEIPTS	} million z	137.3	157.9	166.2
EXPENDITURE		143.6	149.7	163.1
MONEY CIRCULATION:				
BANK OF POLAND NOTES	million z	439.2	511.2	560.2
COVER IN GOLD AND FOREIGN CURRENCIES	% %	40.67	36.19	40.37
TOKEN COINS	million z	262.8	469.6	447.0
CREDIT:				
(BANK OF POLAND)				
BILLS DISCOUNTED	million z	285.4	304.2	306.7
OFFICIAL DISCOUNT RATE	% %	12 $\frac{0}{10}$	10 $\frac{0}{10}$	10 $\frac{0}{10}$
FOREIGN CURRENCIES:				
(WARSAW STOCK EXCHANGE-AVERAGE RATES)				
U. S. A. DOLLAR	} z	5.30	9.20	9.05
POUND STERLING		25.87	48.83	44.10

REMARK:— Figures appearing in the above table are intended exclusively to characterise the economic situation in August 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 SIGNS OF THE INCREASING PROSPERITY OF POLAND

by

PROF. W. E. KEMMERER

Chairman of the Commission of the Financial Advisers to Poland

DURING MY FIRST sojourn in Poland in December 1925 and January 1926, in the period of the heavy economic crisis through which Poland was then passing, I made the statement that economic conditions in Poland were fundamentally sound, that Poland's difficulties at the time were largely psychological, and that the greatest immediate need was the restoration of confidence in Poland on the part of the Polish people themselves.

Once again I have this year, on the invitation of the Polish Government, spent two and a half months, from July to September, in Poland, on the examination of the finance of the country, and I took this opportunity to get into close contact with the economic life of Poland, and to study it thoroughly.

It is a pleasure at this time to note many signs of increasing confidence and with them of returning prosperity. Let me cite a few typical ones:

1) for three months in succession the budget has been balanced and the surplus has been sufficient to wipe out earlier deficits to such an extent that the five months period, April to August inclusively, taken as a whole, has yielded a surplus;

2) for nearly three months the currency has been practically stable. In fact the range of exchange fluctuations has been no greater than might have reasonably taken place, had the country been on the gold standard with its currency convertible into gold on demand;

3) the Bank of Poland has cancelled its \$10,000,000 credit with the Federal Reserve Bank of New York, released all gold pledges against foreign credits and has increased its reserves against notes outstanding from 32 per cent in April to 40 per cent at the end of August;

4) Polish security prices have tended strongly upwards. The Polish bonds of the 8 per cent Dillon loan which struck the low figure of 83 in May, recently rose above 90, and the 6 per cent Dollar loan which dropped below 61 in May, recently went above 70 in New York. The Bank of Poland's shares have nearly doubled in price since the low figure in May, and a number of industrial shares have more than doubled within a few months time;

5) the percentage of bills payable at the Bank of Poland that were protested has fallen from 9.5 in November to 2.5 in July. A representative of a large American business house doing business in Poland gives the percentage of bills protested by his concern as having declined from 30 per cent in November 1925 to 4 per cent in August 1926;

6) the number of daily average car loads carried by the Polish State Railways has increased from 10,642 in January 1926 to 15,678 in August — an increase of 47.3 per cent. The August figures were the largest since November 1924. Deducting coal shipments, the figures show an increase from 6,724 in January 1926 to 9,454 in August — an increase of 40.5 per cent. The number of coal cars loaded in August was 6,224, the largest for any month in three years, and about 53 per cent higher than for January;

7) while the unemployment situation is still bad, there has been a substantial improvement in the last eight months. In January of this year the number of unemployed officially reported was 359,000, and in August it was 245,000 — a decline of about 32 per cent.

In fact, wherever one turns he sees signs of increasing business activity, and of increasing confidence.

The struggle for the financial and economic reconstruction of Poland, however, is just begun. In its political and economic organisation Poland is a new country. The ravages of the War were probably greater here than in any other country of Europe. One should take courage from the progress that has so far been made, and particularly from the advances of the last few months, but care should be taken to avoid the danger of undue optimism. Now is the time for Polish people to grit their teeth and work. The task will be a long and hard one, and will involve many sacrifices, but no one who has read Polish history or seen the Polish peasant at work, will doubt the ability and the willingness of the Polish people to work hard and to sacrifice greatly for the welfare of Poland.

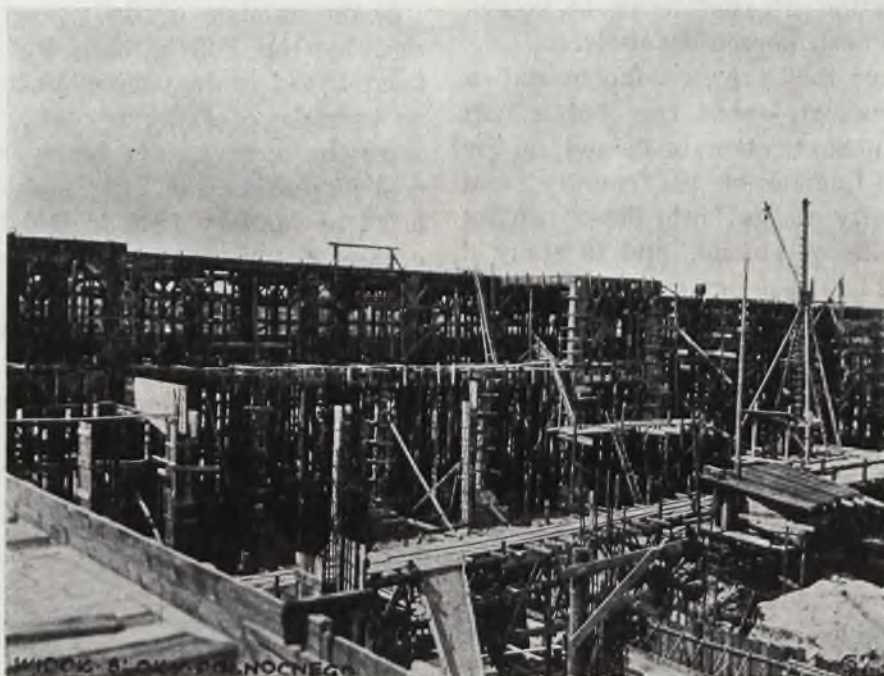
STABILISATION OF THE ZŁOTY

ON JULY 23rd last a year had elapsed since the złoty fell for the first time below parity, to begin with on the Prague and Vienna exchanges, the fall shortly afterwards becoming general. There have been considerable fluctuations of the złoty during practically the whole year, the general trend being mostly downward, yet an improvement in the exchange has been noticeable since May last, and in view of the simultaneous rise of the foreign currencies held by the Bank of Poland, there is every reason to believe that the Polish currency is approaching a new period of stabilisation.

The złoty has already been temporarily stabilised on two occasions, but in both cases there was an absence of those conditions, which would

the national currency on the part of the community.

Already in December of last year the balance of payments was favourable; this was the direct outcome of the excess of exports over imports, and was a reason why the dollar exchange, which experienced an excessive rise, fell from $\text{zł} 10\cdot50$ on December 16th 1925 to $\text{zł} 7\cdot10$ on January 13th last, and why during the four weeks from January 16th to February 11th it was maintained at the level of $\text{zł} 7\cdot30$ to the dollar. Consequently, if since the middle of February the złoty has again shown a downward tendency, this can by no means be ascribed to the balance of payments being adverse, as during that period they were certainly favourable, the excess of exports over imports being considerable and being maintained during the ensuing six months.



VISCOSE WOOL MILLS IN TOMASZÓW, IN PROCESS OF CONSTRUCTION

permit its being maintained on the same level for any long space of time. The official rate of exchange on New York, $\text{zł} 5\cdot98$ to the dollar, was maintained during the eight weeks: from September 19th to November 12th 1925, at a time when the Polish balance of payments was not sufficiently favourable to keep the złoty exchange on this level without the inflow of foreign credits. Although the foreign trade balance has been active since September 1925, yet as far back as November of that year, the volume of foreign liabilities to be met was so large, that the maintenance of the złoty exchange on the stabilised level was hardly possible, in view of the approaching exhaustion of the foreign currency reserves of the Bank of Poland. At the time the złoty was falling rapidly, which circumstance was responsible for the loss of confidence in the possibilities of the stabilisation of

The downward tendency of the złoty in the latter half of February and in March, April and May is to be accounted for by the psychological factors, which have, owing to lack of confidence in the złoty, contributed materially to the hoarding of foreign currencies. As is well known, the dollar exchange was impaired, notwithstanding the fact both the balance of foreign trade and the balance of foreign payments were favourable, as the demand for foreign currencies on the part of the hoarders was larger than the available supply resulting from the surplus of exports over imports after the deduction of foreign liabilities.

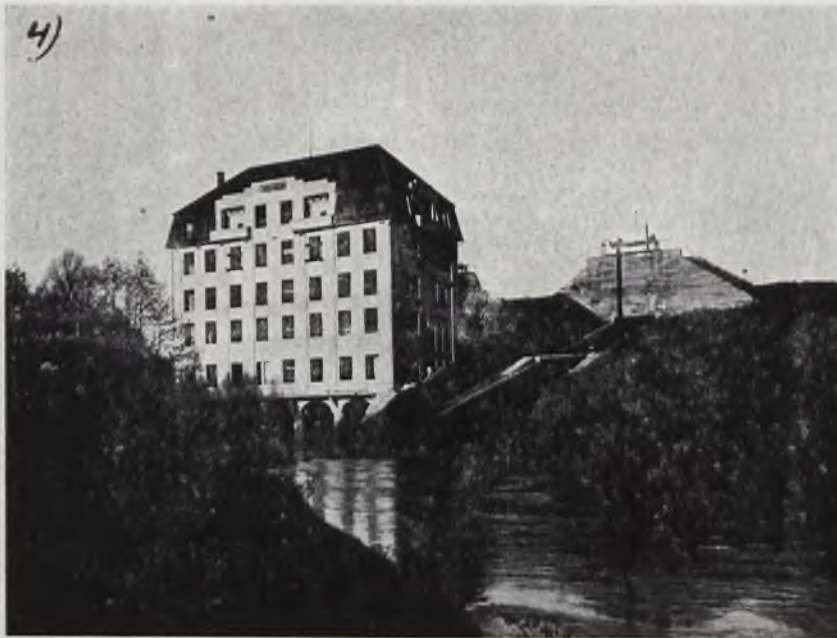
This factor was actually responsible for the decline in the złoty exchange during this period. Under these circumstances, when there were no factors, tending to strengthen confidence in the national currency, only a very considerable surplus in

the foreign trade balance would have been sufficient to have increased the quotations of the złoty, or to have stabilised it. But in March the surplus of exports over imports declined considerably, though temporarily, namely to gold zł 14·8 million, whereas in January the surplus was gold zł 62·7 million and in February gold zł 43·1 million. This is the real origin of the rapid fall of the złoty at the end of March and in April.

The decline in the value of the złoty, which took place in the latter half of April and in May, was brought about by the political developments in Poland and the fear of inflation as a consequence thereof. The consolidation of the political situation in this country at the end of May was, as it were, a sign of the recovery of the złoty exchange: within a few days the złoty rose from zł 11 to 10 to the dollar, and during nearly the whole of June, that

Poland is on the threshold of a lasting stabilisation of the złoty exchange. Now the problem arises as to the level, on which it would be most advantageous that it be stabilised. This problem is closely connected with an other one, namely — what is the economic parity value of the złoty, and what is the relation of the economic value to that of other money values.

As the economic parity is not a stable unit, but is, as a rule, governed by fluctuations in the cost of production, in the demand for foreign goods in Poland, and for Polish goods abroad (which is very frequently linked up with seasonal changes), in the cost of transport, by increases or decreases in customs duties, by the incidence of foreign credits etc. — the question of economic parity may only be discussed as a certain, well-defined movement, but even then it is impossible to fix it accurately, as



NEW ELECTRICAL POWER STATION AT GRÓDEK, POMERANIA

is from the 6th to 27th inclusive, it was maintained at the level of zł 10; from the 28th of June to the 5th of July it showed a further increase, then it stopped at the level of zł 9·20 to the dollar, only to experience a further, though small rise on July 21st — after which it was maintained at slightly over zł 9 to the dollar.

There is no doubt, that the present economic situation of the country affords a guarantee for a permanent stabilisation of the złoty: the foreign trade balance is distinctly favourable; the currency reserves at the Bank of Poland are on the increase; since June the Government has not issued any new currency notes or coins and their emission is about to be regulated. The political consolidation of the internal situation is such as to remove all fears of inflation, the community having confidence in the present leaders and their financial policy, which excludes inflation.

new factors continually come into play, which can neither be estimated nor calculated correctly.

The comparison of the costs of production in Poland with those abroad would be the final means for establishing the present economic parity of the złoty. As the result of the recent movement of prices in Poland, the present level of about zł 9 to the dollar may be considered as the economic parity. Therefore the stabilisation of the złoty should be achieved on that level.

POLISH TRANSIT LINES

TRANSIT TRAFFIC is welcome to all railway systems; there are several reasons for this: it covers long distances, generally through the whole territory of the State; it is effected in foreign trucks,

belonging to the railway system that dispatches the goods; it causes no trouble, for the train is loaded, unloaded and made up beyond the frontiers of the country of transit.

This is why all countries in the world are sparing no efforts to attract transit traffic either by special treaties or by the application of lower tariffs.

Still, the main factors ensuing smaller or larger transit traffic are the geographical situation and topographic conditions of the country. Precisely in this respect Poland's position is exceptionally favourable. Situated in the very centre of the European continent and free from natural obstacles such as mountains and wide rivers, Poland should

after the war were not such as to facilitate the conclusion of commercial treaties; that is why Poland lacks special commercial treaties with her next-door neighbours—Germany and Russia, which are precisely the two which are most important from the standpoint of transit traffic. The conclusion of commercial treaties with these two countries is now being considered, but it is difficult to hope for the development of transit traffic before these treaties are brought into being. Sooner or later this moment is bound to come, and preparations to this end should be made in advance: the Polish State Railway was among the first to adhere to the International Barcelona Convention which, as is well known, provides for the freedom



A VIEW OF THE "SCHEIBLER & GROHMAN" MILLS, ONE OF THE LARGEST COTTON SPINNING MILLS IN THE WORLD

be regarded as a veritable bridge between Eastern and Western Europe. In addition, this country possesses all the conditions necessary for becoming not only the main route for the transit of traffic from East to West, but also from North to South and vice versa, forming, as it does, a most convenient connection between the Adriatic and the Black seas and the Baltic.

Taking due note of this advantageous position, the Polish railway system has neglected nothing to attain high efficiency in order to reap its fruit whenever general conditions permitted. It should not be overlooked that the railways are only the means of transportation, while the consignments themselves are the products of commerce and industry which in turn are dependent on political relations. These are reflected in commercial treaties. The political relations between the different States

of transit. It took an active part in its elaboration and is responsible for the application of this convention's stipulations to railway transit traffic coming from the States with which Poland entered into railway agreements.

The next step was the preparation of transit lines for the task which they will be called upon to perform. There are six transit lines in Poland of which four run West and East, namely: 1) from Berlin via Zbąszyń-Poznań-Warsaw-Stołpce to Moscow, 2) from Leipzig via Leszno-Ostrów-Dęblin-Brześć-Łuniniec to Briansk, 3) from Dresden via Lubliniec-Częstochowa-Kielce-Sarny to Kieff, 4) from Prague via Zebrzydowice-Lwów-Podwoleczyska to Odessa. The remaining two run from North to South: the first, via Zebrzydowice-Warsaw-Wilno, connects the Adriatic (Trieste) with the Baltic, i. e., with Riga and Leningrad; the

second, via Podwołoczyska (Odessa), as well as via Śniatyn (Galatz)-Warsaw, connects the Black sea with the Baltic (Danzig and Gdynia). All these highways have been or are being partly reconstructed in order to remove the technical shortcomings caused by the protracted duration of the Great War. They were extended so as to increase the handling capacity, and they are adapted to the requirements of intensified transit traffic.

Yet even after the reconstruction and extension of the system of transit highways, their capacity for transit of goods will not exceed that of pre-war days; and it is to be expected that the movement of goods will assume much larger proportions for two reasons: first, the natural development of commercial relations as a result of increased population, and general progress in civilisation which was retarded by the Great War and its consequences; and secondly, the reconstruction of Russia, inevitable after its devastation by war and by bolshevist experiments.

Bearing in mind these circumstances, the Ministry of Railways found it advisable to create new additional transit lines to unite Western Europe with Russia. The first has its starting point in the Silesian coal fields, and is to run along the 51st meridian and pass through Busk—Zwierzyniec—Kiwercę; it will provide the shortest connections between the Ukraine, France and Southern Germany. The second line, uniting Toruń with Ostrołęka and Łapy by a straight line, will form a new Polish transit route connecting Denmark and the North of Germany with Central Russia, and will be shorter than the existing route via East Prussia; this is obvious from the following comparative figures:

	<i>via East Prussia</i>	<i>via Toruń and Łapy</i>
from Stettin to Moscow	1.804 km.	1.768 km.
„ Berlin „ „	1.895 „	1.837 „

Neither of these transit lines passes through Warsaw. This is of great importance, in view of the fact that this railway centre is already overstrained, and can hardly cope with the traffic of the capital, so that to increase the handling capacity of the railways serving the Warsaw region is unthinkable.

The construction of those two railway lines will not be carried out by the State, but by private concerns which have secured a concession from the Government.

For the above mentioned reasons the present transit traffic can hardly give an idea of that with which Poland will have to deal in the near future.

However, we have dwelt on this subject in order to characterise the conditions prevailing at present. Of the total of 4,464,720, 15 ton waggons handled by the Polish normal gauge railways in the year 1925, 257,400 waggons or 5.5 per cent passed through Poland in transit. Of this figure 30,000 trucks were accounted for by transit to and from Russia and Latvia via the so-called Danzig corridor, and 10,000 trucks by other routes — or taken together — only 15 per cent of the whole transit, while in 1913 the transit traffic of former

Russian Poland was: from Russia — 190,770 trucks, to Russia — 92,700 trucks, total — 283,470 trucks. If to this figure is added the traffic to and from Russia which passed through the railway system of former Austrian Poland, and it is reckoned at only 10 per cent of the other, then the total in 1913 will be expressed by a round figure of 312,000 trucks. And if a normal increase of population is taken into consideration (which for Central and Eastern Europe may be put at 1.5 per cent per annum), then, even excluding the years of the war, the increase of railway traffic from 1919 to 1929 may safely be put at 15 per cent, equaling 47,000 trucks. Adding this to 312,000 trucks, we obtain the figure of 360,000 trucks or roughly 1,000 trucks per day to and from Russia. If we assume for the sake of argument that transit transports in other directions, i. e., through the frontier stations of Rumania, Czechoslovakia, Lithuania, Latvia, Eastern Prussia and Danzig, will be maintained at the present level of 215,000 trucks, then the total traffic will in the near future be 575,000 trucks per annum.

It should be mentioned that all the above figures stand for transit consignments transported through Poland on the strength of separate direct bills of lading, with the result that trucks received at the frontier stations and dispatched again are excluded from the transit register.

The same applies to transports effected by forwarding-agents. It is obvious therefore that the total transit traffic may be estimated at between 650 and 700 thousand trucks per year. The Polish State Railways are fully justified in getting ready to deal with this volume of transit traffic.

PROSPECTS OF THE POLISH SEED EXPORTS

DURING THE POST-WAR period the economic slogan of nearly all European states was: to decrease imports and increase exports as far as possible. This tendency is quite comprehensible and justified even in the case of States guided by old traditions of economic liberalism, especially when the prevailing crisis in Europe is borne in mind.

Of course, there are exceptions to every rule; among them are seeds, which frequently result in large profits for the importing country, so that the respective losses appearing in the balance of foreign trade lose their real meaning.

This standpoint may be easily illustrated by an example so conspicuous in agriculture: 100 kg. of sugar beet seed is sold at \$ 20 by the most prominent Polish firms. For the sowing of one hectare 30 kg. of seeds are required, so that the value of seed for the plantation of 1 hectare is \$ 6, while, according to the calculations of Dr. E. Kostecki (*"Gazeta Cukrownicza"* No. 13/1926) who took into consideration a comparatively high cost of production of sugar in Poland, and an average low price of sugar, brought about by exports at prices below the cost of production, the difference between the

best Polish seeds and those of leading German firms gave the following surpluses in the gross profits from one hectare: in the year 1924—\$ 34 and in 1925—\$ 21. That is to say that the cost of seeds imported for 100,000 hectares of plantations would amount to \$ 600,000, whereas the surplus of profits from this area alone would amount to \$ 3,400,000 in 1924 and \$ 2,100,000 in the following year.

These figures make it clear that if the difference between local and imported seeds were as large as between the figures indicated, than, notwithstanding the tendency to restrict imports, the import of better seeds would, from the economical point of view, be fully justified by the results obtained in the manufacture of sugar*).

* To make it clear we give below an extract from the above mentioned treatise by W. E. Kostecki, which gives an idea of the basis of this calculation:

The bases of calculation are the following:
 1. — When calculating the profit obtained from the crop of sugar beet raised on one hectare, we should not take into consideration the percentage of sugar in the sugar beet, but the per cent of sugar actually obtained in the manufacture, i. e., about 2.5 to 2.8 per cent below the amount contained in the sugar beet; this margin of sugar remaining in by-products is not to be overlooked for it is obvious that the actual output of sugar will be larger in proportion in cases where smaller quantities of raw material are dealt with.
 2. — As a basis of the value of sugar actually obtained in the manufacture is taken the price of zł 55 per 100 kg., i. e., the approximate average price ruling last year for home and foreign consumption without excise duty.
 3. — The cost price of sugar beet brought from the planter (zł 3.10), the cost of transport (zł 0.50), the cost of seeds, stamp duty and reception charges of sugar beet per 1 quintal (zł 1.20), the cost of operation per 1 quintal of raw material (zł 0.70) — give a total of zł 5.50, general overhead charges not included.
 On deducting from the value of sugar obtained from 1 hectare of plantation the cost of the beet-root including transport and operation charges from the same plantation, i. e., where the same variety of seeds were used, we obtain the gross profit per 1 hectare, which served as a basis for judging the results of competitive experiments during the last two years shown in tables 1 and 2:

The result of competition experiments with various varieties of sugar beet, organised by the Union of Sugar Factories of former Russian Poland

VARIETY	% of sugar contained in sugar beet	yield of sugar beet (per ha)	yield of sugar (per ha)	% of sugar obtained	actual yield of sugar (per ha)	value of sugar (per ha)	cost of sugar beet and manufacture (per ha)	gross profit (per ha)
T A B L E 1								
A. Janasz	18.43	311.6	57.43	15.93	49.64	2730.2	1713.8	1016.4
Sand. Hodowla Nasion	18.15	324.3	58.86	15.65	50.75	2791.3	1783.7	1007.6
Buszczyński P.	17.94	317.7	57.00	15.44	49.05	2697.8	1747.4	950.4
"Udyecz" Ltd.	18.16	302.7	54.97	15.66	47.40	2607.0	1664.9	942.2
Kuhn, Naarden	17.73	308.8	54.75	15.23	47.03	2586.7	1698.4	888.3
"Granum" Ltd.	17.69	301.0	53.25	15.19	45.72	2514.6	1655.5	859.1
"Motycz" Ltd.	17.79	291.1	51.79	15.29	44.51	2448.1	1601.1	847.0
"Granum" Ltd. (Control.)	17.67	296.7	52.43	15.17	45.01	2475.6	1631.9	843.7
A. Hełczyński	17.14	329.0	56.39	14.64	48.17	2649.4	1809.5	839.9
Rabbethge & Giesecke	17.44	309.0	53.89	14.94	46.16	2538.8	1699.5	839.3
Jerzy Ryx	17.69	292.7	51.78	15.19	44.46	2445.3	1609.9	835.5
W. Mayzel	17.37	305.0	53.12	14.87	45.47	2500.9	1681.9	819.0
Buszczyński N. M.	18.01	266.3	47.96	15.51	41.30	2271.5	1464.7	806.9
T A B L E 2								
Sand. Hodowla Nasion	17.65	282.5	49.86	15.15	42.80	2354.0	1553.8	800.2
"Udyecz"	17.42	278.2	48.46	14.92	41.51	2283.1	1530.1	752.0
A. Janasz	17.72	256.0	45.36	15.22	38.96	2142.8	1408.0	734.8
Buszczyński P.	17.38	268.4	46.65	14.88	39.94	2196.7	1476.2	730.5
Buszczyński N. M.	17.50	260.6	45.61	15.00	39.09	2150.0	1433.3	716.7
"Udyecz" Ltd. (Contr.)	17.20	271.3	46.91	14.79	40.13	2207.2	1492.2	715.0
"Motycz" Ltd.	17.38	265.3	46.11	14.88	39.48	2171.4	1459.2	712.2
"Granum" Ltd.	17.37	265.8	46.17	14.87	39.52	2173.6	1461.9	711.7
Jerzy Ryx	17.12	275.1	47.10	14.62	40.22	2212.1	1513.1	699.0
Original-Kleinwanzleb.	17.06	275.5	47.00	14.56	40.11	2206.1	1515.3	690.8
A. Hełczyński	16.62	293.6	48.80	14.12	41.46	2280.3	1614.8	665.5

When making purchases of seeds, the importers pay attention not only to the quality of the material but also to the maintenance of the standard type on the part of the producer; the considerations of price and the certainty of obtaining supplies in the exporting country come next. The general confidence that is placed in Polish seeds is based on scientific methods applied by Polish producers and the continuity of work. The work of improving seeds in its full modern sense has been carried on in Poland since 1870. As regards the methods followed, it may be stated that according to specialists in this branch visiting Poland, with the French agriculturalists in 1923, the Dutch agriculturalists in 1924, the Austrian parliamentary delegation in 1924, the British parliamentary delegation in 1925, the International Agricultural Congress held in Warsaw in 1925, and according to other scientists coming to Poland at various times, the work in connection with the improvement of seeds ranks first in Europe.

The reasons for this state of affairs are the following:

1) the Polish production of seeds owes its development to private initiative which measures the results by the profits obtained. It may be observed by the way that not only are Polish scientists not hindered to undertake practical work, but, even more, a large number of specialists in this branch and professors of high agricultural schools come from the ranks of practical men;

2) those directly concerned, i. e., the industrial and agricultural interests cooperate to control the value of the improved seeds. This control is exercised on the one hand partly by sections of seed-growing unions and societies of agriculturalists who examine areas under seed cultivation, and by way of public competitions on the other. The Union of Sugar Factories is organising since 1892 competitions for the production of sugar beet seed. It should be noted that the experiments in this field are the first in the world.

The favourable development of Polish seed-growing is reflected in the first place in the control of the home market. It may be stated that Poland does not import seeds at present, except for a few truck-loads of different varieties. In order to understand the success in this province, it will suffice to recall that before the war the total requirements of German and Austrian Poland for seeds were covered by seeds of German origin. In Russian Poland 75 per cent of the seeds required also came from Germany. The Polish seed producing enterprises covered about 25 per cent of the seeds used in former Russian Poland, much larger quantities used to be sent to Russia and other countries.

Under these conditions the capturing of a market with a capacity of 5,500 tons is a convincing proof of the success achieved which can neither be the result of publicity nor national sentiment, but solely of the actual value of the material.

While the needs of the domestic market are satisfied, the export of Polish seeds has simultaneously been revived, despite the bad reputation of Russian seeds, which for a long time were frequently mistaken for those of Polish origin. The importers somehow did not wish to see the difference between

the two varieties. The exports of sugar beet seeds, which in the year 1922/3 amounted to 510 tons, rose in the year 1923/4 to 2,040 tons, to reach in 1924/5 and 1925/6 — 2,500 and 3,000 tons respectively. These figures show a gradual increase of confidence on the part of buyers, and the expansion of foreign markets which are the outcome of practical results obtained from Polish seeds, and also the comparatively low price of the Polish material.

Poland is an essentially agricultural country with an average increase of population of about 1.4 per cent or 450,000 inhabitants per annum. This circumstance is responsible for the low cost of manual labour which, as is well known, is the main factor in the production of seeds. That is why Polish

The question arises whether Poland is in a position to assume the rôle of a centre producing improved seeds for export on a large scale. We have proved that, as regards quality and prices, the answer is in favour of this country. What is its position as to quantity?

The break up of extensive landed estates, which is to be observed in some of the European States, brought about a decrease in the production and the export of seeds. Seed production requires considerable outlay for plant and appliances, which can only be borne by large estates. In Poland, despite the realisation of the land reform scheme, official statements were made, according to which large estates organised for seed production will not be



SUGAR BEET PLANTATIONS IN THE POZNAŃ VOIEVODSHIP

sugar beet seed may be delivered in California at \$ 28 per 100 kg. c.i.f. San Francisco, whereas the same commodity produced in the United States of America is quoted at \$ 40 per 100 kg. and more.

It is obvious therefore that, in addition to high quality, the cheapness of Polish seeds is a material factor worthy of note.

This acquires special significance on account of the following consideration: there is no doubt that the complex of economic relations of the civilised world does not tend, as regards production, to the self-sufficiency of particular States, but to the mutual exchange of goods coming from sources, where they can be produced cheaply and conveniently. The above mentioned principle must, sooner or later, be accounted for in economic and, consequently, in political international relations. Then the slogan of economic self-sufficiency will exercise a smaller influence on the creation of certain reserves of production, which maintain equilibrium in demand and prices.

interfered with, so that this branch of industry should not only not diminish, but has good prospects for further development, and the future production of seeds may be several times as large as it is now.

Undoubtedly at the present moment one of the important export articles of this country is sugar beet seed which is being sent to all European countries, except Germany. France and Belgium received the greatest quantities of seeds exported. The United States must be also noted, the export of sugar beet seeds to that country existing since a long time. Besides this commodity Poland exports large quantities of white and red clover seeds which are highly estimated in the West of Europe, owing to their resistance to cold, and to their large crops. Further Poland's exports are: esparcet, anthyllis vulneraria, serradella, vicia faba minor, vetches, lupine, beans, pea, pelouche rape, turnips, flax, poppy, mustard seed, potatoes seeds and herb seeds.

In view of the conditions in Poland as regards climate and soil, ranging from dry heavy soil

in the South to the sandy Northern coast, this country can produce plants which may easily adapt themselves to different climatic and soil requirements in foreign countries. Poland is now making her entry into foreign markets and aims at showing that her improved seeds give the anticipated results. It should be mentioned that Polish producers of improved seeds have a welldefined plan in this respect, which they are endeavouring to realise without undue delay.

THE ZINC INDUSTRY

AMONG THE MINERAL riches of Poland zinc and lead occupy one of the most prominent places. Poland ranks second in Europe as regards the output of zinc and third in the world. The world

about 9 per cent of zinc and from 2 to 3 per cent of lead. Pyrite beds are situated in the Świętokrzyskie mountains, large reserves of this material have been found in Karczówka, near Kielce, though the position of the beds has not as yet been completely ascertained.

The reserves of zinc ores in former Russian Poland have not so far been definitely calculated. Here the Great War caused least damages to the zinc industry, though here, too, it has left its marks: the Austrians exploited the richest spots and paid no attention whatsoever to the loss of the poorer ores, the work being carried on without any preliminary investigations.

In Galicia the amount of lead contained in ores extracted reaches 15 per cent, and contains some 3 per cent of zinc; calamine and lead ores form



ROASTING PLANT FOR ZINC AND LEAD BLENDE AT THE "UTHEMAN" FOUNDRY

production of raw zinc, and Poland's share therein, are given in the following statement (in thousands of tons):

	1913	1923	1924
World production of zinc ...	1,001·0	955·0	1,005·0
United States of America ...	320·0	482·0	485·1
Belgium	204·0	148·0	163·0
Poland	192·0	96·4	93·1
Germany (without Upper Silesia)	111·7	32·4	41·5
Poland's production in relation to the world production (in percentage)	19·2	10·1	9·3

The deposits of zinc ores are situated in the Western part of former Russian Poland, in the North Western regions of Galicia, and also in Upper Silesia. Zinc ores of the three regions mentioned sometimes contain a certain amount of lead ore and sometimes do not. In addition lead ore is to be found independently of zinc ore.

The zinc deposits mined in Poland for a hundred years and more, contain a certain amount of blende in the lower strata, and calamine in the upper strata. They are located in the southern parts of the Będzin and Olkusz districts and contain a small amount of lead and iron compounds. The irregularity of zinc ore beds, and the presence of water, render the extraction somewhat difficult and adversely affect prospecting and the cost price of the mineral. Zinc ores of former Russian Poland contain

separate small beds; the deposits are deep beneath the surface, and there is some difficulty in getting at the mineral because of water. Here and there, at a substantial depth, blende is to be found. Calamine in a raw state contains about 12 per cent of zinc. The restoration of these mines is very difficult, and they have not been worked since the war. The large lead mine known as the "Matilda"*) is to start operations only in 1927.

In Upper Silesia the average percentages of metal in crude ore are as follows: blende — over 20 per cent of zinc and about 4 per cent of lead; calamine — about 14 per cent of zinc. The largest deposits are located in the vicinity of Bytom and Tarnowskie Góry. The deposits are at a depth of 30—80 m. in seams 4—6 m. thick, though seams of up to 15 m. are frequently encountered. The conditions for revival are very favourable, as the amount of water is, on the whole, very moderate. In the upper beds lead ore and calamine with an admixture of blende and lead ore predominate. The richest deposits of the last mentioned minerals are to be found separately in the regions near to Tarnowskie Góry which contain from 10 to 15 per cent of lead (in a crude state). Unfortunately during the German rule in Upper Silesia these reserves of ores were completely exhausted. The exploitation of blende may still be carried on for some 30 years, and of calamine for about half that period.

*) Owned by the "Giesche Company Ltd." of Katowice.

The output of zinc and lead ores and the production of zinc and lead in the different regions of Poland are given in the following tables (in tons after being enriched):

TABLE I

Output of zinc and lead ores

	<i>calamine</i>	<i>blende</i>	<i>lead ore</i>	<i>pyrite</i>	<i>iron ore</i>	<i>number of workmen employed</i>
a) former Russian Poland:						
1913	65.056	—	2.884	—	—	1.549
1919	30.199	2.084	178	723	618	1.367 *)
1920	28.740	3.685	901	4.073	1.679	1.623 *)
1921	33.538	5.975	754	3.965	62	1.314 *)
1922	29.966	12.276	1.161	4.832	1.678	1.322 *)
1923	31.194	10.152	887	4.711	2.683	1.416 *)
1924	23.350	13.205	1.427	5.468	2.935	879 *)
1925	29.076	19.650	1.769	8.577	791	969 **)
b) former Austrian Poland:						
1913	1.530	—	7.143	—	—	592
c) Polish Upper Silesia:						
1913	104.850	308.924	37.272	1.970	29.240	8.762
1922	36.692	178.043	15.250	1.620	3.655	6.883
1923	48.799	165.898	14.161	997	2.797	7.365
1924	48.037	188.775	11.488	1.401	780	7.880 *)
1925	72.417	246.564	19.561	2.426	301	8.411 **)

TABLE II

Production of zinc

	<i>spelter</i>	<i>zinc dust</i>	<i>cadmium (in kg.)</i>	<i>50% sulphuric acid Bé</i>	<i>number of workmen employed</i>
a) former Russian Poland:					
1913	7.601	604	—	—	660 *)
1919	2.175	12	—	—	437 *)
1920	2.567	38	—	—	582 *)
1921	2.754	4	—	—	632 *)
1922	3.526	93	—	—	688 *)
1923	4.078	415	—	—	737 *)
1924	4.742	389	—	—	720 *)
1925 **)	5.028	466	—	—	722 *)
b) former Austrian Poland:					
1913	14.958	207	not available	16.963	1.207 *)
1919	2.477	418	"	2.766	930 *)
1920	2.971	129	"	7.146	913 *)
1921	3.257	125	"	10.300	828 *)
1922	5.600	200	"	not available	1.001 *)
1923	7.783	406	13.602	24.692	1.342 *)
1924	10.679	80	8.445	24.289	1.263 *)
1925	11.166	—	—	32.702	1.133 *)

*) At the end of the year.
**) Provisional figures.

c) Polish Upper Silesia:

1913	169.439	7.149	38.575	255.589	12.151
1919	74.023	2.020	38.735	121.171	10.492 **)
1920	81.412	3.492	20.852	183.329	10.254 **)
1921	62.930	1.972	21.564	129.248	9.234 **)
1922	75.610	3.411	24.777	181.825	9.428
1923	84.543	4.179	24.691	198.682	9.988
1924	77.669	3.985	10.258	150.518	9.803 *)
1925	98.151	2.928	3.555	214.796	8.907 *)

TABLE III

Production of lead

	<i>refined lead</i>	<i>silver (in kg.)</i>	<i>glaze</i>	<i>number of workmen employed</i>
a) former Austrian Poland:				
1913	2.696	3.400	—	are included in the statement of zinc foundries
1919	67	178	142	
1920	464	—	—	
1921	481	—	—	
1922	51	—	41	
b) Polish Upper Silesia:				
1913	39.922	7.389	2.904	777
1919	17.788	2.360	723	812
1920	17.166	3.112	574	761
1921	13.025	1.661	619	748
1922	13.869	2.955	811	749
1923	15.301	4.073	613	671
1924	15.279	10.569	773	614 ***)
1925	20.413	15.938	638	646 ***)

In former Russian Poland there are two zinc foundries and one zinc rolling mill, put in operation in 1920; these establishments are not organised for the working of blende, because they exclusively adapted to calamine. The installations are mainly composed of old ovens, and dispose of a small number of spacious muffles. The ore now extracted is not as rich as it used to be before the war, so that the output has fallen off, and the amount of coal consumed increased up to from 16 to 20 tons for one ton of zinc.

There is in former Austrian Poland one foundry named "Jadwiga" which is equipped with all the modern appliances and is specially adapted for the working of blende and lead ore and the manufacture of sulphuric acid. Some time ago it was operated on Upper Silesian coke and on coal coming from the Cracow district, while the raw materials had to be imported from Australia and Carinthia; at present, being owned by the "Giesche Company Ltd.", Katowice, this foundry utilises Silesian ores, and the necessary fuel is provided by the coal mines of the company. Since 1922 lead has not been produced at that foundry.

In Upper Silesia, where the ores worked are richer in metal than those utilised in former Russian Poland, and the foundries are equipped with modern appliances, the amount of coal necessary for the production of 1 ton of spelter varies from 6 to 8 tons; instead of calamine, which is practically worked out owing to intensive extraction.

*) At the end of the year.
**) Up to 1921 inclusive of rolling mills allotted to Germany.
***) Provisional figures.



"MOND" SYSTEM GAS PRODUCERS IN A ZINC FOUNDRY AT ROZDZIEN, SILESIA

the Upper Silesian foundries utilise blende. There are numerous sulphuric acid works, the output of which is very great indeed. The need of finding a use for this article resulted in an endeavour to produce artificial manure, because the working of ore containing sulphur could not be carried on, on account of the health regulations in force.

The number of zinc foundries in Upper Silesia in the year 1913 was 16, whereas now there are only 12. There are two lead foundries (See tables Nos. 2 and 3).

It will be seen that the zinc industry which utilises from 8 to 20 tons of coal for the production of 1 ton of zinc spelter, is organically linked with the rich coal valleys, so that Upper Silesia may be regarded as the main zinc foundry of Poland.

POLISH AND GERMAN VIEWS ON THE SITUATION OF EUROPE

THE WEEKLY *"Przemysł i Handel"*, Warsaw (No. 37/1926, page 1.085) has published an article by the Vice-President of the Bank of Poland, Dr. F. Młynarski, in which this Polish economist questions the conclusions of Dr. Schacht, the President of the German Reichsbank, concerning the post-war economic difficulties in Europe. It will be remembered that Dr. Schacht expressed his opinions on the matter about a month ago in the form of an interview with the correspondent of the *"Neue Freie Presse"* of Vienna.

The polemic between the two statesmen is worthy of special attention, as both of them, in the sphere of international economics, are the supporters of the idea of joint action, embracing the entire civil-

ised world, though they approach the subject in a different manner.

For instance, Dr. Schacht, undoubtedly quite rightly, considers that without the reconstruction of Germany the reconstruction of Europe is impossible. Nevertheless, by taking this view, he endeavours to solve the problems of economic development of other states, and specially those of the Central Europe, by linking them up with those of Germany. He is against the development of industry in Poland, Czechoslovakia, etc. — in the name of the struggle against unemployment in Germany. He attacks the national economic policy of the smaller European States, calls this policy "nationalism" — on the ground that it renders the exports from Germany difficult. Dr. Schacht, whose enunciation is couched in energetic terms, does not mince matters and is an advocate of plain speaking: he demands that the economic and national interests of the "small States" be made dependent on those of Germany. It is also worthy of remark that, referring to "small States", Dr. Schacht includes under this generic heading not only the Balkan and the Baltic States, but also the highly industrialised state of Czechoslovakia, and Poland with her 30 million inhabitants.

Dr. Schacht closed his enunciation by the following statement: "The capturing of our foreign markets by the artificial hyperproduction of our neighbours is the cause of Germany's 2 million unemployed".... "American capitalists should treat Central Europe as one whole"....

Dr. Młynarski also states: "American capitalists should treat Europe as a single economic unit". However, the basis of the arguments put forth by Dr. Młynarski is different to that of Dr. Schacht. He says: "If it is true, that the reconstruction of Europe is impossible without the



THE FINISHING DEPARTMENT OF ONE OF THE ŁÓDŹ TEXTILE FACTORIES

economic reconstruction of Germany, then it is equally true, that without the reconstruction of other European States, a real and lasting reconstruction of Germany is unthinkable”.

The main shortcomings of the Dawes plan, in Dr. Młynarski's opinion, are due to its exclusive one-sidedness. The question of the reconstruction of Germany was carefully considered, yet no attention was paid to other States. While Germany was swamped with credits, the latter were not forthcoming for other States, which were important outlets for German production. The export capacity of Germany had been artificially raised, without the strengthening of the absorptive capacity of the markets, in which the German industrial production is sold. Further, at the time, when Germany badly needed markets in which to sell, Poland, for instance, was compelled to reduce her imports. As is well known, this reduction amounted to 50 per cent. It is no wonder, therefore, that the shortage of outlets was bound to strangle German industry, which was doped with foreign credits. This is the real source of the increase in unemployment in Germany.

International exchange is a functional relation, i. e., it is interdependent and not one-sided. The overlooking of this factor was, and is, the chief defect of the Dawes plan. Consequently, Dr. Młynarski is glad to know that one of the chief authors of that plan, Dr. Schacht, finds it necessary to demand that it be extended to other countries apart from Germany.

In the opinion of Dr. Młynarski, when Dr. Schacht claims the extension of the Dawes plan to other countries, he makes a mistake in accusing the "small European States" of industrial nationalism. This charge, even if justified, is applicable to all

countries, including Germany. The customs duties on agricultural produce, recently introduced in Germany, and obstacles of a veterinary nature, which are practised with regard to import of meat and cattle into Germany, constitute conclusive examples in this respect. Another example is afforded by the abnormal expansion in Germany of the production of brown coal, which is known to be an uneconomic fuel, just at a period when the whole world was feeling severely the shortage of outlets for good coal.

These examples, a large number of which can be found in the practice of almost every State, prove only that the policy of isolated national husbandry is still a predominating factor in the intercourse between nations. There is, however, no doubt that the question of international economic co-operation and mutual concessions, as well as the delimitation of the scope of activity of each State, begins to gain ground day by day. This programme is reflected in the first place in the customs duty policies of States.

Dr. Schacht's error in this respect consists in that the customs barriers raised to-day by the weaker European States are regarded by him as a phenomenon of the artificial protection of industry in the respective countries. This is incorrect, as these barriers aim at something absolutely different: the protection of currency. Having small reserves of gold and foreign valuta, these countries are unable to practise a liberal import policy, for the reason that they cannot afford it. In general they are too poor to act in such a liberal way. And as long as their bullion and foreign exchange reserves are insufficient to keep their national currencies immune from such blows, as for instance: bad crops, or a fall of prices on the world market for their main export articles — they are

not in a position to open their frontiers to foreign imports, and they dare not consider the abandonment of the policy of regulation in respect of foreign trade. For, if a Government allows its citizens to make purchases abroad, the value of which exceeds the paying capacity of the country in gold, then not only the rate of exchange of the national currency will fall, but the commercial results will prove highly detrimental to the importers, who will then contract excessive liabilities in gold

ral stabilisation of currencies. We are far from this achievement, although during the last two years America loaned to Europe about \$ 1,200 million. The same amount would have given better results, had the plan of distribution been laid down with more care.

Germany received more than she needed, and it is exactly about a year, since Dr. Schacht warned his nationals against the acceptance of further credits; at the same time Poland, for instance,



ARTIFICIAL SILK PLANT, UNDER CONSTRUCTION

and, being unable to get a sufficient volume of foreign exchange, will have to meet their foreign obligations in a depreciated currency, as was the case about a year ago in a number of countries, when the foreign creditors were justly very indignant at the situation caused.

Europe has lost too much gold, and the existing volume is too small to maintain the level of currencies, without the simultaneous granting of American credits to all the European countries involved. This explains why the currencies of the different European countries are subject to fluctuations, and why Europe is still far from its goal, namely a gene-

could not obtain \$ 15 million, being the final portion of the Dillon loan, and, accordingly, had to witness the second breakdown of her currency, with the result that imports to Poland fell by a half, mostly at the expense of Germany.

At the end of his article Dr. Młynarski states that the chief cause of the difficulties in the reconstruction of Germany and the rest of Europe was a defective repartition of international credits. This repartition is one-sided, and harassed by international methods, requiring the intermediary of such a political body, as the League of Nations, which makes the credit assistance de-

pendent not on the actual security given, but on the submission to the control of an international bureaucracy. According to Dr. Młynarski, the very same inconvenient methods that are swept out from the home administrations of the different States found a comfortable refuge on the scene of international politics. A free international exchange of goods must be preceded by the restoration of spontaneous fluctuations in international credits. Credit liberalism was, and is, the fundamental condition of commercial liberalism. This was the case before the war, and because of that the general stabilisation of currencies could be main-

tained. This is not the case now, and that is why the \$ 1,200 million sent from America to Europe within the last two years gave neither general nor lasting results.

It is quite possible that the opinions of the two European economists, as set forth by us, will oppose each other more than once, and it is the possible reconciliation of the two views, which may bring about "the action comprising the whole world" which in its turn will result in the eventual putting in order of the international relationships foisted on Europe by the Great War.

SUMMARY OF LAWS, ACTS AND EXECUTIVE DECREES

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

Application of tariff rates to timber exports¹⁾ ("Dz. Ust. R. P." No. 84, item 471).

Reimbursement of export duties on rolled foundry products and certain metal articles²⁾ ("Dz. Ust. R. P." No. 84, item 472).

A six million dollar loan from the Match Monopoly ("Dz. Ust. R. P." No. 85, item 477).

Ratification of the second additional protocol to the commercial convention between Poland and Czechoslovakia³⁾ ("Dz. Ust. R. P." No. 85, item 478).

Regulations concerning the movement of foreign exchange, foreign currencies and the national currency with abroad⁴⁾ ("Dz. Ust. R. P." No. 86, item 482).

Partial amendments to the regulations dealing with the installation, maintenance, and exploitation of wireless sets and also embracing the manufacture of, and

dealing in, wireless apparatus and parts ("Dz. Ust. R. P." No. 87, item 483).

Amendments to postal, telegraph and telephone tariffs¹⁾ ("Dz. Ust. R. P." No. 88, item 490).

Privileges granted to the Eastern Fair in Lwów, relating to the protection of inventions, samples and trade marks ("Dz. Ust. R. P." No. 88, item 491).

Ratification of the Polish-French Consular convention²⁾ ("Dz. Ust. R. P." No. 89, item 498).

Ratification of the Polish-Bulgarian commercial agreement³⁾ ("Dz. Ust. R. P." No. 89, item 501).

Payment of certain taxes in corn and coal⁴⁾ ("Dz. Ust. R. P." No. 89, item 505).

The freeing from payment of customs duties and from customs inspection, of articles destined for foreign diplomatic posts in Poland⁵⁾ ("Dz. Ust. R. P." No. 89, item 506).

Conversion of Municipal debentures¹⁾ ("Dz. Ust. R. P." No. 89, item 507).

Exchange of certain bonds issued by the former Austrian State, against the 5 per cent Conversion Loan²⁾ ("Dz. Ust. R. P." No. 89, items 508 and 509).

Partial amendments to the retail price-list issued by the State Tobacco Monopoly ("Dz. Ust. R. P." No. 90, item 516).

The introduction of the full State Spirits Monopoly on the whole territory of Poland³⁾ ("Dz. Ust. R. P." No. 90, item 517).

The protection of the supply of articles of first necessity⁴⁾ ("Dz. Ust. R. P." No. 91, item 527).

Reduction of railway tariff on coal sent by direct service to Italy⁵⁾ ("Dz. Ust. R. P." No. 91, item 529).

Approval of amendments to the Statutes of the Bank of Poland⁶⁾ ("Dz. Ust. R. P." No. 92, item 531). ■

PRODUCTION AND TRADE

STATE OF EMPLOYMENT IN AUGUST. — During the four weeks from July 31st to August 28th, the number of idle industrial workers decreased from 264,737 to 244,522, i. e., by 21,185 workmen or 8 per cent. This decrease is all the more characteristic of the present situation in the industry,

as during the period under review the harvesting of crops was in full swing, and as a rule a large percentage of workers migrate to the country for the harvest; in addition it should be noted that during the four weeks mentioned no large works were carried on by the Government and municipalities, which

had been the case during the earlier part of the year. On the contrary, certain public works calculated to provide work for the unemployed have been suspended.

Since January 31st last the number of people out of work declined from 359,113, which was the highest unemployment figure, by 114,577 or 31.9 per cent.

¹⁾ See page 142.

²⁾ See "The Polish Economist" No. 3, page 103.

³⁾ See "The Polish Economist" No. 2, page 66, and this issue, page 142.

⁴⁾ See "The Polish Economist" No. 3, page 112

(Latest News), and this issue, page 149.

¹⁾ See page 145.

²⁾ See page 142.

³⁾ See page 142.

⁴⁾ See "The Polish Economist" No. 1, page 33.

⁵⁾ See page 142.

¹⁾ See page 150.

²⁾ See page 150.

³⁾ See page 147.

⁴⁾ See page 137.

⁵⁾ See page 144.

⁶⁾ See "The Polish Economist" No. 3, page 88.

The following statement represents the number of unemployed according to trades:

	August	July
mining	25,742	29,760
foundries	9,067	10,130
metal	19,800	21,718
textile	39,742	45,034
building	13,082	13,305
clerical	25,033	25,092
various	112,086	119,698
Total:	244,552	264,737

It will be seen from the above statement that during the four weeks of August the number of idle miners decreased by 4,018. The cause of the betterment in this branch of industry is above all to be ascribed to increased output for export, whereas the decrease in the foundry section by 1,063 persons and in the metalurgical section by 1,918 persons must be ascribed not only to the improvement of the export situation in the country, but also to the general betterment in this branch of industry. This is, to a large extent, the outcome of the big orders for locomotives and goods waggons being placed by the Ministry of Railways. The absorption of a further 6,292 operatives by the textile industry is very gratifying, and it is all the more characteristic that during the preceding month, i. e., July, this group showed a marked increase of people out of work. This change for the better would indicate that the manufacturing interests are making preparations for the coming winter season, which, it is anticipated, will be fairly good on account of the general improvement of the position prevailing on the Polish market. A slight improvement is noticeable in the building trade, the number of unemployed having decreased by 223.

In the section of clerical workers the development of unemployment has been stopped and, while in July the returns showed an increase of 639 persons over June, the statistical data for August indicate a decline of 59 persons.

The group of various trades has also progressed, work being given to 7,612 persons as against 11,476 in the preceding month. The decline in the pace of progress in this group, embracing large masses of unskilled labourers, is due to the migration to the towns of those workmen, who found work on the land in the previous month.

Simultaneously the number of part-time employed decreased considerably and was 36,619 persons at the end of the month under record. Of this number 157 persons worked 1 day, 585 — 2 days, 8,326 — 3 days, 9,027 — 4 days and

18,524 — 5 days per week. The average employment in this group was maintained on the July level representing 4.3 days per week.

GRAIN

— The exports of the four main cereals from Poland during August are given in the following table (in tons):

	August 1926	August 1925
Wheat	6,614	10,193
Rye	23,902	36,065
Barley	9,922	3,505
Oats	2,113	—

A further increase of exports of wheat and barley was shown in August as compared with July last, whilst the exports of rye and oats have considerably increased. The wheat exports were distributed as follows: Belgium 46 per cent, Germany 29.6 per cent, and Great Britain 17.3 per cent. The rye shipments were principally directed to Denmark—20.4 per cent, Germany—20.3 per cent, Finland—19.6 per cent, Latvia—13.9 per cent, Esthonia—11.8 per cent, and Belgium—6.4 per cent. Oats were mainly sold to Germany which absorbed 65.5 per cent of the total exports. Barley went to Germany — 38 per cent, Denmark — 23.9 per cent, Czechoslovakia—16.7 per cent, and Austria—11 per cent.

The total value of the grain exported from Poland during August amounted to gold z 13,950,200.

In comparison with the corresponding figures for last year, a considerable reduction of the exports of rye and wheat may be noticed. The decline in these exports is explained by the abnormally high internal level of prices, which was so high that even the import of grain was made possible, a certain amount being taken from Hungary. During August the imports of grain were: rye 275 tons, barley 32 tons, and wheat 6 tons.

The trend of prices of grain on the home market, as compared with those ruling abroad during August and the first half of September, is indicated in the table (see next page).

It will be seen from the figures below that there was an important increase in the prices of grain during the second half of August. The average increase, as compared with the figures for the first half of the month, was, calculated

on a dollar basis, as follows: wheat 4.10 per cent, rye 11.13 per cent, malting barley 9.9 per cent, feeding barley 7.2 per cent.

An advance of the prices of grain immediately after harvest might have been justified if the country had been threatened by a grain deficit, or if the world crops were so bad that difficulties might reasonably have been expected in meeting the demands of countries which were compelled to import grain. To neither of these two causes can be attributed this increase in prices, as the crops in Poland, although not quite as large as last year, were sufficient, not only for the demands of the home market, but also to leave a considerable surplus for export. Neither can it be said that the Polish level of prices is an echo of those obtained in other countries, as the Chicago prices have recently shown a decline.

The cause of the present price level, which is the highest obtained in Poland since the war, is to be found in the lateness of the crops, in urgent sowings which have hampered the possibility of threshing larger amounts, and in the psychological mood of the farmers, who, in the anticipation of a further advance in prices, are reluctant to sell their grain. The extensive State credits granted to agriculture have also contributed towards the increase, as have also the great concessions granted to farmers, with regard to the payment of taxes, which had obviated for the farmer the necessity for him to have to sell grain in order to pay his taxes.

The period from the 1st to the 15th of September was exceptionally quiet. Whilst wheat in respect of the preceding period shows an insignificant increase of 0.40 per cent, and malting barley—0.72 per cent, rye presents 1.5 per cent decrease, and feeding barley—1.6 per cent. The differences are so small that one may speak of a certain stabilisation of prices on the market.

The opinion as to the quantity and quality of crops gradually stiffens. There begin to appear on the market more and more grains; this refers especially to rye. Barley keeps a small business, smaller than in previous years. High demand is perceived for prime brewing barley, which unfortunately is short of offer this year. Oats, the price of which have been steadily higher during last year than the price of rye, are this year cheaper than rye and barley, and their price is relatively analogous to the pre-war rate.

**AGRICULTURAL
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The home mills are already saturated in raw material to a certain degree, whereas grain is being keenly bought out by exporters, in order to fulfil the

term contracts made in July and August.

For the nearest period one may expect certain increase of prices on home

markets, in consequence of the work in field and the approaching date of execution of the September deliveries for abroad.

	August 1st—15th		August 16th—31st		Sept. 1st—15th		Percentage of difference	
	zł	\$	zł	\$	zł	\$	zł	\$
W H E A T :								
Warsaw	43.12	4.76	45.25	5.02	44.34	4.94	- 2.05	- 1.62
Poznań	41.29	4.56	42.56	4.72½	43.38	4.83	+ 1.89	+ 2.17
Lwów	42.36	4.68	43.58	4.84	43.75	4.87	+ 0.38	+ 0.61
Average price	42.25	4.66	43.79	4.86	43.82	4.88	+ 0.07	+ 0.40
Chicago	—	5.07	—	4.92	—	4.81	—	- 2.29
Berlin RMk	26.81	6.38	27.05	6.44	26.40	6.28	- 2.46	- 2.55
R Y E :								
Warsaw	27.33	3.02	32.07	3.56	31.32	3.48	- 2.39	- 2.30
Poznań	26.66	2.94½	30.50	3.38½	30.84	3.43	+ 1.10	+ 1.30
Lwów	28.—	3.09	29.40	3.26	28.22	3.14	- 4.18	- 3.82
Average price	27.33	3.02	30.65	3.40	30.12	3.35	- 1.70	- 1.50
Chicago	—	4.—	—	3.97½	—	3.66	—	- 8.60
Berlin RMk	18.99	4.52	20.27	4.82½	20.97	4.99	+ 3.34	+ 3.30
B A R L E Y :								
a) Brewing:								
Warsaw	28.68	3.17	31.34	3.48	31.72	3.53	+ 1.20	+ 1.42
Poznań	28.25	3.12	31.56	3.50	31.58	3.51	+ 0.06	+ 0.03
Average price	28.46	3.14	31.45	3.49	31.65	3.52	+ 0.63	+ 0.72
Berlin RMk	19.72	4.69½	22.—	5.24	22.44	5.34	+ 1.96	- 1.88
b) Feeding								
Warsaw	26.—	2.87	27.83	3.08	28.07	3.12	+ 0.85	+ 1.28
Poznań	25.25	2.79	27.20	3.02	26.—	2.89	- 4.61	- 4.50
Lwów	—	—	not quoted	—	24.90	2.77	—	—
Average price	25.62	2.83	27.54	3.05	26.32	2.93	- 1.88	- 1.61
Chicago	—	3.07	—	2.71	—	2.79	—	+ 2.85
Berlin RMk	16.43	3.91	16.86	4.01	17.12	4.07	+ 1.50	+ 1.50
O A T S :								
Warsaw	—	—	—	—	28.90	3.22	—	—
Poznań	—	—	—	—	25.94	2.89	—	—
Lwów	—	—	—	—	23.45	2.61	—	—
Average price	—	—	—	—	26.10	2.91	—	—
Chicago	—	—	—	—	—	4.19½	—	—
Berlin RMk	—	—	—	—	—	2.48	—	—

CATTLE AND MEAT

NEW DEVELOPMENTS IN THE POLISH BACON INDUSTRY.—As stated in our previous issue *), the production of bacon has of late assumed large proportions; a number of bacon factories with modern equipment have recently been erected. They are operated on up-to-date lines, both from the technical and commercial point of view, and are working mainly for the English market.

Besides these factories a number of enterprises, in most cases financed by foreign capital, have recently been formed. They buy up pigs in different parts of the country, treat them in factories lacking in the necessary fittings and appliances, and employ inexperienced workers. In most cases these firms are managed by men unfamiliar with requirements of the market which they cater for. Factories of this type are generally opened when the situation on the market is favourable, and they cease operations as soon as prices decline, and

the trade becomes less profitable. There is no continuity in the work, with the result that these establishments are impairing the good name of Polish bacon on the English market. A number of these firms have sold large quantities of goods unfit for human consumption, which were refused by the buyers; this resulted in great losses to the exporting factories, which were compelled to discontinue their operations, and are now closed.

A few weeks ago a meeting of bacon producers was held at the Ministry of

*) See "The Polish Economist" No. 1, page 11.

Industry and Commerce, in the course of which it was decided to create a Bacon Syndicate, with the approval of the Government. This institution will, in the first place, be called upon to exercise control over the activity of the bacon-producing factories and over the wares at the time of their exportation. A special Committee was appointed to elaborate the programme of activity, and the regulations of the future Syndicate, and as the Government dwells upon the exercise of strict control and standardis-

were insignificant. The following year saw a change for the better, and although the excess of imports over exports only amounted to 34 tons, the quantity of butter sent abroad was 541 tons. A radical change, however, took place in the year 1926: the exports for the different months, as well as the rate of progress made, are shown by the following figures (in tons):

specialising in milk production were started. These establishments were organised on co-operative lines. A further 50 concerns of this type have been started this year, bringing the total up to 550.

The credits granted for the construction of co-operative milking plants by the Government amounted to zł 1,100,000 in the first half of 1926.



A VIEW FROM THE LAKE DISTRICT IN EASTERN POLAND

ation of the production, and is prepared to adopt drastic measures if, and when necessary, it is hoped that the scheme will give good practical results. It should also be mentioned that a special commission composed of the representatives of the Ministry of Industry and Commerce and the Ministry of Agriculture has inspected all bacon-curing establishments in Poland and has submitted a report upon them. The Polish Government lay great stress on the necessity for the co-operation of the Syndicate with the agricultural organisations, in order that the breeding of pigs may be carried on along the lines compatible with the requirements of the bacon-curing establishments, which are selling their products on foreign markets. Steps in that direction have already been taken.

BUTTER

— As the result of the damages sustained during the war by nearly all branches of Polish agriculture, including the dairy farming industry, Poland had to import butter up to and including the year 1924. The imports in that year amounted to 160 tons, and the exports

January . . .	83
February . . .	87
March	96
April	240
May	338
June	834
July	883

At the same time the imports of butter decreased to a vanishing point.

The above figures reflect the substantial progress achieved in the dairy farming industry during the last two years. Apart from the general improvement in the export situation of this country, the support which the Government accorded to dairy co-operative societies has contributed in a large measure to this end. The State attaches great importance to the development of these co-operative societies, as they are instrumental to very advantageous selling, and by thus helping to make breeding remunerative, they further welfare in the country as a whole, more especially among the small farmers. In 1925, 242 dairy farms

SUGAR

LOAN TO THE SUGAR INDUSTRY.—

As stated previously*), the sugar industry is among those exporting abroad on a large scale. That is why those of the countries, which are regular customers for Polish sugar, namely: England and Holland, have entertained close relations with this branch of industry for many years, and it was owing to these relations that the Polish sugar industry was able to obtain, at the beginning of 1923, a loan floated on the English market, which loan was repaid in sugar.

One of the main reasons for the successful completion of this business was that the Polish sugar industry appears on the international market, as in the case referred to, as one single unit. As already mentioned in the above cited article, nearly all the 77 sugar factories existing in Poland belong to one of two most important unions: the Western Polish Sugar Union (late German Poland) or the Warsaw Union (former Russian Poland), and are controlled by the central organisation named the "Rada Naczelna Polskiego Przemysłu Cukrowniczego". The sales of sugar both foreign and local are made on behalf of all factories — members of the Union — by the Bank Cukrownictwa (the Sugar Industry Bank).

*) See "The Polish Economist" No. 3, page 85

The centralisation of the commercial activity of the Polish sugar factories enables them, in some cases, to apply the principle of joint responsibility of the whole industry, and it is thanks to this policy that the sugar interests in this country secured substantial financial assistance in the year 1923.

To-day these financial relations are an established fact, and have their own good traditions, for the Polish sugar industrialists meet their obligations accurately and punctually. Prior to the beginning of each campaign, the amounts of credits to be granted to the Polish sugar industry are established. This sum varies according to the requirements of the sugar factories, so far the maximum sum loaned having been £ 2,500,000. The business is financed by a group of London banks headed by the British Overseas Bank and the British Trade Corporation. In Poland, the official representative of the English financial group is the Anglo-Polish Bank. The credits are secured by bills of exchange issued by the factories involved, and bear the endorsements of the two last mentioned banks. The responsibility is joint for the whole industry, but, in addition, the liabilities are guaranteed by the Polish Government, through the "Bank Gospodarstwa Krajowego". At the present moment the liabilities are comparatively small, and amount for the Western Polish Sugar Union to £ 650,000 through the "Bank Cukrownictwa", and for the Warsaw Union to £ 500,000 through the Anglo-Polish Bank.

Independently of the short-term credits granted, the Polish sugar interests are now taking steps with the view to obtaining a more extensive long-term credit, which to a large extent would be used by the factories for investment purposes.

SUGAR BEET PLANTING IN 1926. — The natural conditions for the development of the sugar industry are much more favourable in Poland than in a number of other European countries. Both, the climate and the soil in this country, are particularly suitable for the cultivation of sugar beet. Besides there is another factor contributing towards the development of this industry, and that is cheap, good and abundant labour, the shortage of which is badly felt in the Western European countries.

As the result of the above mentioned advantages, the area under beet cultivation is increasing year by year. In a number of Voievodships the area under sugar beet has surpassed the pre-war standard. This is illustrated by the following figures, meaning the area under beet cultivation in Poland for the year 1926 (in hectares):

Voievodships	
Warsaw	34,698
Łódź	11,234
Kielce	7,376
Lublin	15,920
Białystok	217
Polesie	60
Wołyń	9,399
Poznań	72,124
Pomerania	16,245
Silesia	2,500
Kraków	293
Lwów	7,593
Stanisławów	2,349
Tarnopol	5,015
The whole of Poland:	185,024

Percentages of area under sugar beet in 1926 compared with the respective figures for the years 1909/13, 1923/24 and 1924/25 were the following:

	1909/13	1923/24	1924/25
	110.2	113.2	107.5

Of the total area under sugar beet in 1925, 2.3 per cent belonged to the owners of sugar factories, 66.7 per cent to large landed proprietaries, and 31 per cent to the peasantry.

On examining the figures illustrating the development of sugar beet planting, it will be found that, as compared with the year 1924, the area cultivated by the peasants rose in 1925 by 8.1 per cent, whereas for large landed estates the increase amounted only to 4.7 per cent. The extension of the peasants plantations is to be ascribed to the land reform, which, no doubt, will lead to further progress in this respect.

The average sugar beet crops have not so far reached the pre-war level, but a steady increase is noticeable.

Apart from the results per one hectare of land, the amount of sugar contained in the root is of great importance to the sugar industry.

The analysis undertaken in August last at various sugar beet plantations gave the following results:

Voievodships	Percent of sugar in sugar beet on August 15th:	
	1926	1925
Warsaw	14.3	14.6
Łódź	14.6	13.8
Kielce	14.5	13.9
Lublin	14.1	13.5
Wołyń	14.0	14.2
Lwów	13.4	13.3



A POLISH PINE FOREST

Silesia	13.6	13.2
Poznań	14.3	14.4
Pomerania	13.7	14.4
The whole of Poland:	14.1	13.9

The development of the sugar beet seed production has materially contributed towards the increase in the ratio of sugar obtained per unit of the surface under cultivation.

The average percentage of sugar contained in sugar beet during the three years period from 1922 to 1924 was 16.2 per cent.

TIMBER

— After a certain slackness observed on the Danzig timber market during August due to the holiday season in England, a renewed activity has now been noted. This activity has not been hampered by the continual advance in freight rates or by the competition of the port of Königsberg, which latter port is now strongly competing with Danzig by virtue of the privileged export tariff granted to consignments of timber passing the frontier at Grajewo. Until the present, however, this competition has not extended to sawn wood, business in which continues to be very active and extending considerably; the prices c. i. f. London, which hitherto left much to be desired, now are showing slight signs of improvement. Business with Holland, Belgium and France is also developing. The market for sleepers is very quiet, and exporters do not anticipate any improvement in the immediate future.

The export prices*) for different kinds of wood were in August (in shillings):

pine logs from 30 cm.	per cub. m.	25—	26—
pine telegraph poles		19—	21—
pine pit props		11—	13—
oak logs 40—50 cm.		60—	70—
" over 50 cm.		90—	100—
alder logs		—	35—
aspen logs for matches		42—	46—
pine sleepers	per piece	2.4	2.6
pine "		5.10	5.11
oak "		—	4.9
pine deals	£ per	9—	9.1/2
spruce and fir deals	standard	9.1/2	9.10
pine and spruce sawn material		8—	8.10
pine and spruce sawn material, 4th class		7.5	7.10

The average prices for round wood on the home market, free on rail in the different Directorates of the State Forests, were in August (in £):

	August		July	
pine logs for sawmills (per cubic m.)	Warsaw	30.60	33.75	
" " "	Radom	28—	29—	
" " "	Wilno	26.50	26.20	
" " "	Siedlce	23.00	22—	
" " "	Poznań	18.96	18.82	
" " "	Bydgoszcz	21.22	19.23	
" " "	Toruń	20.20	17.35	
" " "	Białowieża	22.50	22.50	
pine logs for building purposes (per cubic m.)	Siedlce	20—	20—	
" " "	Białowieża	19—	19—	
" " "	Wilno	17.60	17.40	

*) Prices in Danzig achieved in August, free on rail.

		August	July
pine pit props (per cubic m.)	Warsaw	22.90	24.70
	Radom	18.—	18.—
	Siedlce	15.—	14.—
	Poznan	18.82	11.59
	Bydgoszcz	14.40	14.42
Toruń	13.60	13.70	
spruce pit props (per cubic m.)	Lwów	20.65	21.80
oak logs for joinery (per cubic m.)	Białowieża	70.—	70.—
pulpwood (per stacked cub. m.)	Siedlce	21.—	21.—
	Wilno	20.—	18.60
	Białowieża	20.—	19.80
pine fire wood (per stacked cub. m.)	Warsaw	13.35	15.25
	Radom	8.—	8.—
	Siedlce	6.—	6.—
	Wilno	6.50	6.50
	Białowieża	7.50-10.—	
	Poznań	8.45	9.12
	Bydgoszcz	8.75	8.95
Toruń	6.65	7.40	
beech fire wood (per stacked cub. m.)	Lwów	9.94	9.70
spruce fire wood (per stacked cub. m.)	Lwów	6.63	7.60

From the above table it will be seen that there was a general increase of prices in the Warsaw district, and a decrease in the prices of logs and pit props in the Western districts, as these articles continue to be thrown on the market in large quantities from acceleration cuts caused by the appearance of an insect called "panolis flammea".

In individual cases the prices of timber in the Toruń district have increased by 100 per cent.

The prices for fire wood have slightly improved.

The demand for wood on the home market continues to be poor, but, thanks to a keen demand, the export situation has greatly improved. In general this branch of the business manifests an unusual activity, in spite of the customs war with Germany, which still continues.

The exports of wood in August are given in the following table (in tons):

fire wood	10.344
pulpwood	155.318
pit props	82.704
round logs	63.015
telegraph poles	10.322
planks, deals, battens	146.826
railway sleepers	20.029
staves	3.591

The export of logs and pulpwood remained on the same level as in July; there was a decline of more than 10 per cent in the exports of fire wood, pit props, sawn timber and sleepers. The figures for the export of telegraph poles show an increase of about 100 per cent.

THE APPLICATION OF CUSTOMS DUTIES TO UNWROUGHT TIMBER. — See page 142.

COAL

— The developments in the coal mining industry in England, which have lasted for the best part of five months, continue to be responsible for the increasing demand for coal on foreign markets, and in this way tend to consolidate the exceedingly good prognostics for the

Polish collieries. The direct result is noticeable in the increase of the export of coal.

Our supposition of some time ago, to the effect that the export of coal in July had reached its maximum, which amounted to 1,834,000 tons, not because of the limited possibilities as regards the sales of this commodity, but on account of the inadequate handling capacity of railways — has not materialised. The exports in the month of August exceeded those of July, thanks to the great efforts on the part of the collieries and the efficiency of the railways. The following table illustrates the export activity of the coal industry (in thousands of tons ¹⁾):

Destination	1925:			1926:	
	1st sem. (monthly average)	2nd sem.	1st sem.	July	August
Austria	194	254	214	177	205
Hungary	36	85	42	62	62
Sweden	—	57	144	265	246
Denmark	2	34	72	104	75
Czechoslovakia	47	58	41	44	53
Danzig	26	42	37	43	28
Latvia	1	16	18	27	40
Yugoslavia	8	13	14	21	27

¹⁾ Provisional figures.

Destination	1925:			1926:	
	1st sem. (monthly average)	2nd sem.	1st sem.	July	August
Switzerland	2	6	10	8	5
Italy	1	14	49	124	118
Rumania	6	7	8	11	15
Lithuania	1	2	3	2	3
Memel	1	2	3	1	2
Holland	—	1	1	12	7
Finland	—	1	9	23	19
France	—	1	23	26	33
Norway	—	—	7	26	30
England	—	—	— ¹⁾	637	795
Germany	451	—	1	7	15
Belgium	—	—	—	12	6
Russia	—	—	—	6	131
Other countries	—	2	1	17	4
Total:	776	595	734	1,655	1,919
Bunker coal	—	—	38	179	211
Total amount:	776	595	772	1,834	2,130
Export (Germany not included)	325	595	771	1,827	2,115
Shipped through:					
Danzig	29	101	225	268	286
Gdynia ²⁾	—	9	30	35	40
Tezew ³⁾	—	—	8 ⁴⁾	32	23

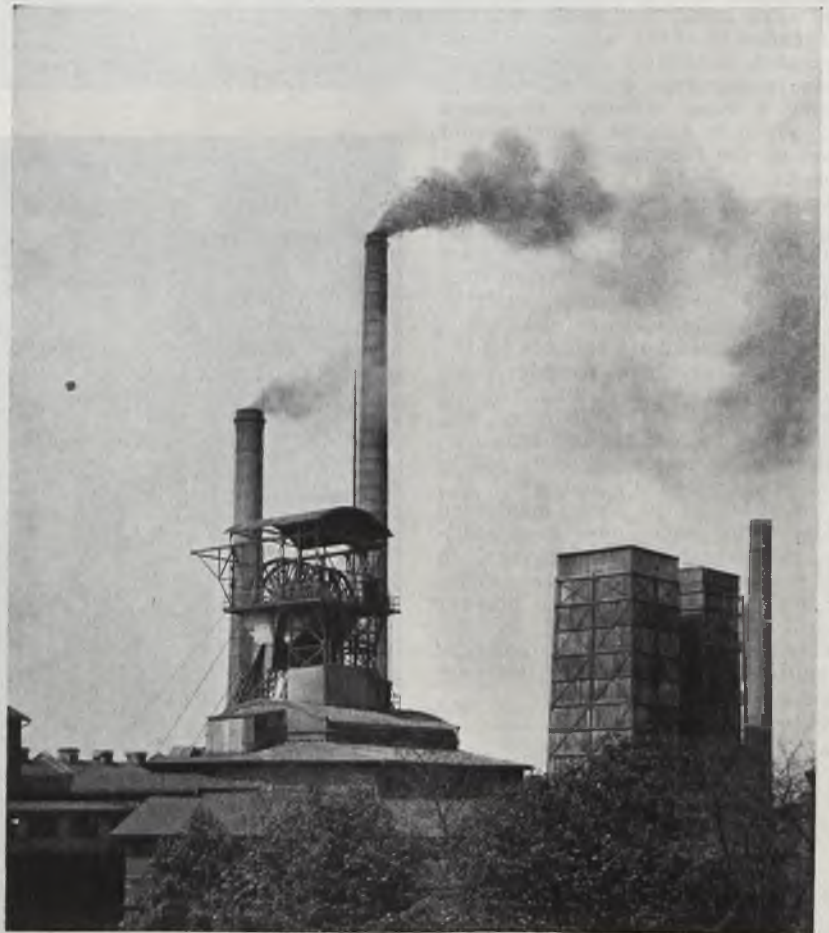
It will be seen from the above table that the exports reached at the end of

¹⁾ The exports were effected since June, in which month they amounted to 221,000 tons.

²⁾ Since September 1925.

³⁾ Since March 1925.

⁴⁾ Average quantity for four months.



A COAL PIT IN UPPER SILESIA

the month under review the unprecedented figure of 2,130,000 tons, a gain of 296,000 tons or 16.14 per cent over the preceding month. In relation to the monthly average of exports covering the first half year, directed to foreign countries, except Germany, the increase represented 1,359,000 tons or 176.26 per cent. Comparing the August exports of coal with the average monthly quantity taken by the respective foreign countries in the latter half of 1925, the increase will be still more striking, as it represents 1,535,000 tons per month or 257.98 per cent.

The amount of coal taken by England in August was higher by 158,000 tons or 24.84 per cent than that imported by that country in the preceding month, and this accounts in a large measure for the increase in Polish exports in that month; unfortunately the exports to Sweden declined slightly, the loss representing 19,000 tons. There is some consolation in the fact that export to Austria rose by 28,000 tons, as it is Poland that has always controlled that market. A large consignment, of 131,000 tons, was sent off to Russia in part execution of the order for 500,000 tons.

Of the total August coal exports 286,000 tons (against 258,000 tons in July) passed through Danzig, 40,000 tons*) (against 35,000 tons*) in July) via Gdynia, and 65,000 tons through the different river harbours, so that the total quantity of coal exported by Polish ports amounted to 391,000 tons or 18.36 per cent. The exports through German ports amounted to 518,000 tons or 32.7 per cent of the total. Of this quantity 217,000 tons were sent by Hamburg, 121,000 tons via Stettin, 112,000 tons via Bremen and 16,000 tons via Harburg, Königsberg, Altona, Wismar, Lübeck and Tilsit.

The average daily amount dispatched in August was 81,923 tons, against 67,926 tons in July, a gain of 13,997 tons or 20.6 per cent.

The increase in the export of coal from Poland was accompanied by a corresponding rise in the output of Polish mines, which was 3,444,000 tons in July and 3,673,000 tons in August, giving a rise of 229,000 tons or 7 per cent.

The stocks on hand on September 1st were 939,000 tons and are unchanged when compared with those of the 1st of August. The notable increase in the exports of coal has resulted in the restriction of home consumption, which is due to the inadequate coal transporting capacity of the railways. In August the requirements of the home market were

covered by 1,218,000 tons, while the figure for July was 1,346,000 tons, a drop of 128,000 tons or 9.5 per cent.

The average productivity of the workmen per day was the same as in the previous months, so that it was necessary to engage more workers. The number of hands taken on in the collieries in August was 5,000. If to this figure are added those for June and July, it will be found that the unemployment figure declined during last three months by 15,200 persons.

THE REDUCTION OF RAILWAY TARIFF RATES FOR THE TRANSPORTATION OF COAL TO ITALY.— See page 144.

PETROLEUM

— The general situation in the petroleum industry in August has experienced a material improvement owing to the favourable conditions prevailing in the export situation in Poland.

The production of crude oil in that month, as compared with July, will not probably show any notable change. The maintenance of the output of crude oil on the present level is to be ascribed to increased output in the Jasło district, where of late a number of wells were successfully drilled. It is noteworthy that shaft No. 6 of the well "Gas Section II" located in Brzozówka, north of the gas producing area, has been completed; this indicates that new deposits of oil have been located in that region. Consequently, the drilling activity, which was very marked in August, is to be ascribed to good prospects for the development of oil mining in the Jasło district, where in addition an exceptionally intense movement of prospecting is noticeable.

The stocks of crude oil at the mines and in tanks amounted on August 1st to 51,678 tons and were less by 12,073 tons, as compared with the preceding month. This is due to the great activity of the refineries, which is the outcome of the good export conjunctures.

The consumption of petroleum products on the home market continued to increase.

The value of exports of petroleum products according to the Chief Statistical Bureau was in August ₹ 54,950 tons, as against ₹ 36,248 tons in July—a noteworthy increase of about 50 per cent.

Also as regards gas oil, the output was much larger than in the preceding month.

The final statistical data for the month of July are now available*). During that

month the production of crude oil, according to final returns, amounted to 68,389 tons. The total number of active wells rose in July from 2,322 to 2,360, while the number of wells in process of drilling went up from 208 to 221. Also the number of workmen employed at the end of July was 9,452, and rose by 106, as compared with June last. It will be seen by these figures that the drilling movement in Poland has of late been gaining in intensity, and in this connection, the interest taken by both local and foreign capitalists is becoming keener.

In the refining industry 28 plants, employing 5,811 workers, were operated in July, and as compared with a month earlier the number of operatives rose by 191; the number of unemployed in this section has also decreased in some measure. The output of the refineries amounted to 69,636 tons, the production of petroleum products being 64,366 tons, and as compared with the month of June, the volume of crude oil worked was larger by 564 tons. The consumption of petroleum products during the period under record reached 19,942 tons—a gain of 348 tons over the preceding month. According to the latest reports of the Ministry of Industry and Commerce, the total export of petroleum products in July was 43,900 tons, and despite the beginning of the season, the decline was 394 tons as compared with one month earlier, although it was higher by 8,663 tons than that for the corresponding month of last year. Such a large increase in exports is, as already stated, due to the exceedingly good situation on the world market, which, as is well known, has been brought about by the change in the position of the petroleum industry in the United States of America, the damage by fire of the tanks of the Standard Oil Company, the increase of petroleum consumption on the world market, and also, in some measure, the crisis prevailing in the English coal industry.

The distribution of exports of petroleum products from Poland in July is shown in the following statement (in tons):

	1926	1925
Danzig . . .	22,477	5,600
Czechoslovakia . . .	7,302	21,784
Austria . . .	4,070	3,029
Switzerland . . .	2,657	1,585
Germany . . .	1,599	1,525
France . . .	1,138	198
Hungary . . .	922	644
England . . .	108	225
Other countries . . .	3,537	647
Total:	43,810	35,237

Compared with the corresponding period of the last year, the exports to the same countries rose considerably. The

*) The figures given in the last issue of "The Polish Economist" were provisional.

*) Provisional figures.

quantities shipped through Danzig rose fourfold, the figure being 22,477 tons. This figure includes consignments to oversea countries, such as England, France, Sweden, and others, so that the volume of petroleum products received by the countries mentioned is actually much larger.

The prices for petroleum products in July, spot refinery, consumption tax not included, were the following (in zł per 100 kg.):

benzine 730/40	80.20
refined petroleum	27.20
gas oil	24.35
lubricating oil	43.—
paraffine wax	170.30

In relation to prices ruling in July the quotations for paraffine were reduced by zł 1.50 per 1 kg., the remainder being maintained at the same level.

The market prices of all petroleum products were raised, owing to the increase of the consumption tax, by 10 per cent. The consumption taxes are now as follows (in zł per 100 kg.):

benzine	17.80
petroleum	11.55
gas oil	7.70
lubricating oil	7.70
paraffine wax	17.80

The production of gas oil is being developed very favourably*), the record figure of 1,549 tons having been reached in July. Local consumption during the same month was 1,584 tons, and the quantity sent abroad was negligible (8 tons).

TRANSACTIONS IN OIL FIELDS.— Thanks to the successful drilling and large production of crude oil in the Harkłowa, Biecz and Grabownica districts—a keen interest is taken in the areas located in the Jasło region, with the result that the number of wells in process of drilling, during the period from January 1st till August 31st, rose from 36 to 45.

In the Drohobycz mining region prospecting increased considerably, especially in the Nahujowice district, where a certain English firm, represented in Poland by Mr. Drexler, has acquired extensive areas. Work has already been commenced.

The "Dąbrowa Petroleum Concern" has acquired an area of 25 morg (1 morg equal 1.35 acres) in Mraźnica, and, according to the contract, drilling is to be commenced on January 1st 1927, at the latest.

The "Vacuum Oil Company" acquired in Mraźnica a petroleum-bearing area to the West of Horodyszczce.

NEW OIL WELL.— In the Jasło oil mining district, in the well "Gas Section II" in shaft No. 6, located near

Brzozówka, a successful drilling was completed at the depth of 919 m., giving crude oil with a specific gravity of 0.865. This fact is all the more interesting, as the new shaft is situated some 250 m. to the north of the line of gas producing drillings, and because of this circumstance little hope was entertained as to its eventually becoming a success.

"NAFTA" LTD., a Lwów firm, one of the leading petroleum companies in Poland, owning petroleum fields and refineries, has recently increased its capital by zł 19,000,000 to zł 20,550,000.

"FANTO" LTD. has increased its capital to zł 4,000,000. The production of crude oil of this concern in the year 1925 amounted to 92,000 tons.

IRON

— The activity in the iron mines in August was practically the same, as in July last, when, as already stated in our previous issue¹⁾, it reached the record pre-war figures, especially in the case of mines, located in the Częstochowa region, possessed of the best spheroiderites to be found in Poland. This is illustrated by the following statement (in tons):

	Extraction	Exports	Imports
July 1926	30,868 ²⁾	12,133	11,492
August "	31,350 ²⁾	11,803	39,718
July 1925	17,228	4,180	19,327

The necessity for the reduction of the cost of mining, which are very high in the case of underground work, owing to the small productivity of the miners (this consideration is of special interest to enterprises engaged in the export of iron ores), was responsible for the putting in operation of surface mines, which had not been worked for some time on account of their inconvenient relation to the German and Czechoslovakian frontiers. In addition there has been of late a very marked tendency to the starting of mining operations in new iron ore-bearing beds. Thanks to this, the number of mines in operation in Poland rose in August to 18, as against 15 in June last, whereas the number of workmen employed increased in August, and was 3,972, the corresponding figure for July being 3,783.

The revival in the economic situation, which commenced in June last, had a certain influence on the activity of the iron foundries, which were in a position to increase their production to the average monthly level of 1925. It should be mentioned that besides substantial exports to Germany, in the first half of 1925, the home demand, owing to large trade, was satisfactory and enabled the Martin steel works to operate

in some cases at full capacity, the average for the whole of Poland in this respect being 65 per cent.

The month of August 1926 showed a further substantial increase in the production of steel, which surpassed the average daily output for the last year. The Polish steel works worked at 75 per cent of their capacity, which figure is equal to the best output obtained last year, that is in July. The output during this period is illustrated by the following figures (in tons):

	Pig iron	Steel ingots	Rolled material	Number of workmen employed
June 1926	19,643	51,719	41,546	32,416
July "	24,008 ³⁾	69,854 ³⁾	50,416 ³⁾	33,610 ³⁾
August "	29,034 ²⁾	75,508 ²⁾	52,988 ²⁾	35,173 ²⁾
June 1925	26,768	70,506	50,437	36,905
July "	25,066	76,889	60,362	37,228
August "	24,118	65,614	52,463	37,106

At the same time the number of workmen employed rose steadily, though slightly, but it did not reach the figures for the corresponding month of last year. This, *inter alia*, would indicate that the productivity of the Polish foundry workmen has developed, and that the sales organisation of the foundries have also improved.

The favourable conditions prevailing in August on the foreign iron and steel market, have naturally attracted the attention of Polish firms in a much higher degree than in previous months. This is especially true of the period of the increase in the prices of iron, estimated at about 6/— a ton, and in the case of rolled material, such as plates, even more. The result is that new transactions for the delivery of rails are reported now and then, one of them being for the delivery of a few thousand tons of rails to Japan, through the intermediary of the Mitsui concern, and another to Indochine. There is also some talk of a number of orders for rails being placed in Poland by a certain Southern European country. It should be mentioned that these contracts have not contributed towards the increase of iron exports, and that their influence on the Polish trade balance will only be felt in the months to come. For the time being the situation in the steel piping trade has improved considerably. For the steel pipes the commercial possibilities are favourable, as the prices ruling on the world market are satisfactory, while the costs of production, which include large expenditure

¹⁾ See "The Polish Economist" No. 3, page 97.

²⁾ Corrected figures.

³⁾ Provisional figures.

¹⁾ Corrected figures.

²⁾ Provisional figures.

^{*)} See "The Polish Economist" Nr. 3, page 95.

for coal and labour (payable at much lower rates than in foreign countries), are less in Polish foundries than anywhere else. That is why there are good prospects for a completion of the satisfactory negotiations for the entry of Polish foundries into the International Pipe Syndicate, which is temporarily domiciled in Germany at Düsseldorf; so far only one Polish foundry, the Bismarck Foundry, has joined this Syndicate. In addition, one of the Upper Silesian iron enterprises contemplates the expansion of its programme relative to the production of seamless rolled pipes, and to increase up to 14 inches the size of the produced pipes, which were up to quite recently executed by the Bismarck Foundry only.

The movement of pig iron, iron and steel bars, rails, iron and steel sheets and pipes in August is illustrated by the following figures (in tons):

		Imports:		Exports:	
		total	pipes	total	pipes
July	1926	7,313	2,302	3,928	348
August	"	8,772	2,385	3,399	574
	1925	2,344	1,355	5,337	281

The imports of pipes into Poland, mainly from Czechoslovakia, embrace the larger sizes, which are not rolled by the home works.

The export of pig iron, together with iron castings mainly manganese iron and mirror pig iron, was (in tons):

July	1926	1,877
August	"	1,390
"	1925	15

The smelting of manganese iron in blast furnaces has been carried on in Poland since November 1925 (mostly from Russian Nikopol-Mariupol ores) while that of silica iron in electrical ovens has been carried on from April 1926. Among the new lines, the production of which has been commenced this year, the rolling of heavy duty tram rails should be mentioned.

It is also worthy of note that the Polish and Czechoslovakian foundries have entered in an agreement, which will exercise great influence on the economic situation of Central Europe. According to this agreement the two countries have undertaken not to sell their products in their countries respectively.

"FERRUM" LTD. — The "Ferrum" Establishments in Bogucice, Upper Silesia, have recently received an order from Messrs "A. C. Storrie and Company", Alexander Building, San Francisco, California, for 2,200 short tons of pipes for a hydraulic power station, valued at about \$365,000. It is the second order coming from California this year to this firm. The first order was for 2,000

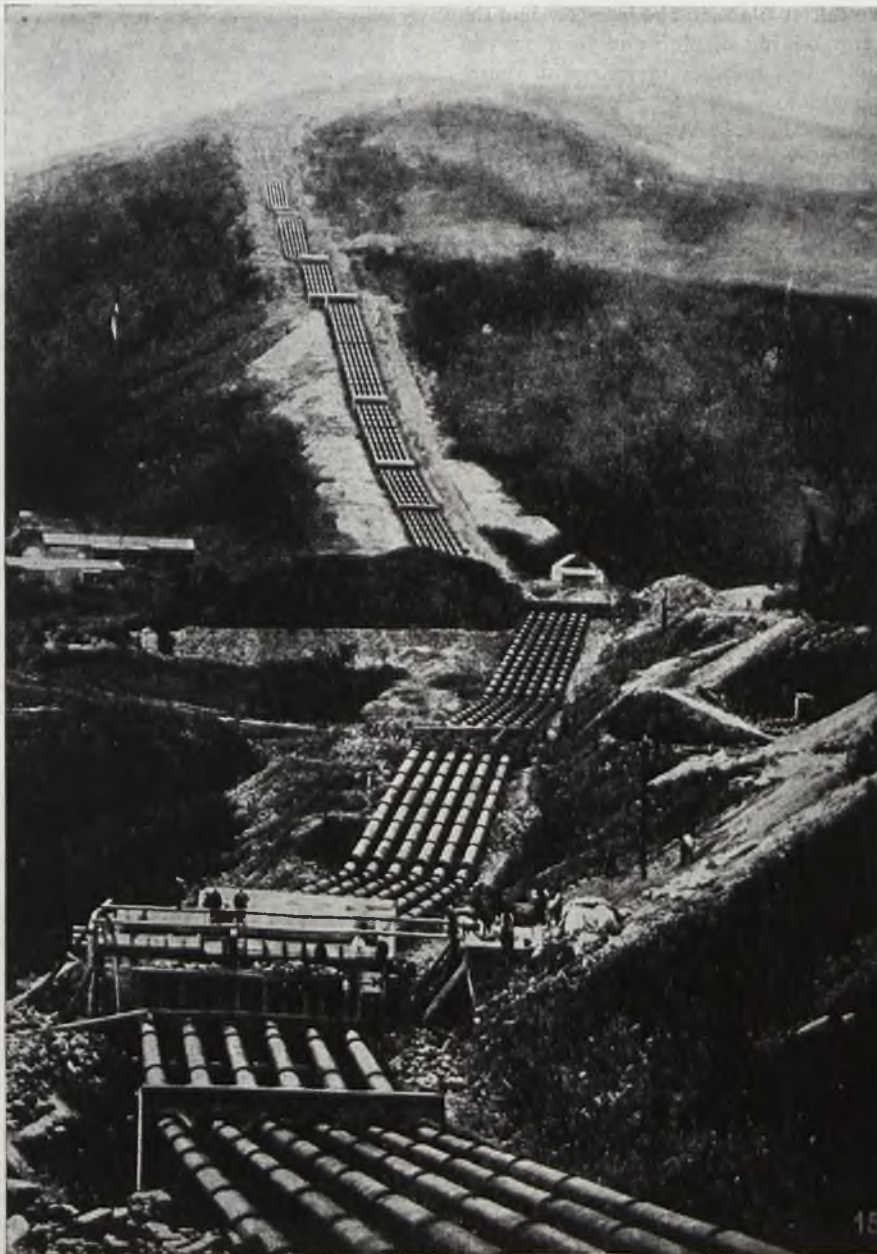
tons of piping for the firm "San Joaquin Light and Power Corporation", Fresno, California, and amounted to about \$275,000.

This gives an idea as to the reputation borne by the "Ferrum" Establishments, thanks to the good quality of their piping of over 2 meters diameter, which successfully bears the strain of 1,000 to 3,600 feet head of water.

The "Ferrum" Establishments in Bogucice include steel works, pipe works and a special department producing all kinds of material required in the laying of railway trucks. The latter manufactures all types of screws, muffles, rivets and railway couplings. *Inter alia* the smithing department produces axles.

The pipe department is engaged in the exploitation of the Ferrum's patents, among which the first place is occupied by a process of strengthening of pipes of large diameter by special hoops calculated to be used for the biggest water falls in the world, having, as already stated, a 3,600 feet head of water. Pipe lines of this kind have been built by this firm in Norway, Sweden, Italy, England, Brazil, the United States of America, South Africa, Japan and China.

"Ferrum" Ltd. covers nearly 80 per cent of the world requirements for hydraulic hooped piping. At the exhibition held last year in Grenoble they were awarded a "Grand Prix" for the excellent execution of pipe lines for hydraulic sleeves.



PIPE LINES IN KENLOCH LEVEN, SCOTLAND, CONSTRUCTED AND LAID BY THE POLISH FIRM "FERRUM"

"MODRZEJOWSKIE ZAKŁADY GÓRNICZO-HUTNICZE" LTD. AND "B. HANTKE" LTD. — These two companies owning foundries, located in the Kielce Voievodship (former Russian Poland), which are managed by a joint board, have recently shown an increased activity. The two firms manufacture chiefly rolling stock material: wire, nails, rivets, screws etc.

The "Modrzejowskie Zakłady Górniczo-Hutnicze" has increased its capital to zł 9,905,000 by

means of a transfer of zł 954,393 from the reserve fund. The capital is divided into 707,500 shares.

Messrs "B. Hantke" have recently published their balance sheet for the year 1924/25 and show a net profit of zł 39,900. The former Minister of Industry and Commerce, M. H. Gliwiec, has been elected member of the Board of the Company.

THE UPPER SILESIA UNITED ROYAL AND LAURA FOUNDRIES IN KATOWICE have

decided to erect rolling mills for the production of heavy duty tramway rails, which have up to the present not been produced in Poland. The Ostrowiec establishments manufacture light duty tramway rails, but for technical reasons they are unable to install in their works a rolling mill capable of producing the heavy type of rails. It should be mentioned that the volume of groved rails imported last year was 7,708 tons valued at £ 3,240,000. The Royal Foundry contemplates meeting the whole Polish requirements for this class of rails.

ZINC AND LEAD

— Certain changes worthy of remark have taken place in the last few months in the mining of zinc and lead ores in Poland: the number of mines in operation, which at the beginning of May was 11, reached 14 in August. The increase is accounted for by the opening of two zinc and one lead, mines. For obvious reasons the extraction has not increased considerably, but the starting of new operations has contributed towards the increase of workmen employed in this industry, as compared with the preceding year. The following statement, embracing the extraction of ores, shows that the results continued to be good, which is also indicated by the volume of ores received from abroad (in tons):

	Extraction	Imports	Number of workmen employed
July 1926	104,805 ¹⁾	6,906	9,890 ¹⁾
August ..	100,435 ²⁾	18,148	9,897 ²⁾
1925	98,054	2,111	9,369

As regards the smelting material, the situation for zinc in August was still more favourable than in the preceding month; the output of raw zinc in that period exceeded the figure for March, namely 10,444 tons, which was the highest since the war. It is illustrated by the following statement (in tons):

- ¹⁾ Corrected figures.
²⁾ Provisional figures.

THE POLISH TEXTILE EXPORTING ASSOCIATION LTD.

Ł Ó D Ź
9, MONIUSZKI

	Output:		Exports:			Number of workmen employed
	raw zinc	raw lead	zinc	zinc sheets	refined lead	
July 1926	10,402 ¹⁾	2,480 ¹⁾	7,435	464	2,139	11,757 ¹⁾
August ..	10,512 ²⁾	1,756 ²⁾	10,481	978	3,046	11,833 ²⁾
1925	9,331	1,477	5,796	857	853	11,835

A considerable reduction in the output of lead took place in August; this is a usual seasonal decrease in the production of Polish foundries, which decline

In the near future a new zinc foundry will be constructed near Szopienice, equipped with ore and blende working machinery on the latest American models. In addition to zinc it is also intended to produce cadmium, metal which is only found in the Upper Silesian beds and also in some parts of North America.

The Silesian-American Corporation] also intends to manufacture chemicals, synthetic dyes, artificial silk and ceramic products in Poland.

The reorganisation of the zinc foundries, will, of course, necessitate the expenditure of a large amount of time and money.



INTERIOR OF A PEASANT COTTAGE DECORATED WITH TYPICAL DESIGNS OF THE POLISH PEASANTRY

is also to be seen in the following statement embracing the months of June, July, August, September and October of the last two years (in tons):

	1924	1925	1926
June	1,071	1,992	2,440
July	1,021	2,166	2,480
August	987	1,477	1,756 [*]
September	1,315	2,563	—
October	1,399	2,878	—

There is every reason to believe that after the usual depression on the world lead market in August, there will be a period of revival for the Polish foundries, which will be preceded by an increase of imports of lead ores from abroad. The data for August last confirm this statement.

"G. GIESCHE Co." LTD. — Messrs The Silesian-American Corporation Ltd., the American firm who, as it is well known, controls the destinies of the Giesche works at Katowice, have introduced considerable changes in the processes of manufacture with a view to making them more economical and efficient. Business prospects are favourable, the firm having secured a contract which will give work to 35,000 workmen, including the foundry workers, the miners in the zinc and lead mines, and also the unskilled workers on the estates.

- ¹⁾ Corrected figures.
²⁾ Provisional figures.

CHEMICAL INDUSTRY

"KAUCZUK" LTD. — This Warsaw factory, producing rubber wares, has increased its capital from £ 430,000 to £ 860,000 by the issue of 43,000 shares of £ 10 each.

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

WARSAW, 1, TAMKA

Offers:

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

MOVEMENT OF PRICES IN AUGUST. — After a decline of prices which had extended over a period lasting some two months, the index of wholesale prices having decreased from 181·2 in May to 166·6 in June, prices in August again started to increase, the wholesale index figure having moved from 166·6 to 173·18, an increase of 3·98 per cent. As during the same period the złoty improved, the index figure of gold prices advanced from 95·0 to 99·4, an increase of 4·6 per cent.

The above mentioned movement is first of all due to the inclination of Polish prices to rise to the world parity level. It should be recollected that during the preceding two months, that is to say, during a time when the prices expressed in nominal złoty had dropped, the prices actually increased in relation to the gold index figure, and that they did so sooner than in August. The gold index figure, which was 85·4 for May, was 90·5 in June — an increase of 6 per cent, and 95·0 in July — an increase of 5·3 per cent, whilst in August, as indicated above, the increase over the last months figure was 4·6 per cent. The advance of nominal prices during that month does not therefore mean that there was any change in the movement, but merely that in August the increase of the złoty exchange in gold was slower than the advance of wholesale prices.

Secondly, the advance in prices was stiffened by certain local factors: first, the general increase of home consumption after the harvest, with a considerable demand for goods from abroad, which is natural in an agricultural country, and secondly, the increase of the prices for grain. With regard to the latter factor it should be observed that as the price of grain has risen in a proportion which is most favourable to the farmers, the Ministry of Finance has stated that in future no further reductions of taxes will be granted to them. The notification of the Ministry's intentions has resulted in an increase of the offerings of grain upon the market, with the result that the prices have decreased since the beginning of September.

In connection with the increase of the prices of grain it should be observed that the prices of agricultural products of home origin increased during August by 4·98 per cent, whilst the corresponding advance for industrial products was 3·95 per cent.

The movement of prices in individual groups of articles is shown in the following table (alterations in percent-

ages are indicated by plus or minus signs):

grain and foodstuffs of vegetable origin	+10·68
foodstuffs of animal origin	+ 0·21
groceries and sugar	+ 0·36
tanned and raw hides	+21·24
raw materials and textiles	+ 0·49
coal and metals	- 0·60
building materials	+ 1·08
chemicals and various	+ 3·85

A perusal of the above figures will show that the largest advance of price—21·24 per cent—is shown by tanned hides, although the price of raw horsehides has also shown a large rise — from zł 17 to zł 27 per hide. These advances have, however, not proved of such importance to the home markets, as has the increase in the price of grain by 10·68 per cent. The remaining groups of articles have shown changes of lesser importance.

It is worthy of note that even during a period of a general increase of prices certain export articles, such as butter, have decreased in price — from zł 6·20 per kg. loco Warsaw in the last week of July to zł 5·30 in the corresponding week of August, or by 14·5 per cent. In a similar manner, though in a lesser degree, the price of pigs declined from zł 2·25 to zł 2·13 per kg. live weight loco Warsaw, a decrease of 5·3 per cent. Beef also decreased from zł 2·08 to zł 2·05, equivalent to 1·4 per cent.

Owing to the upward trend of the złoty, some simultaneous reductions in the prices of imported goods have been recorded. For instance, the price of American cotton, good middlings, has declined from zł 4·73 to zł 4·69, or by 0·9 per cent, per kg. loco Łódź. In consequence of this, the price of cotton yarn $\frac{1}{32}$ has decreased from zł 8·55 to zł 8·48 or by 0·7 per cent per kg. loco Łódź.

Following the advance of wholesale prices, the retail prices also increased, although not precisely in the same manner, the index of retail prices in Warsaw having increased by 1·96 per cent, from 232·8 to 237·4. At the same time the cost of living of a workman's family increased from 177·2 to 181·0 or by 2·1 per cent.

THE PROTECTION OF SUPPLY OF ARTICLES OF FIRST NECESSITY. — In the "Dz. Ust. R. P." No. 91, item 527, was published a decree signed by the President of the Republic, concerning the protection of the supply of articles of first necessity. The aim of this decree is the providing of the domestic market with articles of first necessity as well as the measures to be taken against the increase of prices for these commodities. After taking into consideration the opinion of experts, and in cooperation with the Minister of Finance, the Minister of Industry and Commerce, and the Minister of Agriculture and State

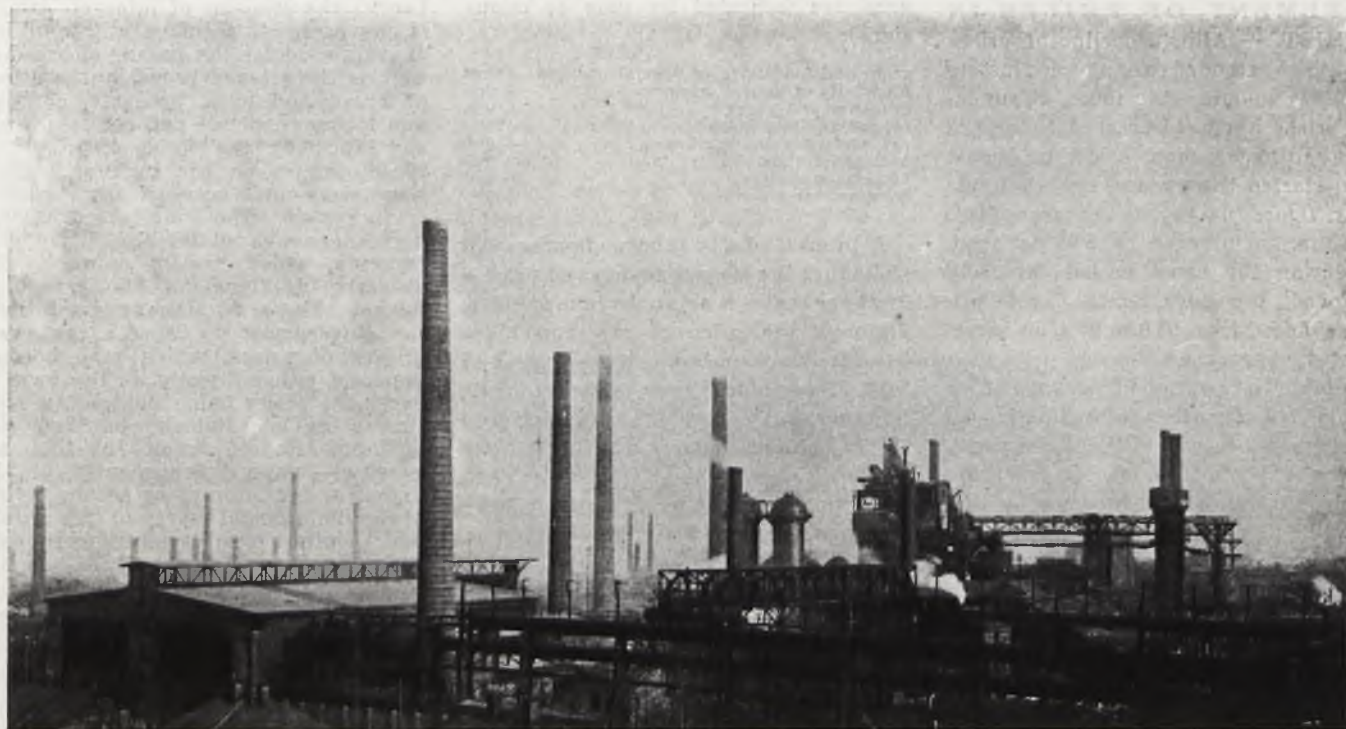
Lands, the Minister of Internal Affairs is empowered to regulate: a) the milling of grain used for the baking of bread as well as the sales of bread, b) the prices of bread and meat products, clothing and footwear, petroleum, coal and iron, and especially the fixing of prices for these articles on the basis of production costs and economically justified trading costs. The chief object of this decree is above all the fighting of profiteering, which has its source in the excessive development of brokerage in Poland. These regulations are to help the Government to prevent the overgrowth of prices, which may become apparent either directly, in the form of excessive prices being charged in relation to the economically justified cost of production of articles of first necessity — quite independently of the extent of the supply, or as the result of the limitation of supply of this article, which latter form is much more dangerous.

FAIRS AND EXHIBITIONS

THE OPENING OF THE ANNUAL LWÓW EASTERN FAIR. — As in previous years, since the restoration of the Polish State, so in this year the Lwów fair, the largest in Poland, was opened on the traditional first Sunday of September. Besides this institution another big fair is held in Poznań in the spring of each year; its character, however, is rather local, whereas that of the Lwów Eastern Fair is international, its object being to provide facilities for the exchange of goods between the East and the West. Lwów being located within easy reach of Russia, the Fair will only fill its rôle in the future, after the normal conditions in that country have been restored. The path to that extensive market already leads through Lwów, but, unfortunately, it is common knowledge that the immense territories of Russia are not yet quite ripe for commercial operations. That is why, for the time being, the Lwów Eastern Fair serves mainly as a trading point with other countries, such as Rumania, the Balkans and the Near East.

The opening ceremony, on the 5th of September, was performed by the Minister of Industry and Commerce, M. E. Kwiatkowski, in the presence of other representatives of the State Administration, members of the Diplomatic Corps and numerous delegations from various parts of the country. Prof. Dr. W. E. Kemmerer, who was then in Poland, also took part in the ceremony.

This year's Fair proved quite a success: not a single meter of the ground was left unused, despite the fact that



ONE OF THE OLDEST SILESIAN FOUNDRIES

the area of the Fair was considerably extended. The total number of exhibitors is in the neighbourhood of 1,400, which is a record figure. Such a large interest is to be ascribed in the first place to the general improvement of economic conditions at the Fair. The pavilions were simply packed with exhibits, the attendance was considerable, and the commercial activity intense. It is difficult to make an accurate statement as to the commercial results of this year's Fair, because they are still in progress, and because the buying and selling movement usually takes place only towards the end of the Fair, the earlier part being the period, during which the visitors get acquainted with the exhibitors.

As usual, all branches of production were represented at the Fair, and this year's exhibition was particularly complete. Agriculture and agricultural industry, the mining wealth of Poland, the iron industry of Upper Silesia, the textile, metal, chemical, porcelain, timber and many other industries made an excellent showing. Simultaneously, a cattle and horse show was held at Lwów, as were also a number of special exhibitions, namely: building, road making, hygiene and alimentation, photography, antituberculosis etc.

As in previous years, foreign exhibitors were numerous, a prominent place

being occupied by Sweden, Denmark, Czechoslovakia, Austria, France, Holland. But, considering the trade possibilities, the participation of foreign exhibitors was certainly too limited in extent, and a more vigorous propaganda should be developed abroad in the years to come.

A fuller report on this fair will be given in one of the next issues of *"The Polish Economist"*, i. e., as soon as the necessary figures are compiled by the Statistical Bureau of the Fair.

THE LATEST EXHIBITIONS IN WARSAW. — During the summer months a number of special exhibitions have been held in Warsaw.

In May was organised the Alimentary and Hygiene Exhibition, which was divided into two sections. One of them showed a collection of all the food-stuffs produced in Poland, which articles, as is well known, are exported abroad on a very large scale, while the other one was an exhibition of hygiene appliances used in daily life.

The Wireless Exhibition, held in Warsaw in June, was dealt with separately*).

Finally at the end of August two exhibitions were arranged simultaneously: 1-0, a Sports Exhibition, the object of which was to show the development of the sports goods industry in Poland; athletic meetings were also arranged in this connection; 2-0, another one, styled: "The Ideal Home Exhibition",

which was really a show of house furniture and fittings, arranged in such a way as to give an idea as to how a modern dwelling should be furnished. There were also exhibitions of various appliances which should be included in a well furnished up-to-date house.

EXHIBITION OF POLISH AGRICULTURE AND INDUSTRY IN MARSEILLES. — This exhibition was held from the 24th to the 28th July last and was situated in the very centre of the town on the premises placed gratuitously at the disposal of the Exhibition Committee by M. Berthier, Manager of the local branch office of the "Banque de France".

The exhibition, the organisation of which was in the hands of M. Nieduszyński, the Polish Consul in Marseilles, who was seconded in his work by the Polish-French Chamber of Commerce in Warsaw, proved a success and attracted not only the local traders, but also merchants from Egypt, Sudan, and West Africa, who were visiting Marseilles at the time.

This exhibition of Polish production was the first to be organised on a large scale in the South of France.

It should be remembered that to Poland Marseilles is an interesting commercial centre, not only as a market, but also on account of its being a key to the French colonies — the exports and imports of which pass through that port.

The interest displayed by the visitors was concentrated mainly on the exhibits of timber, textiles (for West Africa), cellulose (for Egypt) and, in addition to inquiries for hops and malt-

* See *"The Polish Economist"* No. 1, page 27.

ing barley, enamelled hollow ware, hemp, sugar beet seeds, clover seeds, grain and peas, interest was taken in Polish paraffine wax and ozokerite. A number of proposals for direct exportation of cotton and rice to Poland were also made.

FOREIGN TRADE

— Poland's foreign commerce showed a considerable revival in August. In all 272,704 tons were imported, valued at zł 161,398,000, as compared with 175,152 tons, valued at zł 120,613,000 in July, and the exports amounted to 2,935,215 tons having a value of zł 225,702,000, as against 2,783,559 tons, valued at zł 221,552,000 in July. The value of the imports, as well as of the exports surpassed that reached in any of the previous months of the current year, yet the increase of imports is the larger of the two, for which reason the favourable trade balance, which in July last had reached the record figure of zł 100,939,000, fell in August to zł 63,802,000. The investigation of individual groups of imports and exports will enable a clearer opinion to be formed of the changes which have occurred.

The most important group of imports as regards the value, is that of textile materials and fabrics, of which in August 1926 the total imports were 10,580 tons (as against 6,037 in July) valued at zł 57,269,000 (zł 37,037,000 in July). The considerable increase in that value refers almost exclusively to raw materials, as is shown in the following table (in thousands of zł):

	August 1926	July 1926
jute	3,158	1,360
cotton	29,888	19,964
wool (combed incl.)	11,928	6,292
cotton yarns	2,941	2,322
wool	2,040	1,278
cotton fabrics	2,450	1,988
wool	809	542
silk, semi-silk, and artificial silk textiles	1,748	1,219

The increased imports of textile raw materials — which were expected by the Polish industrialists* — are closely related to the activity in exports dealt with below.

The increase in the foodstuffs group was insignificant, the figure for August being zł 21,255,000 against zł 19,505,000 in July. The imports of cereals and fruit remained poor as before; imports of rice showed a decline to zł 2,045,000 (in July zł 3,128,000). The imports of tea, coffee and cocoa increased to zł 5,685,000 (as compared with zł 5,108,000 in July), fish and herrings — to zł 2,973,000 (zł 1,823,000**), oils and edible fats — to zł

3,558,000 (zł 1,856,000), whilst that of tobacco decreased to zł 2,342,000 (zł 5,119,000).

A considerable increase is shown in the imports of animal products, the figure being zł 13,256,000 (zł 9,454,000), of which zł 3,300,000 (zł 2,161,000) for raw hides and zł 6,889,000 (zł 5,280,000) for dressed leather.

The increase of imports of ores is noteworthy, showing 39,718 tons (11,492 tons) of iron ores valued at zł 1,877,000 (zł 429,000), and 16,568 tons (6,033 tons) of zinc ores valued at zł 5,303,000 (zł 2,047,000). Metals and metal goods show an insignificant advance — zł 8,135,000 (zł 7,397,000), machinery and apparatus — zł 9,113,000 (zł 8,519,000), electrical appliances and materials — zł 5,296,000 (zł 5,366,000), means of communication — zł 2,866,000 (zł 2,081,000).

The imports of chemical materials and fabrics showed an increase, as may be seen from the following table:

	August in tons	July in tons	August in zł 1000	July in zł 1000
inorganic chemicals	30,894	18,479	4,548	2,615
organic chemicals	6,557	5,514	10,184	8,907
dyes, colours and varnishes	581	377	1,534	1,026
various chemicals	261	335	1,109	1,118

Also may be mentioned among the import groups glass and glass ware valued at zł 2,595,000 (zł 344,000), paper and paper articles — zł 4,685,000 (zł 2,936,000), apparel and linen zł 2,535,000 (zł 2,746,000).

To pass now to exports, we find there a considerable increase in the most important group of fuel, raw oil and derivatives, which showed a figure of zł 85,770,000 (zł 74,647,000). The exports of individual articles of this group give the following figures:

	August in tons	July in tons	August in zł 1000	July in zł 1000
coal, coke, briquettes	2,195,369	2,004,945	67,916	63,014
petroleum	15,902	5,761	3,393	1,214
benzine	12,139	5,079	5,960	2,471
motor and lubricating oils	22,905	21,922	4,581	4,057
paraffine	3,062	2,823	3,537	3,306

Special attention ought to be drawn to the increase of exports of petroleum products, as it was not dependent upon the temporary exceptional conditions for the exportation of coal.

The exports of foodstuffs were zł 46,344,000, which show a drop as against the two preceding months (July — zł 56,956,000, June — zł 61,039,000). The most important articles in this group were the following:

	August in tons	July in tons	August in zł 1000	July in zł 1000
wheat	6,614	1,555	3,270	567
rye	23,902	38,349	6,980	12,473
barley	9,922	8,736	3,101	2,484
oats	2,113	7,043	599	2,214
rye and wheat flour	1,722	3,251	861	1,866
sugar	7,432	12,141	4,567	6,978
meat	1,634	3,263	3,420	5,161
butter	923	883	3,967	3,364
eggs	6,131	5,472	12,345	11,622
forage	23,136	45,441	3,908	5,909

The decrease of the total value of exports was caused by the decline in the exports of rye and oats, sugar, flour, meat and forage. The only important increase of exports is that of wheat.

The group of live animals shows the figure of zł 8,543,000 (zł 8,858,000), of which zł 5,822,000 (zł 7,019,000) refers to exports of pigs.

The third place in exports is occupied by timber and wood wares, which in comparison with the preceding months shows also a certain fall: zł 31,522,000 in August, zł 36,429,000 in July, and zł 31,962,000 in June, which is natural as the floating season begins to wind up in August. However, the total period of eight months of this year shows a considerable advance in the export of separate kinds of wood, as may be seen from the following table (in tons):

	August 1926	8 months 1926	8 months 1925
pulpwood	155,318	716,756	366,602
pit props	82,704	545,432	187,504
round wood and logs	63,015	611,773	332,620
planks, deals, battens	146,826	952,061	851,604
railway sleepers	20,029	250,344	260,209

In the group of seeds and plants we find an increase of exports from zł 1,321,000 in July to zł 2,826,000 in August, whereas the major part, viz. — zł 2,365,000 (zł 170,000), was covered by oil seeds.

An advance is also shown by the group of metals and metal articles, which were exported to the amount of 24,450 tons (18,055 tons) valued at zł 25,632,000 (zł 18,359,000). These were composed of the following items:

	August in tons	July in tons	August in zł 1000	July in zł 1000
iron and steel sheets	2,343	1,988	1,238	924
iron pipes	2,385	2,302	1,539	1,767
lead	3,046	2,139	4,170	2,885
zinc	10,481	7,435	14,619	10,519
zinc sheets	978	464	1,580	793

A certain revival of exports is to be shown by the textile industry: the total value of exports in that group amounted to zł 14,745,000 (zł 12,950,000), wherein were exported (in zł):

* See "The Polish Economist" No. 3, page 100.

** Figures in parentheses mean the respective values or quantities in July.

	August 1926	July 1926
cotton fabrics	4,909.000	4,311.000
wool	2,016.000	1,256.000
cotton yarns	1,647.000	2,167.000
wool	3,184.000	2,039.000

This is an improvement, still very insignificant, but nevertheless characteristic, as the advices from the main centres of the textile industry in Poland permit to hope that these exports will continue to increase.

Among the other groups of exports are to be mentioned: animal products, valued at zł 2,029.000, inorganic chemical materials and fabrics — zł 2,322.000 (zł 1,418.000), organic chemicals zł 1,129.000 (zł 1,337.000).

If we now go through the data for the individual groups of imports and exports, we may ascertain that the Polish trade during August last reflects the improvement of the economic situation: in the imports side — increase first of all in the groups of textiles, raw materials and metalurgy, and on the exports side — increased sales of textile fabrics. In view of these facts some alterations in the values of various groups, although even larger in quantity, lose their importance. But the trade balance for August allows one also to come to another conclusion: that its activity is not dependent on the present conditions on the coal market, but is based on quite a number of departments, which have revived their activity during last months more and more.

THE MOVEMENT OF MERCHANDISE TO RUSSIA AND LATVIA IN THE FIRST HALF OF 1926. —

To illustrate the exchange of goods with Poland's Eastern neighbours, data relating to railway transports effected in the first half of this year are given below (in 15 ton waggons):

I.—From Russia:

Total volume of goods	5.324
Transit to Germany and Czechoslovakia	2.091
Import to Poland	3.233
namely:	
iron ore	2.439
fish	166
grain	135
tobacco	63
various	430

II.—To Russia:

Total volume of goods	4.094
Transit from Germany and Czechoslovakia	3.514
Export from Poland	580
namely:	
machinery and metal wares	228
zinc	145
fabrics and yarns	56
various	151

III.—From Latvia:	
Total volume of goods	303
namely:	
flax and flax seeds	96
vegetable tanning material	14
fish	20
various	173

IV.—To Latvia:	
Total volume of goods	6.872
namely:	
timber and timber wares	2.868
coal	702
flax	460
petroleum products	91
grain	152
horses	236
cattle and pigs	101
machinery and metal wares	121
various	2.141

ECONOMIC RELATIONS BETWEEN POLAND AND LITHUANIA. —

As is well known, there has been for the last few years a political conflict between Poland and Lithuania; the latter keeps putting forth claims in respect of certain Polish territories; the grievances are based on historical considerations, which are in contradiction with the ethnographic situation of the present day. The Polish-Lithuanian conflict in fact is a one-sided boycott of Poland by that country and has an exclusively passive character; in practice it consists in that there are no diplomatic or organised commercial relations between the two countries,

neither are there any railway, postal or personal communications.

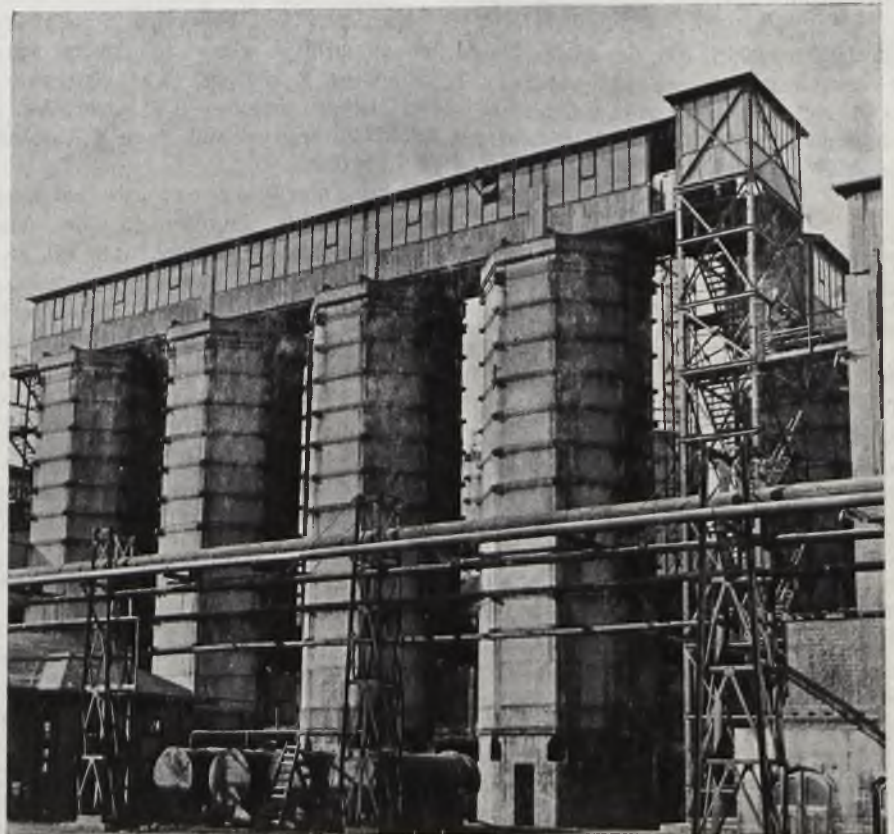
Such a state of affairs which has lasted for the last six years, cannot, of course, be conducive to the development of economic relations between the two countries. The League of Nations made several attempts to reconcile Lithuania with Poland but they proved fruitless; although on each occasion Poland expressed her readiness to enter without delay into economic relations with her neighbour, whereas the policy of Lithuania was just the reverse.

There is no doubt, that sooner or later the requirements of daily life will break this policy of stubbornness, and will remove the situation, unique in Europe. The alteration will do good to both Lithuania and Poland.

For centuries past Polish and Lithuanian territories had been jointly governed by common rulers, and this was the outcome of free understanding between the two nations; later on, the Poles and Lithuanians suffered together under the same foreign yoke.

There is no economic disharmony between the two countries. This is confirmed by the fact, that even now, despite the uncompromising attitude of Lithuania towards Poland, trade is being carried on on a fairly large scale in the form of unofficial exchange by transit and through the intermediary of third parties.

In the year 1925 Poland sent to Lithuania zł 10,784.000 worth of goods, including textiles valued at zł 7,000.000 and



ABSORPTION TOWERS FOR THE MANUFACTURE OF SYNTHETIC NITRATE ACID AT CHORZÓW

foodstuffs at zł 2,000,000. Among the articles exported to that country were also: coal, petroleum products, clothing etc. The imports from Lithuania amounted only to zł 162,000. During the four months ending April 30th 1926 the total exports to Lithuania amounted to zł 2,633,000, the imports from Lithuania into Poland being zł 89,000. These figures are not conclusive because the greatest trading activity with countries like Lithuania usually takes place in the latter half of the year, after the harvest.

As soon as normal relations between Poland and Lithuania are established, it is certain that the exports from Poland will increase considerably, for the very reason that, being a next door neighbour, Poland is the best situated supplier to that market. But it is not on account of these considerations that Poland is interested in that country: to begin with, the territory of Lithuania represents only one fifteenth of that of Poland; secondly, the population of Lithuania is poor and has moderate requirements, so that that country can hardly be regarded as an interesting market, either for Poland or for the rest of Europe. But there is a field which attracts the attention of this country, and that is transit for Polish exports from the Eastern regions of Poland to the Baltic. This is especially so, as regards the exports of timber from the extensive forests located in the North Eastern area, which could be floated by the river Niemen, which has its source in Poland and is navigable in the upper reaches, flowing through the wooded areas and adjoining Lithuanian territories, until it debouches into the sea quite close to Kłajpeda (Memel). As is well known, Poland has for some time been endeavouring to obtain the right of the free use of the Niemen as a medium of getting her merchandise to the

sea. This right was granted to Poland by virtue of an arrangement with the League of Nations, signed in Kłajpeda, but in practice, however, in view of the difficulties made by Lithuania, Poland has been unable to avail herself of this route. There is no exaggeration in saying that the difficulties referred to constitute a powerful brake on the development of the Polish Eastern regions; the same applies to the port of Kłajpeda, of which Poland cannot at present make use.

On the other hand Lithuania is much more interested than Poland in the putting into order of the situation of her Southern frontier. This is confirmed by the history of the economic development of Lithuania during the last six years.

Like nearly all States called into being after the war, Lithuania was not strong enough to rely upon her own resources, especially as her assets in this direction were exceptionally restricted, namely: good soil, though worked in a primitive way, a negligible percentage of forests (about 16 per cent of the total area), no industry of any kind, no trade, except retail, no mineral wealth, not a single town, except the capital — Kowno, and a very small percentage of the educated class. It is not surprising therefore that the country had to rely on other forces than her own: foreigners, foreign experience and foreign capital. The country leaned on Germany, and it is to-day that it already feels the ill effects of this one-sided relationship, and especially the danger of her trade being dominated by Germany. The share of Germany in the foreign trade of Lithuania amounted up quite recently to 50 per cent both in exports and imports, and it is only now that this percentage has dropped. This was brought about by the energetic steps, taken by the Lithuanian Government

in connection with their trading policy, clearly aiming at the emancipation of the country from the exclusive economic influence of Germany. This turn in the economic policy was the direct result of the chronic economic crisis in Lithuania, which has lasted for the last six years, and which embraced all branches of commerce and agriculture. This crisis was reflected in the adverse foreign trade balance, in the adverse State budget, in the sale of national property, in the excessive taxation, in the suspension of production, in numerous commercial failures, and in the universal impoverishment.

Obviously the establishment of order in the economic relations between Poland and Lithuania will, under these conditions, be of the utmost importance to Lithuania. The one-sidedness of trade with Germany will be lessened, decreasing thereby her dependence on that State. New business, brought by Polish transit, will crop up. Former trade relations, which were very advantageous for Lithuania, will be re-established.

Poland is always prepared to stretch for her hand to her North Eastern neighbour, with the view of reaching an economic understanding.

OPENINGS FOR TRADE WITH POLAND

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

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

Ref. No. 28: A Polish firm producing lime is desirous of entering into direct relations with foreign firms importing this commodity.

Ref. No. 29: A Polish firm is desirous of getting into touch with foreign firm, interested in the import of caustic soda in crystals, chloride of lime, and edible, industrial and cattle salt.

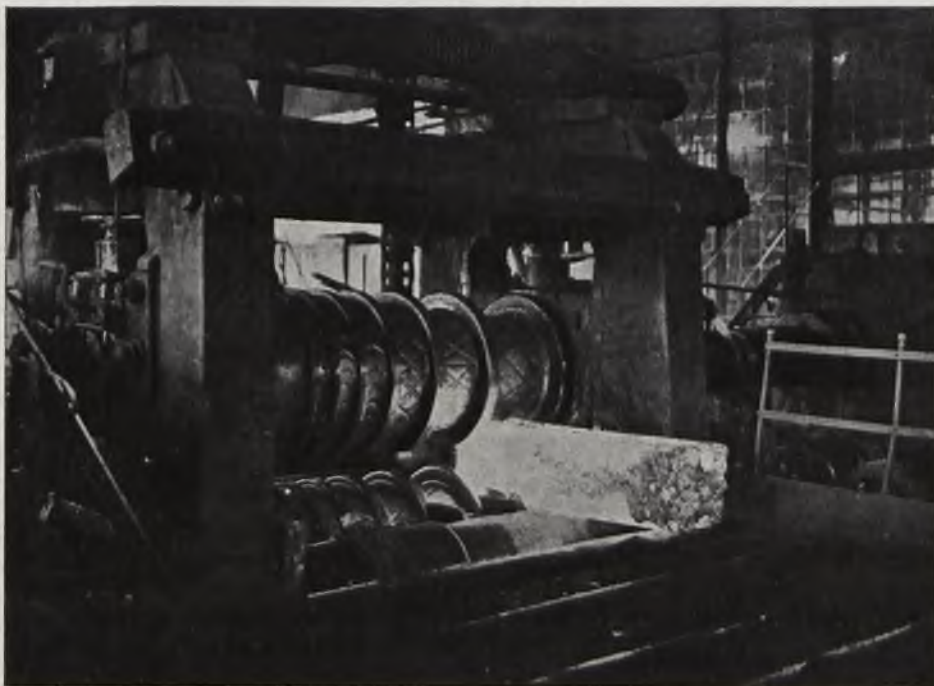
Ref. No. 30: Producers of carbide, pitch, tar and other substances wish to get into touch with foreign importers of these articles.

Ref. No. 31: Polish manufacturers of paints and colours for artists, painters accessories, inks etc., are desirous of getting into touch with foreign dealers in this line.

Ref. No. 32: Polish manufacturers of all kind of agricultural machinery and implements are desirous of entering into direct relations with foreign importers.

Ref. No. 33: Polish chemical works seek customers abroad for soaps, oil and spirit paints, lacquers and boiled linseed oils.

Ref. No. 34: A syndicate embracing a number of peasant home art enterprises offers kilims, toys and basket furniture for export.



A TYPE OF INGOT ROLLER USED IN POLISH FOUNDRIES

TREATIES

THE SECOND SUPPLEMENTARY PROTOCOL TO THE POLISH-CZECHOSLOVAKIAN COMMERCIAL TREATY. — As already reported*, the second supplementary protocol to the Polish-Czechoslovakian commercial treaty was signed in April 1926, whereby the commercial relations between the two countries were finally regulated. At the beginning of June the treaty in question, together with the two additional protocols, was ratified by the Czechoslovakian Parliament, but prior to this the Polish Parliament had ratified the treaty itself and one additional protocol. At present the second protocol having been ratified by the Polish Government and the respective act having been published in the "Dz. Ust. R. P." No. 85, item 478, the commercial treaty between Poland and Czechoslovakia will be made operative as soon as the exchange of ratifications is completed.

THE COMMERCIAL TREATY WITH BULGARIA. — The recent publication (on August 20th last) in the Official Journal of Laws ("Dz. Ust. R. P." No. 89, item 501) of the ratification by the Parliament of the Polish-Bulgarian Commercial Treaty renders necessary a short explanation of the agreement.

The said treaty, which was signed at Sofia on April 29th 1925, was called "provisional" as for several reasons it was deemed to be a prelude to a further more detailed agreement between the two countries.

Practically, and in fact, the treaty embraces for the present all questions of the economic relations which Poland maintains with Bulgaria. The commercial traffic between the two countries has until now not been very large, and has consisted mainly and almost exclusively in the import of Bulgarian raw tobacco into Poland, and the export of Polish textiles, fancy goods etc. to Bulgaria. The respective turnovers showed a considerable difference, as that of the Bulgarian tobacco amounted in 1925 to over Zł 12 million, whereas that of the Polish goods manifested only a small amount. The new treaty will, it is hoped, promote the development of mutual commercial relations; and Polish industry will find another outlet for its exports. Taken as a whole the treaty is based on most favoured nation treatment, and provides reciprocal rights and privileges to the persons and goods of both countries. The agreement does not differ in its main features from the general type of Polish commercial treaties, and it contains provisions relating to naval, customs and administrative matters. It will be put into operation at the earliest possible moment.

RATIFICATION OF THE POLISH-FRENCH CONSULAR CONVENTION. — The commercial convention between the Republic of Poland and the Republic of France, signed in Paris on December 30th 1925, was ratified by the Polish Parliament and published as law of July 30th 1926 ("Dz. Ust. R. P." No. 89, item 498).

CUSTOMS DUTIES AND FOREIGN TRADE REGULATIONS

THE FREEING OF EFFECTS DESTINED FOR FOREIGN DIPLOMATIC POSTS IN POLAND FROM THE PAYMENT OF CUSTOMS DUTIES AND INSPECTIONS. — This matter has been dealt with in detail by new regulations issued by the Minister of Finance ("Dz. Ust. R. P." No. 89, item 506).

The following may be introduced free of duty:

a) effects destined for the use of the heads of foreign states and of their suites during their sojourn within Polish territory;

b) effects destined for the service of diplomatic representations of foreign states, missions and consular offices;

c) on the basis of reciprocity — effects destined for the personal use of members of the accredited diplomatic posts of foreign states, foreign missions and persons enjoying diplomatic privileges on the strength of treaties and conventions.

The following are not subject to inspections by customs officers:

a) effects mentioned above under a, b, c;

b) official parcels addressed to representatives and diplomatic missions or consulates, as well as to persons enjoying the privileges granted to representatives in the diplomatic service; the parcels should bear the official stamp of the Ministry of Foreign Affairs of the state involved, that of a diplomatic post of the Republic of Poland, or that of a foreign state, the Secretariat General of the League of Nations, the International Labour Bureau, the International Court of Justice at the Hague, or other permanent international institutions of the above mentioned character;

c) personal effects or luggage belonging to persons holding posts in the diplomatic service of foreign countries, as well as persons enjoying the privileges granted to representatives in the diplomatic service.

PERMITS FOR IMPORTATION OF GOODS REQUIRING A LICENCE AND COMING FROM ABROAD BY PARCEL POST. — The Ministry of Industry and Commerce has issued new regulation with the regard to the receipt of parcels containing effects requiring an import licence.

In order to obtain a permit for the importation of effects, destined for private use, not exceeding 10 kg. in weight and a value of Zł 250, which are conveyed by parcel post, the addressee should submit to the Central Import Committee, Warsaw, 2, Elektoralna, Room 237, a request addressed to the Minister of Industry and Commerce with a Zł 2 stamp, mentioning the contents of the parcel, its weight, value and the country of origin. The request in writing should be supplemented with: 1-o, notice from the Post Office regarding the arrival of the parcel, and 2-o, Post Office receipt for the payment of manipulation dues amounting to Zł 1, which sum should be sent by the applicant to

the respective Customs Office by means of a Post Office transfer, which should be inscribed at the back in the following manner: "Opłata manipulacyjna od towarów reglamentowanych" (manipulation fees on goods requiring a licence).

In order to obtain a permit for the importation of effects by parcel post, exceeding 10 kg. in weight and the value of Zł 250, the commercial and industrial firms, for which they are intended, should address through their representatives to the Central Import Committee in Warsaw a request in writing with a stamp fee of Zł 2 attached thereto (Zł 0.40 for each enclosure). The request should be supplemented with 1-o, the post office bill of lading, mentioning the country of origin, and 2-o, the invoice relating to the goods imported. These organisations will send the verified request, if it is approved, to the Central Import Committee; within a short time the applicant will be informed by letter of the amount of manipulation fees due from him, after payment on which the permit will be delivered.

The above mentioned procedure is applicable to parcels coming from all foreign countries with the exception of Germany. Parcels coming from Germany and containing goods, the import of which is prohibited and in respect of which no permit was issued, are immediately sent back to the sender, no notice being given to the addressees on their arrival.

If a permit has been granted, it should be attached by the sender to the outside of the parcel, in order to obviate its return.

THE APPLICATION OF CUSTOMS DUTIES TO UNWROUGHT TIMBER. — On August 25th last were made operative the regulations issued by the Minister of Finance on August 5th 1926 ("Dz. Ust. R. P." No. 74, item 471) containing the industrial schedule and characteristics of the chief kinds of unwrought timber exported abroad. The schedules include dutiable and non-dutiable kinds of timber.

TRANSPORTS

RAILWAY TRAFFIC IN AUGUST. —

During August there was a further increase in railway traffic, so much so, that the carrying capacity of the Polish railways has very nearly been exhausted. This was the outcome of the following causes: firstly, the increased export of coal, the demand for which on the part of the importing countries exceeded the transport facilities; secondly, the realisation of the crops, in which connection the transportation of agricultural produce rose very considerably in volume. The increased activity and revival of demand for manufactures on the home market, followed by increased production in industry, have also contributed towards the inten-

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



THE RIVER COAL HARBOUR ON THE WARTA, POZNAŃ

sification of the railway traffic which was mainly due to the movement of raw materials and manufacture. These circumstances are responsible for the frequent delay of several days in the obtaining of trucks, which had been booked by consigners.

The average daily car-loadings on the Polish railways during the period under review amounted to 14,258, 15 ton trucks, of which 8,960 were directed to Polish stations and 5,298 to foreign countries. As compared with the preceding month, the average daily car-loading rose by 460, while as compared with the corresponding month of last year the increase amounted to 4,141.

The number of trucks passing in transit and those received from abroad has also experienced a certain rise. The following statement illustrates the average daily loadings of various merchandise sent to Polish stations (in 15 ton trucks):

coal, coke and briquettes	2,199
crude oil and petroleum products	180
timber	919
agricultural produce	771
raw materials and manufacture	1,886
miscellaneous	3,005
Total:	8,960

Compared with a month earlier, the average daily loading of waggons to domestic stations rose by 177, while the number of trucks loaded with coal for home consumption declined by 143, those loaded with agricultural produce rose by 156, and those with materials and

manufactures — by 190. The remaining groups did not experience any material change.

It should be mentioned, however, that the decline in transportation of coal, destined for Polish stations, does not mean a decrease of consumption of this commodity, but is merely occasioned by the shortage of trucks at the pit-heads. The following statement contains the average daily loadings of various merchandise destined for foreign markets (in 15 ton trucks):

coal, coke and briquettes	4,025
crude oil and petroleum products	92
timber	885
corn	105
miscellaneous	191
Total:	5,298

Compared with July, the average daily loadings of merchandise destined for foreign countries rose by 283 waggons. This rise was brought about by a further average increase per day of 510 waggons of coal and 9 waggons of corn. Simultaneously the dispatch of merchandise of the remaining groups, and especially of timber declined by 196 waggons per day. It is noteworthy that the increase in the exports of articles transported as loose freight is limited by the insufficient unloading facilities of the Polish and Danzig ports, by the inadequate handling capacity of the railway lines leading to these and the nearby German ports, and by the shortage of rolling stock, especially of open trucks, this latter despite the

hiring of a large number from foreign countries.

The average daily receipts of 15 ton trucks loaded with foreign merchandise during August were 484, as against 422 in the preceding month, and 341 in the corresponding month of last year. During the same period 936, 15 ton trucks passed daily through Poland in transit, i. e., 43 waggons more than in the preceding month, and 182 waggons more than in the corresponding month of last year. The total amount of work performed by goods trucks in August amounted to an average daily movement of 15,678, 15 ton trucks, as against 15,089 in the preceding month, and 11,712 in the month of August last year.

INCREASED EFFICIENCY OF THE POLISH RAILWAYS. — The increased exports, mainly to the Northern ports, have exceeded the handling capacity of the lines involved. A steady growth of traffic was rendered possible by the action taken by the Ministry of Railways in increasing the weight carried by goods trains and in decreasing their number.

This was achieved by the utilisation, on the export lines, of locomotives with the largest tractive power, and also through the rational exploitation of their carrying capacity. Investigations, both theoretical and experimental, which have been conducted for some time past, have shown that by employing the present locomotive personnel, by burning carefully selected coal, and by utilising locomotives in good condition, the weight carried by the trains may be increased

from 25 to 30 per cent, without detriment to the efficiency of the locomotives.

Further, by using pusher locomotives on some steep slopes, the weight of trains may be increased by no less than 40 per cent, which is the case, for instance, on the previously overstrained Białystok - Grajewo line, leading to Königsberg.

By this notable increase in the weight of goods trains the Ministry of Railways has effected considerable savings in personnel and fuel. Further, by the increased effective load carried by the same number of trains, and without having to make considerable capital investments, in some cases it is now possible to run additional trains on the congested lines.

The question of the increase of weight of the goods trains circulating on the lines leading to Danzig, where the exports of coal and timber are directed, is of paramount importance to this country.

REVENUE AND EXPENDITURE OF THE STATE RAILWAYS FOR THE FIRST QUARTER OF 1926.

I. — Normal gauge railways:

A) Revenue:

Carriage of passengers	54,940.695-76
" luggage	2,485.378-06
" goods	134,092.288-60
" post	2,533.531-13
" freight	31.793-21
Total:	194,083.686-67

Other income 22,004.272-91

Grand total: 216,087.959-67

B) Expenditure

Exploitation of railways	186,253.303-11
Guaranteed advances	14.026-08
Aerial communications	245.203-97
Total:	186,512.532-16

II. — Narrow gauge railways:

A) Revenue

Carriage of passengers	431.160-40
" luggage	7.002-26
" goods	1,605.499-37
" post	—
" freight	—
Total:	2,043.662-03

Other income 550.516-69

Grand total: 2,594.178-72

B) Expenditure

Exploitation of railways 2,761.213-53

C) Extraordinary expenditure

Investments	1,555.789-25
Reconstruction	194.249-65
Aerial communications	23.548-49

Total of extraordinary expenditure: 1,773.587-39

Grand total: 4,534.800-92

THE REDUCTION OF RAILWAY TARIFF RATES FOR THE TRANSPORTATION OF COAL TO ITALY.— As from September 1st 1926 and until

further notice, the Ministry of Railways introduced a new reduced tariff rate, 3'26 Austrian shillings per ton, in respect of consignments of hard coal and briquettes transported from pit-heads or coal stations in Poland to Trieste and Fiume. This reduced rate is subject to be withdrawn by a simple notice and is not to be operative after the 31st of August 1927 at the latest. The consignments are dispatched from one and the same loading point or loading station in Poland with the destination to the above mentioned terminal points; the consignments are not to be under 700 tons, so as to permit the formation of special coal trains. Carriage is payable for at least one truck load (per bill of lading and truck).

PORT TRAFFIC IN AUGUST. —

The situation in the Polish ports is today such that the changes in the traffic reported month by month can be regarded as accurate, but only in certain respects, as they are limited by the small capacity of the Danzig and Gdynia harbours. If the capacity of the two ports could be rapidly increased, then, no doubt, the movement of traffic would be increased in the same proportion; the volume of goods, which Poland can send out and receive exceeds by far the capacity of the two harbours. Of course, the extension of loading and unloading facilities can only be effected gradually, and requires some considerable time. This is being done methodically, and the month of August has seen further progress in that direction.

The total movement of the port of Danzig in August was 670 vessels, totalling 335,746 reg. tons, as against 649 vessels totalling 328,273 reg. tons in the preceding month. During the same period 678 ships aggregating 336,776 reg. tons cleared, the corresponding figures for July having been 635 and 334,114 respectively. To measure the situation, it is sufficient to compare the present data with those of a year earlier, when the total number of ships calling at Danzig was 499 of a capacity aggregating 174,213 reg. tons, while the clearings were 491 totalling 178,904 reg. tons. Consequently, according to the returns for August last, the traffic rose by nearly 100 per cent in comparison with the year 1925.

The nationality of ships calling at Danzig was as follows:

	Arrivals:		Departures:	
	ships	reg.tons	ships	reg.tons
Poland & Danzig	108	16,779	100	15,424
Germany	201	81,806	209	78,623
Finland	11	3,692	13	4,582
Russia	1	1,128	1	1,128
Estonia	5	1,690	5	2,398
Latvia	17	13,082	14	9,841
Lithuania	1	437	1	437
Sweden	131	70,554	140	72,186
Norway	34	23,269	31	20,756
Denmark	114	69,571	119	77,775
England	29	31,297	26	27,554
Holland	5	2,373	5	1,488
France	8	8,140	7	7,762
Italy	2	5,907	4	10,801
Turkey	1	2,926	1	2,926
United States of America	1	3,095	1	3,095
Total:	670	335,746	678	336,776

In the newly constructed part of the port of Gdynia the movement of traffic in August rose, not only as regards the number of incoming and outgoing vessels, but also as regards the volume of goods carried. The number of ships calling during that month was 29, totalling 21,407 reg. tons, as against 21 ships totalling 17,406 reg. tons, in July. The movement of merchandise continued to be one-sided, the consignments being mainly composed of coal amounting to 44,608 tons as against 36,611 tons in the preceding month.

The nationality of ships calling at the port of Gdynia during the month of August was the following:

	ships	reg.tons
Sweden	14	10,594
Germany	5	1,824
Denmark	4	2,340
France	2	3,682
Latvia	2	1,827
Norway	1	1,094
Holland	1	12
Total:	29	21,407

AERIAL COMMUNICATION IN AUGUST.— During the month of August 357 regular flights (in July also 357), were effected on seven aerial lines of communication. The distance covered amounted to 126,640 klm., while in the preceding month it was 116,560 klm., making an average of 353 klm. per flight (in July 327). The total number of passengers carried was 869 (in July 883). The transports of goods diminished from 20,057 kg. in July to 17,312 kg. in August, while the correspondence transported by air was during these months 235 and 212 kg. respectively.

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

AERIAL COMMUNICATION WAR-SAW—PUCK—COPENHAGEN. — In execution of the Polish-Danish-Swedish flying convention, in respect of the exploitation of the aerial route: Warsaw — Puck — Copenhagen, ten test flights on the line were made between the 24th of August and 8th of September.

The flights were effected in Junkers aeroplanes, which carry nine passengers in addition to the pilot and the mechanic. The equipment and fittings are of the latest types.

The concession for the running of this line was granted to the Polish Company "Aerolot". The flight from Puck to Copenhagen and back will last from three to three-and-a-half hours.

During the test flights a number of Polish vessels were crossing between Puck and the Bornholm island. Between Copenhagen and Bornholm the sea was patrolled by Danish craft.

A regular passenger service will be opened only in the new year.

NEW POSTAL, TELEGRAPHIC AND TELEPHONE CHARGES. — In the "Dziennik Ustaw R. P." No 88, item 490, new regulations have been published by the Minister of Industry and Commerce, comprising amendments to the postal, telephone and telegraph rates. There were two reasons, justifying the amendments: 1-o, as regards foreign postal tariffs, the Polish postal authorities had to comply with the decisions of the Stockholm convention, and to bring up the Polish rates to the level of those internationally agreed on, the difference between the two being very wide, on account of the fall of the zloty, and 2-o, the internal postal classes had also to be revised, as there were two different rates: the basic fee and also an additional charge on behalf of the relief fund for the unemployed. The two charges form now a single postal fee.

The revision of the postal tariff relating to internal communications was carried out on the following lines: the basic fee for ordinary letters was raised from 16 to 20 grosz, while the charge for

certain categories of parcels, and also post-cards, printed matter, and samples was reduced by 10 to 20 per cent. At the same time the supplement payable towards the unemployment relief fund will no longer to be levied by means of a stamp, as was previously the case, but will be levied by a percentage being deducted from the total receipts from the sale of stamps.

It should be mentioned that the present rate in Poland for an ordinary letter, when calculated on a gold basis, is practically the same, as in a number of Western European States (England — 1½ pence, United States of America — 2 cents, Germany — 10 pfennig, Czechoslovakia — 100 heller etc.).

The tariff relating to communications with abroad has, in accordance with the general principles stated, been raised on the average from 20 to 30 per cent.

PERMITS FOR IMPORTATION OF GOODS REQUIRING A LICENCE AND COMING FROM ABROAD BY PARCEL POST. — See page 142.

FINANCE AND BANKING

STATE REVENUE AND EXPENDITURE. — The budget revenue and expenditure in August was as follows (in million of z):

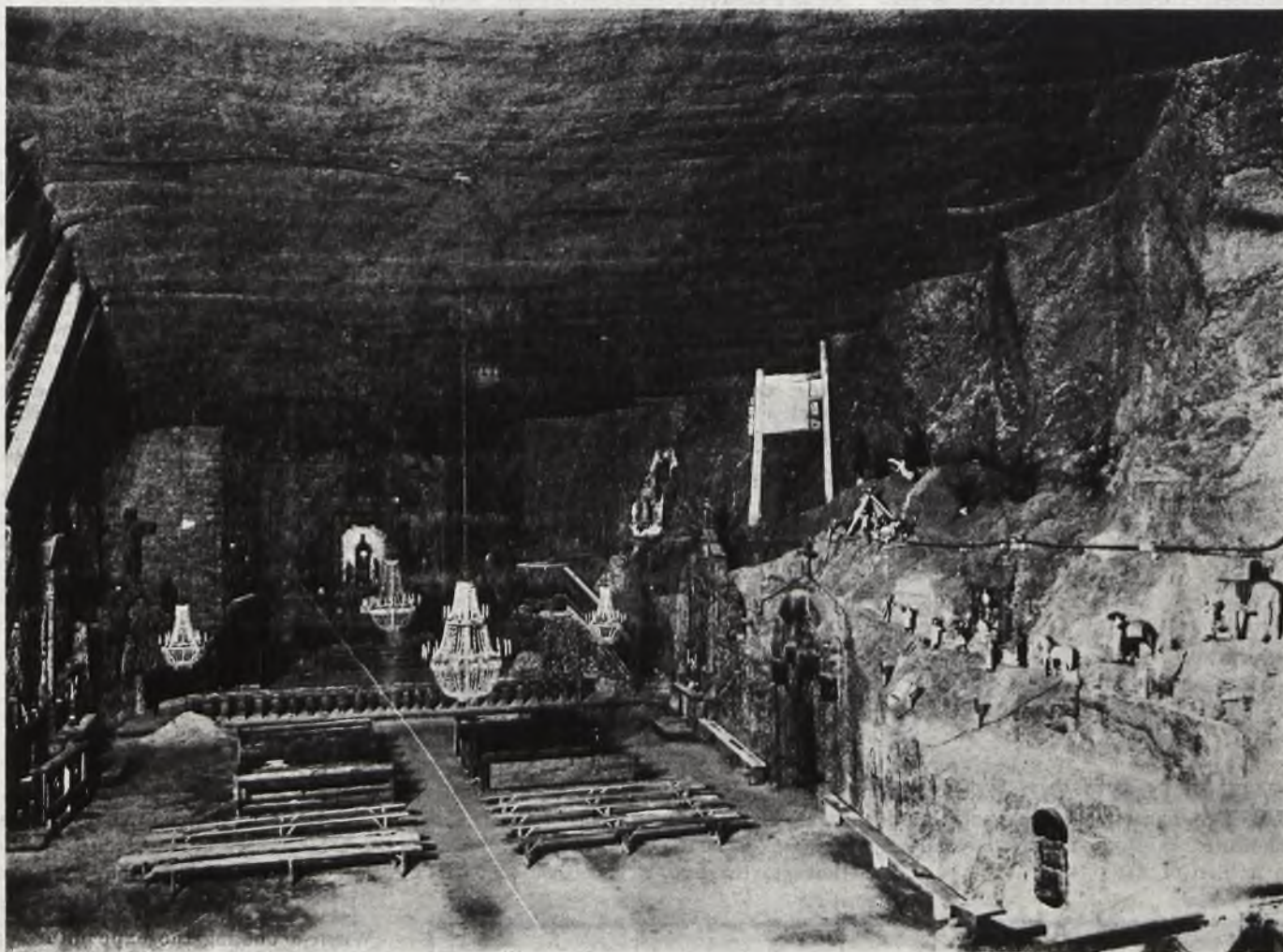
As may be seen by the table, the month of August was closed with a surplus of z 3,000,000. As, however, during that month some z 13,000,000 was paid

to the civil service and to the army, as an advance for the month of September, the total excess of revenue over expenditure amounted to some z 16·3 million.

	Revenue	Expenditure
A) Civil service	97·7	161·9
The President of the Republic . . .	—	0·2
The Parliament	—	0·8
State Control	—	0·3
Council of Ministers	—	0·1
Ministry of Foreign Affairs	0·4	4·0
" War	0·9	56·2
" the Interior	1·2	14·5
" Finance	87·2	7·2
" Justice	2·8	7·2
" Industry and Commerce	0·4	1·9
" Railways	—	0·2
" Agriculture and State Lands	1·1	2·4
" Religious Cults and Education	0·1	30·8
" Public Works	2·4	9·5
" Labour and Social Protection	0·1	6·3
" Land Reform	—	3·9
Pensions	1·1	6·1
Grants to Invalids	—	7·6
State liabilities	—	2·8
B) State Enterprises	20·6	1·3
C) Monopolies	47·9	—
Total A + B + C	166·2	163·2

When deducting the expenditure paid in August, and if compared with July, it will be seen that the budget for August has not shown any considerable difference, which means that the expenditure was a little higher than $\frac{1}{12}$ of the preliminary estimates for the whole year, in spite of the restoration of full salaries in the civil service, the introduction of increased pay to army officers, and the rise of foreign currencies in relation to the rate of exchange of the zloty, which had been taken as a basis of the calculation of the emoluments (z 6·50 for the dollar).

The receipts, however, considerably exceeded the anticipated amounts, thanks to which the monthly budget is well on the credit side. It is of special interest to note that among the credit items there are large revenues received from the State enterprises, which amounted to z 20·6 as against z 6·7 million during the preceding month. Towards this sum, the Posts and Telegraphs provided z 7·8 million, the State Forests z 6·5 million, and for the first time the State Railways contributed z 6 million. The increase in the profits derived from State enterprises is all the more significant, as this section



ST. KINGA'S CHAPEL IN THE WIELICZKA SALT MINE (EVERY THING IS MADE OF ROCK SALT)

of State receipts has usually been disappointing.

Since the first of July the budget is not only well balanced, but the considerable surpluses for the last two months can be regarded as a material step forward towards the covering of the deficit for the first six months of this year, which, it will be remembered, amounted on June 30th to zł 71.4 million; in view of the increase in revenues in the months of July and August, the deficit for the last eight months decreased to the sum of zł 46.4 million or \$ 5.2 million.

In view of the steady rise in the State revenues during this year, it is safe to assume that the last four months will show further surpluses, which will probably enable the budgetary year to be closed without any deficit at all. It is all the more probable, as the beneficial effect of the 10 per cent supplementary tax will only be felt at the end of the year.

These surpluses in the budget are indispensable, as the Treasury does not

possess at present the cash reserves necessary for the rational administration of the finances of the State: besides, it should be borne in mind, that in the coming year the State will have to make investments, which were cut down in accordance with the economy policy adopted for the purpose of attaining the equilibrium of the budget.

TAXES IN AUGUST. — The steady increase in the receipts from public levies, which is quite a feature of the current year, also continued during the month of August. The total collections for that month amounted to zł 84.5 million as against zł 83.2 million in July; the increase is accounted for by the rise of receipts from direct taxes, which gave zł 37.4 million as against zł 36.6 million in July, and also to the rise of collections of the property tax, which amounted to zł 6.2 million, the figure for the month of July being zł 4.2 million. On the other hand, there was a decline of

zł 2.3 million in indirect taxes, and in customs duties by zł 1 million as compared with July. A certain weakening is shown in the collections from monopolies, which during the period under review amounted to zł 47.9 million, whereas in July they were zł 51.6 million. This decline is to be ascribed to the large payments effected in July for various supplies of raw materials.

For the first time the State revenues reflect the 10 per cent supplementary tax, which alone gave zł 1.5 million. As already stated*), this tax was introduced with the view of covering the budget deficiency in the course of this year. This tax, made operative as from the first of July last, had not as yet been collected in full, because for the time being it is applicable only to those taxes, which fell due after the first of July.

*) See "The Polish Economist" No. 2, page 71.

Compared with the budget for the first half of the current year and with the monthly estimate, the revenue in August was as follows (in million of Z):

	Actual revenue:		Estim- ated	1/12*) of the
	August 1925	1926	July 1926	yearly budget
Direct taxes	26.8	37.4	24.8	27.7
Indirect taxes	9.5	12.5	8.9	9.1
Customs duties	22.3	15.9	13.0	16.7
Stamp fees	8.6	10.8	8.5	9.2
Total of the ordinary public revenues:	67.2	76.6	55.2	62.7
Property tax	5.4	6.3	4.0	5.0
10 per cent extra- ordinary tax	—	1.5	2.0	—
	72.6	84.4	61.2	67.7
Monopolies	38.2	47.9	46.9	37.9
Total of public levies and monopolies:	110.8	132.3	108.1	105.6

If the revenue for the last eight months is taken into consideration, then it should be stated that the receipts from public levies have been much better than was anticipated at the beginning of the year. They are in excess of the sums appearing in the budget for the year 1926 and, giving the sum of Z 940,000,000, represent 74.16 per cent of the preliminary estimate for the whole year, whereas for the eight months period the actual revenues were equal to 66.6 per cent of that sum. A surplus is to be noted with regard to all categories of public levies appearing in the preliminary budget, with the exception of customs duties and the property tax. Detailed explanations of these phenomena were given at length in our previous issue; considering that the last months of the year usually show the highest revenue from public levies, it is to be expected that the aggregate receipts will greatly exceed those forecasted in the budget and will make it possible to cover the anticipated budgetary deficiency.

THE REDUCTION OF STAMP DUTY ON COMPANIES.—A new decree has been made on this subject dated July 1st 1926, but it has not yet been published, as it will not be made operative before the 1st of January 1927. This decree provides, *inter alia*, for a considerable reduction of stamp fees in connection with the foundation of limited liability companies, and also on the acts relating to the increase of capital by these companies. This reform was decided upon on the ground that, after the close of the inflation period, the extent of the above mentioned fees made it difficult to concentrate capital for the foundation and operation of commercial and industrial enterprises. For the same reason, when passing this act, the Parliament recommended the Government to introduce the amended stamp fees without any delay. The re-

spective decree will shortly be made operative. According to the project, the stamp fees relative to companies will be two per cent (at present five per cent) on shares or acts of establishment of all kinds of companies, on the increase of the capital of companies, on every share or the amount of increased capital; in addition there is a charge of two per cent (for per cent) on immovable capital, whereas loans are not subject to this provision. On the capital of foreign limited liability companies destined for business to be carried on in Poland, the assessment amounts to two per cent (five per cent). The stamp duty laid on the acts of amalgamation of companies is two per cent (two-and-a-half per cent).

EXTENSION OF THE FULL STATE SPIRIT MONOPOLY TO THE WHOLE TERRITORY OF POLAND.

The Minister of Finance has signed a decree, covering the introduction of the full State Spirit Monopoly in those parts of Poland, where until the present moment it has not been applied, namely: in the Voievodships of Białystok, Lublin, Kraków and Silesia— from the 1st of December next; in the Warsaw, Łódź and Kielce Voievodships—from the 1st of January 1927, and in the Voievodships of Poznań and Pomorze—as from the 1st of April 1927.

ACTIVITY OF THE STATE SPIRIT MONOPOLY IN AUGUST.—During August the sales of the State Spirit Monopoly were as follows (in thousands of hectolitres 100⁰):

	August:	
	1925	1926
for drinking purposes	39.3	31.1
for industrial purposes	2.8	2.9
denaturated spirit	5.9	9.4
	48.0	43.4

The above figures indicate that the sales of the State Spirit Monopoly in August were by 4.6 thousands hectolitres or by 9.6 per cent less than those in the corresponding month of last year. It should be noted that the quantity of spirit consumed as beverage declined by 8.200 hectolitres, whereas that used for industrial purposes rose by 0.1 thousand hectolitres, and the sales of denaturated spirit— by 3.5 thousand hectolitres.

Compared with July last, there is an increase of 8.000 hectolitres in the sales, including an increase of 3.5 thousand hectolitres in the sales of denaturated spirit.

During the first eight months of this year the sales of spirit amounted to 334.900 hectolitres, and there was a drop of 6.7 per cent as compared with the corresponding period of last year. During the period under review 265.6 thousand hectolitres were used for drinking purposes (an increase of 2.5 per cent), 17.3 thousand hectolitres for industrial purposes (a drop of 10.2 per cent), and 52.0 thousand hectolitres were sold as denaturated spirit (an increase of 46.5 per cent).

The net profits of the State Spirit Monopoly paid to the Treasury in July were Z 18,000,000.

STOCK EXCHANGE

FOREIGN CURRENCIES *)

During August the situation of Polish currency continued to be favourable. Strong currencies headed by the dollar were somewhat weaker, although the decline did not exceed 1.5 per cent. During the period under review the French franc covered the loss sustained during July, whereas the Belgian franc gained some per cent as compared with that month.

The dollar quotations on the official Stock Exchange were the same as on the open market and, what is more significant, during the whole month there were practically no fluctuations in the dollar quotations—a factor which is so prejudicial to the normal development of trade. It is also gratifying to note that the currency transactions did not bear the character of speculations, and it may safely be stated that all purchases of foreign currencies were economically justified. The present stabilisation of the Polish currency, and the endeavour of the Government to restore gradually the gold parity of the *złoty*, are not conducive to long term speculative transactions, as they do not leave any margin of profit for either the buyer or the seller. The free circulation of foreign currencies was restored on the home market**. This fact had no influence whatsoever on the quotations of foreign currencies on the official Stock Exchange, and on the open market, as the present policy of the Ministry of Finance is appreciated by the community.

Local industry and commerce absorbed during August a much larger amount of foreign currencies than was the case in the preceding month; on the Warsaw Exchange alone the increase in the purchases was about \$ 1,000,000.

SHARES

There was an exceptionally intense activity on the share market and especially in the latter part of the month. Quotations went up by leaps and bounds. In addition to banks buying shares for their clients, the "coulisses" took an active part in the transactions and showed considerable interest for industrial shares, with a marked preference for those established before the war. At the end of August the "coulisses" threw a considerable volume of various shares on the market with the object of bringing down the quotations for the special

*) Table—see next page.

**) See page 149.

*) The average monthly receipts.

classes; so far these endeavours have given no result, as the demand was larger than the supply. The causes of

satisfactorily, and may compete in this respect with highly estimated foreign concerns.

with the result that the volume of business increased; the discounting of bills and the making of deposits, which

		30.7	2—6.8	9—13.8	16—20.8	23—30.8	31.8	par value
Warsaw Exchange								
London	£ 1	44'30	44'20	44'19 ⁷ / ₁₀	44'17 ⁴ / ₁₀	43'89 ⁹ / ₁₀	43'75	25'22
New York	\$ 1	9'08	9'07	9'07	9'07	9'02 ¹ / ₂	9'—	5'19
Paris	Fr. fr. 100	22'22	25'36	25'66	25'45	25'95	26'55	100'—
Brussels	B. fr 100	23'46	24'94	25'25	24'81	24'79	25'15	100'—
Zurich	Sw. fr. 100	176'30	175'92	175'78 ¹ / ₂	175'68	174'71	174'15	100'—
Milan	Lir 100	29'82	30'17	30'37	29'95	29'56	29'40	100'—
Amsterdam	Fl. 100	366'25	365'35	365'04	364'80	362'35	—	—
Vienna	Sh 100	—	128'59	128'60	128'49	127'72	127'45	0'73
Prague	Kcz 100	26'99	26'94	26'93	26'93	26'79	26'72	15'36
Stockholm	Kr. 100	—	243'45	243'40	243'40	341'92	—	—
Foreign Exchanges								
London	£ 1	—	44'90	44'40	45'25	44'87	44'50	25'22
New York	₤ 100	—	10'78	10'88	10'97	11'03	10'95	19'30
Zurich	₤ 100	—	56'81	56'66	57'—	57'19	57'—	100'—
Vienna	₤ 100	—	77'60	77'45	78'32	78'57	78'25	137'13
Prague	₤ 100	—	378'50	373'60	374'—	376'40	377'75	651'—
Berlin	₤ 100	—	46'14	46'26	46'42	46'60	46'65	81'—
Danzig	₤ 100	—	56'55	56'65	56'68	57'18	57'60	99'108

the present firm tendency in dividend bearing securities are to be found in the circumstance that the shares, as indicated in our last report, are quoted below their real value, despite the fact that the enterprises are progressing

The increased activity in industry and commerce has contributed materially towards the increase in the revenues of the Polish banks. The public began to place a larger measure of confidence in the local banking institutions,

played such an important rôle in the pre-war banking business, are steadily gaining ground. It is therefore safe to assume that the interest taken in, and the demand for bank shares is closely connected with the steady development

Industrial shares	30.7	2—6.8	9—13.8	16—20.8	23—30.8	31.8	Nominal
Bank Polski	72'92	80'51	81'21	81'15	90'23	103'17	₤ 100'—
Bank Dyskontowy Warszawski	6'57	7'23	7'31	7'86	8'80	9'38	Mk. 5.000'—
Bank Handlowy w Warszawie	2'10	2'63	2'99	4'11	4'44	4'30	Mk. 1.000'—
Bank Zachodni	1'15	1'17	1'18	1'68	2'08	2'60	Mk. 540'—
Bank Zjedn. Ziem Polskich	—	0'82	1'18	1'78	1'86	1'95	Mk. 1.000'—
Bank Zw. Sp. Zarobkowych	5'—	5'25	6'19	7'08	7'42	8'38	Mk. 1.000'—
Warsaw Society of Coal Mines	62'50	65'36	61'04	60'53	77'15	87'—	₤ 100'—
Cukrownia Chodorów	91'20	92'80	92'—	93'41	94'93	—	₤ 100'—
Cegielski	8'75	10'35	16'32	18'31	18'94	27'17	₤ 50'—
Zieleniewski	11'28	—	10'66	11'75	15'69	16'75	Mk. 1.000'—
Starachowice	1'55	1'73	1'68	1'76	2'29	2'81	Mk. 500'—
Lilpop, Rau & Loewenstein	0'78	8'86	0'83	0'89	1'13	1'25	Mk. 500'—
Ostrowiec	5'68	5'91	5'71	6'27	8'16	8'78	Mk. 500'—
Modrzejów	2'96	3'27	3'22	3'63	5'08	5'75	Mk. 500'—
Rudzki	1'07	1'19	1'09	1'17	1'65	1'83	Mk. 500'—
Warsz. Sp. Akc. Budowy Parowozów	0'29	0'26	0'30	0'37	0'45	0'53	Mk. 500'—
Żyrardów	8'73	9'68	9'40	10'69	15'68	18'—	Mk. 540'—Rb. 250
Zawiercie	—	8'52	8'80	12'52	18'33	24'83	Mk. 6.000'—
Nobel Bros.	2'70	2'73	2'57	2'74	3'11	3'87	Mk. 1.000'—
Ł. J. Borkowski (Elibor)	—	0'69	0'71	0'73	1'34	2'10	Mk. 216'—
Wysoka	—	2'60	2'48	2'85	3'09	2'93	Mk. 1.000'—

of banking in Poland. As may be seen from the statement given below, the differences in the quotations of the more favoured banking shares are simply unprecedented: the rise was from 40 to 125 per cent.

Of other shares those of the Warsaw Society of Coal Mines rose by 40 per cent; the metallurgical group gained from 50 to 210 per cent; the textile group from 105 to 200 per cent; Nobel Bros. about 44 per cent; Borkowski over

200 per cent; Wysoka (cement) 13 per cent; the smallest rise experienced was in shares of the Chodorów sugar factory, which was due to the fact that they have been recovering for some considerable time on the Exchange in Warsaw as well as on the provincial ones in Kraków and Lwów, and are now nearing par.

STATE MUNICIPAL AND LAND LOANS

Government securities fell in with the general tone and have also risen

considerably. The 8 per cent Interna Gold Loan (conv. 1925), and the 10 per cent Railway Loan emitted in a stable currency reached 90 per cent of their nominal value. The 5 per cent Conversion Loan and the 6 per cent External Dollar Loan gained in value by 33 and 10 per cent respectively. The long term credit bonds were the subject of numerous transactions and gained from 23 to 40 per cent.

State, Municipal & Land Loans	30.7	5—7.8	9—14.8	16—21.8	23—30.8	31.8	Nominal
8% Internal Gold Loan (conv. 1925)	147—	—	147·10	151·87	159·12	—	₺ 100—
5% Conversion Loan	42—	41·57	42·18	47·15	52·70	55·75	₺ 100—
6% External Dollar Loan 1920	594·08	599·29	624·32	638·97	675·17	665·25	\$ 100—
10% Railway Loan (1st series)	145—	141—	140·03	141·95	154·20	157·50	Gold fr. 100—
4% Land Bonds	—	27·25	26—	—	33·75	—	₺ 100—
4½% Land Bonds	30·20	32·08	31·22	35·44	40·80	42·77	₺ 100—
5% Warsaw Municipal Bonds	37·38	38·37	37·37	42·30	47·38	48·88	₺ 100—
4½% Warsaw Municipal Bonds	—	34·80	35·17	38·95	42·70	—	₺ 100—

NEW CURRENCY REGULATIONS*.—The Ministry of Finance has issued new regulations dated August 20th, concerning the movement of foreign exchange and foreign currencies as well as the circulation of funds between Poland and foreign countries.

The aim pursued is the prevention of the outflow of capital; the circulation of foreign currencies in this country is unhampered, as the result of the stabilisation of the złoty.

The different questions are dealt with as follows:

1. — By the transfer of foreign currencies abroad is understood a transaction, whereby foreign currencies are put at the disposal of persons living abroad, or firms domiciled in foreign countries (the decisive factor being the domicile, not the nationality, of the persons and firms concerned). The transfers include also the deposit of foreign currencies for account of these persons or firms. Transactions may only be effected through the intermediary of the Bank of Poland and Exchange Banks. Foreign exchange papers, such as cheques, transfers, letters of credit, foreign currencies, are treated in the same way as the transfers of foreign currencies abroad. The Ministry of Finance alone may grant special privileges for the transaction of this business. Persons and legal entities, who have not been given this power, may only effect the sales of foreign exchange to the banks authorised to buy foreign exchange, herein after referred to as "Exchange Banks".

The Exchange Banks may effect transfers in foreign currencies abroad without permits by the Treasury for the following purposes:

- 1) the payment of foreign liabilities resulting from the importation of goods into Poland,
- 2) part payments for goods ordered,

3) payments of charges imposed by forwarding-agents for transports of goods imported, as well as customs duties payable in foreign currencies,

4) payments of foreign liabilities economically justified including interest,

5) payments of dividends etc., the holders of which reside abroad, and of directors fees due to persons residing abroad,

6) insurance and reinsurance premiums payable abroad,

7) cost of living abroad provided that the stay is established, but in this case the amount of the transfers may not exceed gold ₺ 1.000 per month and family,

8) all other payments justified from the economic point of view, provided that the amount does not exceed the equivalent of gold ₺ 1.000.

When making arrangements for a transfer, the following formalities should be complied with:

1) the applicant should fill in a special declaration in duplicate, containing the text of the order and the specification of the documents attached thereto,

2) the applicant should submit to the bank a document proving one of the above mentioned origins of the transfer. When transferring the equivalent for goods imported into Poland, invoices and customs receipts should be submitted to the bank. If the latter document is not available — the applicant is required to furnish a written affidavit that he will present them at the latest within six weeks. If the transfer bears the character of an advance payment for the goods to be imported, then the applicant should furnish a copy of the pro-forma invoice and a written affidavit that he will produce the customs receipts or the bill of lading within three months. Original documents con-

taining the mention of the transfers effected, may be returned to the applicant (copies certified by the bank remaining with the latter).

Transfers abroad by Exchange Banks on their own account, or on account of other Exchange Banks, are not subject to any restrictions so long as they do not involve the opening of credit in złoty in favour of a foreign firm.

2. — Transfers of money in the form of cheques, money orders, letters of credit and bills of exchange can only be effected with the permission of the Treasury. Exchange Banks are empowered to transfer the above without a special permit, but if the transfer is effected as a result of an order given by one of the bank's clients, it should, as stated before, be economically justified.

3. — Transfers are permitted for the benefit of persons going abroad; they are allowed on the strength of their passport to take with them gold ₺ 1.000 or the equivalent in foreign currency.

4. — The dispatch of securities abroad (irrespective of purposes) requires a special permit from the Treasury. Obligations of State Loans, which up to the present have been permitted to be sent abroad, in accordance with general permits issued by the Ministry of Finance, are still allowed to be transferred in this manner.

5. — Foreign money and securities may be re-exported within two months from the date of issuing of a certificate of their introduction.

6. — The sale of securities on foreign account, as well as their deposit as a guarantee, requires a special permit from the Treasury; the Minister of Finance is empowered to grant general permits concerning certain se-

* See "The Polish Economist" No. 3, page 112 (Latest News).

curities, and also to issue a general licence to certain institutions. Investments originating in transactions effected wholly or partly in Poland for a period exceeding 30 days are forbidden.

7.—Foreign currencies emanating from exports may only be collected through the intermediary of the Bank of Poland or Exchange Banks. The aim of this stipulation is to prevent the outflow of capital, which remaining abroad, might be used for investment purposes. The exporter is required to give an order to the bank to collect the amount due, and he then obtains a so-called foreign currency certificate, which must be attached to the bill of lading; on the strength of these two documents the customs will allow the goods to leave the country. The collection of money by the bank is to be actually carried out, without interference by the exporter. The bank may receive the equivalent of exports, but in that case the exporter has to prove that it is the same amount which the bank was to collect on the strength of an order previously obtained. The foreign currency certificates may only be issued to actual exporters. They are not transferable. Foreign currencies for exports should be collected within three months from the date of issue of the foreign currency certificate.

Certain export articles, namely: timber not dressed and in the form of beams, railway sleepers, deals, boards and laths, oak staves; petroleum products; eggs, rye, wheat, oats, barley, peas and beans, hops; clover seeds, sugar beet seeds; pigs, horned cattle, horses and geese, fresh, salted and frozen meat, as well as bacon — may only be exported on the strength of foreign currency certificates issued by the Bank of Poland, and the foreign currencies for the export of these commodities are to be collected exclusively by the Bank of Poland in a proportion which is periodically established by the Bank for each of these articles.

Foreign currencies resulting from the sales of the following articles, namely: coal, coke and briquettes; pig iron, iron and steel as well as manufactures of iron and steel; zinc and zinc wares, lead and lead manufactures; sulphuric acid and by-products of coke plants, which are exported in large quantities to the average value of at least gold zł 50,000 per month — are to be collected by the exporters themselves within three months of the date of issue of the foreign currency certificates and are subsequently to be paid in to the Bank of Poland within of the most 30 days. A certain percentage of the foreign currencies are to be sold to the Bank of Poland, within a period of 14 days, the percentage being fixed by the Ministry of Finance.

Foreign currencies, or a portion of them, emanating from exports and which are not subject to be sold to the Bank of Poland, are put at the disposal of the exporter, with the reservation that all payments in Poland are to be effected in *złoty* at the rate of exchange ruling on the day of each particular

order given to the bank, whereas payments to be made abroad may be effected, provided that the above mentioned regulations, i. e., the permission of the Treasury and the furnishing of evidence that the payment is economically justified, are complied with. The economically justified foreign payments of a given exporter are deducted from the amount of foreign currencies resulting from export which is not subject to sell to the Bank of Poland.

8. — The keeping of accounts in foreign currencies is only allowed in those banks which have obtained a permit to that effect. The clients are free to dispose of their deposits within the country, with the exception of the sums received for exports, the disposal of which has already been dealt with. Orders according to which payments are to be made abroad are subject to general regulations concerning the transfer of foreign currencies abroad. Foreign currencies which came directly from abroad may be transferred abroad without any restrictions or formalities whatsoever; this, of course, does not apply to amounts collected for goods sent abroad. The Exchange Banks may grant credits in foreign currencies to persons and firms domiciled in Poland, on the condition that they will be redeemed in foreign currency. The payments of transfers coming to Poland from abroad and expressed in foreign currencies are authorised to be made in actual foreign currencies.

9. — Accounts in Polish currency kept by persons and legal entities residing or domiciled abroad (the so-called foreign accounts) may only be opened with the Bank of Poland, the State Banks and the Exchange Banks. Payments on these accounts from abroad and transfers from other accounts of this kind are also permissible. Payments made in this country on these accounts are dealt with in the same way as the transfer abroad of foreign currencies.

Payments on foreign accounts, kept with the Post Savings Bank or its branches up to zł 100, are permitted without any special formalities or restrictions. However, one person may not pay in more than zł 100 to a given foreign account. The foreign accounts may be drawn upon without any restrictions but within the limits of the existing cover. In default of cover, payments, in connection with these accounts, are considered as credits granted to foreign customers in Polish currency. This may be only effected with the permission of the Ministry of Finance. The transfer of money to foreign accounts, or the crediting of a foreign account with sums in Polish currency from the payment of a Polish bill of exchange payable abroad, is also permitted, provided that the dispatch of the bills of exchange was previously effected in accordance with legal prescriptions.

It should be stated that the currency regulations now in force do not impede in any way the execution of contracts in foreign currency, as well as mortgage loans and operations involving bills of exchange in foreign currencies.

THE EXCHANGE OF BONDS OF CERTAIN AUSTRIAN LOANS AGAINST THE POLISH 5 PER CENT CONVERSION LOAN. — The "*Dzien. Ustaw R. P.*" Nr. 89, items 508 and 509, published two regulations issued by the Minister of Finance, the object of which is to withdraw from circulation certain bonds issued by the former Austro-Hungarian Government, which are held by the inhabitants of those parts of Poland which were formerly under Austrian rule.

The first of the two regulations embraces the bonds in respect of those loans which were floated in the years 1893, 1904, 1905, 1907, 1908, 1913 and 1914 by the autonomous authorities of former Austrian Poland. These bonds will be exchanged against the 5 per cent Conversion Loan by the Treasury Office in Lwów during the period from September 20th 1926 to June 30th 1927. The rate of exchange will be zł 20 for 100 nominal Austro-Hungarian crowns, with the exception of the 1914 emission, in which case zł 25 will be paid for 100 Austro-Hungarian crowns. The conversion privilege is not bestowed on Austrian, Hungarian, German and Russian citizens.

The second decree relates to the exchange of bonds of the late Austro-Hungarian State Railways, namely: the Charles Louis Railway, the Albrecht Northern Railway, the Ferdinand Railway and the Hungarian Galician Railway. For the purpose of this exchange there will be issued a special 5 per cent Railway Conversion Loan, to the amount of zł 50 million, which will be secured by mortgage on these State Railways situated in former Austrian Poland. The bonds of the new railway loan will be distributed by the Office of State Loans in Warsaw as from November 1st 1926 to December 31st 1927; the rate of exchange will be zł 16 per 100 Austro-Hungarian crowns nominal, with the exception of the Albrecht Railway bonds of 1877, in which case the rate will be zł 300 for 100 Austro-Hungarian crowns.

THE CONVERSION OF DEBENTURES ISSUED BY LOCAL GOVERNMENTS. — The "*Dziennik Ustaw R. P.*" No. 89, item 507, published a decree issued by the Minister of Finance dated August 18th 1926 relative to the conversion of debentures issued by autonomous local governments. The decree embraces bonds which were payable in Polish marks and which were issued prior to April 28th 1924 and were expressed in Polish or German marks, Austro-Hungarian crowns or Russian roubles.

SAVINGS DAY IN POLAND. — The first International Savings Congress, which was held in Milan, has established a "Savings day" for the 31st of October. The International Savings Institute in Milan, called into being by the Congress, had already last year requested the Polish Post Office Savings Bank (P. K. O.), a Member of the Institute, to organise a day of savings in Poland. Unfortunately various impediments of a technical nature did not permit the organisation of the "savings day" last year. Now, however, on the initiative of the Post Office Savings Bank, a special organ-

ising Committee has been appointed by the Ministry of Finance, which has been placed in charge of the preparations for the day in question. The Committee contemplates the organisation, in Warsaw, on the 31st of October, of a general conference of representatives of savings institutions, including social workers, connected with the fostering of economy in Poland. The conference will consider the problem of savings under the existing conditions in this country, as well as the selection of a representative body from the Polish savings banks and institutions.

BANK OF POLAND

— The balance of foreign payments during August continued to be favourable, while the supply of foreign currencies, accumulated in the country in large quantities at the time of the fall of the zloty, has been responsible for the considerable inflow of foreign currencies and foreign exchange to the Bank of Poland, so that its bullion and currency reserves rose in that period from gold zł 179.2 to gold zł 220.6 million, equal \$ 42.5.

The increase of these reserves was so substantial that despite the increase of the banknotes in circulation, the

gold cover reached 40.37 per cent. The volume of business transacted by the Bank also rose considerably, which is reflected by the rise of the grand total by zł 44.0 million. During August the gross reserves of foreign currencies and foreign exchange rose from gold zł 91.3 to 107.6 million, i. e., to \$ 20.8, and the difference in the quotations values on the foreign currency accounts, which was zł 58.7 million on the 31st of July, and rose to zł 88.6 million on August 31st last. The amount of foreign exchange and currencies bought by the Bank amounted to gold zł 88.0, which included gold zł 46.2 from exports*). At the same time the liabilities of the Bank, payable in foreign currencies, declined from gold zł 47.3 million to gold zł 22.4 million, i. e., by \$ 4.3. Such a large decline in the liabilities of the Bank of Poland was brought about by the payment of \$ 4 million, i. e., gold zł 20.7 million towards the settlement of intervention credits received last year by the Bank of Poland from the Federal Reserve Bank. In connection with this settlement the gold of the Bank of Poland deposited with the Bank of England as a security for the intervention credits mentioned, has been released. As

**) Besides this the transfers for exports effected in zloty amounted during August to zł 7,400,000.*

the result of the increase of the gross foreign currency and foreign exchange reserves and the simultaneous decline in liabilities, one of the component parts of the cover of money in circulation, namely the net amount of foreign currencies and foreign exchange, went up from gold zł 44.0 to gold zł 85.2 million (or \$ 16.4), i. e., by gold zł 41.2 million.

It is noteworthy that the net amount of foreign exchange should augment considerably, namely from gold zł 21.2 to gold zł 70.1 million, while at the same time the volume of foreign currencies declined from gold zł 22.8 to gold zł 15.1 million. This decline is accounted for by the redemption of credit received from Federal Reserve Bank, amounting to \$ 3.3 million, which was paid in dollar bank notes for the reason that the cost of direct transport of the bank notes to New York was less than the commission payable for a cable transfer. The second component of the cover of the bank notes in circulation in Poland, namely bullion, rose in August from gold zł 135.2 to gold zł 135.4 million, i. e., by gold zł 0.2 million. The purchases were effected by different branch offices of the bank. The total gold and currency cover of the money in circulation during the period under review was as follows (in million of gold zł):

	JULY 31st		AUGUST 10th		AUGUST 20th		AUGUST 31st	
Assets:								
Gold in bars, bullion and cash	57,711.242.72		57,763.626.79		57,842.642.35		57,912.072.43	
Gold on deposit abroad	77,487.909.12	135,199.151.84	77,487.909.12	135,251.535.91	77,487.909.12	135,330.551.47	77,487.909.12	135,399.981.55
Foreign balances		91,324.624.63		75,498.543.79		82,763.401.72		107,585.653.59
Exchange difference on currency a/r.		53,655.965.84		61,361.900.70		69,251.502.36		88,645.260.46
Silver and tokens coins:								
Gold value of silver	1,742.568.21		1,819.986.10		1,904.512.90		340.192.24	
Own token coins	705.023.96	2,447.592.17	705.023.96	2,525.010.06	16,009.148.57	17,913.661.47	804.912.34	1,145.104.58
Silver and token coins		304,177.675.74		301,680.958.41		304,021.607.01		306,687.239.87
Bills of exchange		33,385.543.07		29,874.897.10		27,041.557.10		27,115.527.10
Loans against securities		15,937.390.00		15,737.390.00		14,960.430.00		13,839.830.65
Report		24,351.000.00		23,939.349.58		24,958.242.57		24,612.272.87
Loans to Government		50,000.000.00		50,000.000.00		50,000.000.00		50,000.000.00
Treasury notes discount		33,315.604.96		33,324.489.40		33,325.193.93		33,325.805.23
Property and fittings		42,156.394.96		42,868.503.25		42,906.897.48		46,618.557.51
Other assets								
		790,950.943.21		772,062.578.20		802,476.045.11		834,975.232.76
Liabilities:								
Capital		100,000.000.00		100,000.000.00		100,000.000.00		100,000.000.00
Reserve fund		2,907.870.00		2,907.870.00		2,907.870.00		2,907.870.00
Notes in circulation		511,166.190.00		499,532.740.00		511,729.670.00		560,240.110.00
Current accounts:								
Government Institutions	32.422.57		21,603.437.28		11,460.043.96		11,875.113.16	
Outstanding guarantees	64,659.554.89		66,546.770.18		96,318.041.73		74,803.673.20	
Various	21,531.497.24	86,223.474.70	9,066.133.06	97,216.340.52	10,181.170.07	117,959.255.76	11,395.238.61	98,074.024.97
Liabilities in foreign currencies		31,311.061.08		11,763.096.81		9,228.549.80		9,289.023.16
Liabilities on report transactions		15,977.770.00		15,781.520.00		14,630.780.00		13,136.480.00
Other liabilities		43,364.577.43		44,861.010.87		46,019.919.55		51,327.724.63
		790,950.943.21		772,062.578.20		802,476.045.11		834,975.232.76

	July 31st	August 31st
gold	135.2	135.4
foreign currencies	22.8	15.1
foreign exchange	21.2	70.1
	<hr/>	<hr/>
	179.2	220.6

In relation to the bank notes issued the bank cover was 40.37 per cent on the 31st of August, as against 36.19 per cent on the 31st of July.

The bank cover of the money in circulation rose during August from zł 356.6 to zł 382.4 million and was

composed of the following items (in million of zł):

	July 31st	August 31st
bills, warrants, securities, drawn coupons	304.2	331.3
silver (in million of gold zł)	1.7	0.3
silver coins and small change owned by the Bank	0.7	0.8
liabilities of the Treasury	50.0	50.0
	<hr/>	<hr/>
	353.3	382.4

The discount credits of the Bank of Poland have increased during August from zł 304.2 to zł 306.7 million; at the same time the loans backed by securities have decreased from zł 33.4 to

zł 27.1 million. In total, therefore, the sum of credits granted by the Bank of Poland has diminished during August from zł 337.6 to zł 333.8 million.

The circulation of bank notes has advanced from zł 511.2 to zł 560.2 million. Converted into dollars at the rate of exchange ruling on the 31st of August, the value of the money in circulation on that day will be found to reach \$ 62.2, while the bullion currency cover was \$ 42.6, i. e., 68.4 per cent.

LATEST NEWS

WARSAW EXCHANGE:

	10.9.26	20.9.26
\$ 1 = zł	8.96½	zł 8.96¾
£ 1 = "	43.80	" 43.79½

BANK OF POLAND:

ASSETS:

Gold reserve	zł 135,333.892.78
Foreign balances	" 115,242.211.53
Bills of exchange	" 305,939.481.61
Loans against securities	" 27,203.202.70

LIABILITIES:

Notes in circulation	" 544,692.580.—
Current accounts	" 151,693.967.58

FURTHER REDUCTION OF DISCOUNT RATE.—An ordinance of the Ministres of Finance and Justice of September 7th last has reduced as per September 21st the maximum discount rate, permitted for banking operations, from 18 to 16 per cent per annum. Previously to this the rate in question was reduced, as per July 1st last, from 24 to 18 per cent per annum.

At the same time the State banks have diminished the discount rate from 14—8 per cent, established in July last, to 13—8 per cent per annum. Besides, a new reduction of the discount rate of the Bank of Poland from 10 to 9 per cent per annum is in contemplation.

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