

THE POLISH ECONOMIST

A MONTHLY REVIEW OF TRADE, INDUSTRY AND ECONOMICS IN POLAND

WARSAW — LONDON — NEW YORK

DATE OF THIS ISSUE: OCTOBER 29, 1926

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

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

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SEPTEMBER may, undoubtedly, be considered as a favourable period in the economic life of Poland, despite a certain decline in exports and the increase in the cost of living, and even in spite of a few anxious moments owing to the effect of the cabinet crisis on public opinion, which is unduly sensitive to the consequences of such events. Less favourable economic developments have easily been explained, and the nervousness of the general public quickly vanished. Consequently, the process of increasing stabilisation in the economic situation of Poland was not interfered with in that month.

In agriculture, the high prices ruling for crops contributed towards the welfare of the largest community of this country. The harvest is nearing its end; there only remain the potatoes and the sugar beet to be gathered, which operations are not, this year, carried under very favourable conditions. On the other hand the atmospheric conditions are very good for the simultaneous autumn sowings.

There was a further revival in industry, the number of unemployed continuing to decrease rapidly in almost all branches. There were no serious conflicts between employers and employees, and those which took place were liquidated without great difficulty. The seasonal industries, such as manufacture of sugar, of spirit and others, are making preparations for the winter campaigns.

The index of wholesale and retail prices as well as the cost of living, rose by a few per cent, the increase, however, almost exclusively concerns the group of foodstuffs and agricultural produce, and is explained, in the main, by the situation on the world markets.

As regards foreign trade, the relation of exports to imports is less satisfactory, but the balance continues to be distinctly favourable; both exports

and imports decreased; the decline in exports is by no means the outcome of any slump in the economic situation of the country, but is simply accounted for either by casual causes, such as shortage of trucks for coal, or the seasonal falling off in sales of petroleum and timber products etc. That this is so is confirmed by the simultaneous rise in the inland goods traffic.

The Bank of Poland further augmented its bullion and currency reserves, despite the circum-

stance that substantial payments resulting from various State liabilities incurred abroad fell due at the end of the month. The rate of exchange of the zloty was maintained on the same level throughout the period under review.

The position of the Treasury left nothing to be desired. Revenues from taxation and State Monopolies were collected in a regular manner and even surpassed those of the preceding month. The State budget was well balanced during the month.

REVIEW OF THE GENERAL ECONOMIC SITUATION IN POLAND

September 1926

	UNIT	SEPTEMBER 1925	AUGUST 1926	SEPTEMBER 1926
STATE OF EMPLOYMENT:				
UNEMPLOYED		195.040	244.552	211.328
PRODUCTION:				
COAL	thousand of tons	2.319.9	3.688.0	3.769.0
OIL		67.2	67.3	63.5
IRON		25.1	29.0	28.7
PRICES:				
WHOLESALE PRICE INDEX	(1913 = 100)	127.2	173.2	177.2
INDEX OF COST OF LIVING IN WAR-SAW		152.0	181.0	187.6
FOREIGN TRADE:				
IMPORTS	million z	72.9	161.4	148.4
EXPORTS		108.8	225.2	199.4
EXCESS OF EXPORTS (+) OR IMPORTS (—)		+35.9	+63.8	+51.0
TRANSPORTS:				
RAILWAY TRAFFIC	truck loaded (15 tons) reg. ton	378.300	485.918	493.050
PORT TRAFFIC (DANZIG AND GDYNIA)		172.519	358.183	338.470
BUDGET:				
RECEIPTS	million z	119.4	166.2	162.8
EXPENDITURE		147.2	163.1	156.0
MONEY CIRCULATION:				
BANK OF POLAND NOTES	million z	396.5	560.2	581.4
COVER IN GOLD AND FOREIGN CURRENCIES	‰ ‰	45.76	40.37	40.55
TOKEN COINS	million z	343.1	447.0	426.7
CREDIT:				
(BANK OF POLAND)				
BILLS DISCOUNTED	million z	292.3	306.7	315.7
OFFICIAL DISCOUNT RATE	‰ ‰	12 ‰	10 ‰	10 ‰
FOREIGN CURRENCIES:				
(WARSAW STOCK EXCHANGE-AVERAGE RATES)				
U. S. A. DOLLAR	z	5.84	9.05	9.00
POUND STERLING		28.46	44.10	43.79

REMARK: — Figures appearing in the above table are intended exclusively to characterise the economic situation in September 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".

POLAND'S OUTLET TO THE SEA

THE PEOPLES inhabiting maritime States, and in the first place those of Great Britain, have, it may be said, flowing in their veins all the factors and traditions which form a guarantee and a basis for their development as sea powers.

Poland, as is well known, has only recently become a sea power. If she has this character to-day, it is not only because she has her own sea-coast and a few undeveloped ports, but, above all, because she has to base her trade expansion -- as regards both imports and exports -- partially, if not wholly, on the development of her own sea routes,

as she has to import essential raw materials for industry from overseas and to provide her population with indispensable articles of foreign origin.

There is to be observed a distinct, if small, difference in the attitude in this respect of the Polish community as compared with that obtaining, when Poland was a land-locked state; the feeling of appreciation of the sea is growing steadily; the

was due to the artificial construction of the Russian railway tariff.

But the conditions in the part of Poland occupied by Austria (Galicia) were even worse. Here also the Polish territory was artificially cut off from the nearest sea by the frontiers of two states, and had to communicate with overseas via the far-off Mediterranean.



THE OLD HARBOUR CANAL AT DANZIG

sea coast is beginning to attract the attention of the population, while the appreciation of matters marine is also making headway.

Up to quite recently, during a long period of years, things were absolutely different. From the XVIIIth century until the end of the war the Polish territories occupied by Russia, driving a wedge into Polish territories occupied by Germany, were separated from the nearby Baltic coast by the German frontier, which was very difficult to cross on account of political reasons. The result was that the population of the greater part of Poland's territories hardly knew anything about its own sea, while goods from these regions were more easily and more conveniently directed to the distant Black Sea than to the nearby Baltic coast. This

Even in the former German Poland, situated directly on the sea, the Polish population was shut off from the coast, the main coast resorts being occupied by German national colonies.

It is no wonder therefore that during the last 150 years Polish sea traditions have only been kept and cherished by a handful of Polish fisher folk engaged in trawling. When also it is taken into consideration that at the time of the restoration of Poland it did not receive a single ship and that there was no port on the Polish sea coast, while Danzig was burdened with political servitudes, then it is easy to understand that the conditions then prevailing were far from being propitious for the creation of a mercantile marine, and for the organisation and improvement of the Polish coast.

The worst, however, was the fact that all the efforts in this direction made by the Government and by private people met with a certain indifference on the part of their own community, and lacked the moral and material support, which are so freely accorded to such questions by the population of maritime States. The importance of the latter factor cannot be overestimated. Consequently, under these conditions a powerful stimulus was required from without in order to push forward this problem.

The question of harbours became then for Poland a matter of paramount importance.

Of course, Danzig is and will continue to be for a long time the main natural port of Poland. As already stated, this port has a number of shortcomings in the form of political burdens, besides which, the unnecessary German agitations do not conduce to the development of trade; it enjoys, however, certain advantages over other nearby harbours in that it is of long standing, has various



GENERAL VIEW OF THE NEW PORT OF GDYNIA UNDER CONSTRUCTION

This stimulus dawned unexpectedly in the shape of the German-Polish economic conflict. The German frontier having been closed to a large number of Polish export articles, these commodities had to search for new outlets, and having found them mainly overseas — had to be directed by the only available Polish sea port — namely, by Danzig. For the same reason large consignments, which previously would have passed through Germany and vice-versa, had also to be routed via this port.

It is only then that the insufficient development of the Polish ports and the absence of a mercantile fleet were fully realised.

port facilities and is located at the mouth of the main Polish water-way — the Vistula. As a harbour dealing with Polish exports and imports, Danzig has potential possibilities for development, and already previous to the specially increased movement of merchandise during the last few months, there was to be observed a general betterment of its position, as compared with that obtaining previous to the war, when it filled the functions of a German port of secondary importance.

This is shown by the following statement (in round figures):

	<i>Tonnage of arriving vessels (net reg. tons)</i>	<i>Goods handled (tons)</i>
1913	925.000	2,450.000
1923	1,702.000	1,718.000
1924	1,635.000	2,375.000
1925	1,870.000	2,723.000

The year 1926 was one of further progress.

As late as the beginning of 1926 the average yearly capacity of Danzig was estimated at about 3 million tons of various merchandise. The increas-

vast, are limited by natural conditions, and it has to be recognised that sooner or later the maximum capacity of that port will be attained.

For this reason the Polish Government decided in 1924 to construct a port at Gdynia, situated on the Polish coast at a short distance from Danzig. The scope of this port is to be very extensive, the general natural conditions for its construction, according to the unanimous opinion of experts, are very good indeed. The harbour is naturally protected



OUTER BASIN OF THE PORT OF GDYNIA

ed activity during the last few months made it necessary to make certain investments which resulted in the attainment of greater efficiency, bringing the capacity of Danzig to 4,000.000 tons. There is every reason to believe that this figure will be surpassed in the next few years.

There are, however, quite visible signs that the port of Danzig will not always be in a position to meet the needs of Poland: the movement to the sea is sure to become more intense, the railway system of Poland is being extended in the direction of the sea coast, and besides, the possibilities of development of the port of Danzig, though very

from waves, while the ground is soft and turf-like.

According to the agreement with the Polish-French Consortium, the contractors for the building of the port*) (the part shown in green on the attached map) should be completed by 1930, if not earlier, when the capacity will amount to 3,000.000 tons per annum, i. e., it will be about the same as that of the port of Danzig, up to quite recently. The outer harbour as well as one internal basin will be available for use by that time. The total

*) See "The Polish Economist" No. 2, page 68.



THE CONSTRUCTION OF PORT CAISSONS AT GDYNIA

length of the quays will be 4.5 klm. and the average depth of water will be 10 m. On the other hand the second stage of the port extensions (marked on the map by a black dotted line), which will probably not be finished until 1935-40, will augment the handling capacity of Gdynia to between 8 to 10 million tons per annum. This is a high figure, when it is considered that the volume of traffic dealt with by the ports of London and Hamburg are 20 and 15 million tons respectively.

The works at present in hand or finished (marked in red on the plan) are the following: 253 m. of the mole is finished; this is to be the outer port; about 600 m. of quays are already completed, while the basins themselves have been deepened to 8 m. Cranes, an electrical power station, water supply plants and a number of temporary warehouses have also been finished. The work carried out also comprises the erection of a railway station and a system of sidings connecting the port with the harbour. The construction of the town of Gdynia has also been started.

It should be stated that the construction of this port is advanced to such an extent that the harbour can already, partly, perform its functions: the monthly average of goods dealt with reaches 35 to 40,000 tons*), the consignments handled being mostly coal. It will be seen therefore that the assistance rendered to Danzig by Gdynia during the period of unprecedented activity on the Polish coast — was very limited.

For this reason the situation in Poland in this respect is very difficult. The two ports, Danzig and Gdynia, serving Poland directly, are worked to their uttermost limits. The provisional river port in Tezew on the Vistula has been set in operation, while the German ports of Hamburg, Stettin and Königsberg, and the Latvian port of Riga, are also being used. Still, all these means are

insufficient, and for this reason Polish overseas trade is suffering very badly.

It is obvious therefore that recent developments have caused the question of port extensions to be again a question of the day; for some time past it had been a vital matter, but at the present moment the question of ports is one of the most pressing problems of Poland's current economic policy.

With this is directly linked up the question of a mercantile fleet. So far the results are very small: there are only a few vessels that sail under the Polish flag, while certain more extensive endeavours, made in the years 1919 and 1920, proved insufficient on account of bad conjunctures prevailing at the time in shipping circles. In this province, too, there is an enormous field for energetic activity.

The present Government included the two problems in its economic programme, namely: the extension of ports and the construction of ships. The two questions are dealt with in a practical way: it has been decided to proceed with the construction of the port in Gdynia at a more rapid pace and to place orders for the construction of merchant vessels.

As may be seen from the general outline, nearly everything in this province is far from being done: ships are yet to be constructed, shipping lines organised, ports developed, loading facilities provided and railway systems extended. There is no doubt that at least a part of the scheme will have to be effected with the assistance of foreign capital, experience and enterprise.


The questions arising out of the possession of the sea coast have at last ripened in the Polish community and have met with a decisive initiative of the Polish Government, and above all have become an urgent requirement of the national life. The present moment is ripe for the laying of a foundation for maritime Poland.

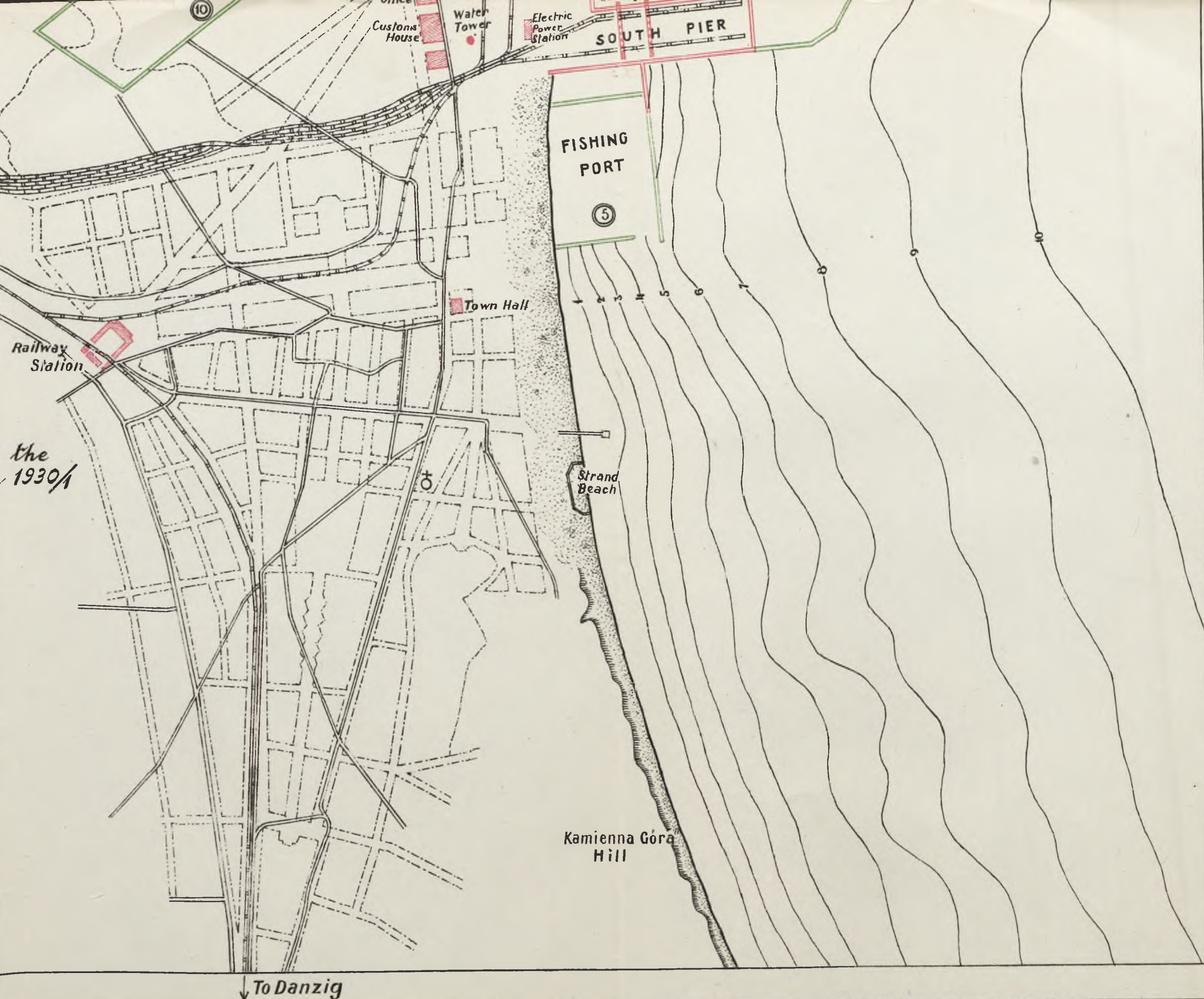


THE ASSEMBLING OF COALING CRANES AT GDYNIA

*) In the coming months it will reach 80-100 thousand tons.

Reference

- == Completed portion of the Port
- == Portion of the Port which will be ready in the year 1930/1
- - - Proposed docks
- - - Streets of town of Idynia after completion
- == Present streets and roads
- == Railway lines
-  Hills
- ⑤ ⑪ Soundings
- ⛪ Church



THE PORT OF GDYNIA

SCALE 1:10,000

100 50 0 100 200 300 400 500 600 700 800 900 1000 Mtr.

★ Lighthouse

Oksywie Village

Navy Buildings

NAVAL
BASIN

BASIN

OUTER

EXTERNAL
DOCK

Warehouse

Workshops

INNER BASIN

S

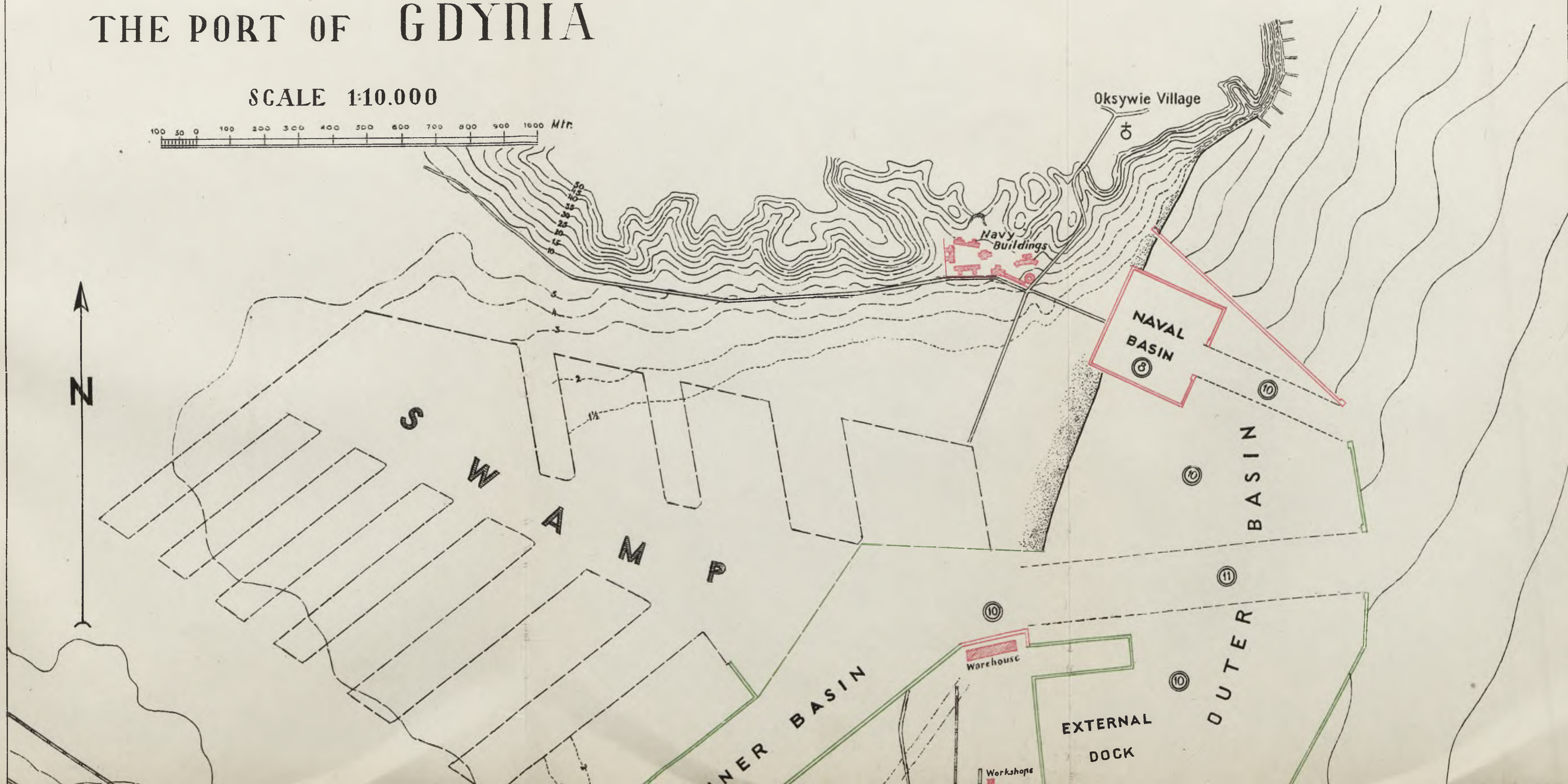
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BUDGETARY YEARS 1926 AND 1927

THE TREASURY Act for the year 1926 has not been passed by the Parliament, one of the main reasons for this being undoubtedly the protracted discussion on the subject of the policy of State economy, and on the still more complicated question of budgetary equilibrium, endangered by the economic crisis and the depreciation of the zloty in the latter half of 1925.

The difficulties in attaining the budgetary equilibrium were considerable, owing to the diminution in the taxes collected, which circumstance was the outcome of the general economic crisis then prevailing, and also in view of the automatic increase of certain items appearing in the budget, which were provoked by the rise of wholesale prices and the cost of living.

The rise of the rate of exchange for foreign currencies added further to the general difficulties.

Consequently, the State budget for 1926 was based on the budget estimates voted quarterly by the Parliament, and on monthly preliminary budgets, elaborated by the Ministry of Finance.

It was only thanks to the efficient economy action that the total expenditure in 1926 could be kept below the level of the actual expenditure in that year despite the increase in the index of wholesale prices from 119 in June 1925 to 155 in December of that year and to 175 in June 1926, and despite the increase in the rate of exchange of the zloty from $\text{₹} 5.18$ to $\text{₹} 9$ — to the dollar. It may be added that the latter rate of exchange was preceded by numerous fluctuations at the end of the last year and during the first half of this year.

The comparison of the total of all the items of the preliminary budget for the period from January 1st to December 31st 1926 with the actual expenditure of 1925 gives but an incomplete picture of the results of the economy policy (in million of ₹):

	Total of estimated expenditure for 1926	Actual expenditure of 1925
State Administration	1,807.9	1,838.7
State Undertakings	11.5	42.2
Total:	1,819.4	1,880.9

It will be seen that the total expenditure in the preliminary budget for 1926, as compared with the actual expenditure in 1925, was less by $\text{₹} 61.5$ million.

The results of this policy become more apparent upon closer examination of items of the budget for the year 1926; the analysis shows substantial decreases as compared with the actual expenditure in 1925: the expenditure for the army was less by $\text{₹} 87.5$ million, for education—by $\text{₹} 28.1$ million, for civil service — by $\text{₹} 24.3$ million, for the Ministry of Justice — by $\text{₹} 3.6$ million.

On the other hand, in view of increased unemployment, the expenditure of the Ministry of Labour and Social Welfare was increased by $\text{₹} 63.6$ million, and that of the Ministry of Public Works — by

$\text{₹} 2.8$ million. As the result of the rise in the rate of exchange of the zloty, the expenditure of the Ministry of Foreign Affairs rose by $\text{₹} 11.6$ million, the redemption of liabilities incurred by the State in foreign countries involved an increase of $\text{₹} 70$ million, while the quickening of the building of the port of Gdynia involved an increase of $\text{₹} 11.8$ million in the expenditure of the Ministry of Industry and Commerce.

Thanks to the system of monthly budgets, the actual expenditure during the past nine months of this year was much lower than that foreseen by the preliminary for the same period.

The reduction of the expenditure affected nearly all the departments of State Administration.

Thanks to the fargoeing economy policy on the one hand, and the improvement in the economic situation and the increase in State revenues on the other, and also as the result of the rise in profits from State Monopolies and the introduction of the 10 per cent extraordinary tax — the budgetary equilibrium was attained; there has even been a certain excess of revenue over expenditure for the last three months. It is significant that such good results were obtained in spite of increased disbursements in connection with the rise of salaries paid to the civil servants.

As the period from October to December is usually the bright spot in the execution of the budget (on account of substantial payments of taxes falling due during that period), it is safe to say that since July last the Polish State has entered a period of lasting budgetary equilibrium, which is based on the adjustment of State expenditure to the actual capacity for payment of taxes possessed by the community.

The increase in the revenues foreseen in the budget for 1926 should be ascribed to the augmented collections of direct and indirect taxes, and to the profits of State Monopolies. The revenues from State undertakings, thanks to the increased activity of the railways, rose considerably; better results were also obtained by the administration of forests and the mining, foundry and industrial State owned establishments.

The budgetary equilibrium prevailing as from July last has, in fact, very sound bases as it reposes on the adjustment of the State expenditure to revenues of a normal character, the extraordinary revenues of a credit character having been totally eliminated from the provisional budget.

* * *

The drawing up of the budget for the forthcoming financial year is being effected under favourable conditions, at a time of budgetary equilibrium characterised by the stabilisation of the zloty currency. These two factors paved the way to a rational establishment of new budgetary equilibrium and the application of sound principles to the budget estimates which are to cover the period from April 1st 1927 to March 31st 1928 in lieu of the heretofore budgetary period covering the whole calendar year.

The assessment on the expenditure side of the new preliminary budget has been closed with Zł 1.898.7 million, while the estimated revenue is expected to amount to Zł 1.899.2 million, the excess of revenue over expenditure amounting to Zł 0.5 million.

The forecasted increase of Zł 79 million in the expenditure of the budget for 1927/8, compared with the total amount of preliminary budgets for the year 1926, represents only about 4 per cent of the last mentioned sum. This increase is the result of the rise of expenditure in connection with the emoluments of civil servants, and the cost of pensions provoked by the repeal, as from July 1st 1926, of the reductions which had been in force during the first half year of 1926, as well as to the increase of ordinary expenditure calculated on the basis of wholesale prices ruling in August last, which, according to the index, rose from 142.1 in January last to 173.2.

A detailed picture of the changes in the figures of the preliminary budget for the period 1927/8 may be gained from the following comparison with the actual amounts spent in 1925 and with the amount appearing in the preliminary budget for the year 1926 (in million of Zł):

	Actual expenditure in 1925	Expenditure according to the prelim. budgets for 1926	Expenditure according to the budget estimates for 1927/8
A. — Civil Service			
The President of the Republic	2.1	2.2	1.4
The Parliament	9.2	8.7	6.9
State Control	3.8	3.9	4.1
Council of Ministers	1.7	1.6	1.7
Ministry of Foreign Affairs	26.5	38.1	39.6
" " War	675.2	587.7	623.2
" " the Interior	199.3	175.1	180.0
" " Finance	132.5	387.7*)	100.5
" " Justice	84.0	80.5	90.3
" " Industry and Commerce	9.6	21.4	23.1
" " Railways	2.9	3.8	3.0
" " Agriculture and State Lands	26.8	32.4	32.9
" " Religious Cults and Education	309.1	281.0	295.6
" " Public Works	71.3	74.1	85.3
" " Labour and Social Protection	51.1	114.7	56.3
" " Land Reform	25.7	29.8	32.5

*) The amount of Zł 387.7 million embraces the expenditure of the Ministry of Finance as well as the amount devoted to pensions, grants to invalids, and to the redemption of State liabilities.



A VIEW IN DANZIG HARBOUR

Pensions	166.5	—*)	74.9
Grants to Invalids	41.4	—*)	101.5
State liabilities		—*)	145.1
Total A:	1.838.7	1.842.7	1.897.9
B.—State Enterprises	42.2	11.5	0.8
C.—State Monopolies	—	—	—
Total A + B + C:	1.880.9	1.854.2	1.898.7
		— 34.8**)	
		1.819.4	

	1925		1926	
Index of wholesale prices	January	119.5	January	142.0
	July	119.6	July	166.6
	December	154.7	August	173.2

It will be seen that the figure under the heading of State Administration, in the preliminary budget for 1927/8, exceeds only by ₹ 59 million the actual expenditure under the same heading in the year 1925, and by ₹ 55 million the amount estimated in the monthly budgets for 1926. Like the monthly budget in 1926, it is characterised by considerable

*) See the above mentioned figure relating to the Ministry of Finance.

**) The preliminary budget act for the fourth quarter of 1926 provides for reductions totalling ₹ 34.8 million to be effected in relation to the estimated sums spent by the different branches of State Administration.

reduction of expenditure on military forces, especially, when compared with the amount spent for that purpose in the year 1925 as well as on civil service and education. It is only owing to the economy policy exercised in these departments that the sums to be devoted to the redemption and payment of interest in respect of State Loans, the Ministry of Foreign Affairs, pensions and grants to invalids, public works, and the construction of the port of Gdynia, could be provided for without a substantial increase of the total amount of State expenditure.

The expenditure in 1927/8 is anticipated to be covered by the following receipts (in million of ₹):

	Estimated revenue in 1927/8	Actual revenue in 1925 ¹⁾	Actual revenue for the 9 months period of 1926
State Administration.	1.211.2	1.153.8	818.6
(public levies)	1.001.4	928.7	676.0
State Enterprises.	92.5	64.5	61.9
State Monopolies	595.5	400.2	401.1
Total:	1.899.2	1.618.5	1.281.6

*) Actual revenue in 1925 — loans, emission of small change currency notes not included.



LOADING OF COAL AT DANZIG

It will be seen from the above statement, as well as from the comparison of the actual revenue for the nine months period of 1926 with that for the corresponding period of 1925, that the anticipated revenue in 1927/8 is based on very careful and genuine considerations.

As regards the revenue from State administration, in the total amount of Zł 1.211.2 million, public levies represent Zł 1.001.4 million. They are composed of direct taxes amounting to Zł 435.4 million, indirect taxes — Zł 126.7 million, customs duties — Zł 170 million, stamp fees — Zł 112.2 million, and extraordinary taxes (property tax and the 10 per cent extraordinary tax) — Zł 157 million.

The comparison of the revenue from public levies anticipated in the year 1927 with the actual revenue in 1925 indicates that the anticipated revenue in 1927/8 from direct taxes, mainly from income tax, and from indirect taxes, mainly from the tax on sugar, as well as from the property tax, will be somewhat increased. The increase in the anticipated collections from public levies in the year 1927/8 is influenced by the 10 per cent extraordinary tax. In view of the decline in imports the amount received from customs duties has experienced a decrease.

The following table shows the respective changes in detail (in million of Zł):

	<i>Estimated revenues in 1927/8</i>	<i>Actual revenues in 1925</i>	<i>Actual revenues for the 9 months period of 1926</i>
Public levies:	1.001.4	928.7	676.0
Direct taxes	435.5	362.7	309.3
Indirect taxes	126.7	107.5	101.6
Customs duties	170.0	284.8	131.7
Stamp fees	112.2	114.2	90.5
Property tax	95.0	59.5	38.4
10 p. c. extraordinary tax *)	62.0	—	4.5 *)

The increase in revenue in 1926 from direct and indirect taxes contained in the above table completely justifies the augmenting of these items in 1927/8. Other revenues from State Administration are estimated for 1927/8 at much lower figures than those actually collected in 1925 — namely, Zł 209.8 million as compared with the amount of Zł 225.1 million collected in 1925.

The net profit from State enterprises is anticipated to amount in 1927/8 to Zł 92.5 million, which sum, as compared with profits of 1925, amounting to Zł 64.5 million, and those made during the period of the nine months in the year 1926 — Zł 61.9 million, does not appear to be exaggerated, when it is considered that the State enterprises are run on commercial lines. The amount of Zł 92.5 million is composed of the following sums: income from State forests — Zł 43 million, from the Railways — Zł 27.3 million, from Post and Telegraph — Zł 17.3 million, from foundry, mining and industrial enterprises — Zł 3.8 million, and various other items — Zł 1 million.

The State Monopolies play year by year an increasingly important rôle in the State revenue. The extension of full State Monopolies, not as yet having been completed, the revenues from this

source have not reached their highest level. A further and important rise in the revenue is expected to take place in the year 1927 in connection with the Government scheme aiming at the introduction of a full State Spirit Monopoly to those parts of the country, in which it does not so far exist.

In the total sum of estimated profits from all monopolies, namely Zł 595.5 million, the net profit from the State Spirit Monopoly represents the highest item, amounting to Zł 275.4 million. The net profit from the Tobacco Monopoly is approximately the same and is expected to bring in Zł 270 million. The Salt Monopoly is to give Zł 32.6 million, the Match Monopoly — Zł 8.7 million, Lottery — Zł 8.7 million, and that of Saccharine — Zł 0.1 million.

Thanks to the extension of the State Monopolies and the increase in the ordinary indirect and direct taxation, it was possible to arrange for moderate income from the extraordinary source — the property tax, and as the experience of the last three years has shown that revenues from ordinary sources are always collected in accordance with the estimates and sometimes exceed the expectations, and that the tax on property is disappointing at the time of economic crisis — the construction of the preliminary budget for the year 1927/8 gives every guarantee that the budget equilibrium will not be impaired, by what seems improbable the non-entry in full of the anticipated revenues.

POLISH TIMBER EXPORTS

IN TIMES, when far-seeing economists, who do not allow themselves to be misled by the present substantial surplus of timber, and the great facility with which this material is obtained on the world markets, have forecasted a period when this commodity will become scarce and therefore more expensive — the question of getting a clear view of the relative importance of the timber producing countries and their export possibilities in the future is not only interesting for the countries involved, but also for economists and for the timber trade in particular.

Poland is one of the timber producing countries; possessing large reserves of wood and using them economically, she is playing an increasingly important rôle on the world's timber market, particularly of recent times, the post-war development of the exports of Polish timber having begun rather late. The reason for this was that the timber-producing areas were the scene of military operations up to the beginning of 1921, which rendered the exploitation of the forests impossible; the remainder of the Polish forests had at that time to provide the necessary material required for the reconstruction of these regions, which had sustained damages from the war. The timber industry itself was hit very badly by military operations, and was unable to make good the ravages it had suffered. It was not until the year 1922 that the export activity of the industry could be regarded as normal.

*) Partly introduced on July 1st 1926.



TRANSPORTATION OF LOGS TO SAW MILLS

The fact that the Polish timber trade has traditions of its own dating back to many years prior to the war, contributed materially towards this re-establishment, although the industry was then carried under the aegis of alien States. Since 1922 the Polish timber export trade has undergone a great evolution, illustrated by the following statement (in tons):

	1922	1923	1924	1925
Fire wood	48.682	72.722	5.581	49.549
Round wood	191.033	267.485	188.051	495.588
Pulpwood	70.556	750.467	229.658	690.561
Pit props c-a	500.000	242.217	72.626	345.469
Sawn wood	791.160	822.088	1,142.851	1,151.100
Railway sleepers	173.593	248.875	206.675	361.033
Barrel staves	28.490	26.721	44.474	73.788

The value of these exports as well as that of other forest products, which in view of their being of less importance are not included in the above table, amounted in 1922 to Z 86,000,000, in 1923 to Z 140,000,000, in 1924 to Z 147,000,000, and in 1925 to Z 250,000,000. These figures represent from 12 to 20 per cent of the total value of Polish exports in the above mentioned years. The exports of fire wood are of secondary importance; this is justified by the relatively small value of the material as compared with its weight, and the transport difficulties resulting therefrom. In spite of this fire wood plays no small part in the local frontier trade, but, in all probability, this business will never assume very large proportions. For the same transport considerations, unwrought timber is solely sold in the nearby markets, mostly in Germany and Czechoslovakia. Pulpwood is bought almost exclusively by the paper mills of East Prussia which in the majority of cases are controlled by British interests. As for the saw mill material available for export, practically the whole of it is directed to the Brandenburg and German Pomerania saw mills. The export of this article has no particular future prospects. The Polish timber industry is in a position to work the whole supply of saw mill material, and there is no exaggeration in saying

that the exportation of timber in this form will never be encouraged. In fact unwrought timber is already subject to an export duty amounting to Z 0.40 per 100 kg., which rate is more likely to be increased than decreased, and still less likely to be altogether dropped.

There is usually a big demand for pit props, in particular on the part of the coal-mining industry. Possessing well developed and extensive coal fields of her own, Poland has but small quantities of pit props available for export. It is only in recent years that, owing to the "*panolis flammea*" seriously affecting certain wooded areas, and subsequently increased felling activity in the areas concerned, that the export of this material has temporarily shown a marked increase. It is, however, certain that the export of pit props as a finished article will continue to be encouraged by the Government. Polish pit props are already well known in England, Belgium and France, these countries being compelled to import large quantities on account of their conducting extensive coalmining operations and having only incommensurately small areas under forests. Within the limits of their own production, Poland may supply the Western European countries, but here, too, the question of transport is difficult to solve, in view of the low value and heavy weight.

The most important article of Polish origin, as regards quantity, value and demand, is sawn timber, in the first place that derived from pine forests, in a lesser degree that produced by spruce, fir and the foliferous hardwoods. Despite the fact that the export situation for the Polish manufactures in the year 1924 was distinctly unfavourable on account of the general economic crisis and the increased cost of production, the timber industry was the only one, the export activity of which surpassed the figure of the year 1923, in which, as is well known, the exports of sawn material were exceptionally large. The favourable development of export activity in this line was not hampered even by the customs war with Germany, on account of which the import of Polish boards into that



TIMBER FLOATS ON THE VISTULA

country, which had until then absorbed about $\frac{1}{3}$ of the Polish exports of sawn timber, was totally suspended. After the temporary falling off of exports in the autumn of last year, the Polish timber industry developed its exports up to unprecedented figures, great gains being made on the Western European markets, especially in England and Holland, so much so that in the summer months of this year the export figures considerably exceeded the highest level attained at any time prior to the customs war with

cent of the total quantity of sawn timber exported from Poland.

The favourable development of exports of this article under very adverse conditions is accounted for by the efficient support accorded to this branch of industry by the Polish Government. Polish timber is the product of natural and frequently virgin forests in Eastern Poland and in the Carpathians; it possesses exceptionally valuable technical qualities equal to those of the best material produced by



ONE OF THE POMERANIAN SAW MILL (NEAR BYDGOSZCZ)

Germany. Notwithstanding a decline of timber imports into England, amounting to 358,000 loads as compared with the corresponding eight months period of last year, the statistical returns show a large increase in the imports of wood from Poland, which amounted to 334,232 loads during the eight months period of this year (the figures for the corresponding periods of 1925 and 1924 being 178,435 and 234,653 loads respectively).

On the whole, the increase of the exports of sawn wood to England from Poland can be regarded as a normal phenomenon. In the year 1922 they amounted to 16 per cent, in 1923 — to 32 per cent, in 1924 — to 37 per cent, in 1925 — to 38 per cent, and in the first half of 1926 they exceeded 50 per

any other country in the world: Polish Volynian oak is considered the most valuable material for joinery, veneers and barrel, while Polish pine wood is just as good as the Baltic.

Polish sawn wood compares favourably with other similar material of foreign origin, especially as regards price, the unsorted sawn wood being quoted at £ 30.10.0 per standard c. i. f. Eastern coast of England. This price will not be maintained for a long period and will necessarily be subject to an increase. However, the Polish timber industries, having at their disposal cheap supplies and cheap labour, will always be in a position to sell their products at relatively low prices.

Correct measurements of the different sizes of

Polish sawn wood, the adaptability to the requirements of the customers, as well as sound business methods on the part of the Polish exporters—are responsible for the success of Polish wood on the English market; claims in respect of the execution of contracts are now very rare, which would indicate that selling methods of the Polish timber trade have experienced a change for the better. This is all the more gratifying as in the past few years there was much to be desired in this respect.

There is no doubt that the improvement in the export of sawn materials will continue to progress at a rapid pace. Towards this end will contribute the facilities provided by the Government in the

from the best material—the Volynian oak, and which enjoy an excellent and long standing reputation, which ensues that they find ready buyers in the wine-producing countries. The export of finished barrels is small.

On the whole it may be said that there is a steady improvement in Polish forest products as regards quality and value, but in point of quantity there is no reason to expect that it will exceed the present amounts; some changes, as for instance—an increase in the export of boards at the expense of logs, are quite possible.

For this reason Poland is not a country of unlimited export possibilities in this line, but it has a certain surplus of highly valuable material,



LOADING OF EXPORT TIMBER AT DANZIG

question of the organisation of timber syndicates and export cartels, which will be called upon to control production, export, and to undertake standardisation of sawn material. It is anticipated that the beneficial effects of the Government's scheme will make themselves felt in the near future.

Among the importers of Polish railway sleepers Germany occupies the first place, while Belgium, England and other Western European States come next. Unimpregnated pine sleepers are exported in large quantities, and impregnated beech and oak sleepers—in smaller quantities.

Cooper's wares are mostly exported in the form of staves and bottoms, which are manufactured

which cannot be easily obtained in other exporting countries. There will be always a certain quantity at the disposal of foreign buyers. It is to be hoped that the good relations existing between the Polish exporters and the Western buyers may not only be maintained but also tightened. In any case as far as Poland is concerned no efforts will be spared to this end.

OIL IN POLAND

IN ADDITION to Rumania, Poland is the only European country producing oil on a large scale. The output of crude oil in Poland amounts at

present to about 800.000 tons gross per annum, and after the deduction of manco, and the quantity used as fuel by mines, the net output represents 736.965 tons. The oil wells which produced this quantity in 1925, are disseminated through an area adjacent to the Carpathians, covering about 400 km., and containing about 100 sites. Some of the latter produce insignificant quantities of crude oil, the bulk (70 per cent of the total output in Poland) being produced by the Borysław and Tustanowice fields, namely in the three neighbouring counties: Borysław, Tustanowice and Mraźnica (near Drohobycz). Among the oil wells producing larger quantities should be mentioned Potok near Krosno, (Western Austrian Poland) and Schodnica-Bitków-Rypno in the Eastern part of the last mentioned region.

Previous to the Great War the output of the Polish oil-bearing territories was much larger: in 1909 the production reached its maximum and was 2,000.000 tons, this period having been one of the greatest development of the oil industry in the Borysław-Tustanowice area. From that time until 1921 there was a gradual falling off in production, since 1922, however, the activity has somewhat revived but so far it has not reached its pre-war level.

One of the main causes responsible for the stagnation of this industry has been the gradual exhaustion of the most prolific fields—namely, the Borysław-Tustanowice area, the output of which is the largest of all the districts. The war and

post-war periods brought about a great shortage of capital and were certainly not conducive to "wildcatting" in new and hitherto unprospected oil-bearing areas. The oil undertakings existing in Poland have necessarily had to confine their activities to the drilling and exploitation of the already existing wells, or to new prospects situated in their immediate vicinity, with the result that for a long period the prospecting for new oil beds was neglected, and no new larger oil-bearing deposits likely to replace the Borysław-Tustanowice oil-fields, which are on the verge of exhaustion, have as yet been discovered.

It is only in the course of the last few years that pioneer work has been revived, but this movement is limited in extent, although if new capital was forthcoming, it could gain in intensity.

According to the opinion of well known geologists, the number of petroliferous zones exploited in Poland is seven; the large remaining areas of possible oil producing territory have not been investigated, and it is hoped that new drillings and investigations will give a more or less exact idea of the extent and importance of the oil-bearing regions. According to estimates from the same sources, the reserves of crude oil in Poland amount to some 160,000.000 tons, whereas the amount already extracted is 30,000.000 tons. The completion of new shafts, and especially those in the immediate vicinity of the Carpathians, which give each about 100 cubic meters of petroleum gas per minute, seems to indicate that there are large



A VIEW OF THE POLISH OIL FIELDS

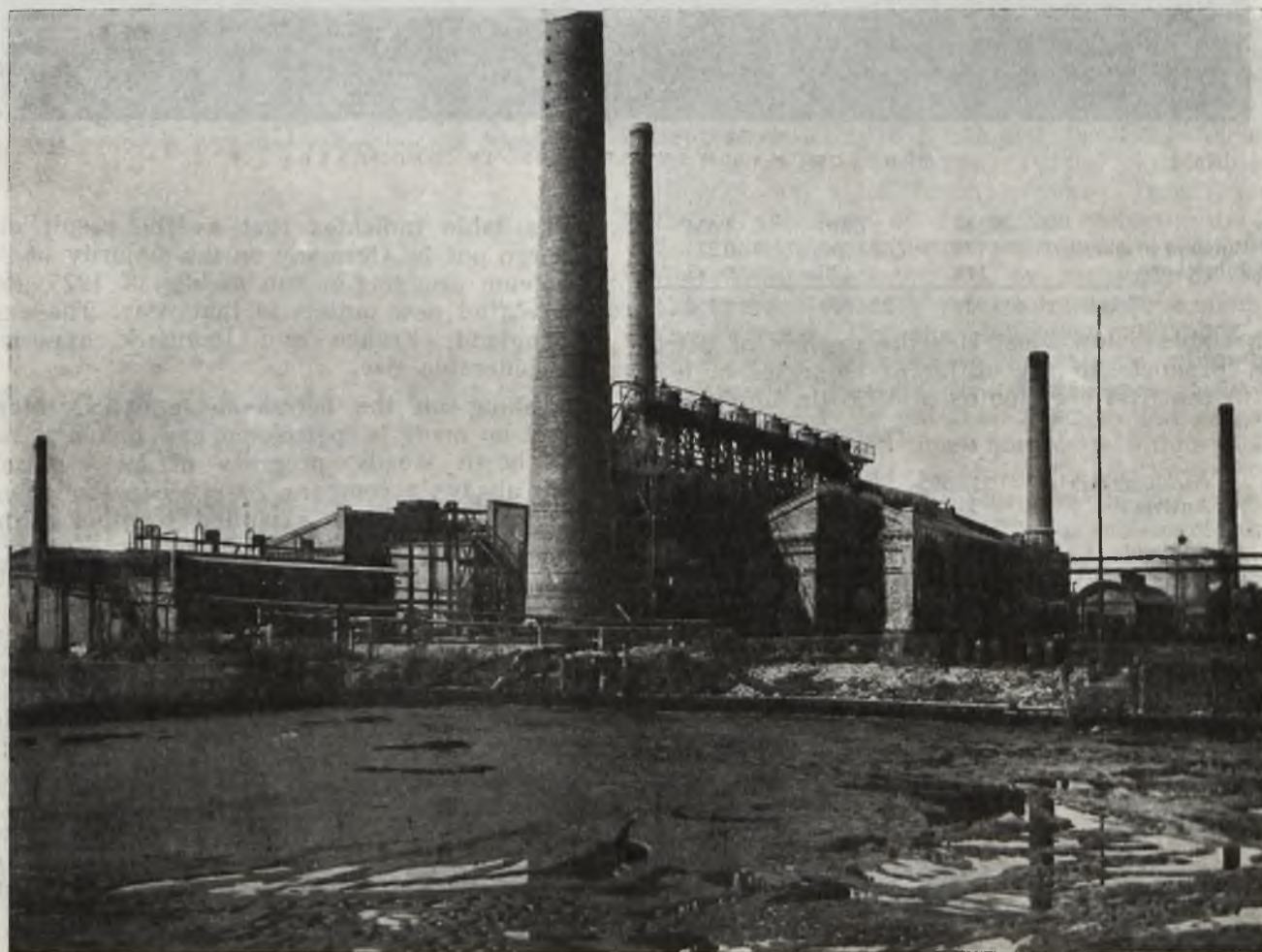
petroleum beds close by; in addition it should be mentioned that in the Borysław-Tustanowice districts there are still large deposits of oil located in the deeper strata; the drillings undertaken of late to the depth of 1.800 m., which give from 70 to 80 tons per day, seem to confirm that petroleum is to be found in Poland in deeper strata than in other countries, have been the cause of a certain lull in the mining activity during the post-war period. As, however, these strata are technically reachable, and the Polish oil deposits are situated in the very centre of Europe, it is safe to assume that a keen interest will surely be displayed in them by both home and foreign capitalists.

Despite the fact that Poland produces at present from one to two per cent of the world's output of crude oil, the quantities extracted not only cover the requirements of the home market, but leave a balance of about 60 per cent for export. The whole production of crude oil is refined in the country. Of thirty refineries operated in Poland, the majority are run and organised on up-to-date lines. The largest of them is The State Petroleum Refinery in Drohobycz ("Państwowa Fabryka Olejów Mineralnych w Drohobycz"), which is equipped to refine some 250.000 tons of crude oil annually. The Borysław crude oil, or the so-called

"Standard Crude", representing 70 per cent of the total production in Poland, is composed of very valuable ingredients, namely: benzine 10 per cent, petroleum 34 per cent, gas oil 14-17 per cent, lubricants 15-18 per cent and paraffine wax—6 per cent. Other varieties, such as those produced in the Bitków and Potok areas, contain 15 to 40 per cent of benzine. Polish products, and especially paraffine wax and benzine, are already well known for their quality on the foreign markets. The following table gives the exports of petroleum products in the years 1924 and 1925 and during the first six months of 1926*) (in tons):

	1924	1925	First 6 months of 1926
Benzine	78.304	66.540	29.993
Crude oil	101.919	73.630	50.279
Gas oil	83.536	80.830	72.699
Lubricants	71.523	55.480	26.666
Paraffine wax	25.544	23.680	15.082
Candles	51	60	24
Vaseline	124	40	—
Asphalt	3.553	3.940	4.051

*) The difference between the total export figures contained in the first and the second tables, amounting in the year 1925 to 5.909 tons and in the first half of 1926 to 19.676 tons, is accounted for by the fact that the second table includes petroleum products actually sold and sent to foreign countries, whereas the first table comprises inter alia products forwarded to Danzig for sale.



STATE PETROLEUM REFINERY IN DROHOBYCZ



PETROLEUM RAILWAY STATION IN DROHOBYCZ

Coke	6.180	7.310	4.654
Semi-finished products	34.139	22.360	10.273
Solid lubricants	116	130	43
Total:	404.989	334.000	213.764

The table below illustrates the exports of petroleum products to the different countries in 1925 and in the first six months of 1926 (in tons):

	1925	First 6 months of 1926
Czechoslovakia	112.395	46.313
Austria	34.066	25.179
France	10.272	23.221
England	14.591	19.759
Switzerland	29.943	17.270
Denmark	8.009	12.655
Germany	70.323	10.581
Sweden	5.648	8.227
Latvia	2.611	5.587
Danzig	7.491	4.456
Finland	8.501	3.742
Hungary	5.691	3.716
Italy	2.128	2.714
Belgium	3.374	2.546
Estonia	3.509	2.514
Lithuania	2.514	2.271
Holland	10	1.055
Rumania	1.848	698
Yugoslavia	1.067	601
Russia	1.064	429
Norway	1.795	145
Other countries	1.241	409
Total:	328.091	194.088

This table indicates that as the result of the embargo put by Germany on the majority of Polish petroleum products in the middle of 1925, Poland had to find new outlets in that year. The exports to England, France and Denmark experienced a considerable rise.

Dwelling on the petroleum industry, reference should be made to petroleum gas industry, which has shown steady progress of late. Petroleum gases always accompany or precede the obtention of crude oil, and are exploited together with the oil, as is the case in the Boryslaw, Bitków and other fields; but in some localities, as for instance Krosno (Western Galicia), and in Daszawa, near Stryj (Eastern Galicia), shafts are specially drilled with the view of obtaining gases, which are subsequently distributed as domestic and industrial fuel in the near-by towns. In the Krosno district the Government pipe line is 63 km. long; the "Gazolina" company conveys gases by a pipe line from Daszawa to Boryslaw and Drohobycz, a distance of 40 km. The production of gasoline in Poland is on the increase, and the progress made is shown by the following table (in cubic meters):

1923	390,231.426
1924	437,945.138
1925	535,007.000

There is no doubt that there are very large reserves of petroleum gases in the areas adjacent to the Carpathians. It has been ascertained that in the neighbourhood of Kałusz, Krosno and Daszawa the gas-producing area is very extensive, and that shafts sunk in that region produce 100 cubic meters and more per minute. From the petroleum gas obtained in the Borysław district a very light benzine or the so-called gasoline is produced. This product is obtained either by refrigeration under pressure or by the application of the absorption system. The production of gasoline from gas in Poland is rapidly increasing from year to year. New gasoline plants are being constantly erected at the existing wells. The following statement shows the rate of progress in the production of gasoline (in tons):

1922	922
1923	2,075
1924	2,435
1925	9,793

Besides crude oil and petroleum gases, in Borysław and Tustanowice (Drohobycz district), and in Starunia and Dźwiniacz (Stanisławów district) ozokerite is also found. This is a very rare product which is only to be found in Poland and in the Caucasus.

Ozokerite is a solid substance, the melting point of which is between 67° and 80° C. The purified product is called cerezine, and is used in the manufacture of candles in the Southern European countries, admixed with paraffine wax in order to raise its melting point. The production of ozokerite in Poland in the years 1922-25 and in the first half of 1926 was the following (in tons):

1922	430
1923	720
1924	724
1925	740
1926 (first 6 months)	342

POLISH-DANZIG CUSTOMS AGREEMENT

AT THE LAST meeting of the League of Nations held in Geneva, the provisional agreement between Poland and the Free City of Danzig, concerning the plan according to which the customs revenues are to be divided between the two parties, was signed on the 21st of September last.

This matter has been the subject of negotiations since 1925, but it is only of late that it had acquired special significance, in connection with the budgetary crisis of the Free City. It may be recalled that the Danzig budget has for some time shown substantial deficits which were caused by the economic crisis, as while the revenue has been decreasing, the expenditure, in connection with unemployment, has been steadily increasing.

Among the revenue items showing a decline were the customs. As is known, Danzig has received up to the present 8 per cent of the total gross customs

revenues from the whole Polish customs area. By reason of the decline in imports and as the result of the fall of the zloty, the amount of the participation of Danzig when counted in gold declined furthermore; the trouble was accentuated by the existence in Danzig of a separate gulden currency which, being based on the English pound, did not show any fall in the rate of exchange; this circumstance, too, contributed towards the diminution of the actual value of the revenues received from the customs.

Desirous of improving its budgetary situation, the Free City of Danzig approached the League of Nations requesting the latter to examine the finances of Danzig and to express its opinion on the financial situation of the City; this course was adopted with the view of obtaining a loan from abroad with the approval of the League. This matter was dealt with by special experts, and by the Financial Committee of the League, and finally the approval of a loan was made dependent on the budget reform to be undertaken by the Free City.

The reform in question calls for substantial reductions of expenditure, by means of a change in the system of administration and the adoption of a policy of economy, as well as by means of an increase on the revenue side of the budget.

This latter point is closely connected with that of the revenues of the Free City received from customs duties. With the desire to assist in the liquidation of this question, Poland displayed great readiness to a scheme of cooperation the sequence of which lies in the agreement signed at Geneva.

This agreement was concluded for the period from September 1st 1926 to August 31st 1928. According to the chief stipulation, Poland guarantees to Danzig, as a minimum revenue from customs duties, the sum of 14 million gulden; the plan for the appropriation of customs provided for in the Warsaw treaty will be maintained. Should the share of Danzig not reach the above mentioned sum, a portion of the deficiency will be covered by Poland, from her own share. On the other hand, the treaty fixes the maximum share of the Free City of Danzig at the sum of 20 million gulden; in the event of there being a surplus it will be assigned to Poland and not according to the original plan which provided for its return by Danzig.

Moreover, Danzig is entitled to retain every week, as an advance, from the sums collected by its customs offices, 1/52nd of the sum of 14 million gulden. In case of any deficiency it will be adjusted quarterly, and the final calculations will be effected on August 31st of each year.

It is mentioned in the agreement that this stipulation is closely linked up with the adoption of the scheme of financial reform, and it also contains a remark that the present agreement shall not form a precedent for the future. It is also agreed that neither of the contracting parties shall formulate retroactive claims whether previous to the conclusion of the agreement, or during the period of its being in force.

The further articles of the agreement provide for the taking by Poland of an active part in

the financial reform of Danzig. A Polish official appointed by the Ministry of Finance will be invited by the authorities of the Free City to state his opinion in matters concerning the reorganisation of the Danzig customs as regards unification and increase or concentration of the Danzig customs offices. In case of disagreement, or if the proposed changes be prejudicial to the interests of Poland in the sphere of the imposition of customs duties in railway and maritime traffic, the Polish Government shall have the right to refer the matter to the High Commissioner of the League of Nations. There is also a clause that the disposal of the maximum and minimum sums stipulated will be made effective after the approval of the loan, to be floated abroad by the League of Nations, which will be considered as actually taking place as soon as the Council of the League has stated that Danzig had effected or had ensured the putting into practice of all the recommendations which the Financial Committee of the League of Nations will have issued. Should this not take place by March 31st 1927, the agreement expires automatically.

The heretofore competence of the Polish customs inspectors in Danzig is extended by a stipulation, according to which the decision of the inspector in

the matter of the safeguarding of documents pertaining to the actual state of affairs at the time of the imposition of customs duties is binding. In addition, the rights of Polish customs officers, in connection with investigations relating to offences against the customs regulations by Danzig officials, which rights were previously only enjoyed by the Polish inspectors in cases of investigations instituted by the customs authorities, are extended to all investigations undertaken by the police.

The agreement is to be made operative after the elapse of ten days, following the exchange of instruments of ratification between the contracting parties.

The weekly advances, as laid down, will be deducted by Danzig, as from the same date. Should the agreement expire under the specified conditions before the elapse of the period for which it was concluded, accounts will be made immediately without the application of the minimum guarantee.

As a whole, this agreement is the expression of the active cooperation of Poland in the financial reconstruction of the Free City of Danzig, and indicates that the former is ready to render help to Danzig at the cost of financial sacrifices.

SUMMARY OF LAWS, ACTS AND EXECUTIVE DECREES

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

Codification of taxes on premises¹⁾ ("Dz. Ust. R. P." No. 94, item 550).

Taxes on persons enjoying privileges in connection with military service²⁾ ("Dz. Ust. R. P." No. 94, item 554).

Maximum rates of banking interest and commission³⁾ ("Dz. Ust. R. P." No. 95, item 556).

Unlawful competition Act⁴⁾ ("Dz. Ust. R. P." No. 96, item 559).

Supplementary regulation relating to the calculation and conversion of Treasury obligations in connection with State Loans floated in the years 1918—1920 ("Dz. Ust. R. P." No. 95, item 560).

Extent of the emission and the appropriation of the 5 per cent Conversion Loan⁵⁾ ("Dz. Ust. R. P." No. 96, item 561).

Partial amendment of the Treasury Guarantee Act and privileges

extended to the debentures of the "Towarzystwo Kredytowe Przemysłu Polskiego" (The Mortgage Credit Association of the Polish Industry)¹⁾ ("Dz. Ust. R. P." No. 96, item 562).

Extension of the State guarantee in respect of certain transactions of the "Bank Gospodarstwa Krajowego"²⁾ ("Dz. Ust. R. P." No. 97, item 565).

Reorganisation of the Ministry of Railways and the administration of the State Railways³⁾ ("Dz. Ust. R. P." No. 97, items 567, 568 and 569).

Amendment of the Stamp Duty Act⁴⁾ ("Dz. Ust. R. P." No. 98, item 570).

Preliminary budget for the fourth quarter 1926⁵⁾ ("Dz. Ust. R. P." No. 99, item 571).

Slight amendment of the schedule of item 140 of the Customs Tariff (iron and steel) ("Dz. Ust. R. P." No. 100, item 573).

Reduction of stamp fees on companies and the stock exchange tax¹⁾ ("Dz. Ust. R. P." No. 100, item 574).

New denominations of the 5 per cent Conversion Loan of 1924²⁾ ("Dz. Ust. R. P." No. 100, item 575).

Registration and stamping of debentures of the Herby-Kielce Railway ("Dz. Ust. R. P." No. 100, item 576).

Reimbursement of customs duty in connection with the export of carbide and nitrate salts ("Dz. Ust. R. P." No. 101, item 585).

The shortening of the period in which erroneously levied customs duties are to be adjusted ("Dz. Ust. R. P." No. 101, item 586).

The reduction of railway tariff rates for the transportation of coal to Italy³⁾ ("Dz. Ust. R. P." No. 102, items 591-594).

¹⁾ See page 190.

²⁾ See page 190.

³⁾ See page 193.

⁴⁾ See page 180.

⁵⁾ See page 194.

¹⁾ See page 194.

²⁾ See page 193.

³⁾ See page 184.

⁴⁾ See page 190.

⁵⁾ See page 187.

¹⁾ See "The Polish Economist" No. 4, page 147.

²⁾ See page 194.

³⁾ See "The Polish Economist" No. 4, page 144.

PRODUCTION AND TRADE

STATE OF EMPLOYMENT IN SEPTEMBER. — During the five weeks ending October 2nd there was further improvement in this respect. The number of unemployed in the whole State decreased to 211.328 as against 244.552 on August 28th last; the decrease amounts to 33.224 or 13.6 per cent. This is due to the favourable situation which is prevailing in industry and also to increased employment on the land in connection with the harvest, where a large number of unemployed from the towns have been given work.

Compared with the returns for the end of January last when the unemployment figures reached the maximum of 359.119 persons, the decrease is very marked and amounts to 147.791 persons or 41.2 per cent.

The decrease in unemployment since the beginning of this year is illustrated by the following figures*):

January	359.119
February	358.430
March	346.431
April	320.512
May	304.113
June	288.196
July	264.737
August	244.554
September	211.328

The state of employment in the different trades is shown by the table below:

	August	September
mining	25.742	21.646
foundries	9.067	8.247
metal	19.800	17.207
textile	39.742	30.178
building	13.082	10.700
clerical	25.033	24.474
various	112.086	98.876
Total	244.552	211.328

Compared with the statistical data published on August 28th, the unemployment figures in the mining industry during the period under review decreased by 4.096. This is due to increased production of coal. The betterment in the foundries and in the metal industry, in which the decline in the unemployment is given to be 820 and 2.593 persons respectively, is largely due to the revival of home trade and also to the execution of orders placed by the State.

More significant changes took place in the textile industry, where, owing to the increased exports and a brisk demand on the part of home provincial buyers, about 25 per cent of the unemployed have found work; compared

with the statistical data of August 28th, the decline amounts to 9.564.

In the building trade the decrease during the period under review represents 2.382 persons.

In the group of clerical workers, which showed a very slight betterment in the preceding month, the decline reached the figure of 559 or not much less than that attained in July.

In the group of "various trades" the figures were reduced considerably, namely by 13.210 persons. This betterment is to be ascribed to the migration of unskilled hands in connection with the harvest.

The number of people working part-time increased by 1.532, aggregating 38.151 persons. Of this number 88 persons worked 1 day per week, 402 persons — 2 days per week, 2.129 persons — 3 days per week, 11.386 persons — 4 days per week, and 24.146 persons — 5 days per week.

GRAIN

— The exports of the four main varieties of corn from Poland during September were the following (in tons):

	September 1925	August 1926	September 1926
Wheat	14.547	6.614	13.014
Rye	62.187	23.902	24.392
Barley	11.298	9.922	19.370
Oats	3.383	2.113	1.073

Compared with the preceding month, the export of barley was more than doubled, rye increased somewhat, while wheat and oats diminished considerably. The export of barley is reaching its normal level in connection with the approaching malting period. The disposal of rye is rendered somewhat difficult on account of American competition, the price of American rye comparing favourably with those ruling in Poland at present. Although the American quotations are slightly higher, it finds ready buyers on account of its better reputation on the international market.

Compared with September 1925, the export of grain declined and amounted to 47.849 tons as against 91.415 tons in the corresponding month of last year. During the period under review wheat was mostly exported to Germany, who took 65.3 per cent of the total quantity sold in foreign markets. Smaller quantities were placed in Esthonia (8.3 per cent), Belgium (7.6 per cent), Czechoslovakia (6.9 per cent), England and other States.

The main markets for rye were Finland (18.8 per cent), and Germany (15.2 per cent). Among other customers for Polish rye should be mentioned Esthonia who took 13.6 per cent, Belgium — 13.5 per cent, Denmark — 12.9 per cent, and Latvia — 9 per cent.



EXPORT RYE BEFORE DISPATCH TO DANZIG BY THE RIVER VISTULA

*) Provisional figures at the end of every month.

Exports of barley were mainly, and above all, directed to Germany, the quantity placed there amounting to 40·9 per cent of the total, to Denmark, which comes next with 17·6 per cent, and to Czechoslovakia with 13·9 per cent.

The chief outlets for Polish oats were: Germany — 59·2 per cent, Latvia — 16 per cent, and Denmark — 13·9 per cent.

The total value of the exports of grain during September last amounted to gold zł 15,856.414.

During the period under review the imports of grain into Poland consisted of: 1.280 tons of wheat, chiefly from Hungary, 47 tons of barley, and insignificant quantities of oats and rye. The value of the grain imported represented gold zł 1,537.975.

At the end of last month the Chief Statistical Bureau published the results of this year's crops. The calculations show somewhat smaller yields of wheat, rye and barley as compared with the former estimates, whereas there is some increase anticipated in the output of oats. The quantities of the different varieties of grain, according to the returns referred to, are the following: wheat — 13,673.000 quintals, rye — 52,346.000 quintals, barley — 16,075.000 quintals, and oats — 33,003.000 quintals. These figures are not to be considered as final.

In relation to last year's crops, these obtained in this season represent in percentage: wheat — 86·7 per cent, rye — 80·1 per cent, barley — 95·7 per cent, and oats 99·7 per cent.

Consequently, the production, though smaller than that of last year, will not only cover the requirements of the home markets but will leave a certain margin available for export.

The average prices for grain on the main home markets, as compared with those ruling abroad in September and in the earlier part of October, are the following (see table below):

During the latter half of September the prices on the home market experienced a substantial rise, the respective increases being for wheat quoted in zł — 4·10 per cent; for rye — 9·85 per cent; for oats — 2·27 per cent; for malting barley — 1·72 per cent; the prices for feeding barley have undergone a certain decline (3·23 per cent). The most accentuated

	Sept. 1st—15th		Sept. 16th—30st		Oct. 1st—15th		Percentage of difference	
	zł	\$	zł	\$	zł	\$	zł	\$
W H E A T :								
Warsaw	44·34	4·94	47·02	5·24	46·67	5·09	— 0·73	— 2·86
Poznań	43·38	4·83	45·07	5·02	43·55	4·83½	— 3·37	— 3·69
Lwów	43·75	4·87	44·80	4·98	44·75	4·97	— 0·11	— 0·20
Average price	43·82	4·88	45·63	5·08	44·99	4·99½	— 1·40	— 1·67
Chicago	—	4·81	—	4·96	—	5·07	—	+ 2·22
Berlin RMk	26·40	6·28	26·22	6·24	25·95	6·17½	— 1·03	— 1·04
R Y E :								
Warsaw	31·32	3·48	34·42	3·83	34·22	3·80	— 0·57	— 0·78
Poznań	30·84	3·43	34·03	3·79	33·96	3·77	— 0·21	— 0·53
Lwów	28·22	3·14	30·86	3·43	32·15	3·57½	+ 4·18	+ 4·23
Average price	30·12	3·35	33·10	3·68	33·43	3·71	+ 1·01	+ 0·82
Chicago	—	3·66	—	3·72	—	3·87	—	+ 4·03
Berlin RMk	20·97	4·99	21·33	5·08	21·57	5·13	+ 1·15	+ 0·98
B A R L E Y :								
a) Brewing:								
Warsaw	31·72	3·53	33·07	3·68	33·51	3·72½	+ 1·33	+ 1·22
Poznań	31·58	3·51	31·78	3·53	32·17	3·57½	+ 1·24	+ 1·27
Average price	31·65	3·52	32·42	3·60	32·84	3·64½	+ 1·30	+ 1·25
Berlin RMk	22·44	5·34	22·62	5·38	23·22	5·52½	+ 2·67	+ 2·69
b) Feeding:								
Warsaw	28·07	3·12	—	—	not quoted		—	—
Poznań	26—	2·89	26—	2·89	26·25	2·91½	+ 0·96	+ 0·86
Lwów	24·90	2·77	24·94	2·77½	25·25	2·80½	+ 1·24	+ 1·26
Average price	26·32	2·93	25·47	2·83	25·75	2·85½	+ 1·09	+ 0·88
Chicago	—	2·79	—	2·98	—	3·01½	—	+ 1·17
Berlin RMk	17·12	4·07	17·25	4·10	18·12	4·31½	+ 5·04	+ 5·24
O A T S :								
Warsaw	28·90	3·22	29·82	3·32	29·54	3·28	— 0·94	+ 1·20
Poznań	25·94	2·89	26·14	2·91	26·56	2·95	+ 1·63	+ 1·37
Lwów	23·45	2·61	23·94	2·66	26·40	2·93	+ 10·29	+ 10·15
Average price	26·10	2·91	26·63	2·96	27·50	3·05	+ 3·27	+ 3·04
Chicago	—	2·48	—	2·69	—	2·97½	—	+ 10·59
Berlin RMk	17·60	4·19½	17·73	4·22	18·22	4·33½	+ 2·76	+ 2·72

rise in the quotations was in respect of rye which was bought in large quantities by exporters, in connection with the execution of September contracts.

The increase in the prices continued in the first half of October being for rye 0.82 per cent in \$, malting barley — 1.25 per cent, feeding barley — 0.88 per cent, and oats — 3.04 per cent, whereas a certain fall has been noticeable in the values of wheat which fluctuated within the limits of 0.20 per cent of the dollar price ruling on the Lwów market, to 3.69 per cent on the Poznań market.

BUTTER

— A quiet tendency prevailed on the butter market during most of September, although it revived somewhat towards the 20th of the month. The average price for cream butter of first quality during the latter half of September fluctuated around £ 5.60 per kg. on the Sosnowiec and Bydgoszcz markets, and around £ 5.10 per 1 kg. on the Lublin market.

The revival in the tone of this commodity was brought about by the diminution of the fat in milk, caused by the prevailing cold weather, and also by the decline of supplies in connection with the harvesting of crops. On the other hand, greater demand brought forth by an anticipated increase of prices, and larger purchases made by exporters as the result of a favourable situation on the foreign markets, especially in Czechoslovakia, Austria, and Germany— have also contributed towards a firmer tone of prices. The conditions for sales in England are less favourable at the moment on account of the coal dispute.

The firmness of the market weakened somewhat towards the 10th of this month. The average quotations ruling during the earlier part of the present month showed an increase of 1.6 per cent as compared with the latter half of September.

The average prices of first quality cream butter in the main centres of Poland during the period under review were the following:

Cream butter 1st quality:					
	Sept. 15th-30th	Sept.30th- Oct. 15th	Percentages of difference		
	£ \$	£ \$	£	\$	
Warsaw	5.40 0.60	5.40 0.60	—	—	
Lublin	5.10 0.56	5.30 0.59	+3.92	+3.51	
Sosnowiec	5.60 0.62	5.85 0.65	+4.46	+4.84	
Wilno	5.40 0.60	5.80 0.64	+7.40	+6.66	
Bydgoszcz	5.60 0.62	5.20 0.57	-7.14	-8.06	
Average price:	5.42 0.60	5.51 0.61	+1.6	+1.6	

The export of butter from Poland declined in the course of September as compared with August, the respective figures being 867 tons against 933 in August. The total value of the exports effected in September was £ 3,774.638.

During the period under review the best customer for Polish butter was Germany who took 66.8 per cent of the total exports, followed by Austria — with 14.9 per cent, and England — with 10.3 per cent. The remainder was sent to Czechoslovakia, Denmark and other markets.

The export of butter abroad during the last three quarters amounted to 4.352 tons as against 311 tons in the corresponding period of last year.

TIMBER

— The timber market in September continued to be fairly animated, though certain increases in the demand for a number of lines, on the part of the home trade, have reduced the supplies available for export.

The situation on the pit prop market, especially as regards Belgium, is good, in consequence of which the reserves of this material, accumulated in the Pomerania and Poznań areas, are gradually being disposed of; on the other hand there is practically no demand for sleepers.

The prospects for the next few months are viewed with optimism; the demand on the part of English buyers is likely to be maintained, if not increased, and there are also other foreign markets which take an increasingly keen interest in Danzig material, which, as is well known, is of Polish origin.

It is anticipated that heavy buying will take place in connection with the conclusion of the German-Polish commercial treaty. A strong tendency is noticeable in the Polish timber trade, and that is that the exports of round timber, of which the consignments sent to Germany are chiefly composed, is likely to diminish, and it is generally understood that large business in sawn timber will be done as soon as the treaty is concluded.

There is some apprehension on account of the freight rates, and if their increase is not stopped, prices of timber may be adversely influenced; it is also feared that this fact or may result in the general situation growing worse for Polish timber destined to be sold on overseas markets.

The prices f. o. r. Danzig during the period under review were the following (in shillings and pence):

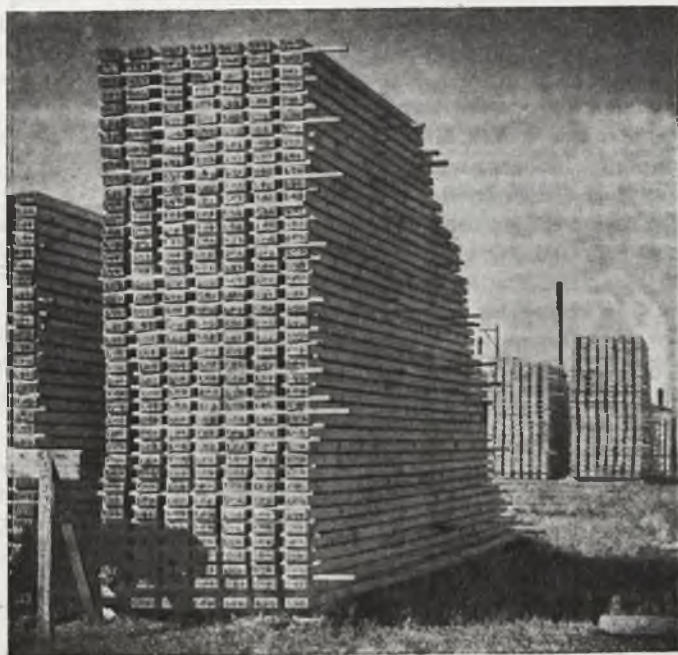
pine logs from 30 cm. telegraph	per cub. m.	33/- to 35/-
poles	"	19/- " 21/-
pine pit props	"	11/- " 11/6
oak logs 40-50 cm.	"	65/- " 75/-
" over 50 cm.	"	90/- " 100/-
alder logs	"	35/-
aspen logs for matches	"	43/- to 45/-
pine sleepers	per piece	2/6
oak	"	4/9
pine deals	per £	9.2.6
spruce and fir deals	standard	9.5.0 to 9.10.0
pine and spruce mill- run sawn material	"	9.0.0 " 8.10.0
oak Memel staves	"	14.0.0 " 14.0.0

The prices for round timber on the home market, as quoted by the different directorates of State forests, on loading stations were (in £):

		Aug.	Sept.
pine logs for saw mills (per cubic m.)	Warsaw	33.75	33.75
" " "	Radom	29—	30—
" " "	Wilno	26.20	22.30
" " "	Siedlce	22—	24—
" " "	Poznań	18.82	15.68
" " "	Bydgoszcz	19.23	23.79
" " "	Torun	17.35	30.70
" " "	Białowieża	22.50	27.50
pine logs for building purposes (per cubic m.)	Siedlce	20—	21—
" " "	Białowieża	19—	19—
" " "	Wilno	17.40	15.60
pine pit props (per cubic m.)	Warsaw	24.70	24.50
" " "	Radom	18—	19—
" " "	Siedlce	14—	15—
" " "	Poznań	11.59	9.95
" " "	Bydgoszcz	14.42	14.51
" " "	Torun	13.70	—
spruce logs for saw mills (per cubic m.)	Lwów	21.80	21.82
oak logs for joinery (per cubic m.)	Białowieża	70—	70—*
" " "	Łuck	—	47—
pulpwood (per stacked cub. m.)	Siedlce	21—	22—
" " "	Wilno	18.60	17—
" " "	Białowieża	19.80	20—
pine fire wood (per stacked cub. m.)	Warsaw	13—	13—
" " "	Radom	8—	8.50
" " "	Siedlce	6—	7—
" " "	Wilno	6.50	6.50
" " "	Białowieża	7.50-10.5	—
" " "	Poznań	9.12	7.83
" " "	Bydgoszcz	8.96	9.03
" " "	Torun	7.40	—
beech fire wood (per stacked cub. m.)	Lwów	9.70	10.80
spruce fire wood (per stacked cub. m.)	Lwów	7.60	6.96

The prices for the Poznań directorate in September are only in respect of timber, cut some time ago, because of the appearance of the "*panolis flammea*". The Bydgoszcz directorate reports big demands for building material and pit props, and a quiet tone in relation to fire wood. In the Wilno directorate a downward tendency in prices for pine building material and pulpwood is the main feature; the latter is caused by higher requirements as regards the

*) For veneer oak — £ 104.



POLISH EXPORT TIMBER

dressing of the material; it will be recalled that the Wilno directorate of the State forests usually sells pulpwood with the bark scrubbed off, and this kind of material is not so much sought after.

The exports of forest products in September last are illustrated by the following table (in tons and in £):

Denomination	August: quantity value	September: quantity value
fire wood	12,643 248	13,223 297.5
pulpwood	155,318 6,528	112,741 4,779
aspen for matches	36 2.5	62 4
pit props and round wood	82,704 2,481	73,613 2,562
trunks, beams	63,015 3,328	45,112 2,464
deals, boards, laths	148,650 14,156	146,566 15,308
telegraph poles	10,322 562	5,547 277
railway sleepers	20,029 1,471	14,260 1,216
veneers	9 9	94 44
carpenter's wood		
work	268 38	230 26
coopers materia	3,591 715	2,300 359
felloes	68 5.5	21 5
furniture	523 1,119	501 1,072
other timber products	1,374 789	1,340 820
Total:	31,452	29,433.5

Compared with August there is a substantial falling off in the exports of unwrought timber; in some cases the declines are considerable. This is explained by the rapid exhaustion of stocks derived from the last felling campaign. The reverse applies to the exports of wood products, which were maintained at the level of the preceding month owing to their production not being as dependent on the year, as they are manufactured from raw materials, stored beforehand. In the exports

of finished articles, after an almost absolute stagnation in August, the revival of the veneer trade is striking.

GENERAL CONFERENCE OF POLISH FORESTERS. — The Fourth General Conference called together by the Association of the Foresters of the Republic of Poland was held in Warsaw from the 2nd to 4th October. The conference was attended by 600 persons. The work of the conference was carried on by the following committees: 1°, of forest policy, 2°, of forest production, 3°, of the organisation of forest exploitation.

The chief results of the debates can be resumed as follows:

The Director of the Ministry of Agriculture and State Lands, M. Miklaszewski read a paper entitled "The importance of forest production in the economic life of Poland and its share in the international production and exchange".

In the paper read by M. Barański on the subject of "Rational exportation of timber" he set forth the shortcomings of the Polish timber export trade, which, though developing with great rapidity, is making progress incommensurate with the productive capacity of the Polish forests. According to this paper, the future of Polish timber export trade lies in the reduction of the quantities sent abroad and their simultaneous improvement as regards quality and value, in which direction there are extensive possibilities.

In a further paper M. Kostyrka dwelt on the subject of forest statistics, which, in his opinion, are not compiled in a proper manner.

After a speech delivered by M. Rośsiński, concerning the setting up of forest experimental stations, a resolution

was adopted, in which the attention of the Government was drawn to the necessity of the creation of a forest department to be attached to the State Scientific Institute of Rural Husbandry.

The motions concerning the ownership of State forests submitted by the organising Committee, were carried. The projects with regard to the sales of State forests were stated to be detrimental to the interests of the community, and it was pointed out that there were excellent prospects for the increase of the areas of the State forests without proceeding with the scheme for compulsory expropriations, as extensive private forests may be acquired at very low figures.

Other papers read before this committee dealt with various matters connected with the organisation of unions of foresters and cooperative societies; at the same time it was suggested that the number of the existing forest cooperative unions should be augmented.

M. Bonasewicz read a paper before the Committee of forest production on the subject of wood production by the administration of private forests, and argued that the choice of the method of forest exploitation should be based on technical calculations.

M. Chodzicki in his paper drew attention to the neglect to be observed in the production of forest seeds.

The question of defects in the legislature relating to forests and the matter of afforestation of waste land was successfully dealt with by M. Fijałkowski in his paper entitled "Intensification of forest husbandry".

COAL

— The favourable conjunctures, which set in in May, continued further, and the activity in the coal mining industry in September was about the same as in the preceding month. This is illustrated by the following statement for September, containing provisional figures concerning the extraction, quantities sold at home and abroad, and showing the stocks at the pit heads (in tons):

Coal mining districts	Extraction	Home consumption	Export	Stocks at pit heads
Upper Silesia	2,708,000	1,012,000	1,505,000	588,000
Dąbrowa	770,000	298,000	370,000	316,000
Kraków	291,000	129,000	113,000	65,000
Total for September:	3,769,000	1,439,000	1,988,000	969,000
Total for August:	3,688,000	1,217,000	2,135,000	972,000
+ in relation to August last	+81,000	+222,000	-147,000	-3,000

It will be seen by this table that the extraction during the month of September amounted to 3,769,000 tons, that is it rose by 81,000 tons as compared with August last. At the same time the reserves at the pit heads declined slightly



"WILCZY CHODNIK", COKE PLANT IN UPPER SILESIA

by about 3,000 tons. The average daily extraction during the 26 working days in the month under review was 144,961 tons; towards this figure the Upper Silesian area contributed 104,154 tons, Dąbrowa — 29,615 tons, and Kraków — 11,192 tons.

As regards the sales of coal, they increased in some measure, but it must be observed that the amount representing the increase in question, has no relation to the requirements of either the home or the foreign markets. Trade is still harassed by the insufficient number of coal trucks and the inadequate handling capacity of the railways and harbours. The volume of coal which could not be delivered in September on account of inadequate railway facilities, represents in tons about 16 per cent of the total volume of consignments dispatched, and in some cases the percentage exceeds 30 per cent.

This notorious shortage of waggons is responsible for the coal famine existing on the home market, which is badly felt at present — a time when the need for coal on the part of seasonal industries, such as the sugar, spirit and agricultural industries, and for domestic purposes — is very large. When compared with the 3rd quarter of 1925, the home consumption in the same period of this year is smaller by 340,500 tons or 8 per cent, which is to be solely ascribed to the above mentioned limitations of sales, as the general conditions in the industry throughout the country have rather improved in the current year, and consequently, the absorption of coal by industry has certainly not diminished.

The exports of coal to the different countries in order of their importance

are given in the following statement (in thousands of tons):

Destination	1 9 2 5:		1 9 2 6:	
	1st sem.	2nd sem.	1st sem.	September
	(monthly average)			
Austria	194	254	214	207
Hungary	36	85	42	68
Sweden	—	57	144	252
Denmark	2	34	72	67
Czechoslovakia	47	58	41	47
Danzig	26	42	37	29
Latvia	1	16	18	35
Yugoslavia	8	13	14	28
Switzerland	2	6	10	8
Italy	1	14	49	118
Rumania	6	7	8	15
Lithuania	1	2	3	4
Memel	1	2	3	2
Holland	—	1	1	7
Finland	—	1	9	19
France	—	1	23	58
Norway	—	—	7	28
England	—	—	— ¹⁾	779
Germany	451	—	—	12
Belgium	—	—	—	8
Russia	—	—	—	131
Other countries	—	2	1	3
Total:	776	595	734	1,925
Bunker coal	—	—	38	210
Total:	776	595	772	2,135
Export, Germany not included	325	595	771	2,123
Shipped through:				
Danzig	29	101	225	286
Gdynia ²⁾	—	9	30	40
Tczew ³⁾	—	—	8 ⁴⁾	23

The above figures indicate that the exports of Polish coal declined somewhat in September, as compared with the preceding month. The decrease is mainly accounted for by the insufficiency of trucks in September, and also by the breaking down of five cranes in the Danzig harbour. The demand for Polish coal on the part of foreign markets, as already stated, has exceeded the present

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

²⁾ Since September 1925.

³⁾ Since March 1926.

⁴⁾ Average quantity for four months.

handling capacity of the Polish railway system; this capacity is not only insufficient at the period of exceedingly favourable export conjunctures, such as are now prevailing on the coal market and which are brought about by the coal dispute in England, but the system in question has not even as yet been adapted to normal requirements, in connection with coal exports, and the delay in this respect is increased by the small handling capacity of the ports of Danzig and Gdynia.

In any case, it is noteworthy that the amount of coal sent abroad during 26 working days in September attained the level of 1,988,000 tons; in relation to the preceding month (2,135,000 tons) which had the same number of working days the export declined by 147,000 tons, or by 6.89 per cent.

Compared with the average monthly exports in the first semester to foreign countries, Germany not included, the September consignments of coal to the same countries show an increase of 1,211,000 tons or 157.7 per cent, whereas in relation to the average monthly exports in the second half of 1925 they increased by 1,387,000 tons, or 233.11 per cent.

As regards exports of coal to individual countries, the most substantial decrease is in the case of Italy (by 56,000 tons), further to Sweden (by 31,000 tons) and France (by 24,000 tons), and in a somewhat lesser measure to Hungary (by 14,000 tons), Austria (by 10,000 tons) and Russia (by 10,000 tons). The exports to Holland, Norway and Germany were maintained on practically the same level. The largest decline, however, is reported in the sales of bunker coal.

It should be mentioned that the amount of coal placed on the English market rose considerably, from 779.000 to 816.000 tons, a gain of 37.000 tons. Somewhat smaller gains are obtained in the exports to Denmark (by 17.000 tons), to Latvia (by 17.000 tons), Danzig (by 12.000 tons), and to Czechoslovakia and Finland (by 9.000 tons each). In addition to this, the quantities of coal taken by Rumania, Lithuania, Switzerland and Yugoslavia were slightly larger than those of the preceding month.

Owing to the shortage of trucks, the average daily dispatch of coal to foreign countries in September fell to 76.462 tons, from 82.115 tons in August, or by 5.653 tons = 6.88 per cent. The consignments of coal dispatched via Danzig amounted in September to 266.000 tons against 286.000 tons in August—a decline of 20.000 tons equal to 6.99 per cent, via Gdynia—37.000 against 40.000 tons, a decline of 3.000 tons or 7.5 per cent, via Tczew and through other Polish inland harbours—about 75.000 tons against 65.000 tons in August. It will be seen that the total amount of coal dispatched in September by water amounted to 378.000 tons as against 391.000 tons in the preceding month. The exports of coal through these ports represented 19.01 per cent of the total exports during September, as against 18.31 per cent in August. The volume of Upper Silesian coal that passed through German ports amounted in September to 509.000 tons (518.000 tons in August), of which 184.000 tons were sent via Hamburg, 94.000 tons via Stettin, 110.000 tons via Bremen, 55.000 tons via Harburg, and 66.000 tons via Altona, Königsberg and other ports.

The shortage of trucks and their irregular supply was the reason why the number of overtime hours permitted could not be efficiently taken advantage of, so that the productivity per day declined somewhat in the Upper Silesian area.

The average productivity of one team per day is illustrated by the following figures (in kilos):

	August	September
the Upper Silesian district	1.264	1.247
„ Dąbrowa	1.022	1.032
„ Kraków	1.175	1.253

The sequence of the shortage of railway trucks is a serious decline in sales and the impossibility of increasing production and thus the taking on of new workers, for which reasons the unemployment situation market cannot be improved. Still the number of workmen engaged in coal mines increased in relation to August by 6.161 and was 124.099.

The export prices for coal during the period under review were the following (loco pit-head per ton):

to England — large coal	£ 0.18.6 to 0.19.0
dust	„ 0.5.0
to Sweden and Denmark*) —	
for private buyers	„ 0.17.6 to 0.18.0
„ railways	„ 0.16.0
to Italy —	Sw. fr. 8.50 to 8.95
„ railways	„ 12.—
„ private buyers	„ 12.—
to Austria —	„ 16.50
„ railways	„ 19.60
„ private buyers	„ 15.50
to Hungary —	„ 18.50
„ railways	„ 11.—
to Rumania —	„ 11.—
to Russia (shipped through Danzig)	£ 0.13.0
(sent by rail)	„ 0.11.0

RISE IN MINERS WAGES.—As from September 1st last new rates of wages were introduced in Upper Silesia, the main coal mining district of Poland; they were increased by 8 per cent. This increase was arranged by means of an amiable understanding between the miners and the coal owners.

PRICES OF COAL.—The Polish General Coal Syndicate decided to increase, as from September 25th last, the prices of coal destined for the home market by 10 per cent, and simultaneously to raise by 40 per cent the prices for the coal supplied to the State Railways (the prices for the latter have always been much lower than those ruling on the open market). After having considered this question, the Government came to the conclusion that the proposed increase of prices by the coal owners was not justified, and decided to oppose it by means of certain repressive measures to be applied against the coal industry, such as the partial withdrawal of certain privileges in the matter of taxation, the increase of railway tariffs etc.

The Government's action proved successful, and at a conference held with the coal owners on September 29th last it was decided to drop the surcharges. At the same time the Government agreed to appoint a special committee composed of the representatives of the Government and the coal industry. The committee is to consider the wages, the general conditions and the cost of production, and to fix the price of coal for home consumption. As regards prices for coal for the State Railways, a possible increase was made dependent on direct negotiations between the industrial interests concerned and the administration of the Railways.

PETROLEUM

—The situation in the petroleum industry has in general experienced a radical change during the month of September. As the result of somewhat adverse conditions prevailing on the foreign markets, the export of petroleum products—as is usual in this

season of the year—has fallen off which circumstance resulted in the lessening in the activity of the refineries.

The stocks of crude oil at the beginning of September were 54.053 tons, or less by 6.641 tons than in the corresponding period of last year. The drop in the reserves of crude oil at the oil wells was occasioned by the unusually intense activity in the refineries during the month of August, but the total output of crude oil decreased somewhat and amounted 63.500 tons.

The consumption of petroleum products increased by about 20 per cent, whereas, according to the data furnished by the Ministry of Industry and Commerce, the exports of these products amounted to 40.744 tons, which represents a decrease of 11 per cent, as compared with the preceding month.

There was, comparatively speaking, a notable betterment in the drilling activity, especially in the Jasło and Stanisławów districts. In the Jasło district four new shafts were sunk in the localities: Krościenko, Biecz, Dydnia and Krosno, and in addition five new shafts were registered in: Grabownica, Libusza, Iwonicz, Biecz and Bóbrka. Moreover, the drilling of two new wells with the daily production of five tons each was completed during that month.

In the Stanisławów district, on the territory of the "Zofia" well in Rosulna and the "Dąbrowa" well in Bitków, the drilling of two new wells was commenced. A number of shafts relating to oil wells registered in previous months are being worked in the Pasieczna, Bitków and Rosulna districts. Among these newly completed wells the following should be mentioned: "Oil Spring", "Raoul" and "Dąbrowa No. 100" in Bitków and "Bitumen" in Pniowo. Prospecting drillings are being carried on in almost all the oil-bearing territories in this district.

The drilling activity in the Drohobycz region is pursued without notable changes, but it may be noted that the "Bruno" well in Mraźnica was successfully finished, its average daily production being 60 tons.

During the month of August the production of crude oil in Poland, according to the data, compiled by the Ministry of Industry and Commerce*), amounted to 67.317 tons, a drop of 1.324 tons as compared with the previous month. The total number of active wells was 2.359, or about the same as

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

*) F. o. b. Danzig.

in the preceding month, while the number of wells in process of drilling declined by 17, and was 204. The number of hands engaged in the production of crude oil and gases amounted to 9,651, a gain of 199 over the preceding month.

The operations in refineries were very brisk during August. The total number of refineries working during this month was 28, and the number of hands employed — 5,848; compared with the preceding month, the number of refineries in operation was the same, while the number of employed rose by 37.

The throughput of crude oil was 71,531 tons, whereas the output totalled 64,591 tons, including (in tons):

benzine	9,205
crude oil	21,683
gas oil	14,847
lubricating oil	8,682
paraffine wax	2,951
candles	32
vaseline	20
asphalt	916
coke	1,078
solid lubricants	169
semi-finished products	5,008

Total: 64,591

The home consumption of petroleum products amounted to 24,686 tons, including (in tons):

benzine	1,891
crude oil	10,003
gas oil	1,836
lubricating oil	6,243
paraffine wax	735
candles	26
vaseline	10
asphalt	1,009
coke	198
solid lubricants	193
semi-finished products	2,542

Total: 24,686

During the month under review the total consumption declined by 5,790 tons as compared with the preceding month, and by 1,566 tons as compared with the corresponding month of last year.

The exports of petroleum products during August and September were composed of the following articles (in tons):

	August	September
benzine	9,321	6,689
crude oil	10,921	11,616
gas oil	13,829	12,922
lubricating oil	6,478	3,982
paraffine wax	2,464	2,281
candles	7	22
vaseline	—	—
asphalt	1,052	1,472
coke	805	631
solid lubricants	19	1,107
semi-finished products	1,109	22
Total:	46,005	40,744

The distribution of exports according to countries for the month of September is not as yet available; the table below represents statistical data for the month of August (in tons):

Danzig	21,346
Czechoslovakia	11,652
Austria	4,391
Switzerland	2,635
Germany	2,043
France	961
Hungary	888
Italy	532

Latvia	412
Lithuania	388
Sweden	194
Yugoslavia	156
England	134
Denmark	131
Rumania	126
Belgium	15

Total: 46,005

As regards the gasoline industry, there were in August fifteen plants in operation, employing 147 hands. The total production of gasoline amounted to 1,541 tons of which 32 tons were sent abroad and 1,450 tons were consumed locally. The total consumption of benzene obtained from crude oil and gas amounted in August to 3,341 tons. On the whole, the gasoline industry is developing satisfactorily.

A NEW OIL GUSHER.—On September 2nd the "Bruno" well in Mraźnica was successfully completed; at the beginning the yield of crude oil was 80 tons per day, but the figure has dropped to 60 tons per day and is now maintained at that level. This fact is of great significance; it proves that the Mraźnica oil-bearing areas are very rich in oil, and refutes the statements that these areas are water logged. The well is owned by the "Fanto" Company.

IRON

— The production of iron ores showed a further slight increase in September, especially in the regions producing limonite. The extent of home-produced ores was maintained at the level of the previous months. The import of rich iron ores declined in some measure, as is shown by the following statement (in tons):

	Extraction	Exports	Imports
August 1926	31,673 ¹⁾	11,803	39,718
September 1926	32,064 ²⁾	11,073	28,770
" 1925	15,629	5,308	26,365

The total number of workmen engaged in iron mining rose from 3,972 in August to 4,063 in September.

There were practically no changes in the operation of blast furnaces: the smelting of pig iron did not surpass the output for August. The same applies to the production of steel castings whereas the quantities of rolled products rose considerably during the period under review, which would indicate that the consumption of the home market increased in some measure because the export of rolled material, or, strictly speaking, the export of iron of all kinds, rails and steel sheets, continued to be somewhat restricted, and for the three mentioned iron and steel products amounted to 5,595 tons,

whilst the total output of the Polish rolling mills in September, as shown by the following statement, amounted to 58,344 tons:

	Pig iron	Steel Ingots	Rolled material	Number of workmen employed
August 1926	28,980 ¹⁾	75,674 ¹⁾	50,802 ¹⁾	35,511 ¹⁾
September 1926	28,670 ²⁾	76,065 ²⁾	58,344 ²⁾	36,244 ²⁾
" 1925	25,057	65,393	51,531	35,829

It should be pointed out that the Polish blast furnaces worked in September at about 37 per cent, whereas the Siemens-Martin furnaces were run at about 76 per cent of their capacity. The imports of scrap iron during September amounted to 15,024 tons.

The sales of Polish pipes on the international market were satisfactory, as in the previous month. The quantity of foundry products, namely of pig iron, iron and steel of all kinds, rails, iron and steel sheets as well as pipes sent abroad and received from foreign countries during the period under review, is shown by the following statement (in tons):

		<i>Exports :</i>		<i>Imports :</i>	
		<i>total</i>	<i>pipes</i>	<i>total</i>	<i>pipes</i>
August	1926	8,772	2,385	3,399	574
September	1926	10,269	2,369	1,638	284
	1925	1,844	1,441	2,004	90

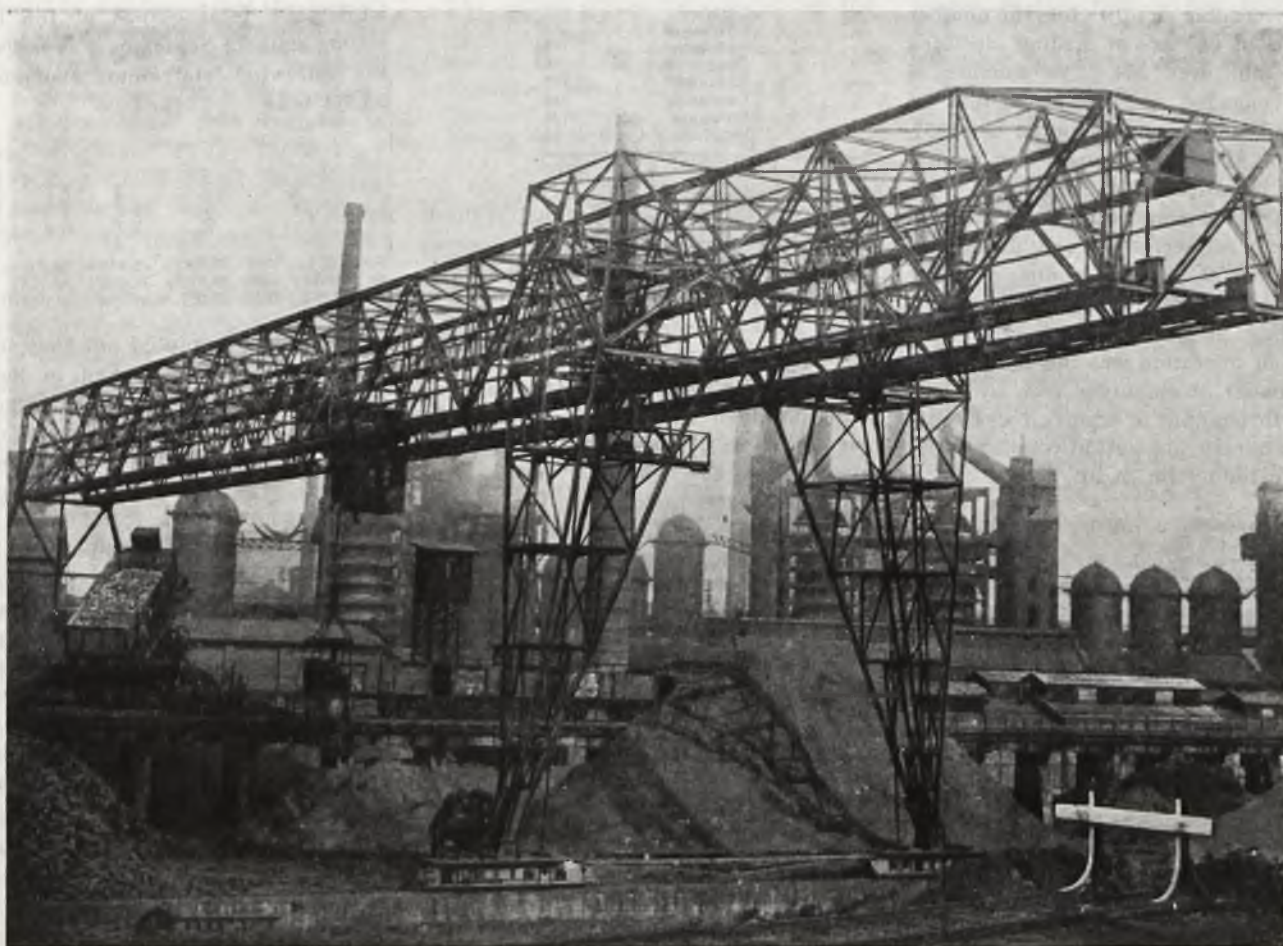
Of late, a large volume of business has been done in pig iron. This is to be ascribed to specially favourable conditions ruling on the foreign market, in view of the protracted coal dispute in England and the consequent shortage of supplies of pig iron of English origin. In general, the Eastern European markets are obliged to buy pig iron of Polish and other European make at prices which are quite satisfactory to the producers. The export of pig iron from Poland was as follows (in tons):

July 1926	1,877
August 1926	1,390
September 1926	2,305
" 1925	25

In connection with the improvement on the international iron market in September, the amount of all foundry products imported into Poland declined very considerably. Government's orders, and especially those placed by the State Railways contributed materially towards the rise in the output of the Polish foundries. Nevertheless private buyers, particularly agriculturalists, were in a position to cover their

¹⁾ Corrected figures.

²⁾ Provisional figures.



LOADING APPLIANCES AT THE "HUTA POKOJU" FOUNDRY IN UPPER SILESIA

requirements for iron. The amount placed in the country districts was about 300,000 tons (about 15 kg. per capita per annum). In connection with the general improvement of economic conditions of the State and the community, the demand for iron on the part of the home metal and machine industry intensified of late. On the other hand the building trade did not contribute towards the demand for foundry products, one of the main reasons being the close of the building season, as well as the limitation of Government credits.

INCREASE OF WAGES IN THE SILESIA FOUNDRIES.—In consequence of the decision taken by the Arbitration Committee in Upper Silesia, the wages of iron foundry workers were increased by 4 per cent as from October 1st, whereas in the case of zinc and lead foundries the increase was 6 per cent. It should be mentioned that the last increase of wages amounting to 15 per cent was accorded in June last.

This increase in the cost of labour is £ 2'40 per ton of iron rods and £ 9'60 per ton in the case of crude zinc.

THE UPPER SILESIA UNITED ROYAL AND LAURA FOUNDRIES LTD. — The railway wagon constructing department of the above

company has now received from the administration of Polish State Railways a new order for 400 20-ton coal trucks.

ZINC AND LEAD

— The activity of the zinc and lead mines in September was considerably restricted, on account of the transformation of the ore washers, which was undertaken by the Giesche Establishments at "Szarlej-Biały", one of the largest Polish mines, with the view of replacing the former process of mechanical enrichment of the ores by the flotation method. Naturally, the extraction reported was much below the usual level, which adversely affected the total output reported for the whole country. This is confirmed by the following statement (in tons):

	Extraction	Imports	Number of workmen employed
August 1926	102,348 ¹⁾	18,148	9,910 ¹⁾
September 1926	98,739 ²⁾	8,410	9,729 ²⁾
" 1925	104,324	4,743	9,485

The output of crude zinc in September last reached the highest level since the war; at the end of the month, however,

¹⁾ Corrected figures.
²⁾ Provisional figures.

a slight downward movement was noticeable; this was provoked by the fall in quotations for zinc at the London metal exchange during the first ten days of October. As mentioned in our previous issue¹⁾, the increase forecasted in the production of crude lead in September is now an accomplished fact, though the extent of the production is not considerable, and is far from reaching the level of June and that of July last, when the prices for lead on the international markets were very high, almost reaching those quoted for zinc.

At the present moment there is a downward tendency on both the zinc and lead markets, which is the reason why the exports of these metals were greatly diminished in September. The following statistical data (in tons) confirm the above statement:

	Output:		Exports:		Number of workmen employed
	raw zinc	raw lead	zinc sheets	zinc refined lead	
August 1926	10,507 ²⁾	1,756 ²⁾	10,481	978	3,046
Septem. 1926	10,162 ²⁾	2,127 ²⁾	8,535	796	1,750
" 1925	9,407	2,563	6,168	787	1,110

¹⁾ See "The Polish Economist" No. 4, page 136.

²⁾ Corrected figures.

³⁾ Provisional figures.

**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.

**SYNDICATE OF POLISH ZINC
FOUNDRIES.**—After protracted negotiations between the owners of the zinc foundries in Poland, the above mentioned Syndicate is to be organised in the near future. The Syndicate will embrace all the zinc foundries located in Upper Silesia and in the Kraków district. Its head office will be in Warsaw. For the time being the term of the contemplated agreement is fixed at six months.

**INCREASE OF WAGES IN THE
SILESIA FOUNDRIES.**—See "Iron",
page 178.

CHEMICAL INDUSTRY

**THE PARTICIPATION OF POLAND
IN THE BONE GLUE SYNDICATE.**—
As already reported by the daily European press, an understanding between the European bone glue producers was concluded in Lucerne at the end of September last.

The group of Polish glue concerns, which have joined the new Syndicate, is composed of four bone glue factories the annual production of which amounts to: 1,500 tons of bone glue, 600 tons of bone fat and 15,000 tons of artificial manures. The difficulties which have until now hindered the development of this industry in Poland lay in the fact that the raw material (bones) were purchased here by exporters, who directed them to foreign factories. The formation of the new Syndicate, one of the aims of which is the division of purchasing markets, greatly facilitates the position of the Polish bone glue industry, and ensures its future development, especially as the technical organisation of this branch of industry in this country is quite modern.

**THE
POLISH
TEXTILE
EXPORTING
ASSOCIATION
LTD.**

**ŁÓDŹ
9, MONIUSZKI**

VARIOUS

"BLOCK BRUN" LTD.—This well known Warsaw firm, which is mainly concerned with the sale of duplicators, type-writers, adding machines and office furniture, and is the Polish agent for a large number of leading English and American firms in this line, including "Roneo" Ltd., the "Remington Typewriter Company" etc. has recently increased its capital by £ 780,601 by means of a transfer of this sum from the reserve fund.

"PLUTOS" LTD.—A new chocolate factory was recently established in Warsaw under this name. The capital of this undertaking amounts to £ 200,000.

MOVEMENT OF PRICES IN SEPTEMBER.—The upward trend in prices, which began in August, continued in September. Increases were observed in both wholesale and retail prices, the rise in the latter being more marked. Owing to a simultaneous improvement of the złoty exchange in September, as compared with August, the increase of prices when measured in gold was considerably greater. The nominal wholesale prices (1914=100) increased in September from 173.2 to 177.2, or by 2.3 per cent, and the gold index rose from 99.4 to 102.0, or by 2.6 per cent. The nominal index of retail prices in Warsaw increased from 237.4 to 246.4, i. e., by 3.8 per cent, the cost of living index (in Warsaw) — from 181.0 to 187.6, i. e., by 3.6 per cent, and the gold cost of living index — from 103.9 to 108.0, i. e., by 3.9 per cent.

The index of nominal wholesale prices, having reached its maximum in May last — 181.2, fell in June (174.6)

and July (166.6), but increased again in August (173.2) and September (177.2). The downward tendency of prices in June and July was fictitious, the decrease being purely nominal, in consequence of the decline of the exchange, while the index of prices, measured in gold, continued to increase.

Taking into consideration the index of gold prices alone, it will be seen that the prices, when calculated in gold, were at their lowest in May, owing to the fact that the rate of exchange of the złoty was also low at that time (\$ 1 = 10.6), while at the same time the nominal prices reached their highest level. Since May the index of gold prices has continued to rise quickly during the months of nominal decline, i. e., in June and July, slowly in August, and still slower in September.

The improvement of the złoty in June and July had a favourable influence on prices, and retarded the increase which usually follow the stabilisation

of a currency after a long period of depreciation. The slight improvement of the złoty in August and September had an inconsiderable influence on the movement of prices.

The rise in values in August and September was due to a general increase in industrial activity, and to the improvement of the economic situation in Poland and on the world markets. It must be mentioned that the prices of agricultural products rose in August and in September, while as regards industrial products, only a few showed slight increases. This fact is due to the relatively favourable situation of the agricultural classes, which, after very good crops in 1925 and favourable ones in 1926, obtained facilities from the Government with regard to the payment of taxes, and also extensive credits. At the same time, in consequence of the firm tendency for agricultural products on the world market, prices have tended to reach the world level.

Details as to the movement of prices and index figures relating to different

groups of commodities are given in the following table:

	August		September		Increase (+) or decrease (—) in percentages
	Index	Price	Index	Price	
	(in %)	(in %)	(in %)	(in %)	
	for 100 kg.		for 100 kg.		
GENERAL INDEX	173.2		177.2		+ 2.3
Polish agricultural produce	206.0		214.8		+ 4.3
Manufactured articles	162.4		165.4		+ 1.8
I. — (Grain and foodstuffs of vegetable origin	210.2		216.2		+ 2.9
including:					
wheat	239.6	45.45	234.6	44.50	— 2.1
rye	236.2	32.55	248.9	34.30	+ 5.4
barley	216.6	31.60	217.6	31.75	+ 0.5
oats	200.1	29.20	181.6	26.50	— 9.2
wheat flour 65 per cent	234.9	69.35	215.2	64.75	— 8.4
rye " 70 "	198.6	48.25	208.6	51.55	+ 5.0
II. — Foodstuffs of animal origin	203.9		217.0		+ 6.4
including:					
beef	199.0	2.05	208.7	2.15	+ 4.9
pork (live weight)	197.4	2.25	219.3	2.50	+ 11.1
butter	146.0	5.30	154.3	5.60	+ 5.7
III. — Groceries and sugar	167.7		167.7		— 0.01
including:					
sugar	165.1	1.205	165.1	1.205	
IV. — Hides raw and finished	161.6		182.9		+ 13.2
including:					
raw oxen hides	179.0	2.90	175.9	2.85	— 1.7
" calf skins	191.5	3.60	194.2	3.65	+ 1.4
V. — Raw materials and textiles	232.4		226.5		— 2.5
including:					
American cotton	206.1	4.74	167.4	3.85	— 18.8
cotton yarn 1/32	185.5	8.46	185.5	8.46	+ 1.2
VI. — Metals and coal	183.8		186.0		
including:					
pig iron	167.3	200.00	167.3	200.00	
rolled iron	143.6	325.00	143.6	325.00	
hoops	172.3	390.00	172.3	390.00	
rolled wire	154.3	375.00	154.3	375.00	
coal	152.1	30.70	152.2	30.75	+ 0.2
VII. — Building materials	112.1		112.9		+ 0.8
including:					
cement	101.1	7.25	75.9	5.44	— 24.9
sawn timber	128.0	85.00	128.0	85.00	
VIII. — Organic chemicals	138.0		138.0		

As regards retail prices, the only increase during September was in the group of agricultural products and foodstuffs. The general increase of retail prices was 3.8 per cent, of alimentary products — 7.1 per cent, of agricultural products — 8 per cent, and of industrial products — only 0.5 per cent.

Similarly, the cost of living rose as follows: alimentary products — 6.5 per cent, clothing and footwear — 1 per cent, and fuel — 3.4 per cent.

The increase in prices in September cannot be considered as alarming. The high prices of agricultural products can, in consequence of the change of the market conditions, and because of the special economic conditions of the present time, easily be reduced from the present high level. The quicker rise of retail prices, as compared with wholesale prices, is an unsatisfactory phenomenon. One of the important consequences of the fall of the zloty was the decrease of the disparity between the wholesale and retail prices and of the cost of living. While the relation of the

above indexes was in September last — 177.2 : 246.4 : 187.6, in September 1925 it was the following: 127.2 : 184.2 : 152.0. This result must in any case be maintained.

Another important consequence of the decline of the zloty was a general lowering of the level of prices, and the fall of the index of gold wholesale prices to considerably below the European level (it should be observed that it was also lower before the decline of the zloty).

The index of the wholesale prices in June 1925 amounted to 119.3, and in July 1925 to 119.6; the index of gold wholesale prices in September last was only 102.0. The index of retail prices in June 1925 amounted to 178.4, and in July 1925 to 173.3. In September last the index of gold retail prices was only 141.9. The cost of living index in June 1925 amounted to 148.4, and in July 1925 to 151.6. The cost of living index measured in gold in September was 108.

A comparison of the index of gold wholesale prices in Poland and other

countries in July 1925 and August 1926 is given in the following table;

	July 1925:			
	Poland	Germany	France	England
General index	119.6	138.5	137.0	157.2
foodstuffs of vegetable origin	143.1	102.0	127.8	162.0
foodstuffs of animal origin	165.6	113.5	122.7	165.2
groceries	108.9		119.3	156.4
coal and metals	123.1	137.0	124.2	138.4
textiles	152.0	266.6	197.3	191.3
August 1926:				
	Poland	Germany	France	England
General index	99.4	132.3	114.2	149.0
foodstuffs of vegetable origin	120.7	109.8	111.4	156.4
foodstuffs of animal origin	117.0	114.3	83.7	154.5
groceries	96.3		115.9	160.7
coal and metals	105.5	131.6	122.1	146.9
textiles	133.4	235.2	147.4	152.0

THE UNLAWFUL COMPETITION ACT has been published in the Official Journal of Laws ("Dz. Ust. R. P.") No. 96, item 559, of September 25th. The new act is interesting, as for the first time in European jurisdiction it defines theoretically the meaning of unlawful competition. So far only French legislation has attempted to formulate such a definition, but the new Polish act is the first to establish a full and proper theoretic basis for the legislation in this respect. It is, up to a certain point, a consequence of the decisions of the International Conference for the protection of industrial property held at the Hague in 1925. During this conference the Polish delegate, Professor Zoll read a paper on the legislation against unlawful competition. The thesis of his report was adopted by the conference, and was subsequently developed into the new Polish act.

Being based on a precisely established principle, the construction of the new act is clear and complete, differing thus from the majority of similar European laws which are chiefly based on German legislation, and suffer from casuistry and eclecticism.

75th ANNIVERSARY OF THE POZNAŃ CHAMBER OF COMMERCE. — On October 12th last the Poznań Chamber of Commerce celebrated its 75th anniversary. This jubilee is not only significant because of the long period of work, though it must be recognised that a period of 75 years of strenuous economic activity deserves everywhere special attention. The fact to which particular attention should be drawn, is that this chamber managed not only to exist but also to develop under the most adverse conditions, for it will be remembered that the German administration systematically put obstacles



A VIEW IN "NEW WARSAW"

and annihilated all endeavours and initiative aiming at the organisation of economic life on Polish territory.

Despite the difficulties the Poznań Chamber of Commerce managed not only to endure this long period of persecutions, but it also has every reason to be proud of its achievements in the field of education of several generations of the local businessmen.

The festivities, which were celebrated on October 12th, were attended by M. E. Kwiatkowski, the Minister of Industry and Commerce. A number of speeches were made. The celebration of the jubilee coincided with the opening of the Poznań Commercial High School which was brought into being with the assistance of the Chamber.

THE 50TH ANNIVERSARY OF THE MUSEUM OF INDUSTRY AND AGRICULTURE IN WARSAW

was solemnly celebrated on October 2nd last.

This institution was founded in 1876 at the time of the most severe national persecutions by the Russian rulers, after the Polish insurrection of 1863, at a time when even the use of the Polish language on the Polish territories was officially forbidden.

During that period the more active and energetic elements of the Polish community concentrated their efforts on the technical and economic development of the country. Even this work was very closely linked up with

national problems. In this way the Museum became at the time the centre of initiative within the scope of its activity and in the following directions of a general character:

- 1) collection of models in connection with industry, arts and crafts and agriculture,
- 2) the conduct of scientific investigations,
- 3) the promotion of trade education.

The last mentioned activity was one of the primary principles of its foundation, and received special attention.

There is no exaggeration in saying that a large portion of the work carried on now in Poland in the above provinces had its origin in the initiative of the Museum, namely: the State Meteorological Institute, which is but a transformation of the former meteorological station, founded by the Museum in 1884; the State Geological Institute, which replaced the former geological laboratory, founded by the Museum in 1900; the High School of Agriculture in Warsaw, which traces its source to the lectures on agricultural subjects started by the Museum in 1911, etc. The Museum is also credited with the calling into being of the following institutions: the Central Agricultural Society, the Central Gardening Society, the Association of Engineers and the Hygienic Society. All these are former branches of the Museum,

which subsequently became either autonomous or were transferred by the Museum to the Polish Government after the restoration of Poland in 1918. The following bodies are still attached to the Museum: the Physical Institute, the Institute of Pharmaceutical Industry and Agricultural Bacteriology, the Chemical Laboratory, the Seed Valuation Office and the Ethnographical Station. In recent years the Institute of Scientific Organisation of Labour was created by the Museum, and this body is now engaged in the organisation of an institute for the investigation of the economic conditions of Eastern Poland.

This, as stated, is the main field of activity of the Museum. In addition, during its 50 years of existence, it has made its name by virtue of the large number of valuable publications it has issued, and it has succeeded in collecting a series of highly praised models, relating to industry, natural history, ethnography and archeology.

FAIRS AND EXHIBITIONS

INFORMATION BUREAU OF THE LWOW EASTERN FAIR. — In view of the circumstance that the Polish State Administration has not up to the

present had a department*) which could be entrusted with the export propaganda and with the supplying of necessary informations to Polish exporters and all those interested in trade with Poland—private organisations, and especially the boards of the fairs existing in Poland, are filling in the gap and are opening their own export inquiry offices.

One of the largest organisations of this kind, that of the Lwów Eastern Fair, has recently decided to undertake such work, and has called into being a special Intelligence Bureau which will supply, free of charges, all informations to foreign firms desirous of entering into commercial relations with Poland. In order to discharge its duties in a proper manner, the Intelligence Department has at its disposal the whole staff of the Fair and a large number of agents in Poland and abroad; the practical experience gained in this province by the officials of the Fair is sure to be of great assistance.

POLAND'S PARTICIPATION IN THE LUBLIANA FAIR (YUGOSLAVIA).—This year Poland participated in the fair held at Lubliana, and was represented by exhibits belonging to 21 firms, which occupied a separate stand. The total number of foreign firms participating in this fair was 141, Poland occupying the third place among the countries represented (Austria—36 firms, Germany—27 firms).

The following Polish goods were exhibited: agricultural machinery, cycles, perfumery and cosmetics, rubber wares, musical instruments etc.

FOREIGN TRADE

— Poland's foreign trade showed a decrease during September. The imports reached the total of 251.836 tons valued at ₹ 148,373.000 against 272.704 tons valued at ₹ 161,398.000 in August, and exports—2,494.001 tons valued at ₹ 199,363.000 against 2,935.215 tons valued at ₹ 225,702.000 in August. The fall in exports was greater than the fall in imports, and therefore the favourable trade balance fell from ₹ 64,304.000 in August to ₹ 50,990.000 in September.

The examination in detail of the particular groups of merchandise will illustrate the changes which occurred in the foreign trade balance.

The most important group on the import side is that of textiles and cloth, which remained practically on the same level as in August and showed 10.904 tons (10.580 in August) to the value of ₹ 58,417.000 (₹ 57,269.000 **).

The main items of this group are the following (in thousands of ₹):

	September	August
jute	2.099	3.158
cotton	32.837	29.888
wool (incl. combed wool)	11.468	11.928
cotton yarns	2.987	2.941
woolen	2.245	2.040
cotton fabrics	1.744	2.450
woolen	689	809
silk, semi-silk, and artificial silk textiles	2.419	1.839

The import of cotton, the principal raw material of the Polish textile industry, increased in quantity from 6.701 tons in August to 7.841 tons in September. The import of wool remained practically on the same level. It appears from the above that the textile industry is working normally, which is confirmed by the employment statistics. On the other hand the import of cotton fabrics and woolen cloths showed a decrease.

The second important group, that of foodstuffs, also showed but a little change: imports amounted to ₹ 20,761.000 against ₹ 21,255.000 in August. The import of some 4.500 tons of wheat and rye had only a local importance and cannot be considered as the forerunner of larger imports in that direction. The import of rice rose to ₹ 2,157.000 (₹ 2,045.000), that of herrings and fish to ₹ 3,493.000 (₹ 2,973.000), of oils and edible fats to ₹ 3,730.000 (₹ 3,558.000), of tobacco to ₹ 2,870.000 (₹ 2,342.000), while the import of coffee, tea and cocoa fell from ₹ 5,685.000 in August to ₹ 3,545.000 in September.

The group of animal products also showed a little change: ₹ 13,307.000 (₹ 13,256.000); the import of raw hides rose to ₹ 4,421.000 (₹ 3,300.000), and the import of manufactured leather fell to ₹ 6,113.000 (₹ 6,889.000).

Important changes occurred in the group of chemicals. The main items of this group are the following:

	September in tons	August in tons	September in ₹ 1000	August in ₹ 1000
chemicals of inorganic origin	20.473	30.894	3.236	4.548
chemicals of organic origin	6.286	6.557	9.722	10.184
dye stuffs and varnishes	486	581	1.342	1.534
sundry chemicals	333	261	1.047	1.109

The imports of all the above products fell as compared with the August figures which were relatively high and superior to those of the preceding month.

The imports of ores decreased below the August level. Among the articles of this group should be mentioned (in thousands of ₹):

	September	August
iron ores	1,054.000	1,877.000
zinc ores	1,585.000	5,303.000
metals and metal products	6,533.000	8,135.000
machinery and apparatus	6,804.000	9,113.000
electrical wares and appliances	3,642.000	5,366.000
transport appliances	1,860.000	2,866.090

To complete the table of imports, the following articles must be mentioned: paper and paper manufacture ₹ 6,389.000 (₹ 4,685.000 in August), and clothing— ₹ 2,149.000 (₹ 2,535.000 in August).¹

The most important group in the export section is that of coal and petroleum products. The export of these articles showed a considerable decrease in September: ₹ 69,263.000 against ₹ 85,770.000 in August.

The main articles of this group are the following:

	September in tons	August in tons	September in ₹ 1000	August in ₹ 1000
coal, coke, briquettes	1,840.224	2,195.369	57.456	67.916
petroleum	9.400	15.902	2.011	3.393
benzine	7.035	12.139	3.517	5.960
motor and lubricating oils	11.599	22.905	2.542	4.581
paraffine wax	2.657	3.062	3.385	3.537

The decrease of the export of petroleum products was probably only temporary; as regards coal, the decrease of exports is due to the increased demand on the home market in view of the approaching winter season.

The export of foodstuffs remained practically on the August level: ₹ 45,494.000 (₹ 46,344.000).

Among articles of this group should be mentioned:

	September in tons	August in tons	September in ₹ 1000	August in ₹ 1000
wheat	3.014	6.614	1.331	3.270
rye	24.392	23.902	8.030	6.980
barley	19.370	9.922	6.197	3.101
oats	1.073	2.113	298	599
peas and beans	4.422	906	2.500	365
rye and wheat flour	611	1.722	270	861
sugar	3.026	7.432	1.865	4.567
meat	1.503	1.634	3.241	3.420
butter	867	923	3.775	3.967
eggs	4.604	6.131	9.882	12.345
forage	27.363	23.136	4.424	3.908

The increase of the barley, peas and beans is worth noting. The decrease in quantity of the export of rye was compensated by a simultaneous increase in value. A decrease of export of sugar, as is usually before the beginning of a new campaign, and of eggs—can be also observed.

The decrease of the exports of timber was not important: 415.766 tons valued at ₹ 29,500.000, as compared to 498.607 tons and ₹ 31,522.000 in August.

The main articles of this group are the following:

*) The scheme for the establishment of an export institute is at present under consideration and will probably be called into being in the near future.

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

	September	August	September	August
	in tons		in z 1000	
pulpwood	112.741	155.318	4.779	6.528
pit props	73.613	82.704	2.562	2.481
round wood				
and logs	45.112	63.015	2.464	3.328
planks, deals,				
battens	145.161	146.826	15.081	13.883
railway				
sleepers	14.260	20.029	1.216	1.471

Furniture was exported to the value of z 1,072.000 (z 1,119.000), and veneers to the value of z 786.000 (z 724.000).

The decrease of export of metals and metal products was rather considerable and fell from z 25,632.000 in August to z 20,954.000 in September.

Among articles of this group should be mentioned:

	Sept.	August	Sept.	August
	in tons		in z 1000	
iron and steel				
sheets	3.063	2.343	1.757	1.238
iron pipes	2.369	2.385	1.363	1.539
lead	1.750	3.046	2.392	4.170
zinc	8.535	10.481	11.801	14.619
zinc sheets	796	978	1.306	1.580

A certain fall of exports was observed also in the group of textiles: from z 14,745.00 in August to z 12,018.000 in September.

The following articles of this group are worthy of note (in thousands of z):

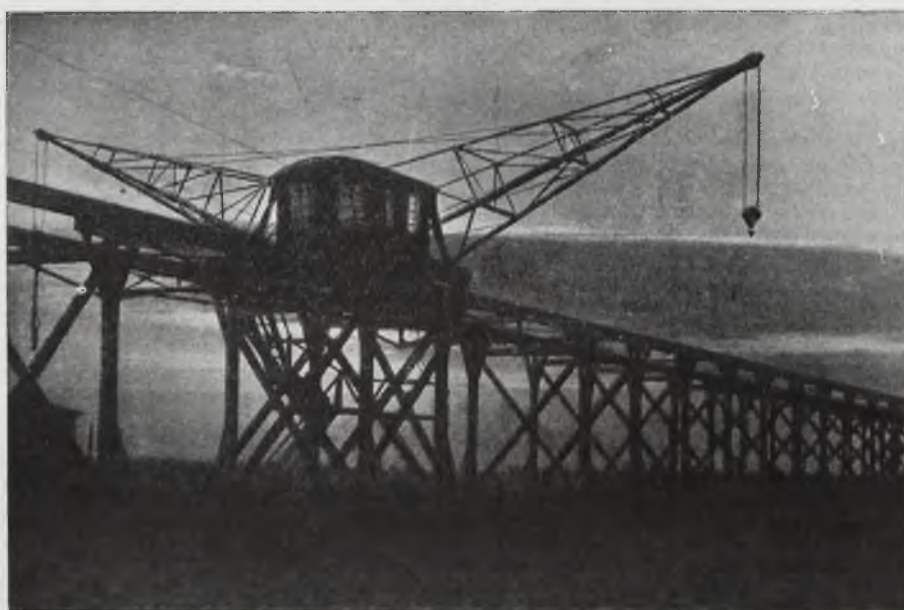
	September	August
cotton yarn	1.540	1.647
fabrics	4.629	4.909
woolen yarn	2.520	3.184
fabrics	1.536	2.016

To complete the above tables, we would add the following data relating to a few other groups and articles exported (in thousands of z):

	September	August
live animals	8,358.000	8,543.000
animal products	1,981.000	2,029.000
plants and seeds	3,597.000	2,826.000
chemicals of inorganic origin	1,854.000	2,322.000
chemicals of organic origin	1,386.000	1,129.000

The decrease of the volume of Poland's foreign trade in September was, up to a certain degree, unexpected, after the increase of activity in August. However, the general improvement of economic conditions in Poland and especially the decrease in the number of unemployed justifies the supposition that this decline was only temporary.

In many cases the decrease of exports is due to an increased demand on the home market in consequence of the general improvement of economic conditions in Poland, and especially in connection with the realisation of the crops, which takes place under favourable conditions to the agricultural classes, the crops being above the average and prices relatively high.



TIMBER HARBOUR ON THE BYDGOSZCZ CANAL (POMERANIA)

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. 35: Polish undertaking producing enamelled wares is desirous of entering into direct relations with importers in this line.

Ref. No. 36: Polish manufacturer of iron sanitary articles, radiators and pipes for central heating wishes to get into touch with buyers of these articles.

Ref. No. 37: Manufacturers of pottery and earthenware (artistic statues in faience and terra-cotta, dinner sets etc.) is desirous of entering into relations with foreign buyers of these articles.

Ref. No. 38: Polish manufacturers of technical and medicinal turpentine, oils used in soap making, lubricants and all other products of dry distillation of wood, are desirous of getting into touch with buyers abroad.

Ref. No. 39: Polish manufacturers of complete mining plants wish to enter into relations with foreign firms interested in this line.

Ref. No. 40: Polish zinc oxide manufacturers seek foreign buyers for this article.

TREATIES

COMMERCIAL TREATY NEGOTIATIONS WITH GERMANY.— On the 11th of October negotiations for a commercial treaty with Germany were resumed in Berlin. Two commissions are sitting simultaneously: the commission for customs and the commission for the question of persons legal and physical. The first one is finishing the second reading of mutual customs claims, and will presently proceed with the third reading with the view of reaching a definite agreement. The negotiations on the question of persons legal and physical concern the admission and sojourn of citizens of one country on the territory of the other and especially the question of the creation of commercial enterprises.

THE RATIFICATION OF THE POLISH-CZECHOSLOVAKIAN COMMERCIAL TREATY.— The documents of ratification were exchanged in Warsaw on the 22nd of October, and the treaty will enter into force as from November 6th next.

This treaty*) is one of the most important of the commercial treaties concluded by Poland as it regulates the commercial relations with a neighbouring country; the absence of this treaty has been badly felt for a long time.

To this treaty are attached the veterinary, railway, coal and petroleum agreements, trade regulations, and also lists of merchandises subject to customs rebates in both the countries concerned.

The veterinary agreement regulates, from the sanitary point of view, the importation of Polish cattle and pigs into Czechoslovakia; it will contribute very materially towards the increase of the Polish export of these articles into that country.

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

The coal agreement regulates the very important question of railway facilities in connection with the exportation of Polish coal to Czechoslovakia, and fixes the monthly import contingent at 60,000 tons. This agreement also provides for the extent and the method by which dues and taxes on coal will be paid.

The railway agreement is of great importance to Poland as it regulates the question of transit in general, and in particular that of coal via Czechoslovakia. It is based on the principle that the difference between the railway rates for Polish and Czechoslovakian coal must always be the same, even if the tariffs are modified. Special clauses differentiate tariffs according to the direction of the traffic, i. e., to Austria, Italy, Hungary etc. Poland has also reduced her railway tariffs for Czechoslovakian coal, coke and other articles.

The petroleum agreement regulates the question of supply of Polish semi-finished petroleum products to Czechoslovakia.

The trade regulation agreement deals with the issue of import licences for articles, the entry of which into Poland is prohibited.

The ratification of this treaty is an important step towards the achievement of Poland's economic understanding with her neighbours.

In view of the conflicting interests which are sometimes very difficult to reconcile, the best proof of which has been the duration of the negotiations which have lasted over 18 months, the conclusion of a treaty of this kind is only attainable with the good will of both the parties.

NEGOTIATIONS FOR A RAILWAY CONVENTION WITH CZECHOSLOVAKIA. — See page 185.

TRANSPORTS

RAILWAY TRAFFIC IN SEPTEMBER. — This month saw a further increase in the volume of railway traffic which completely exhausted the carrying capacity of Polish railways, although to a certain extent this increase had been rendered possible by a reorganisation of the supply of trucks.

The increase in the volume of transport was brought about by the increased demand for coal on the part of the home and foreign markets, and also by the carriage of crops, in connection with the close of the harvest, the export of commodities of these two groups having been maintained on practically the same level as in the preceding month. The same remark also applies to crude oil and petroleum products, the transport of which for both — home and foreign requirements showed a slight decline as compared with the month of August.

On the other hand, the volume of raw materials and manufactures carried by the railways rose considerably, on account of the revival noticeable in almost every branch of industry.

In connection with the increase of the demand for coal on the home market, the work of the railways was reorganised by the introduction of loading operations on Sundays, and as this work was exclusively carried on in respect of orders placed by local buyers, a more substantial reduction in the volume of exports was avoided.

In the month of September the average daily car-loadings on Polish stations amounted to 14,972 15 ton trucks, a gain of 714 trucks over the preceding month. Of this number 9,786 trucks were dispatched to inland stations and the remainder—5,186 trucks, were sent abroad. The number of trucks received from abroad experienced a certain, though small, increase and was 530 trucks, whereas the number of trucks in transit through Poland was maintained on nearly the same level as in the preceding month and was 933.

The statement given below illustrates the average daily car-loadings of different goods transported in 15 ton trucks within the Polish frontiers:

coal, coke and briquettes	2,699
crude oil and petroleum products	173
timber	786
agricultural produce	1,002
raw materials and industrial products	2,017
miscellaneous	3,109
Total:	9,786

Compared with the volume of traffic in August, the car-loadings to local stations increased on the average by 826 waggons per day, the largest increase being recorded in the transportation of coal — by 500 trucks, and agricultural produce — by 231 trucks. The loadings of raw materials and manufactures and various other merchandise also increased by 131 and 104 trucks respectively. The consignments of timber declined by 133, and those of crude oil and petroleum products — by 7 trucks.

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

coal, coke and briquettes	4,017
crude oil and petroleum products	86
timber	760
agricultural produce	106
miscellaneous	217
Total:	5,186

Compared with the preceding month, the average daily loadings in September destined for abroad declined by 112 trucks; a comparatively small betterment was

shown by the following groups: agricultural produce — by 1 truck, and the group of various materials — by 26 trucks. The daily exports of goods of the remaining three groups declined as follows: coal, coke and briquettes — by 8 trucks, crude oil and petroleum products — by 6 trucks, and timber — by 125 trucks. It should be mentioned that despite the hiring of a large number of trucks from foreign railway systems, and a higher degree of efficiency of the Polish railways, the demand for trucks on the part of Polish exporters of articles carried as loose freight was not entirely satisfied, on account of the constant increase in the requirements of the home trade. The inadequate handling capacity of the Baltic ports added to the transport difficulties.

The total work performed by trucks in September amounted on the average to 16,435 trucks (15 ton) per day, a gain of 757 trucks over the preceding month.

REORGANISATION OF THE MINISTRY OF RAILWAYS AND OF THE ADMINISTRATION OF THE STATE RAILWAYS. — In accordance with a decree issued by the President of the Republic, dated September 24th 1926, in place of the heretofore Ministry of Railways has been created a Ministry of Transport, which, in addition to the control of the State Railways, has taken over the postal, telegraphic, telephonic and wireless services. The Ministry of Transport is also in charge of civil aviation.

At the same time the administration of the State Railways has been reorganised in such a way that the Railways now become an independent undertaking named the Polish State Railways ("Polskie Koleje Państwowe"). Thus the Railway Administration becomes an autonomous organisation, similar to that of other department of the Ministry of Railways — the "Generalna Dyrekcja Poczty i Telegrafów" (The General Directorate of Posts and Telegraphs).

The rôle of the Ministry of Transport is confined to the laying down of the policy to be pursued by the railways, postal, telegraphic, telephonic, wireless and aviation services (for instance—tariff rates), and the exercising of control over these branches of the State activity. The latter form of control is exercised by means of a Central Board of Transport Control ("Główna Inspekcja Komunikacji") called into being by the above mentioned decree.

The Polish State Railways is a legal body and is to be run on business lines. In this connection the General Manager of the undertaking is empowered, within the limits of its budget, the funds of the Railways being under his control, to borrow money to the extent of 10 per cent of the income received in the preceding year. The new principle of organisation of the Polish Railways will,

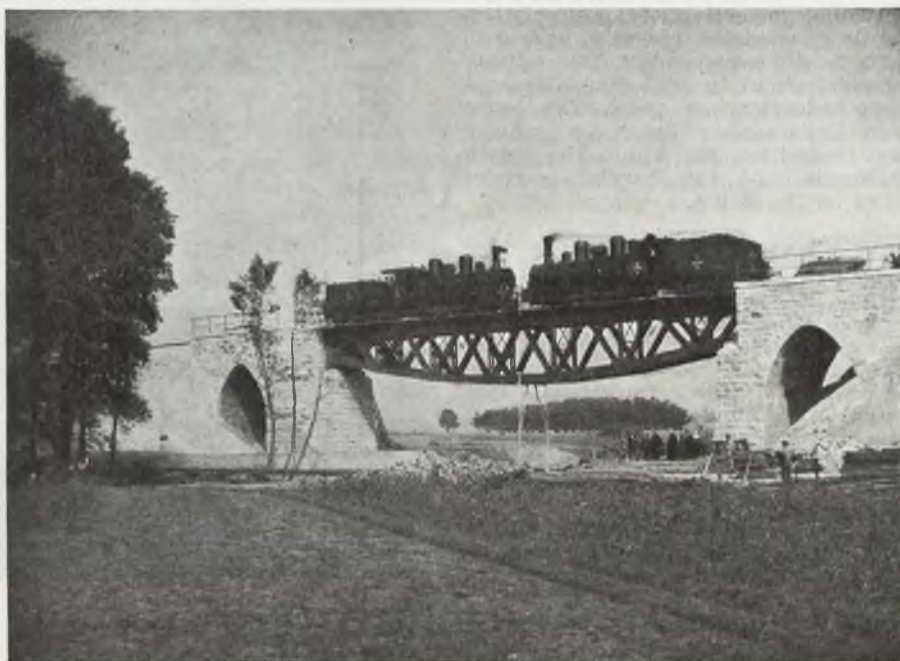
no doubt, contribute materially towards higher efficiency in their operation.

OPENING OF THE KALETY-PODZAMCZE RAILWAY. — On the 4th of October the representatives of the Government, the Vice-Premier, M. Bartel, the Minister of Transport, M. Romocki, and the Minister of Industry and Commerce, M. Kwiatkowski, officially inaugurated the new line from Kalety to Podzamecze, the construction of which had been completed on that date. The new line can be already operated over its whole length, although the ballasting, construction of station buildings etc. will only be completed at the end of this year, in accordance with the scheme of construction.

The new railway is destined to avoid the passage through the German territory, the so-called "Kluczbork corridor", through which the transports from Upper Silesia to former German Poland were directed, and at the same time is the first link of the main line which, in future, will form the shortest route from Silesia to Danzig and Gdynia. The total length of the line is 121.1 km. For the time being the line is a single-track one, and connects Kalety in Upper Silesia with Podzamecze, former German Poland (near Kępno). The stations on this line are the following: Herby, Krzepne and Wieluń. The line runs through a level country and did not present any serious construction difficulties; however, in some places excavations and embankments on marshy ground have been necessary. The total length of bridges is about 280 meters.

The construction of the line was decided on May 13th 1925; on the 13th of July of the same year the legalisation act was published; on August 7th the estimates, designs and technical details were approved, and work was started immediately; on August 26th were laid the foundations for the first bridge. The speed of the work was gradually increased, as appears from the following comparison of expenditure: during 1925 — 25 per cent of the estimates; during the first half of 1926 — 25 per cent, and during the last three months — also 25 per cent, or up to the present a total of about 75 per cent of the whole estimates. The total cost of this line is estimated at about 25 million. 5,600 workmen were recently employed for its construction. The work was directed by M. J. Nowkuński.

The construction of the new line is particularly important for two reasons, additional to its importance as a new main line. To begin with, the work was carried on with exceptional speed, nearly always at the specified dates and in accordance with the estimates. The general



A TRIAL OF ONE OF THE BRIDGES ON THE NEW KALETY-PODZAMCZE RAILWAY LINE

opinion of experts is that the work has been completed without any defect.

The second fact worthy of mentioning is that for the construction of the whole line only Polish materials have been used.

NEGOTIATIONS FOR A RAILWAY CONVENTION WITH CZECHOSLOVAKIA. — After a break of over one year, the negotiations for the conclusion of a railway convention between Poland and Czechoslovakia were renewed on the 12th of October last*). This convention is to supplement the commercial treaty existing between the two countries. As the result of the work carried on during several days by plenary and committee meetings, the final wording of the Convention was decided upon; it is to provide a legal basis for the regulation of railway relations between the two countries; in addition to the above mentioned convention a supplementary treaty concerning stipulations of a technical character is contemplated. As the draft treaty relating to frontier stations is under discussion, it has been decided to arrange a final conference towards the middle of November, the general outline of these treaties having been agreed upon.

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

DIRECT PASSENGER TRAFFIC BETWEEN POLAND AND SOVIET RUSSIA. — From August 31st to September 5th the Polish-Russian railway conference was held in Warsaw, in the course of which the question of the improvement in the passenger traffic between Poland and Russia was discussed.

It was decided to introduce, beginning with the 1st of October, a regular daily express train from Warsaw to Moscow via Stółpce. Owing to the increase of the speed, this Moscow train will obtain a daily direct connection with Central and South Europe.

At the same time the Soviet railways agreed to establishment of direct communications three times a week from Moscow to the Far East, instead of the existing twice weekly service.

NEW RAILWAY FRONTIER CONNECTION WITH RUSSIA. — The newly concluded railway convention with Russia*) providing for five points of direct railway communication between Poland and Russia (Zahacie-Farynowo, Stółpce-Niegorełłoje, Mikaszewicze-Żyt-kowicze, Zdołbunowo-Szepietówka and Podwołoczyska-Wołoczyska) contain a clause according to which additional frontier points for railway traffic may be opened by mutual agreement.

*) See "The Polish Economist" No. 1, page 30.

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

Availing themselves of this stipulation, the two countries recently agreed to open as from September 20th railway communication through the Olechnowicze-Radoszkowicze point. The latter town lies on the Wilno-Mińsk railway line connecting, via Wilno, the South of Russia with the Latvian port of Libau on the Baltic.

NEW RAILWAY STATION AT STOLPCE. — On the Polish-Russian frontier, on the main commercial route between Poland and that country, a new railway station (see photograph) has been constructed at Stolpce on the river Niemen. The construction of this station was completed in a very short time. Besides all usual facilities, the station has been provided with special premises for customs and the control of the passports.

The inauguration of the new station took place on the 10th of October in the presence of M. Romocki, the Minister of Transport.



NEW RAILWAY STATION ON THE POLISH-RUSSIAN FRONTIER IN STOLPCE (POLAND)

PORT TRAFFIC IN SEPTEMBER.

Some reaction was noticeable in the activity of the two Polish ports of Danzig and Gdynia in September, and the decrease in the port traffic, as compared with the previous month, amounted to 10 per cent in the case of Danzig and to about 15 per cent in that of Gdynia. The direct cause of this phenomenon lies in the atmospheric conditions of the Baltic, and in a much higher degree in certain dislocations in the dispatch of trains to these ports.

The total number of vessels calling at Danzig in September was 554 totalling 304,755 reg. tons, the number of outgoing vessels being 570 with 320,555 reg. tons. The corresponding figures for August were: incoming ships: 670 aggregating 335,746 reg. tons, and outgoing vessels: 678 aggregating 336,776 reg. tons. A glance at these figures indicates that although the number of ships declined very materially, their total tonnage was subject to a comparatively small change. It is interesting to note that exactly the same phenomenon, namely: the decline in the number of vessels calling at the port and a simultaneous increase in the average tonnage, is regularly observed in September of each year. This can be explained by the bad weather conditions commencing in September, which prevent the smaller craft from putting out to sea. For instance, in August 1925 the number of ships calling at Danzig was 499 totalling 174,213 reg. tons, as against 387 vessels aggregating 170,934 reg. tons in September of the same

year. In this case the above mentioned phenomenon is more conspicuous than it was this year, when the actual decline in the movement of goods, as reflected by the tonnage of the vessels, was very small, although the number of ships calling declined nearly by 20 per cent.

The nationality of ships calling at the port of Danzig in September was the following:

	Arrivals:		Departures:	
	ships	reg.tons	ships	reg.tons
Poland & Danzig	60	12,981	69	12,923
Germany	195	75,633	195	82,659
Finland	11	7,400	12	7,807
Russia	1	2,672	1	2,672
Estonia	5	910	4	1,150
Latvia	12	11,905	12	10,682
Lithuania	1	437	1	437
Sweden	114	66,659	114	68,689
Norway	35	20,908	35	22,002
Denmark	74	54,723	80	57,810
England	25	31,028	24	31,241
Holland	6	4,137	6	4,414
Belgium	5	2,508	4	2,508
France	9	10,860	12	13,703
Greece	1	1,994	1	1,855
Total:	554	304,755	570	320,552

The same features were observed at Gdynia, which port, as is known, is under construction. The development of sea-borne traffic in this port continues to be harassed by the insufficiency of transshipment facilities in that port. The conditions in this respect should in the near future, most probably in October, change for the better, in view of the completion of a number of cranes with high lifting capacity, specially built for the transshipment of coal. These cranes are partly in commission, so that the loading capacity of this port will be increased considerably.

The number of vessels which called at Gdynia in September was 27, totalling 17,826 reg. tons, as against 29 vessels totalling 21,407 reg. tons in the month of August. The departures were 25 aggregating 17,918 reg. tons. As before, the calling vessels arrived in ballast, and took mainly coal and passengers; coal shipments amounted to 33,225 tons as against 44,608 in August, and the number at passengers was 416.

The nationality of the ships which called at Gdynia in September was the following:

	Arrivals:		Departures:	
	ships	reg.tons	ships	reg.tons
Sweden	10	8,160	10	8,160
Germany	10	4,140	9	4,660
Norway	3	1,635	2	1,207
Danzig	2	1,182	2	1,182
Latvia	1	811	1	811
France	1	1,898	1	1,898
Total:	27	17,826	25	17,918

ACQUISITION OF SHIPS IN FRANCE. — A contract of purchase of five steamers of 3,000 ton each, newly constructed in the shipyards of the "Chantiers Navals Français" in Blainville near Caen, was signed in Paris by the Polish Government on October 27th last.

These steamers will be transferred to a newly formed State steam-ship undertaking, and are to be used mainly for the export of Polish coal and other loose freight.

THE INTERNATIONAL SHIPBUILDING AND ENGINEERING CO. LTD., DANZIG. — This Company was known before the war as the "Kaiserliche Werft" operating one of the largest shipbuilding yards on the Baltic, at which were constructed the largest units of the German military and mercantile fleets. After the war and the creation of Danzig a Free City this concern was transformed into an international undertaking having a mixed capital divided in equal parts between: the Polish Government, the Free City of Danzig, and a group of English and French capitalists.

In view of the general crisis prevailing in shipbuilding circles after the war, this company has done but little business in this line, and has turned its attention to other work such as the repair of waggons and locomotives, the construction of Diesel engines and electrical prime movers, etc.

This Company has secured this year a number of orders for ships from American and Norwegian firms.

They have recently secured also a new order from the Polish Government, the contract which was signed on September 13th being for the construction of two saloon passenger ships. The ships are to be three-deckers constructed to carry 750 passengers each, with 600 H. P. engines; when fully loaded they are to be capable of a speed of 12 knots per hour.

According to the terms of the contract, the ships are to be built entirely from Polish materials, and are to be completed by the middle of 1927. They are intended for the maintenance of a regular passenger service between the new port of Gdynia and the Baltic and Scandinavian ports.

LOSS OF THE STEAMER "WISLA". — This steamer of 800 tons, owned by the Polish steamship line "Sarmatia", sank on October 10th off the Dutch coast, during a storm in the North Sea. An officer and a man were drowned.

AERIAL COMMUNICATION IN SEPTEMBER. — The number of flights on the 7 Polish air services in September was 343 (357 in August). The distance covered was 113,250 km., 13,390 km. less than in August. 806 passengers (869 in August) and 10,958 kg. of merchandise, of which 227 kg. of correspondence were carried (7,312 kg. and 235 kg. in August respectively).

LETTERS WITH DECLARED VALUE TO PERSIA. — As from October 26th 1926 letters with declared value will be received by the Post Office for dispatch to Persia; they may be addressed to the following places: Bouhir (Bushire), Chiraz (Shiras), Hamadan, Ispahan, Mirmanchah, Meched, Mohammera, Pahlevi (Enzeli), Recht, Tauris (Täbris) and Teheran.

The value of the letters may not exceed 5,000 gold francs. Letters with declared value addressed to Persia will be sent via Zdobunów through the intermediary of the Post Directorate of Soviet Russia.

FINANCE AND BANKING

STATE REVENUE AND EXPENDITURE. — The State revenue and

expenditure in the month of September was the following (in million of ₯):

	Revenue	Expenditure
A) Civil service	96·8	155·0
The President of the Republic . . .	—	0·2
The Parliament	—	0·7
State Control	—	0·3
Council of Ministers	—	0·1
Ministry of Foreign Affairs	0·7	4·3
" War	1·2	48·8
" the Interior	1·1	15·0
" Finance	84·1	8·2
" Justice	2·9	7·0
" Industry and Commerce	0·3	1·6
" Transport	—	0·2
" Agriculture and State Lands	1·4	2·2
" Religious Cults and Education	0·3	23·0
" Public Works	2·8	9·8
" Labour and Social Protection	0·1	5·5
" Land Reform	—	1·5
Pensions	1·9	6·2
Grants to Invalids	—	10·4
State liabilities	—	9·9
B) State Enterprises	10·9	1·0
C) Monopolies	55·1	—
Total A + B + C :	162·8	156·0

It will be seen by the above table that September was closed with an excess of revenue over expenditure amounting to ₯ 7 million. Thus the State budget continues to be well balanced; this is to be ascribed to the reduction in expenditure, and to the improv-

ed organisation of the collection of taxes.

Commencing with July, the State budget has shown monthly surpluses of revenue over expenditure, which for the last three months have amounted to ₯ 32 million. As the six

months period ending June 30th was closed with a deficit amounting to ₯ 71,000,000, the total deficiency for the current year amounts to ₯ 39 million, or \$ 4·3 million.

PROVISIONAL BUDGET ESTIMATE FOR THE FOURTH QUARTER OF 1926. — On September 30th last the Parliament passed the act relating to the provisional budget for the 4th, and the supplementary provisional budget for the 3rd quarter of this year. The credits for the different sections and branches of the budget for the 4th quarter were fixed in accordance with the Government proposals (with the exception of three slight amendments) and amounted to ₯ 484,785,654. At the same time the act specifies that the total amount of credits for the 4th quarter of this year should not exceed ₯ 450 million.

The act of September 30th, as already stated, also supplements the credits of the provisional budget for the 3rd quarter of this year, in consequence of which the credits have been raised to the sum of ₯ 478·5 million. It will be seen that the credits for the 4th quarter, amounting ₯ 484·8 million without reduction, only very slightly exceed the amount fixed for the 3rd quarter. The actual expenditure for the first three quarters amounted to ₯ 1,321·2 million, and if the sum of ₯ 484·8 million for the credits for the 4th quarter is added to the above figure, the approximate total expenditure for the year 1926 will amount to ₯ 1,806 million. When the credits for the 4th quarter, as reduced by the Parliament, i. e., ₯ 450 million, are taken into consideration, we arrive at the sum of ₯ 1,771·2 million, representing the total budgetary expenditure in 1926. The policy of economy continuously followed by the Government in the monthly budgets drawn up by the Ministry of Finance, will make it possible to considerably reduce the possible supplementary credits, for which the Government will have to ask Parliament, so that the total amount of

expenditure in 1926 should not reach zł 1,800,000,000.

The actual execution of the budget in 1926 and of the provisional budget

for the 4th quarter of this year is given in the following statement (in million of zł):

	Revenue:			Expenditure:				
	Actual for 3 quarters of 1926	Provisional budget for 1926	Actual in 1925	Actual for 2 quarters of 1926	Credits in the provisional budget for the 4th quarter of 1926	Anticipated expenditure in 1926 (actual for 3 quarters — those anticipated in the 4th quarter)	Anticipated in 1926	Actual in 1925
CIVIL SERVICE:								
The President of the Republic	0.17	0.23	0.2	1.3	0.3	1.6	1.5	2.1
The Parliament	0.04	0.05	0.0	6.1	2.4	8.5	8.0	9.2
State Control	0.0	0.1	0.0	2.7	1.0	3.7	3.9	3.8
Council of Ministers	0.02	0.02	0.0	1.1	0.4	1.5	2.2	1.7
Ministry of Foreign Affairs	5.6	9.0	8.7	30.1	9.7	39.8	29.5	26.1
" War	10.0	11.4	10.0	424.5	158.6	583.1	554.1	675.2
" the Interior	10.1	12.4	18.9	121.3	45.0	166.3	178.1	199.3
" Finance	715.8	872.0	1,142.0	62.3	101.9*	396.0*	93.0	132.5
" Justice	24.9	35.5	33.4	54.9	23.1	78.1	83.0	84.0
" Industry and Commerce	3.3	4.0	5.3	15.0	3.1	18.1	17.4	9.6
" Transport	0.1	0.2	0.1	2.1	0.8	2.9	2.0	2.9
" Agriculture and State Lands	10.5	11.0	13.9	19.2	7.8	27.0	33.0	26.8
" Religious Cults and Education	4.0	7.5	5.8	200.7	72.3	273.0	270.0	309.1
" Public Works	15.9	18.3	13.8	61.1	19.3	80.4	57.6	71.3
" Labour and Social Protection	1.0	0.9	0.7	63.2	27.8	91.0	77.6	51.1
" Land Reform	0.9	6.7	5.6	15.8	8.8	24.6	29.8	25.7
Pensions	16.3	23.7	23.9	135.0	—	—	169.8	60.3
Grants to invalids	—	—	—	—	—	—	—	106.2
State liabilities	—	—	—	96.8	—	—	108.1	41.4
Total:	818.6	1,012.9	1,282.3	1,313.1	482.3	1,795.4	1,719.6	1,838.3
STATE ENTERPRISES								
	61.9	60.8	61.8	8.1	2.4	10.5	10.5	39.5
MONOPOLIES								
	401.2	454.5	394.9	—	—	—	—	—
Grand total:	1,281.6	1,528.2	1,739.0	1,321.2	484.8	1,806.0	1,730.1	1,877.8

The budget revenue during the past nine months of this year was slightly higher than that anticipated in the provisional budget for 1926**), as the revenue obtained represented 83.9 per cent of the amount anticipated for the whole year, while it should actually amount to only 75 per cent. In relation to the actual budget revenue of 1925, the revenue of this year is somewhat smaller (zł 1,709 million as against zł 1,739 million); if, however, the net revenue produced by the issue of currency notes and small change amounting to zł 86.3 million, is eliminated — then it will be found that, in relation to the revenue of 1926, the revenue obtained this year is higher. As at the same time the receipts in certain months show an upward tendency, which may be seen by the statement below, and as, furthermore, the last three months of the year as a rule produce the largest income, the most important taxes falling due during that period — there is every reason to believe that the revenue for the 4th quarter will amount to about zł 500 million and that the total sum for the whole year will reach zł 1,800 million, which will thus exceed the anticipated figure for this year, as well as that actually collected in 1925 (in million of zł):

January	132.3	June	150.2
February	114.6	July	157.9
March	124.3	August	166.2
April	136.7	September	162.9
May	136.7		

*) Together with pensions, grants to invalids and State liabilities.

**) The budget for the full year 1926 has not been voted by the Parliament; State administration is being carried on on the basis of provisional budgets, voted quarterly.

The revenue from the State Monopolies as well as from public taxes with the exception of the customs duties and the property tax, have considerably increased this year. The revenue for the past three quarters of the year, as against the corresponding period of last year, and the revenue anticipated in 1926, is shown below (in million of zł):

	January-September:		Revenue for 3 quarters in relation to the provisional budget for 1926
	1925	1926	
Public levies	703.3	676.0	83.2%
Direct taxes	244.6	309.5	93.0%
Property tax	50.0	38.2	63.7%
Indirect taxes	84.0	101.6	93.3%
Stamp fees	85.0	90.5	65.9%
10 per cent extraordinary tax	—	4.5	—
Customs duties	239.4	131.8	81.1%
Monopolies	294.7	401.1	88.2%

The expenditure for the three quarters of this year reached 76.4 per cent of the estimates, being slightly in excess of the anticipated figure of 75 per cent; nevertheless, it should be observed that it was, comparatively speaking, much smaller than that for the corresponding period of last year, which was zł 1,877.8 million — less the cost of stamping of the small change coinage, which amounted to zł 36.9 million — giving zł 1,840.9 million. This comparison, however, does not give an accurate illustration. In order to form an exact opinion of the extent of the reduction in expenditure, it should be taken into consideration that the provisional budget for 1926 was drawn up at a time when the index of wholesale prices was 140, and the value of the dollar was zł 6.50, whilst the budget

for 1925 was executed at a period when the index of wholesale prices fluctuated within the limits of 119.5 to 154.7, and the rate of exchange of the dollar remained at 5.18 during the first six months of the year, whereas the rate of exchange of the dollar during the first three quarters of this year fluctuated from 7.50 to 10.60 and 9.0, and the index of wholesale prices was—142.1: 181.2: 166.0: 177.2.

The budget deficit for the first six months of this year amounted to zł 71.4 million, while the surplus of revenue over expenditure in the 3rd quarter was zł 31.8 million. Consequently, the deficit of the first six months was reduced to zł 39.6 million. The 4th quarter of this year will undoubtedly cover this deficit and will permit the increase of the cash reserves, which are at present very low.

THE BUDGET ACT FOR 1927/8.—The project of the budget act for 1927/8 differs in certain respects from those for the years 1925 and 1926 (the budget for 1926 was not passed by the Parliament).

The law provides for the expenditure and revenue for the period from the 1st of April 1927 to the 31st of March 1928, whereas previously the financial and the calendar years were the same, as was foreseen by the Constitution, which has now been modified in this respect and otherwise altered by the law of August 1926. This alteration has rendered the financial year independent of the calendar year, and, in addition, it has regulated the terms of submission of the proposed budgets and their examination by the Parliament in such a manner as to base the administration of the State on a normal budget from the beginning of the budgetary period, and not on the basis of the former provisional budgets. Precisely for this reason, the date of the beginning of the financial year has been advanced to the 1st of April.

According to the proposals contained in the 1927/8 budget, the system of monthly budgets will continue to be maintained (the credits, with the exception of those of the Diet and the Senate and State Control, being opened monthly by the Minister of Finance) as an important factor in the maintenance of budgetary equilibrium.

The Minister of Finance is empowered to introduce various changes*) in items relating to expenditure for Administration within any sections of a particular branch of the ordinary budget of an administrative unit, or in any section of the financial and economic plans of State enterprises and monopolies. Besides this, the Minister of Finance has the right to increase the ordinary expenditure forming part of the financial and economic plans of State enterprises and monopolies without increasing the staff, provided that any such action will not result in the decrease of the net revenue, or in the increase of the deficit of a given undertaking or monopoly.

*) The Polish budget is divided into groups (administration, enterprises, monopolies), parts, sections, chapters and paragraphs. The division of paragraphs into items is maintained only in certain cases and for orientation purposes.

The power of the Minister of Finance to grant short term loans from cash reserves, which loans were only previously permitted in the case of State Banks and Local Administrative bodies, is extended in the new act to economic unions, as well as State undertakings and monopolies, on condition, however, that these bodies have not already received an advance of working capital from the Treasury.

The second provision has in view State owned spas, health resorts, thermal stations and also forests. The question of the rates of interest payable in respect of the above mentioned loans is left to the discretion of the Minister of Finance.

Weighty considerations of an economic nature are responsible for the inclusion in the act of a clause, whereby the Minister of Finance is authorised to give financial assistance to agricultural cooperative societies, by means of loans from the cash reserves of the Treasury, subject to the provision that the total amount used for this purpose may not exceed the sum of ₹ 6.5 million. These loans are to be used in connection with the credit schemes to be adopted in relation to farms, with the view to the promotion of their productive capacity.

The whole ordinary administrative expenditure of the budget is fixed by the act at ₹ 1,838,948.702 and the expenditure at ₹ 58,939.272. The total sum of ordinary expenditure of undertakings is fixed at ₹ 1,275,837.653 and their extraordinary expenditure at ₹ 89,137.492, the respective figures for the State Monopolies being ₹ 471,379.430 and ₹ 18,956.000.

The sums of ordinary and extraordinary expenditure of undertakings and monopolies only appear in their respective financial and economic plans, as the general budget statement only contains the net revenues, after the deduction of ordinary and extraordinary expenditure (or possible monetary contribution by the Treasury). In accordance with the stipulations of the act, the ordinary and extraordinary revenues of undertakings and monopolies may be used for the payment of their ordinary and extraordinary expenditure.

As a cover for the administrative expenditure amounting to ₹ 1,897,887.974, and for the deficits of certain undertakings amounting to ₹ 792.001, totalling together ₹ 1,896,679.975, are expected to be the revenue of administration totalling ₹ 1,211,191.697, the net revenues derived from undertakings — ₹ 92,534.874, the net revenue from monopolies — ₹ 505,526.000, together making — ₹ 1,899,252,571.

As extraordinary expenditure are recognised disbursements which are not incurred by the usual activity of the State Administration or in the running of undertakings and State Monopolies, and specially sums invested in profit-making enterprises, and also sums expended for the construction and repair of buildings, the acquisition of real property, the reconstruction and work necessitated by natural cataclysms, and finally the funds required for the liquidation of commitments towards the former alien rulers.

The extraordinary revenue is composed of: revenue from the sale and liquidation of Government property, from particular international treaties, from the property tax and from the 10 per cent extraordinary tax.

According to the proposed act, in addition to the above mentioned credits, the Minister of Finance will be empowered to open further credits for investment purposes up to ₹ 145,050.000 above the amount reserved for that purpose in the preliminary budget, provided that this may be effected without endangering the equilibrium of the latter; this means that the expenditure for these purposes will have to be counterbalanced by savings resulting from the reorganisation of State administration, and the decline in the emoluments of the civil service, as well as by increased revenue for that purpose sanctioned by the Parliament. The latter revenue may be taken from new or from the existing sources, by an increase of the rate of income. The authority for the mobilisation of further credits concerns the following sections of the budget:

1) the Diet and the Senate, in connection with the building scheme relating to the Diet and the Senate — up to the amount of ₹ 1,000.000;

2) the Ministry of War, for the needs of the army — up to the amount of ₹ 80,000.000;

3) the Ministry of Industry and Commerce, for investments in mining, foundry and industrial enterprises and especially in saltmines, and for the increase of the depth of the shaft in the "Brzeszcze" coal mine, and also for the erection of office premises in Gdynia and a residence for the officials — up to the amount of ₹ 2,050.000;

4) the Ministry of Public Works, for various public works and for the relief of the unemployed—up to ₹ 65,000.000.

The realisation of the above mentioned programme of investments is justified by both the administrative needs and the revival of economic life, and the relief of the unemployment situation.

Recognising the necessity for the increase of civil service salaries, the Government has reserved to itself the power to mobilise further credits up to the amount of ₹ 50 million, for the expenditure connected with the proposed increase of salaries. Finally, in consideration of the small credits appearing in the provisional budget for financial help in connection with the land reform, the necessary power also embraces the opening of further credits up to ₹ 5 million for that purpose.

TAXES IN SEPTEMBER. — The revenue derived from taxes and State Monopolies in September showed a further rise and reached the sum of ₹ 137.1 million. This is the result in the increase of revenue from the monopolies, which gave ₹ 55.1 million, a much higher figure than those for the last few months. The main sources of the revenue are the Spirit and the Tobacco Monopolies, which paid in to the Treasury ₹ 25 million at the end of last month.

It will be noted that the rise in the revenue from the Spirit Monopoly is the direct consequence of the extension of this monopoly to certain parts of Poland, in which it had not heretofore been operating. On the strength of the results already obtained, it may be stated that the revenue from this source will be increased to a very large extent, as soon as a full monopoly is introduced in the rest of Poland.



MESSRS "SCHEIBLER & GROHMAN" WEAVING MILLS IN ŁÓDŹ

Direct taxes gave a somewhat smaller revenue in September as the result of the decline taking place in the income, in connection with the levying of the industrial tax; however, this difference is comparatively small, as is shown by the table given below. The revenue from other public taxes is approximately the same, as in the preceding months. This, obviously, indicates that the economic situation continues to be favourable, and that the tax-payer is in a position to meet his engagements towards the Treasury.

As a further result of the improvement of the general economic conditions in Poland during the period under review, the increase in revenue from the customs, brought about by the increase in the volume of imports of raw materials for Polish industry, should be mentioned.

The 10 per cent extraordinary supplementary tax also contributed towards the increase of revenue from taxes and monopolies, and it is only now that the beneficial results of this tax begin to be felt.

Compared with last year and with the month of August last, the revenues for September were the following (in million of £):

	Actual revenue: September		Estm- ated for August 1926	1/12 of the yearly budget
	1925	1926	1926	
Direct taxes	24.2	35.1	37.4	27.7
Indirect taxes	13.4	12.2	12.5	9.1
Customs duties	15.9	16.5	15.9	16.7
Stamp fees	9.2	10.6	10.8	9.2
Total of the ordinary public revenues:	62.7	74.4	76.6	62.7
Property tax	3.0	5.0	6.3	5.0
10 per cent extra-ordinary tax	—	2.6	1.5	—
Monopolies	35.5	55.1	47.9	37.9
Total of public levies and monopolies:	101.2	137.1	132.3	105.6

THE NEW LAW ON STAMP DUTIES, which was prepared a long time ago by the Ministry of Finance, was published on September 30th in the Official Journal of Laws ("Dz. Ust. R. P." No. 98, item 570), and will come into force on January 1st 1927.

The new law does not increase the existing duties, but only codifies and systematises the existing Polish legislation on the subject. The publication of the above law is one step more towards the suppression of the divergencies in legislation, inherited by the particular parts of Poland from their former governments.

TAX ON PREMISES.—The Premises Tax Act, of the 2nd of August 1926, published in the "Dz. Ust. R. P." No. 94, item 550, of September 17th 1926, introduces a new tax on premises in replace-ment of the three taxes existing at

present, i. e., the State, the communal and the military taxes.

All premises are liable to taxation which are situated within municipal areas, with the exception of churches, industrial premises and premises used by the State, Municipal authorities, schools, Consulates of foreign countries and the residences of their officials of foreign birth, premises temporarily unoccupied, living rooms of door-keepers, and apartments composed of one or two rooms rented by invalids, widows or orphans of invalids, and persons receiving financial support from benevolent societies. Furthermore, are exempt from taxation, for the duration of 10 years, premises situated in newly constructed and repaired houses, or those situated in stores newly erected, after January 1st 1919, as well as in buildings falling under the Newly Constructed Buildings Act.

The new tax on premises amounts to 8 per cent of the yearly pre-war rent as paid in June 1914, and is to be levied in four quarterly instalments: in February, May, August and November. It should be mentioned that the heretofore taxation of premises was much higher as it represented 14 and 15 per cent.

SPECIAL TAX ON PERSONS ENJOYING CERTAIN PRIVILEGES IN RESPECT OF MILITARY SERVICE.—In the Official Journal of Laws ("Dz. Ust. R. P.") No. 94, item 554, is published a new regulation, according to which all persons entirely or partially exempted from military service are liable to a special tax to the Treasury amounting from £ 10 to £ 20 a year, and for persons subject to income tax—the tax will be from 10 to 20 per cent of the income tax paid.

THE STATE SPIRIT MONOPOLY IN SEPTEMBER.—In September last the State Spirit Monopoly sold the following quantities of spirit (in thousands of hectolitres 100°):

	September:	
	1925	1926
for drinking purposes	36.7	53.8
" industrial	2.9	5.7
denaturated spirit	6.0	14.1
	45.6	73.6

As it appears from the above statement, the sales of spirit by the State Spirit Monopoly showed a considerable increase in September. This increase is only due to the adoption of revised figures for the preceding months*), the actual sales in September being approximately the same as in August.

The total amount of spirit sold during the first nine months of 1926 was 408.5 thousand hectolitres, which, when compared with the corresponding period of 1925, shows an increase of 49.1 thousand hectolitres, i. e., 14 per cent; for drinking purposes—319.4 thousand hectolitres—an increase of 23.6 thousand hectolitres (or 8 per cent); for industrial purposes—23.0 thousand hectolitres, an increase of 0.9 thousand hectolitres (or

4 per cent); the sales of denaturated spirit were 66.1 thousand hectolitres, an increase of 24.6 thousand hectolitres (or 57 per cent).

The net profits of the State Spirit Monopoly, paid to the Treasury in September, were £ 25.3 million, which, when compared with those for August, show an increase of £ 7.3 million, and with September 1925—of £ 10.1 million. The total payments to the Treasury for the first nine months of 1926 amounted to £ 172.6 million as against £ 128.6 for the corresponding period of 1925.

THE TOBACCO MONOPOLY IN AUGUST AND SEPTEMBER.—The statistical data relating to the consumption of tobacco in Poland show a constant increase. Thus the yearly consumption in Poland amounted in each of the years 1922 and 1923 to 10 million kg., in 1924 to 12 million kg., and in 1925 it reached 17.5 million kg., whereas the figure for 1926 is likely to be 18.5 million kg. This increase is to be ascribed to the introduction, as from August 1924, of full monopoly which supplanted the partial excise duty, on the one hand, and to the gradual improvement in the standard of life of the population, on the other.

It is interesting to compare the figures for the two years since the introduction of full monopoly, that is, for the year 1925 and 1926. The consumption was (in million of £):

	1925	1926
First quarter	82.6	92.5
Second "	96.3	123.8
Third "	94.3	132.2
Total for nine months:	273.2	348.5

The figures for the last two months are of special interest (in million of £):

	1925	1926
July	33.9	46.4
August	30.4	42.4
September	30.0	43.4

During the whole of the year 1925 the consumption amounted to £ 371.1 million, and it is safe to assume that the corresponding figure in 1926 will reach £ 480 to 500 million.

The revenue from this source plays an increasingly important rôle in the budget, and at present it amounts to about 15 per cent of the total State revenue. During the years 1925 and 1926 the payments to the State Treasury effected by the Tobacco Monopoly were the following (in million of £):

	1925	1926
July	19.3	28.0
August	18.0	25.0
September	17.0	25.0
First quarter	36.0	53.0
Second "	47.0	61.0
Third "	54.3	78.0
Total for nine months:	137.3	192.0

In 1925 the revenue derived from this source amounted to £ 182.4 million or over 12 per cent of the anticipated amount (£ 162.5 million). In 1926 the estimates were fixed at £ 200 million, but it is expected that the actual revenue will reach at least £ 260 million or about 30 per cent over the estimated amount.

*) See "The Polish Economist" No. 3, page 107.

STOCK EXCHANGE

FOREIGN CURRENCIES

As it appears from the appended list of quotations on the Warsaw Exchange, the rate of the zloty on New York remained stable during the whole month of September. The sound European exchanges such as the Pound Sterling, the Swiss Franc, the Swedish Crown and the Dutch Florin, showed but small fluctuations, which proves

that the stabilisation of the Polish currency is still successfully maintained. The Austrian Shilling and the Czechoslovakian crown also showed practically no change, while the French and Belgian Francs, as on other stock exchanges, showed considerable fluctuations, and declined, while on the contrary, the Italian Lira showed a continuous improvement.

Considerable amounts of foreign currencies received from exports enabled the Bank of Poland to cover

the daily demands of the market. The amount of business transacted in September on the Stock Exchange increased by over 45 per cent as compared with August and exceeded \$ 9,500,000.

On the private market, notwithstanding the removal of restrictions, the relation between the zloty and foreign exchanges remained the same as on the official Exchange, and the purchase of foreign currencies by private persons was practically non-existent.

		31.8	1—11.9	13—18.9	20 —25.9	27—30.9	30.9	par value
Warsaw Exchange *)								
London	£ 1	43'74½	43'80	43'79	43'79	43'77	43'77	25'22
New York	\$ 1	9—	9—	9—	9—	9—	9—	5'19
Paris	Fr. fr. 100	26'55	26'65	25'79	25'13	25'28	25'67 ½	100—
Brussels	B. fr 100	25'15	25'06	24'17	24'14	24'28	24'67 ½	100—
Zurich	Sw. fr. 100	174'15	174'29	174'35	174'34	174'34	174'35	100—
Milan	Lir 100	29'40	32'92	32'69	33'17	34'20	34'05	100—
Amsterdam	Fl. 100	—	361'73	361'72	361'50	361'42	—	—
Vienna	Sh. 100	127'45	127'38	127'27	127'27	127'35	127'40	0'73
Prague	Kcz. 100	26'72	26'72	26'72	26'72	26'72	26'72	15'36
Stockholm	Kr. 100	—	241'30	—	—	241'25	241'30	—
Foreign Exchanges								
London	£ 1	44'50	44'55	44'00	42'50	42'50	42'50	25'22
New York	₤ 100	10'95	11'18	10'97	10'95	11'04	11'09	19'30
Zurich	₤ 100	57—	57'28	57'25	57—	57'08	57—	100—
Vienna	₤ 100	78'25	78'75	78'50	78'51	78'41	78'25	137'13
Prague	₤ 100	377'75	378'69	376'75	376'50	376'08	375'75	651—
Berlin	₤ 100	46'65	46'65	46'61	46'62	46'50	46'45	81—
Danzig	₤ 100	57'60	57'34	57'27	57'12	57'06	57'05	99'108

*) The Warsaw Stock Exchange is closed on Saturdays.

SHARES

Although conditions on the share market were less satisfactory, and quotations declined considerably, no pessimistic conclusions were drawn from this fact, the decline being considered as only transitory and due to the reaction after the excessive rise in August. It is quite natural that periods of great fluctuations are followed by ones of depression. It must be also remembered that the present market prices of the Polish shares are far below their real value. On the other hand professional speculators having lost the possibility of gain on foreign exchange transactions, in consequence of the stabilisation of the zloty, have turned their attention to the share

market. In order to make profits on the fall of the securities, speculative transactions were carried on on a large scale—especially by outside dealers—as well as term transactions, which are not specially allowed. Important margin transactions were also carried out by speculators.

Notwithstanding the downward tendency, business was carried on on the Stock Exchange on a large scale, especially as regards "Starachowice" shares, which gained much in popularity. The amount of transactions in these shares was 30 per cent greater than in August, although their price declined by nearly one third.

A large increase of activity is expected in the near future in connection

with the considerable reduction of the Stock Exchange tax which is too heavy at present.

The comparison of share quotations at the end of August and September shows that the loss in value has been considerable.

In the bank group the Bank Polski, Bank Dyskontowy Warszawski and the Bank Handlowy shares lost from 10 to 20 per cent of their value, weaker banks showing even a greater decline.

For coal, metallurgical and textile shares, as shown in the appended list, the decline varied from 15 to 30 per cent. The only exception to the general downward movement was in respect of the shares of the "Chodorów" sugar factory and the "Wysoka" cement

factory, which even gained in value: demand on the Lwów and Kraków "Wysoka" shares went up by 2·5 per cent. "Chodorów" shares were greatly in Exchanges and rose from par to 106,

Industrial shares	31.8	1—11.9	13—18.9	20—25.9	27—30.9	30.9	Nominal
Bank Polski	103·17	92·45	88·50	87·46	85·65	83·—	₴ 100·—
Bank Dyskontowy Warszawski	9·33	8·79	8·68	8·49	8·04	—	Mk. 5.000·—
Bank Handlowy w Warszawie	4·30	3·70	3·78	3·78	3·60	3·55	Mk. 1.000·—
Bank Zachodni	2·60	2·08	1·85	1·71	1·55	1·60	Mk. 540·—
Bank Zjedn. Ziem Polskich	1·95	1·94	—	1·85	1·85	1·85	Mk. 1.000·—
Bank Zw. Sp. Zarobkowych	8·38	7·70	7·10	7·07	6·50	—	Mk. 1.000·—
Warsaw Society of Coal Mines	87·—	79·94	73·50	70·83	65·64	65·—	₴ 100·—
Chodorów	—	99·81	99·10	100·40	102·—	105·50	₴ 100·—
Cegielski	27·17	21·17	19·88	18·88	16·86	17·08	Mk. 1.000·—
Zieleniewski	16·75	15·43	14·50	14·13	12·69	12·25	Mk. 1.000·—
Starachowice	2·81	2·46	2·32	2·22	2·10	2·01	Mk. 500·—
Lilpop, Rau & Loewenstein	1·25	1·08	1·01	0·97	0·92	0·90	Mk. 500·—
Ostrowiec	8·78	7·71	7·33	7·32	7·06	7·03	Mk. 500·—
Modrzejów	5·75	4·68	4·35	4·22	3·93	3·93	Mk. 500·—
Rudzki	1·83	1·50	1·36	1·32	1·29	1·23	Mk. 500·—
Warsz. Sp. Akc. Budowy Parowozów	0·53	0·48	0·43	0·36	0·32	0·32	Mk. 500·—
Żyrardów	18·—	15·23	14·06	13·59	13·17	12·25	Mk. 540·—Rb. 250
Zawiercie	24·83	22·35	22·26	21·55	20·—	—	Mk. 6.000·—
Nobel Bros.	3·87	3·19	3·08	2·54	2·53	2·50	Mk. 1.000·—
Ł. J. Borkowski (Elibor)	2·10	1·67	1·62	1·54	1·38	1·38	Mk. 216·—
Wysoka	2·93	2·72	2·73	2·83	2·90	3·—	Mk. 1.000·—

STATE, MUNICIPAL AND LAND LOANS

This group of securities followed the downward movement of shares, owing to the great offers which exceeded the demand. The 5 per cent Conversion Loan lost some of its gain in August,

the 6 per cent Dollar Loan and the 10 per cent Railway Loan also declined slightly, while the 8 per cent Conversion Loan was in demand and rose a little.

Transactions with mortgage bonds and the shares of long term credit

societies were not so important as in August, and the quotations declined by 10—15 per cent, except in the case of the mortgage bonds of the Warsaw Credit Society which remained nearly on the same level, in consequence of the limited amount offered.

State, Municipal & Land Loans	31.8	1—11.9	13—18.9	20—25.9	27—30.9	30.9	Nominal
8% Internal Gold Loan (conv. 1925)	—	158·42	157·96	158·75	160·—	160·—	₴ 100·—
5% Conversion Loan	55·75	52·10	49·07	47·55	45·28	44·83	₴ 100·—
6% External Dollar Loan 1920	665·25	653·25	652·30	644·63	623·67	—	\$ 100·—
10% Railway Loan (1st series)	157·50	156·06	155·30	150·60	150·—	149·—	Gold fr. 100·—
4% Land Bonds	36·—	—	33·12	32·—	—	—	₴ 100·—
4½% Land Bonds	42·50	39·05	37·67	37·37	35·92	35·53	₴ 100·—
5% City of Warsaw Bonds	48·88	44·67	43·51	42·82	41·16	40·77	₴ 100·—
4½% City of Warsaw Bonds	—	40·90	41·11	41·67	40·56	40·—	₴ 100·—

LEGAL LIMITATION OF THE AMOUNT OF SMALL CHANGE.

— In 1924, at the time of the monetary reform in Poland, in addition to bank notes, metal coins were issued. However, as technical difficulties made impossible the issue of a sufficient amount of silver, nickel and copper coins within a short time, currency notes of 50 grosz, 1, 2 and 5 złoty were issued. In proportion to the gradual increase of the amount of coins in circulation, the small currency notes were withdrawn, and at present only the notes of 2 and 5 remain in circulation

The maximum permissible amount of currency notes together with coin in circulation was fixed at 12 per inhabitant or at 351 million. In November 1925 a special order raised this limit to 400 million. However, the crisis of the end of 1925 made necessary a further increase of the issue by 60 million, which was possible without any special legislature act thanks to a different interpretation of the regulations in force.

The President of the Republic has now issued a new decree containing a revised interpretation of the currency

act, and confirmed that the present interpretation was not correct. At the same time the new decree has made legal the present situation, fixing the permitted maximum at 460 million. However, the decree provides that during the period from the 1st of July 1927 to the 1st of July 1937 the amount of 110 million will be withdrawn from circulation in equal half-yearly instalments. Thus, in the course of 10 years the amount of currency notes and coins will be reduced again to the former legal limit of 12 per inhabitant.



PIPE LINES OF THE "RJUKANFOS" (NORWAY) ELECTRICAL POWER STATION, CONSTRUCTED AND LAID BY "FERRUM" KATOWICE (POLAND)

Among the other provisions of the new regulation it is worth while to note that it has been decided to speed up the issue of silver coins and to exchange the present currency notes for new ones of zł 5 and zł 25.

MAXIMUM RATES OF BANKING INTEREST AND COMMISSION.—

As already reported in our last issue*), the Government has ordered a further reduction of the maximum rates of interest and commission, which are allowed to be charged by private banks. Higher rates than those contained in the new regulation (dated September 7th 1926 — "Dz. Ust. R. P." No. 95, item 556) are considered as usury, and constitute an offence against the regulations. The maximum rate of interest and charges may amount to 16 per cent per annum, in the following cases: 1-o, discount of bills, 2-o, current accounts, in connection with open credits, 3-o, term loans, 4-o, loans against securities and goods, 5-o, loans secured by movable property, securities and goods not included, 6-o, guarantees granted in connection with exports, 7-o, guarantees accorded in the form of endorsements on bills, etc.

The above maximum charges do not, however, comprise the reimbursement of postage, stamp fees and other charges, as well as commission in connection with credit and current accounts. The last named commission may not exceed $\frac{1}{4}$ per cent per quarter, after the deduction of the balance and franco items. In the case of loans secured by immovable property, with the exception of securities and goods, in addition to the legal interest on the sum borrowed, private banks are permitted to charge two per cent per month one the sum loaned, as a remuneration for the insurance of the effects forming the guarantee, and for their storage and valuation. These regulations came into force on the 21st of September.

It should be mentioned that in relation to credit agreements concluded before that date, the interest convened is to be maintained, even if it is higher than that now permitted, but even in those cases the period, during which the higher rates of interest just referred to may be charged, shall not be continued after the 1st November 1926.

INCREASE OF THE AMOUNT OF STATE GUARANTEE FOR THE OBLIGATIONS OF THE "BANK GOSPODARSTWA KRAJOWEGO". — In the Official Journal of Laws ("Dz.

Ust. R. P." No. 97, item 565), was published the decree of the President of the Republic, raising the amount of the guarantee given to the Government "Bank Gospodarstwa Krajowego", from zł 200 million to zł 500 million. This amount is in gold złoty or its equivalent in paper złoty , or in foreign currencies at gold parity.

The amount of communal obligations issued by the "Bank Gospodarstwa Krajowego" has now reached gold zł 80 million, which makes, together with the Bank's own issues amounting to about 12 million, a total of zł 150 million, thus arriving at nearly the maximum foreseen under the guarantee. This fact, in addition to the negotiations now in course with foreign capitalists for the placing abroad of a further \$ 10 million worth of communal obligations, made the increase of the State guarantee necessary.

The new decree contains also certain innovations. The State guarantee, which was heretofore only granted for obligations placed abroad, will now be extended to obligations placed in Poland. On the other hand, savings are protected in a far greater measure: the present amount of State guarantee for savings deposits is being raised from zł 5 to zł 20 million and is also being extended to savings in the foreign branches of the Bank, i. e., on the savings of emigrants.

*) See "The Polish Economist" No. 4, "Latest News", page 152.

STATE GUARANTEE FOR THE BONDS OF "THE MORTGAGE CREDIT ASSOCIATION OF THE POLISH INDUSTRY".

— The law of the 25th of November 1920 provides for Treasury guarantee for obligations of the "Mortgage Credit Association of the Polish Industry" ("Towarzystwo Kredytowe Przemysłu Polskiego"). The recent decree of the President of the Republic dated September 17th 1926 ("Dz. Ust. R. P." No. 96, item 562) regulates the emission of the bonds and provides for State guarantee of same in the following manner: during the first ten years of its existence the Association is empowered to issue bonds in foreign and in Polish currencies, and after the elapse of this period — only in the Polish currency. The Republic of Poland guarantees to the holder of the bonds issued by the Company in foreign currencies full payment of capital, interest and amortisation sums, destined for the withdrawal of the bonds from the circulation.

THE EXTENT OF EMISSION AND APPROPRIATION OF THE 5 PER CENT CONVERSION LOAN OF 1924.

— The decree issued by the Pre-

sident of the Republic on September 17th 1926 ("Dz. Ust. R. P." No. 96, item 561) fixes the issue of this loan at zł 150 million which sum is to be appropriated as follows:

a) for the conversion of the liabilities of the Treasury resulting from the conversion of State obligations 1918—1920, provided that they are not subject to the conversion into obligations of 5 per cent Conversion Loan, Series II, expressed in gold c-a zł 105,000,000

b) for the conversion of liabilities resulting from Austrian, Hungarian and Galician loans . . c-a zł 35,000,000

c) for the conversion of savings, deposited with the Post Savings Bank c-a zł 10,000,000

d) for various other purposes involved by the conversion of the liabilities of the Treasury which will be defined by a special regulation to be issued by the Minister of Finance.

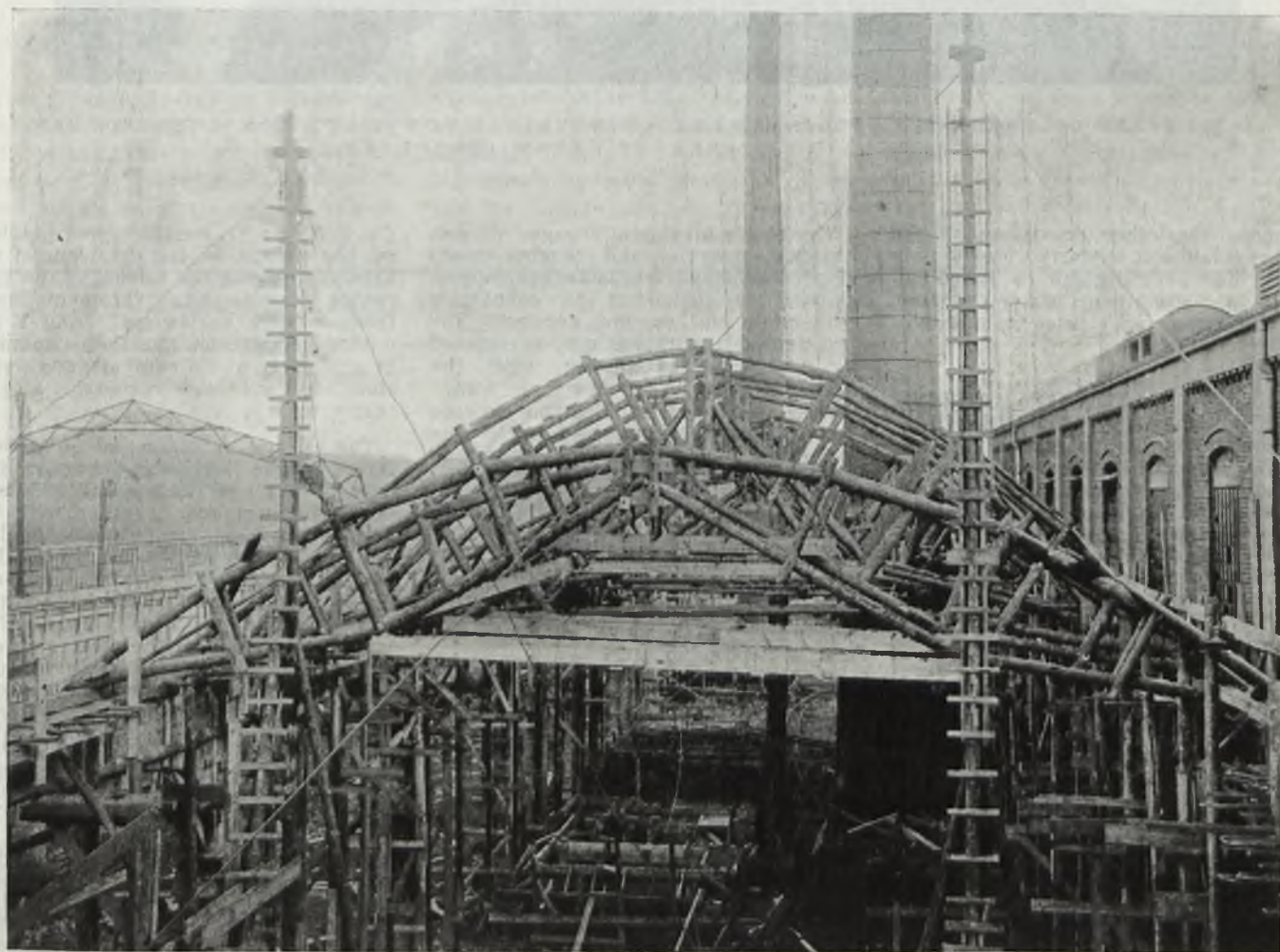
The amortisation of the 5 cent Conversion Loan will be effected by January 2nd 1945 by means of drawing or by pur-

chases before maturity on January 2nd and July 1st of every year commencing with January 2nd 1927, on which date will be redeemed the first four half-yearly instalments as foreseen by the redemption plan. Should the obligations bought for redemption purposes not reach the amount to be redeemed, then the balance will be amortised by means of drawings. The number of the obligations purchased before maturity will be duly published in the "Monitor Polski".

The decree of the President announces the issue of 5 per cent Conversion Loan, Series II, into gold zł , as well as the conversion of savings deposited with the Post Savings Bank, into gold zł , if they were paid in gold currencies on account of the Treasury, Consulates or by correspondents of the late Polska Krajowa Kasa Pożyczkowa.

NEW DENOMINATIONS OF THE 5 PER CENT CONVERSION LOAN 1924.

— In accordance with the regulations of the Minister of Finance dated September 1st 1926 ("Dz. Ust. R. P." No. 100, item 575), the 5 per cent Conversion Loan of 1924 is issued in the form of obligations on the bearer in denominations of zł 500, 1,000 and 2,000. There



PART OF THE NEW RAILWAY WORKSHOPS NEAR WARSAW, UNDER CONSTRUCTION

are 40 coupons attached to the obligations; the former are payable in advance on January 2nd and on July 1st each year as from July 1st 1925.

BANK OF POLAND

— The balance of the Bank of Poland for September shows a substantial increase in the circulation of bank notes and a certain rise in the discount credits.

The circulation of bank notes rose from $\text{₹} 560\cdot2$ million to $\text{₹} 581\cdot4$ million, reaching thereby the highest level in the present year. At the same time the bullion and foreign exchange cover rose from gold $\text{₹} 220\cdot6$ to $223\cdot4$ million equalling $\text{₹} 43\cdot1$ million, the rise in percentage, in relation to the amount in circulation, being from $40\cdot37$ to $40\cdot55$ per cent.

One of the components of this cover, the bullion reserve, rose during the month under review from gold $\text{₹} 134\cdot4$ million to gold $\text{₹} 135\cdot6$ million, i. e., to $\text{₹} 26\cdot2$ million. This increase is to be ascribed solely to the inclusion of the reserve of silver under this heading. This was undertaken in connection with the amendment of the Statutes of the Bank adopted in September, whereby the silver reserve, to an extent not exceeding 5 per cent of the value of gold, is permitted to be included in the gold cover; the reserve

of silver on September 30th amounted to gold $\text{₹} 250\cdot000$.

The second component of the bullion and foreign exchange cover, namely the net holding of foreign currencies and drafts, rose during September from gold $\text{₹} 85\cdot2$ million to gold $\text{₹} 87\cdot8$ million or $\text{₹} 16\cdot9$ million. This increase is due to the rise of the amount of the gross holding of foreign currencies and foreign exchange from gold $\text{₹} 107\cdot6$ to gold $\text{₹} 109\cdot1$ million and the simultaneous decline in the liabilities of the Bank in foreign currencies from gold $\text{₹} 22\cdot4$ to gold $\text{₹} 21\cdot3$ million. It should be stated that the rise in the foreign currencies and foreign exchange reserves only took place in the first ten days of the month of September, whereas the second and the third ten day periods showed a slight decline under this heading. Substantial payments effected abroad by the Treasury, as well as an increased demand for foreign currencies on the part of industrial interests in connection with purchases of raw materials abroad, are responsible for the diminution referred to.

As the balance of foreign trade and that of foreign payments continue to be very favourable, and as the State revenues exceed the expenditure, and as the situation on the monetary market has experienced a notable betterment,

and as the unemployment figures, compared with those at the beginning of the year, declined by over 40 per cent—the decrease in the foreign currency and foreign exchange holdings should be considered as a temporary one, brought about by a number of foreign payments effected abroad. There is therefore no ground for apprehension as to the stabilisation of the zloty.

The amount of foreign currencies and foreign exchange purchased in September amounted to gold $\text{₹} 76\cdot5$ million including gold $\text{₹} 41\cdot5$ million from exports*).

The total bullion and foreign currency cover on September 30th as compared with August 30th is shown below (in million of gold ₹):

	August 31st	September 30th
gold	135·4	135·4
silver	—	0·2
foreign currencies	15·1	5·3
foreign exchange	70·1	82·5
	220·6	223·4

The credit facilities granted in September were as follows: the amount of bills in portfolio, that is, the amount of discount credit granted rose from $\text{₹} 306\cdot7$ to $\text{₹} 315\cdot7$ million. It may be noted that the Bank has adopted a more liberal credit policy and that the amount of credit accorded by the Bank rose from $\text{₹} 399\cdot0$ to $\text{₹} 421\cdot2$ million. Owing to the improve-

*) Besides this, the transfers for exports effected in zloty amounted during September to $\text{₹} 7$ million.

	AUGUST 31st		SEPTEMBER 10th		SEPTEMBER 20th		SEPTEMBER 30th	
Assets:								
Bullion:								
Gold in bars and cash	135,399,981·55		135,443,110·60		135,333,892·78		135,376,720·71	
Silver " " "	340,192·24	135,740,173·79	441,494·66	135,884,605·26	483,957·37	135,817,850·15	250,085·13	135,626,805·84
Foreign balances - - -		107,585,653·59		113,918,901·62		115,242,211·53		109,095,634·86
Exchange difference on currency a/r. - - -		88,645,260·46		94,313,369·07		94,988,523·86		91,886,167·28
Silver and token coins - -		804,912·34		4,985,796·26		27,146,076·52		28,757,663·96
Bills of exchange - - -		306,687,239·87		311,459,750·74		305,939,481·61		315,730,112·29
Loans against securities -		27,155,527·10		27,043,972·70		27,203,202·70		27,916,974·80
Report - - - - -		13,839,830·00		13,075,690·—		13,513,290·—		14,082,090·—
Interest-bearing securities discounted - - -		24,612,272·87		24,650,144·11		24,678,789·43		24,495,466·76
Interest-bearing securities bought - - - - -		—		—		45,920·90		85,876·54
Loans to Government - -		50,000,000·00		50,000,000·—		50,000,000·—		50,000,000·—
Property and fittings - - -		33,325,805·23		33,329,037·05		33,336,650·79		33,339,827·50
Other assets - - - - -		46,618,557·51		48,912,260·85		53,844,849·55		51,966,216·18
		834,975,232·76		857,573,527·66		881,756,847·04		882,982,836·01
Liabilities:								
Capital - - - - -		100,000,000·00		100,000,000·—		100,000,000·—		100,000,000·—
Reserve fund - - - - -		2,907,870·00		2,907,870·—		2,907,870·—		2,907,870·—
Notes in circulation - - -		560,240,110·00		542,985,230·—		544,692,580·—		581,447,470·—
Guaranteed accounts and other liabilities:								
Government Institutions	11,875,113·16		19,992,134·35		12,180,543·65		12,423,384·03	
Outstanding guarantees	74,803,673·20		106,830,639·11		128,215,722·03		97,880,440·97	
Various - - - - -	11,395,238·61	98,074,024·97	10,190,537·41	137,013,310·87	11,297,701·90	151,693,967·58	7,196,392·48	117,500,217·48
Liabilities in foreign currencies - - - - -		9,289,023·16		9,232,324·26		11,648,420·81		9,378,521·80
Liabilities on report transactions - - - - -		13,136,480·00		12,186,340·—		12,075,630·—		11,924,790·—
Other liabilities - - - - -		51,327,724·63		53,248,452·53		58,738,378·65		59,823,966·73
		834,975,232·76		857,573,527·66		881,756,847·04		882,982,836·01

ment on the money market, the demand for short term credit has fallen off; it will also be seen that the amount of discount credit granted to the Bank in September amounted to 75 per cent. The total of loans against securities rose also from $\text{₹} 27.1$ to $\text{₹} 27.9$ million during that month. The amount of loans secured by foreign currencies and foreign exchange or report transactions rose from $\text{₹} 13.8$ to $\text{₹} 14.1$ million. The amount of interest-bearing securities discounted (with maturities not exceeding three months from the date of discounting) declined from $\text{₹} 24.6$ to $\text{₹} 24.5$ million during the period under review. The non-interest-bearing credit of the Treasury was maintained at the usual maximum level of $\text{₹} 50,000,000$.

In addition to the above items (report advances not included) the bank cover of the money in circulation comprises silver coin and token money emitted by the Treasury as well as interest-bearing securities purchased by the Bank. The reserves of foreign



A VIEW IN GDYNIA

currencies and token money rose in September from $\text{₹} 0.8$ to $\text{₹} 28.8$ million (the reserves may not exceed 5 per cent of the money in circulation, hence in relation to the amount in circulation — $\text{₹} 581.4$ — $\text{₹} 29.1$ million).

The interest-bearing securities owned by the Bank shown in the balance sheet for September, in connection with the amendments of the Statutes of the Bank, amounted to $\text{₹} 0.09$ million on September 30th (the reserves may not exceed 10 per cent of the Bank's own capital, hence $\text{₹} 10.3$ million *per ultimo* September). The total bank cover experienced the following changes during September (in million of gold ₹):

	August 31st	September 30th
bills, warrants, securities and coupons drawn lots	331.3	340.2
silver	0.3	—
Polish silver coins and token money	0.8	28.8
loans against securities	—	27.9
interest-bearing securities, the property of the Bank	—	0.09
liability of the Treasury	50.0	50.0
	382.5	447.0

LATEST NEWS

WARSAW EXCHANGE:

	10.10.26	20.10.26
\$ 1 = ₹	9.00	9.00
£ 1 = „	43.77	43.69

BANK OF POLAND:

ASSETS:	10.10.26	10.20.26
Gold reserve ...	$\text{₹} 135,688.935.93$	$\text{₹} 135,730.436.42$
Foreign balances ...	„ 104,985.465.24	„ 103,357.074.41
Bills of exchange ...	„ 320,051.101.78	„ 317,795.517.39
Loans against securities „	28,435.933.56	„ 27,918.019.74

LIABILITIES:

Notes in circulation ...	„ 573,209.570.—	„ 552,648.630.—
Current accounts ...	„ 117,899.374.32	„ 133,771.339.56

BANK NOTES COVER

(bullion & foreign currencies)	41.08%	42.29%
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FOR THE PROPRIETORS PUBLISHED AND EDITED BY STEFAN C. MICHLEWSKI

PRINTERS "DRUK. M. S. W."
Warsaw, 10, Przejazd

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