

# THE POLISH ECONOMIST



JANUARY 1927

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# THE POLISH ECONOMIST

MONTHLY REVIEW OF TRADE, INDUSTRY AND ECONOMICS IN POLAND

HEAD OFFICE: WARSAW, 2, ELEKTORALNA

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OF THE ISSUES PUBLISHED DURING THE PERIOD FROM  
JUNE, 1926 TO DECEMBER, 1927

(1st AND 2nd VOLUMES)



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NOVEMBER showed increased activity in the economic life of Poland, and confirmed the anticipations of business circles that, as in previous years, November and December would form a period of intensified trade operations.

In agriculture, the period of winter rest began, the seasonal autumnal work came to an end, having given satisfactory results, while as far as the atmospheric conditions are concerned, the winter season leaves nothing to be desired. The high prices ruling for grain on the home market, have strengthened the purchasing capacity of the rural population, but have at the same time adversely affected the exports of this article.

In industry, the month was remarkable for a further increase of output together with increased employment; however, the total number of unemployed increased owing to the closing of the building season, the simultaneous decline in emigration, and the increase of reemigration.

The price indexes were practically unchanged, although a slight increase was recorded in retail values.

The foreign trade returns for November show an increase in exports and imports, both as regards value and volume; the figures have beaten all records for this year, and the favourable balance also rose in relation to October. It is significant that the imports of raw materials rose, while the imports of manufactured goods decreased. In connection with the increased number of transactions with foreign countries, the railway and port traffic was also more extensive, though the increase in the latter case was small.

The Bank of Poland continued to accumulate foreign currency reserves. Money circulation was



easier, which rendered possible the reduction of the discount rate of the Bank. The Złoty was not subject to any fluctuations.

The revenue from taxes, monopolies and State undertakings reached an exceptionally high

level in November, which is a usual phenomenon at the end of the year; in any case, it was possible to balance the monthly State budget, and in addition to offset the deficit from the earlier months of the year.

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

November 1926

	UNIT	OCTOBER 1925	SEPTEMBER 1926	OCTOBER 1926
<b>STATE OF EMPLOYMENT:</b>				
UNEMPLOYED . . . . .		226.900	196.552	200.567
<b>PRODUCTION:</b>				
COAL . . . . .	thousand of tons	2.548.9	3.530.0	3.698.0
OIL . . . . .		64.6	66.2	64.0
IRON . . . . .		28.2	27.2	33.1
<b>AGRICULTURAL INDEXES:</b>				
(CROP PROSPECTS)				
RYE . . . . .	(5 points system)	3.4	3.4	3.7
WHEAT . . . . .		3.3	3.4	3.6
BARLEY . . . . .		3.4	3.5	3.7
<b>PRICES:</b>				
WHOLESALE PRICE INDEX . . . . .	(1913 = 100)	136.5	177.2	178.6
INDEX OF COST OF LIVING IN WARSAW . . . . .		158.1	190.4	195.0
<b>FOREIGN TRADE:</b>				
IMPORTS . . . . .	million zł	84.1	177.5	187.5
EXPORTS . . . . .		154.5	204.8	228.7
EXCESS OF EXPORTS (+) OR IMPORTS (—) . . . . .		+70.4	+27.3	+41.2
<b>TRANSPORTS:</b>				
RAILWAY TRAFFIC . . . . .	truck loaded (15 tons) reg. ton	431.700	530.348	556.710
PORT TRAFFIC (DANZIG AND GDYNIA)		191.750	333.963	318.464
<b>BUDGET:</b>				
RECEIPTS . . . . .	million zł	116.5	181.8	206.8
EXPENDITURE . . . . .		143.9	151.3	155.2
<b>MONEY CIRCULATION:</b>				
BANK OF POLAND NOTES . . . . .	million zł	361.8	585.2	557.9
COVER IN GOLD AND FOREIGN CURRENCIES . . . . .	%	36.2	42.29	45.44
TOKEN COINS . . . . .	million zł	383.2	451.1	425.7
<b>CREDIT:</b>				
(BANK OF POLAND)				
BILLS DISCOUNTED . . . . .	million zł	280.2	323.5	306.5
OFFICIAL DISCOUNT RATE . . . . .	%	12	10	10
<b>FOREIGN CURRENCIES:</b>				
(WARSAW STOCK EXCHANGE-AVERAGE RATES)				
U. S. A. DOLLAR . . . . .	zł	6.51	9.00	9.00
POUND STERLING . . . . .		31.74	43.74	43.69

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

## THE GAPS IN THE PROGRAMME OF THE INTERNATIONAL ECONOMIC CONFERENCE

AT THE SESSION held in the middle of November, the Preparatory Committee of the International Economic Conference decided to speed up the

calling of the meeting of the Conference and defined its programme. Since the first session of the Committee held in April, the scope of this programme has been materially reduced and modified, and in its present form is composed of the three main sections: agricultural, industrial, and international trade. Though the two last named have in the meantime somewhat shrunk, they do not,



in fact, differ much from the previously elaborated programme of the *B* and *C* Commissions. On the other hand, the competence of the *A* Commission which initially embraced agricultural, financial and emigration problems — is now solely confined to agricultural matters. These limitations are surely

what should be done to improve the existing state of affairs. Further, none of these branches of industry is in a position to obviate the present difficulties by its own resources — all that can be done, is to diminish their intensity for some time. Let us assume that Commission *B* lays down the



SCENERY IN EASTERN POLAND, NEAR THE RUSSIAN FRONTIER

the outcome of grave doubts, and throw light on the policy pursued by the organisers. Is it possible that the economic difficulties, through which Europe is now passing, can be remedied without solving financial problems and without removing the surplus of labour in those countries, in which these questions are a great national concern?

Though it is not intended here to go into this matter, attention should be called to the fact that the division of the work of the conference into basic branches of production, will render it difficult to get at the root of the main task and to find out

principles for international agreements in the chief branches of industry, and that new international syndicates, capable of regulating production and of adapting the latter to the requirements — are founded. This means may enable industrial concerns to carry on operations, but it will increase unemployment, and in the long run prove ineffective. Let us further assume that Commission *C* decides on the reduction of customs duties. The immediate result of this reduction will be the downfall of those branches of industry which cannot compete successfully. This, again, means increase of un-



employment, which in turn, burdening heavily the State budget, may endanger the budgetary and financial equilibrium of certain States, and may mean new, additional taxation in others.

Agriculture itself is not in a position to improve its situation. Division and allocation of markets for agricultural produce can hardly be regarded as possible — for independently of international agreements, farmers will sow and breed what they can raise economically and sell at a profit under natural conditions. International agreements bearing on agriculture have a small field of activity and are confined to cooperation in scientific work and elucidation of agricultural problems in different countries, which bears also a theoretical character. Commission A, as may be seen from its initial

of the large masses of population to their well-fare. Prosperity of the urban population depends above all on the industrial and commercial situation, coming thus back to the original problem: the financing of new outlets. On the other hand, the prosperity of the rural population depends upon different factors, and for this reason, when considering the means for the alleviation of the industrial crisis, the proper thing to do is to look for assistance from the rural population. This is the only way from the impasse in which commerce and industry now find themselves. This aspect of the problem is all the more interesting as the standard of living of farmers of the large majority of countries exporting agricultural produce is very low, and there being room for improvement, good



SHEEP BREEDING IN THE TATRA MOUNTAINS

programme, took interest in scientific investigations, which were well organised a long time ago by the International Institute of Agriculture in Rome. The only practical problem which may be gathered from several articles of the programme of Commission A, but which was not set forth in a clear manner — is the care of the industrialised Western European countries to ensure the supply of grain for themselves, as the relation of the world production of grain to the world consumption may, in the near future, raise the problem of the world's "self-sufficiency" in this province.

If the tasks of the three Commissions are dealt with separately — no practical results will be realised. Only the cooperation of all branches of production may lead to the finding of an effective remedy. From the chaos of main and secondary phenomena, exercising influence on the present industrial crisis, the foremost place is undoubtedly occupied by the difficulties connected with the search for new markets. This problem directly or indirectly reduces itself to the proportion of the absorptive capacity

prospects for a steady development of industry, during many years to come, are only too obvious.

The thesis of amelioration of the existing industrial crisis by increased purchasing capacity of the agricultural population should come under consideration of the Commission. It should be thoroughly investigated. To begin with, the relation between the level of prices of agricultural produce and the purchasing capacity of rural population should be investigated; secondly, the question of what can be gained by the increase of their purchasing capacity, should be thoroughly entered into. The standard of living undoubtedly rises quicker than the increase of prices for agricultural produce. The ascertaining of this relation will enable to define the limits, to which it is advisable to raise the prices in question. The investigation of these problems would open the way to new efforts for the putting of order into economic conditions. A positive solution of the doubts which may present themselves in connection with the scheme for the restoration of sound economic conditions, will place



this problem for solution before all sections of the communities concerned.

In the solving of this problem both industry and agriculture will be interested, and its exclusion from the programme of the Conference will greatly diminish its significance.

If the Western European community, which is not acquainted with the markets of agricultural countries, and which therefore is unfamiliar with the limits to which the absorptive capacity of the agricultural countries can be extended, is unable to throw light on the various factors composing this problem, then this task should be performed by the European agricultural countries themselves, including Poland, which country has thoroughly investigated this problem within its territory and where the opinion of nearly all business interests on this subject has been consolidated.

The increase of the absorptive capacity of the agricultural population may be achieved also by other means than those involved by the rise of prices for agricultural produce. Parallely, investments should be made which, as is well known, improve the standard of life of the large masses of agricultural labourers. The construction of roads, the amelioration of the fields, the rendering of rivers navigable, the electrification of the countryside — are the factors likely to change the most common, in a major portion of Europe, type of a small agricultural holding, which cover from its unproductive work the most primitive needs, into a type of well-to-do farmers who will work with the aim of buying new articles, machinery, implements and who, in view of their large number, will substantially increase the class of valuable consumers.

For these reasons the financial relations of these countries which are buyers of manufactured goods play a decisive rôle in the matter of extension of outlets for Western European business, and the removal of these problems from the programme of the International Economic Conference may render it difficult to find effective means, for the solution of the present crisis. The interdependence of these matters was understood by the International Inter-parliamentary Commercial Conference, when, in 1925, it proposed the reorganisation of international long-term credits in the form of international land bonds. Further investigations which were transferred to the International Institute of Agriculture in Rome are still the object of scientific research. That the significance of the organisation of such a credit was fully realised, is confirmed by the fact that not only the agricultural countries, but also those with highly developed industry, such as England, for instance, took a keen interest in this proposal: the English delegate to the International Agricultural Congress held in Warsaw in 1925, Sir Daniel Hall, took up this matter at the Congress on his own initiative.

The common interest of industry, commerce and agriculture makes it imperative that the International Economic Conference should make its task to choose and to apply the most efficient needs capable of increasing the absorptive capacity of rural population, within a short space of time.

## THE POLISH TEXTILE INDUSTRY

THE POSSIBILITY of expansion on the extensive Russian market was before the war the cause of the cropping up in Poland of the textile industry, which was neither connected with the chief activity of the Polish population, namely agriculture, nor with the Polish natural resources, mainly mineral.

We stated some time ago\*) that certain sections of Polish production, which were called into being on Polish territory included in the former Russian empire, and which worked mainly for that market, were condemned to vanish wholly or partially on account of the fact that the Russian market is now beyond the Polish customs frontier; fortunately, however, the textile industry does not belong to this category.

The problem of the Polish textile industry is an interesting one. It is, undoubtedly, a branch of production which forms an integral and essential part of the economic programme of modern Poland, and this despite the fact that it does not rely on local raw materials, and even considering the difference of the rôle it performed before the war as compared with that it is called upon to perform at the present time. This statement will be justified by the following considerations.

When reference is made to the Polish textile industry, it is usually the Łódź district that is meant, as the great majority of the textile factories employing 83 per cent of the total number of textile workmen, and almost all the cotton manufacturing plants are situated there. In this centre are also included, for the purpose of economy and organisation, the textile factories disseminated in other parts of this region (linen factories at Żyrardów, near Warsaw, cotton factories: Zawiercie Ltd., C. G. Schön and others in the coal mining district). Before the war 130,000 workers were engaged in this industry.

In addition to Łódź, there is the Bielsko-Biała textile manufacturing centre in former Galicia, which produces almost exclusively high grade woolen fabrics, and possesses traditions dating back to the XIII century, and where, previous to the war, 14,000 operatives were employed. This centre specialises also in the manufacture of fabrics with Eastern designs, fezzes &c., which before the war were exported in large quantities to the Near East.

Finally, the third textile centre in Poland is that of Białystok, which town is located in the Eastern part of the country and is within an easy reach of the Russian frontier. Its production is composed of low grade cotton fabrics which formely were almost entirely placed on the Russian market. In 1914 some 12,000 workmen were employed in this centre.

It will be seen that the whole Polish textile industry employed before the war about 1,560,000 operatives. In the cotton industry there were 1,813,418 spindles and 39,083 looms; in the woolen industry — 552,122 combing spindles, 585,606 ordinary

\*) See "The Polish Economist" No. 6, page 201 ("Polish economic initiative in the Near East").

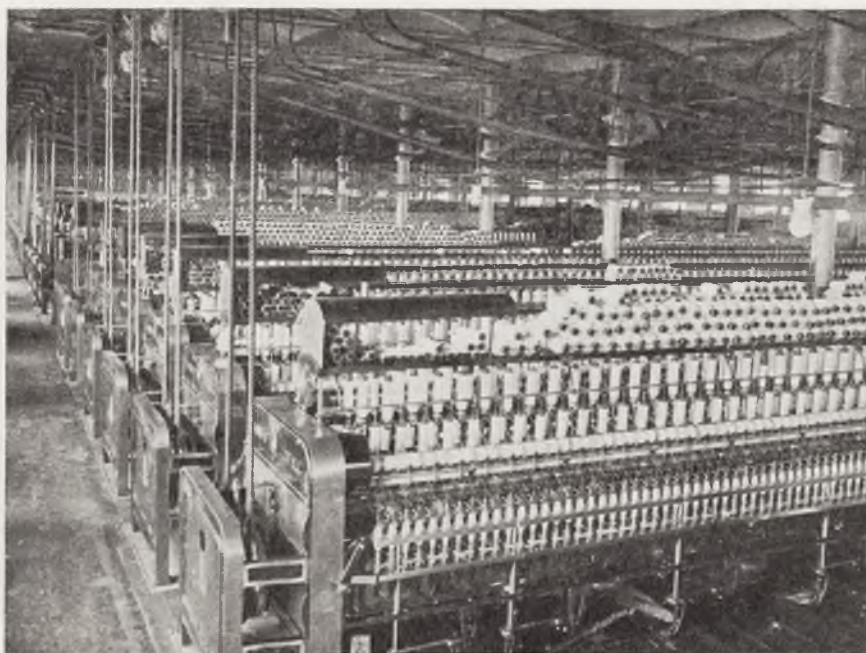


spindles and 23.153 looms; in the jute industry — 34.386 spindles and 1.260 looms; in the linen industry — 21.700 spindles and 1.100 looms; in the silk industry — 21.000 spindles and 766 looms. Prior to the war there were 477 textile factories which worked about 200.000 tons of raw materials per annum.

Łódź is the largest manufacturing centre in Poland and is frequently referred to as the "Polish Manchester". It was founded in the first half of the XIXth century. A Frenchman named Girard founded the nowadays famous Żyrardów linen factory near Warsaw in 1827, and a German named Geyer founded a cotton spinning and weaving mill in Łódź in 1829. Since that period the textile industry has developed very

during that period, it was found profitable to produce the simplest and cheapest fabrics which found ready purchasers on the Russian and Eastern markets, which were then not very particular as regards their tastes. The indirect result of this policy was, however, that the Łódź manufacturers neglected their home market, as its requirements were of a higher standard. This circumstance gave rise to a paradoxical situation: while the Łódź centre exported to Russia, Siberia, China, Persia, &c., the Polish population looked for her better class supplies to foreign countries — England and France, and for cheaper goods — to Moscow factories.

The Great War brought a radical change, for after the necessary reconstruction, the textile



INTERIOR OF ONE OF THE COTTON SPINNING MILLS IN ŁÓDŹ

rapidly. For many decades it had a monopoly for the whole Russian Empire, and it was only towards the end of the XIXth century that the Russian Government commenced to encourage the establishment of textile factories in the immediate vicinity of the two capitals — Moscow and Petrograd. This latter industry, though called into being under unfavourable conditions, was protected by the Russian Government and was also making progress. Nevertheless, up to the last moment before the outbreak of the war, the Łódź textile industry continued to dominate the Russian market and those in the East, to which it had access through Russia, namely — Persia, China, &c., and this despite the fact that it was not granted favourable railway rebates which were so generously extended to the Moscow industry, and also despite the circumstance that it was compelled to work low grade Russian cotton, the production of which was artificially protected by prohibitive customs duties on cotton of foreign origin. As regards the policy pursued by Polish manufacturers

industry had to work under totally different conditions.

From the autumn of 1914 up to the autumn of 1918, that is, during the four year occupation of Łódź by German military forces, the textile factories were not operated. This suspension of industrial activity was caused by the German authorities, whose policy aimed at the destruction of a competitor of German industry. With this object they confiscated all the stocks of raw material (c-a 300.000 of tons of wool and cotton) and finished articles (about 20 million metres of fabrics), while machinery was dismantled, belts (about 1.300 km.), copper and brass parts of machinery (1.375 tons), as well as electric motors (about 1.000) being taken to Germany. At the same time still larger dépôts of finished fabrics were irretrievably lost in Russia and the East.

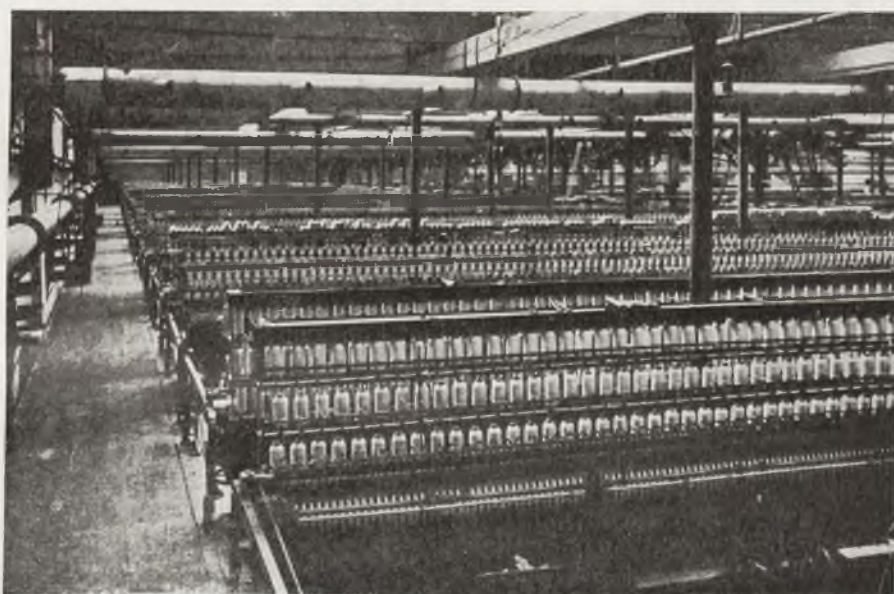
Consequently, when after the restoration of Poland's independence this country embarked on the scheme of a general reconstruction and the



making good of damages caused by the war, the question of the rebuilding of the textile industry was generally looked upon with pessimism, and the unexpected rapid renaissance of the Łódź factories was a source of joy in Poland. This industry has unquestionably proved its vital strength, all the more as it healed its war wounds without any material assistance from outside. Moreover, there were heavy foreign liabilities, chiefly in England, for supplies of textile raw materials, to be met. Foreign creditors, however, were willing to help their old customers, thereby permitting the reconstruction of the Polish industry. Towards this end also contributed the fact that the local traders were deprived of stocks of textile fabrics through the war, and bought everything that appeared on the market. Thanks to this, the business transacted

possible to modify the basis of production after the war.

Since the setting in operation of factories in the spring of 1919, that is during the past seven years, the textile industry has passed through various times, sometimes good, sometimes bad. During the first half of 1923 it reached the highest point as regards productive capacity. For instance, during this period the output of the cotton industry exceeded that of pre-war days by 36 per cent. This was during the period of inflation. As is known, the currency reform dates since the beginning of 1924; in this connection the economic life of the country shrunk for a time, and it was only in the first half of 1926 that the situation improved in some measure. During the whole of this period the Polish textile industry was carried on under difficult



ANOTHER ŁÓDŹ COTTON SPINNING MILL

for home account in the year 1919 was very brisk, so that the industry could operate with comparatively small working capital.

But as soon as the first famine for fabrics was satisfied, and the factories were to a certain extent rebuilt, the industry was faced by a new problem—the necessity of adapting itself to the requirements and tastes of an internal market which was, as already stated, less known to it than the Russian and the Eastern markets.

And here again the textile manufacturers gave proof of their vitality, by transforming their production in a short time.

It is interesting that the former system of operation, when they worked for the Russian market, proved very valuable under the new conditions. While working for the various requirements of the Russian and the Eastern markets, the industry had to satisfy most varied needs, and developed a certain facility of adapting itself to changeable conditions. There is no doubt but that this faculty rendered it

conditions on account of the diminished purchasing capacity of the home market as well as the adverse change in the export situation resulting from the stabilisation of the currency.

It is precisely the two factors, namely: the consolidation of consumption on the home market, and the settling of export conditions, that are of paramount importance to the future development of the industry. All other factors contributing towards the development of production are satisfactory.

The history of development of this branch of production in Poland, as outlined above, shows that it is well organised and of long standing, and that it is developed in many respects, possessing traditions and experience of its own. This experience of many years, and the policy of specialisation has enabled the Polish textile industry to acquire a thorough knowledge of the Eastern markets, their requirements, tastes and customs. The industry has also at its disposal extremely skilled labour in the form of good and cheap operatives, the fourth



generation of whom is engaged in this trade. This is a factor which cannot be easily acquired.

But the best guarantee of the development of the textile industry in Poland, is precisely the factor which forms to-day the source of the crisis prevailing in it, namely — the vast and insufficiently exploited, and for the moment very uneven, internal market counting about 30 million of consumers. At the present time the absorptive capacity of the Polish population, the major part of which is composed of farmers, is very small; this is due to the country having been ruined by the Great War, and also to the low standard of living, especially in the Eastern provinces. Undoubtedly, the consumption of fabrics in Poland will increase steadily, and if it only reaches the pre-war level, it will be sufficient to keep the textile industry going at full capacity, and there will even be no necessity to search for new outlets beyond the Polish frontier.

The rational policy of so highly complicated industry as this, nevertheless, requires the possession of certain markets as a reserve. This means that, in case of dislocations on its own market, as is the case at present, the industry should be in a position to sell its products abroad. Therefore, even during a favourable period on the internal market, foreign connections should be cultivated.

For these reasons the Polish textile industry cannot help being interested in foreign markets. Apart from this, this industry has specialised in certain products which are intended for export (for instance certain specialities of the Bielsk-Biała centre and jute fabrics).

Of course, the export markets of the Polish industry are located in the East. The Russian market is at the present time insignificant, and is being replaced successfully by the Balkan and the Near East markets (Rumania, Bulgaria, Turkey, Greece, Syria and Egypt). Of late Poland has partly recovered her old and main outlets in the Near East — in Persia and China.

## STATE OIL FIELDS IN POLAND

COMMENCING in the immediate vicinity of Kraków, up to the Rumanian frontier, along the area adjoining the Carpathian mountains, extends a wide belt of Polish oil-bearing territories. Smaller or larger groups of petroleum wells are to be found in this area which, as regards State Administration, is divided into four districts, namely: Kraków, Jasło, Drohobycz and Stanisławów. Each of these districts has its own peculiar structure, and accordingly its crude oil substantially differs as regards chemical composition.

The Kraków district is, comparatively speaking, the youngest, as the exploitation of these oil fields was only begun a few years ago. It is also the least known territory from the geological point of view, despite the fact that it is of great importance as it is situated quite close to the Western markets.

The investigations and drillings which have hitherto been undertaken show that the oil deposits of this region are quite close to the surface, at an average depth of about 750 m., while the crude oil is very light (contains a small amount of vaseline) of a specific gravity 0.818, and is free from paraffine wax and asphalt. At the present moment two groups of oil wells, namely — at Piszczowa and Mordarka, are operated in this region.

The Jasło district which comes next, is situated to the South East of the Kraków area. The characteristic feature of this area is that it is composed of oil- and gas-bearing zones. The deposits of crude oil are almost beneath the surface and in many cases occur at a depth not exceeding 100 m. It is true that the output of the wells is restricted but, on the other hand, they continue to produce oil for long periods. The crude oil contains a large percentage of benzine with a small admixture of paraffine wax. The gas shafts are also shallow and the gas obtained is almost pure metan ( $\text{CH}_4$ ); it is the so-called "dry gas" which is used as fuel at the mines and industrial undertakings and also in the neighbouring towns for lighting and heating.

Drohobycz is the third and the largest Polish petroleum-producing region and includes the Borysław, Tustanowice and Mraźnica fields, in addition to a whole range of smaller oil-producing localities which are situated close by. The Borysław basin may be considered as exhausted; in a sense this may be applied to the Tustanowice and Mraźnica districts although this basin produces about 80 per cent of the total extraction of crude oil in Poland. Some of the oil wells in this district have been operated for over 20 years, which is representative of the productivity and duration of the Polish oil wells. The wells recently completed in the Mraźnica and Tustanowice districts prove beyond doubt that there are excellent prospects for future development of the oil industry in that region. On the other hand the unfavourable feature of this basin is that the deposits are located at comparatively large depths, from 900 to 1.800 m., which circumstance necessitates extensive capital, which is not available in Poland at the present time. The oil produced in the Borysław area almost invariably contains from 6 to 8 per cent of paraffine wax and about 10 per cent of benzine. The extraction of crude oil is usually accompanied by gas suitable for the production of gasoline; it is noteworthy that from 1 cubic metre of natural gas up to 400 grammes of gasoline are not unfrequently obtained.

The Stanisławów area is to the South East of the Drohobycz region and may be regarded as a link uniting the Polish and the Rumanian petroleum basins. The largest number of oil wells are located in the Bitków area, but there are also a large number of smaller groups of wells disseminated throughout the region. After the Kraków district this is the least explored oil-bearing area in Poland, but it should be stated on good authority that it most probably contains large reserves of oil. The crude oil encountered in this region is either devoid of paraffine wax or contains a slight



admixture of it, whereas the benzine variety of crude oil, in many cases held up to 85 per cent of benzine. Crude oil which has recently been found in the vicinity of ozokerite mines in the Dźwiniacz and Starunia districts, is identical to the Borysław standard crude and contains about 7 per cent of paraffine.

The portion of the oil fields situated along the Carpathians, owned by the State, represents 263.716 hectares mainly located in the following districts: Lisko, Dobromil, Drohobycz, Dolina, Kałusz, Nadwórna, Peczenizyn, Kołomyja and Kossów. These territories are leased on very convenient terms to both local and foreign financial groups.

The main features of the leasehold contracts may be summarised as follows:

1.—The area to be subject to geological investigations is fixed at about 2,000 hectares; the applicant has the privilege of selection of a plot from the whole oil-bearing territory.

2.—After the completion of investigations by geologists or pioneer drillings, which have to be undertaken within one or one-and-a-half to two years, the leaseholder divides the whole territory into plots of from 50 to 100 hectares, of which the Government reserves to itself one half either for

exploitation or for transfer to third parties; in the latter case the option for the leasing of a given territory is in the first instance reserved to the initial applicant.

3.—Within a year counting from the completion of the geological investigation, the leaseholder must construct two shafts on the territory he has selected, and after a few years, according to the extent of the plot, additional shafts are to be installed on each plot.

4.—The only charge the leaseholder has to meet in connection with the obtaining of the right of exploitation of oil on the leased territory is the so-called "brutto tax", that is a participation reserved for the Treasury, which varies according to the territory and comes to about 10 per cent of the value of the gross production of oil.

5.—Contracts are concluded for 25 years and contain a clause whereby the exploitation rights may be prolonged for further 15 years.

Of the total area of the State-owned oil fields leased 4,500 hectares are actually exploited and 11,500 hectares are under investigation. The total number of shafts constructed on the State-owned oil-bearing territories at the end of 1925 was 69, of which 42 were in operation, 14 in the course



GROUP OF SHAFTS IN BORYSŁAW





STATE PETROLEUM REFINERY IN DROHOBYCZ

of drilling and 13 $\frac{1}{2}$  abandoned. The production of crude oil on these territories in the same year amounted to 35,357 tons to the value of about \$ 700,000; the average yearly output per well amounted to 842 tons valued at \$ 17,000.

In the course of 1926, the Government concluded five new contracts relative to the exploitation of the oil fields situated in Rachin, Drohobycz, Berechy, Truskawiec and Niebyłów. In addition, during the same year, nine applications for the leasing of petroleum-bearing plots were submitted to the Government, and there is every reason to believe that the contracts will be signed in the near future.

It will be therefore seen that it is solely the lack of capital in the country which has hampered the development of drilling on these oil fields. Up to the present only five per cent of the whole territory is leased, and only two per cent exploited.

The Government has decided to lease its oil-bearing territories to both local and foreign capitalists, and is prepared to accord them all the possible facilities and protection they may require.

Up to quite recently a totally unfounded pessimism was noticeable abroad concerning the Polish oil fields, which had its source in erroneous information about the productivity of the wells. However, the results for the year 1925 referred to above, speak for themselves. The average value of the production of one oil well amounting to \$ 17,000, amortises the outlay involved by the construction of the shafts, on the average, within five years. In view of the long duration of the productivity of the Polish wells, there is no doubt that drillings undertaken on State-owned oil-producing territories in Poland constitute an interesting and attractive investment. The risk of petroleum borings in Poland, is steadily decreasing, because in recent years the Government has very materially assisted the prospecting work undertaken on privately owned territories, and has as well caused extensive

investigations to be carried out on its own territories; it has also published a whole range of publications on this subject in Polish and other languages.

Finally, it is certain that capitalists inclined to take an active part in the exploitation of Polish oil fields, should address their enquiries directly to the Government, because the information supplied by foreign undertakings working in Poland cannot always be relied upon, firstly, because every new establishment means a fresh competitor, and secondly, because, as past experience has proved, foreign oil undertakings in Poland are not always sufficiently well organised, compete with each other, and in many cases the conduct of their business reveals ignorance of local conditions, so that the financial results frequently do not correspond to the commercial possibilities.

## TARIFF POLICY OF THE POLISH STATE RAILWAYS

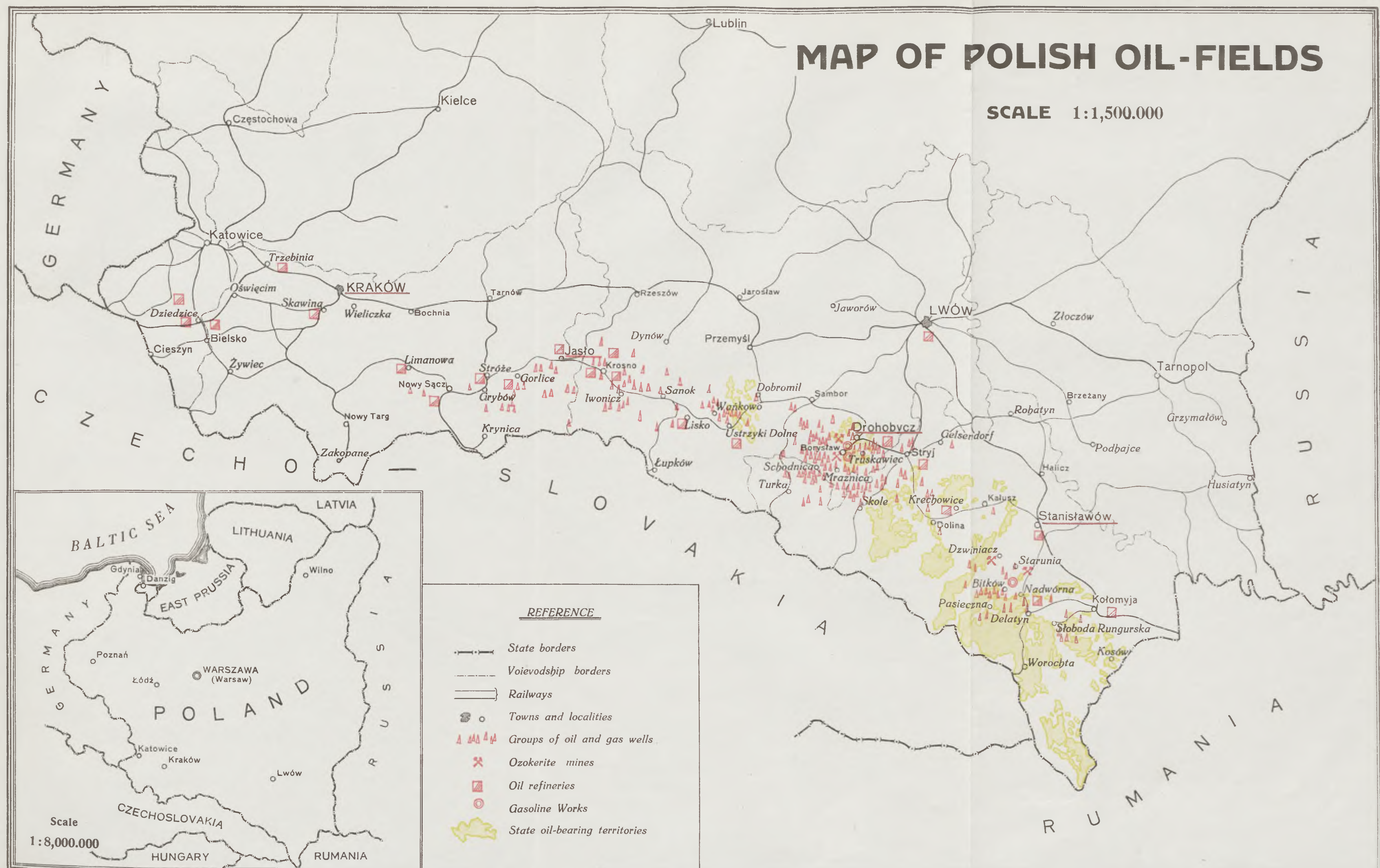
OWING TO THE FACT that nearly all the railway lines in Poland are State-owned, and that those belonging to private companies are also controlled by the Government, the policy followed in regard to freight rates is steadily consistent. The regulating of these rates is in the hands of the Ministry of Transport and is performed in conjunction with the three Ministries: of Finance, Industry and Commerce, and Agriculture. In addition, the Tariff Committee of the State Railway Council — which is composed of the representatives of business interests — is also required to state an opinion whenever amendments to the existing rates are contemplated.

The schedules of the freight rates are composed of nine ordinary classes and seven special classes,



# MAP OF POLISH OIL-FIELDS

SCALE 1:1,500.000



Scale  
1:8,000.000







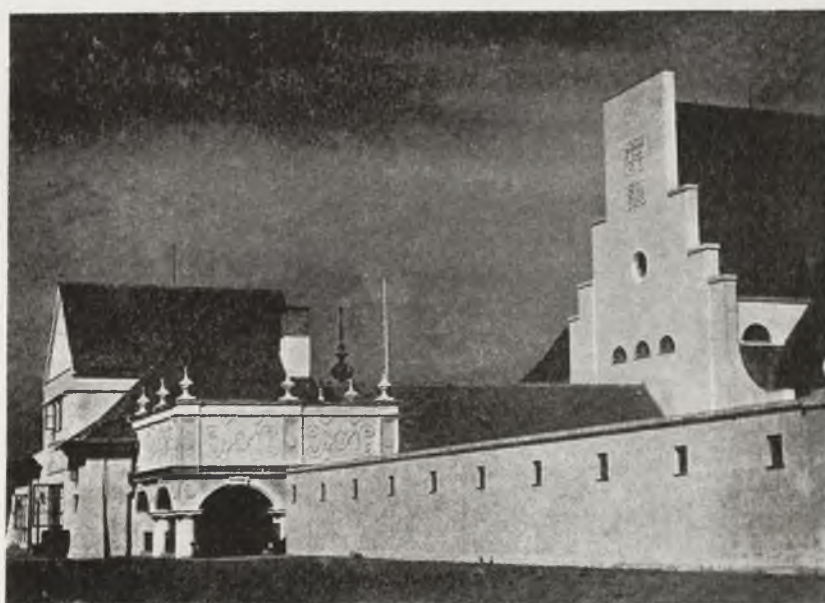
in addition to separate classes for consignments dispatched by express train. The first three normal classes are applicable only to small consignments, below 5,000 kg., the remainder to half truck loads—from 5,000 to 10,000 kg., and full truck loads of 10, 15, 20 and 30 thousand kg., while the special classes are solely applicable to full truck loads.

The schedules of freight rates for all the classes are calculated in a manner such as to reduce the cost of freight per unit of weight (100 kg.) per kilometre in proportion to the distance. This system facilitates the transport of goods over long distances.

A number of considerations, such as the price of goods, their economic value to the nation and their physical properties, are given careful attention before they are classified under any particular class of rates, but generally speaking, ores, coal, crude

materials; the transport of drilling plants from one oil field to another is also effected at reduced rates; to facilitate the realisation of the building programme all over the country, lower rates are applied to timber, bricks, drain pipes &c. The construction of roads is encouraged by means of rebates for the transport of stone paving blocks, gravel, sand, &c.

As regards foreign trade, due attention is paid to the rates applied to export articles, in order that the favourable trade balance may not be endangered. In view of the closing of the German frontier to Polish coal and the consequent necessity for the finding of new outlets for this product, the railway rates for coal consignments directed abroad had to be materially reduced. The outbreak of the coal strike in England, which took place shortly



THE NEW RAILWAY STATION AT GDYNIA

oil, timber &c. are carried at the lowest possible rates, as their movement is considered as contributing towards the development of industry. On the other hand, grain, seeds, flour &c. which are produced in all parts of Poland do not require any assistance in the shape of rebates.

The ordinary rates composing the nine basic classes do not satisfy all the economic requirements of the country; the gaps are filled by a number of special rates which are instituted for the benefit of home industry and agriculture, and for the regulating of the export, import and transit of certain articles. Thus, for instance, with the view to assisting the development of agriculture and stock breeding, stud animals, seeds, potatoes for planting purposes, artificial manures &c. are carried at exceptionally low rates. In order to promote the development of industries, railway rebates are granted in respect of essential raw materials, such as ores, coke, scrap iron, crude oil, flax and hemp, round wood &c., when they are used as raw

afterwards, was of great assistance in the successful search for new markets, so much so, that it became possible to largely reduce the rebates, which had initially been granted in regard to coal, without any damage resulting to the coal export trade, which, as is well known, gained ground, especially as far as the Baltic States were concerned.

Identical railway rates were accorded in respect of cement, the production of which exceeded local requirements. Thanks to this measure, and also to the favourable conditions prevailing on the world market, Polish cement found its way to different foreign markets.

The next group of products of mass consumption, the export of which was facilitated by reduced railway rates, was that of woodware. In order to promote the export of timber in the form of finished articles, it was considered advisable to fix the freight rates for raw timber and for woodware at the same level, despite the difference in prices between the two. The expectations materialised,



as the volume of exports of woodware developed steadily and now exceed those of crude timber.

A very substantial reduction amounting to 60 per cent was made in the rates for the export of petroleum products, the output of which exceeds the local demand, and which have to compete on foreign markets with similar materials of American, Rumanian and Russian origin. With a view to removing competition between individual oil-producing districts, the rates are calculated in such a manner that the cost of transport of petroleum products from the refineries to Polish ports, and to all railway frontier points, is actually the same for all refining plants.

A rebate of 30 to 45 per cent is also made for iron and steel exports, iron products and machinery. Originally this reduction was intended to promote

for the two sectors separately; this means an important saving in the cost of transport; it is obvious that the aim pursued was to promote the improvement of the quality of the grain and its standardisation before leaving Poland.

As regards railway rates applicable to imports, a principle was adopted according to which the question of trade facilities and restrictions in respect of raw materials and manufactures should be regulated by customs duties, and that the railways should grant to these goods the same treatment as is given to similar merchandise produced locally. The only exception to this principle was made in relation to certain raw materials such as ores, pyrites, vegetable fats and oils, certain qualities of iron, wool, cotton and jute, imported through Danzig and Gdynia. This was done with the intention of



CONSTRUCTION OF A RAILWAY VIADUCT NEAR WOROCHTA  
(GALICIA)

trade with Rumania and the Balkans, but it has also proved beneficial to traders sending their goods to Russia and overseas countries.

It is also worth while noting that the export trade in chemicals, such as artificial manures, sulphuric acid, bi-carbonate of soda, dyes, carbide, glue &c., zinc and lead, and glass and porcelain wares, also received favourable treatment from the State Railways.

In the foodstuff group, sugar, spirit, eggs, flour, vegetables and salt are carried at reduced rates. It should be mentioned that the rates for the transport of grain consigned to foreign countries have been maintained at the usual level; still, a privilege was extended to the foreign export trade, whereby parcels of grain destined for export may be detained on their way at elevators for cleansing and drying, in which case the freight is calculated for the whole distance, up to the frontier, and not

attracting to the Polish ports certain shipments which would otherwise be directed through Stettin, Hamburg and Bremen.

On the whole, it is safe to state that Poland's consciousness of the importance of her possessing a free access to the sea is evidenced by her railway policy in respect of goods passing through these ports. Of the 44 export and import exceptional railway rates composing the Polish State Railways tariff, 36 are in respect of goods routed via Danzig and Gdynia, these latter including six cases in which Danzig and Gdynia are more favourable treated than the other frontier export-import stations. These rates apply to the most important articles, such as coal, timber, petroleum products, cement, sugar and imported ores.

The difference in the cost of transport to Danzig with the application of exceptional rates as compared with those usually in force, and the internal rates





CONSTRUCTION OF A RAILWAY TUNNEL THROUGH THE TOWN OF WARSAW

are shown by the following comparative table (in  $\text{zł}$  per 100 kg.):

		Export tariff:		Internal tariff
		via Danzig	via other points	
coal	per 650 km.	1'20	1'47	1'77
cement	" 600 "	1'20	1'42	1'66
woodware	" 600 "	1'54	2'77	1'85
			(via Grajewo)	
gas oil	" 850 "	1'52	1'97	6'58
sugar	" 350 "	2'23	2'78	6'10
ores imported	" 600 "	1'04	1'17	1'04

Apart from the above, there are ten exceptional reduced rates only applicable in respect of consignments directed to or from Danzig and Gdynia. Among the chief consignments falling under this category are goods imported from overseas, namely: cotton, wool, jute, vegetable fats and oils, cod-liver oil, fish, tobacco, electrical appliances, iron alloys, scrap iron, the attraction of which goods to Polish ports was the main object of these exceptional rates.

Whether this is so, and to what extent these rebates are effective, may be gathered from the following statement, showing the cost of transport of cotton to Łódź (in  $\text{zł}$  per 100 kg.):

via Danzig	via Bremen-Lasocice
$\text{zł}$ 5'30	1'85 RMk. + $\text{zł}$ 4'60 = $\text{zł}$ 8'30

It will be seen that the cost of transport of raw cotton to Łódź, the main textile manufacturing

centre, is 40 per cent cheaper via Danzig than via Bremen.

Passing to the transit rates, it should be stated that this matter is closely bound up with the commercial treaties reached with neighbouring countries, and is usually regulated by means of mutual concessions. As Poland has not concluded treaties of this nature either with Russia or with Germany, the matter of transit transport is, for the time being, regulated in a general manner by the stipulations of the Barcelona Convention dealing with freedom of transit. In addition to this, the Polish railway tariff contains about 20 exceptional rates which satisfy the most urgent requirements of this movement. The latter include exceptional transit rates for the passage of the following products: woodware from Russia, Czechoslovakia and Rumania to Germany, and overseas via Danzig and Gdynia; maize and oil cake from Rumania to Germany, Czechoslovakia, and overseas via Danzig and Gdynia.

In order to ascertain to what an extent railway rates burden production and internal trade, special calculations were undertaken which showed that the volume of consignments carried in 1924 amounted to 54,762,000 tons valued at original cost price —  $\text{zł}$  12,508,170,000; thus the average value of one ton of goods amounted to  $\text{zł}$  228'5. As the cost of railway transport of these goods amounted to  $\text{zł}$  454,566,000, it will be seen that the cost of rail



transport amounted to  $\text{Zł}$  8.2 per ton. The comparison of the two figures, namely: the average price of the goods per ton —  $\text{Zł}$  228.5, and the average cost of transport per ton —  $\text{Zł}$  8.2, gives an average charge for transport equal to 3.85 per cent of the value. This is a very small burden indeed, and stands in no relation to the cost of the other components of the sale price of goods, such as raw materials, labour &c. This, in the first instance, is the result of the low level of the railway rates charged by the Polish Railways, which is evidenced by the following comparison of the results obtained by the undermentioned European Railway systems in 1924, showing average charge per ton and kilometre (in  $\text{Zł}$  0.01 = 1 grosz):

Poland	Germany	Czechoslovakia	France	Switzerland
4.33	7.22	6.07	5.16	14.19

## DIRECT TAXATION IN POLAND

AT THE TIME of the restoration of Poland the Treasury laws relating to direct taxes were far from being uniform.

In former Congress Poland\*) they were based on Russian legislation. The situation was complicated by the fact that in some articles this law provided special prescriptions for former Congress Poland, or recognised all the regulations which had been in force at the time when this province formed a separate administrative area. Further alterations were made to the Russian laws by Austria and Germany during the Great War.

In the Eastern provinces of the Polish Republic which formed also a part of Russian Poland, the general Russian system was in force, as modified during the period of German occupation.

On the territory of former Galicia and in the district of the Teschen Silesia, which is now incorporated into Poland, Austrian laws were in force.

The districts of Spiż and Orawa came under Hungarian law which was similar to the Austrian.

In former German Poland the laws of the Kingdom of Prussia as well as of the German Empire had to be observed.

In view of the heterogeneous character of the Polish legislation relating to the levying of direct taxes and also for both economic and political reasons, the codification of all the different laws had to be undertaken. For this reason the Polish Government, conscious of the paramount importance of this complicated task, has adopted the following means for its realisation. It has issued amendments and supplements to the existing laws to facilitate the even distribution of the burden of taxation, and it has also introduced new laws which are applicable to the whole of the Republic of Poland.

At the present moment the Treasury legislation, as far as direct taxation is concerned, is already

homogenous, with the exception of the land tax, the unification of which, for technical reasons, will not be achieved at an early date.

The following are the direct taxes now in force in Poland:

### a) The Land Tax.

This tax is based on four different systems, of which two, namely — those of former Galicia and former Prussia, resemble each other, being based on the exact measurements of the individual holdings and on the net income derived from each. The register of the measurements of any modifications taking place in the holdings, is kept by special offices.

The land tax in former Congress Poland was neither based on measurements of the holdings nor on the net income, but on the classification of the holdings in one of several classes, according to the nature of the soil and the district. Difference was made between large landed estates and peasant holdings, and the taxes varied accordingly. The owners of small holdings did not pay taxes individually, but the whole territory of a village was treated for taxation purposes as a single unit. The system of land taxation in the present Eastern Voievodships differed still more, as it was based on Russian regulations. A quota of taxes was established for each district, according to the extent of arable soil, while the average rate of taxes was levied per one "desiatina" \*). The distribution and division of the taxation quota among the taxpayers was carried out by district repartition committees according to the value of the holdings. No difference was made in the Eastern Voievodships between large landed estates and peasant holdings.

In view of the unevenness of taxation in the three different partitions of Poland, the laws of the former rulers were subject to amendments on several occasions.

The law of June 15th 1923 relating to the equalisation of land taxes provided for both decreases and increases over the present rates. The decreases are at present applied to small holdings to the extent of 50 per cent of the general rates when the tax payable does not exceed  $\text{Zł}$  8.80, and to the extent of 20 per cent when it is from  $\text{Zł}$  8.80 to  $\text{Zł}$  35.20.

Increases are applicable in the form of a special supplement amounting from 10 to 100 per cent, when the tax assessed exceeds  $\text{Zł}$  106.

Land taxes are payable in equal semi-annual instalments between March 15th and April 15th and between October 15th and November 15th.

### b) Taxation of urban and certain rural property.

In connection with the law relating to the protection of leaseholders of April 11th 1924, the President of the Republic issued on June 17th 1924 a decree which regulates the levying of State taxes for the fiscal year 1924, in respect of real property in towns and in respect of certain buildings in

\*) Part of Poland, which was granted national autonomy by the Congress of Vienna in 1815. This territory was subsequently incorporated into Russia, but had a separate legislation of its own (Napoleon's code).

\*) 1 desiatina = 27 acres.





UNDERGRADUATES HOME IN WARSAW IN THE COURSE OF ERECTION

country places. Subsequently the above mentioned decree was amended by the law of April 1st 1925, and prolonged for the next few years.

The basis of the assessment of taxes on real estate, is the rental fixed by the law providing for the protection of tenants, and in the case of other real estate the full rental or the value of the rental of leased immovable property. If the rental cannot be ascertained, it is fixed at 5 per cent of the estimated value of the property. The rate of taxation was in 1924 — 20 per cent, in 1925 — 12 per cent, in 1926—10 per cent, and in 1927 and 1928 they will be 8 and 7 per cent respectively.

#### c) Industrial tax.

To this tax are subject industrial, commercial and other undertakings, as well as industrial occupations and professional workers. The industrial tax is levied in the form of trading licences and by means of a tax on turnover.

The payment for trading licences, according to the category of the undertaking and occupation, is effected by the tax-payer himself in November and December, in advance for the whole of the next year. The cost of trading licences varies according to the size of the undertaking, as to the locality in which it is situated.

Commercial enterprises are divided into five categories; industrial — into eight categories; industrial occupations — into four categories. Professional workers are not required to provide themselves with licences.

The turnover tax is 2 per cent. For agencies and commission salesmen it is 5 per cent, while for retail

shops dealing in goods and articles of first necessity as well as for enterprises selling raw material of their own production, or producing goods for further manufacture, the above rate is reduced to 1 per cent. The rate of taxation may be reduced to 1/2 per cent on the turnover of wholesale undertakings, on purchases and supplies of articles of primary necessity, and on transactions in indispensable articles for the development of agriculture and industry; the turnover of wholesale undertakings dealing in other articles may be reduced to one per cent by the Minister of Finance after consultation with the Minister of Industry and Commerce when the adoption of such a course is considered necessary in the interests of the nation.

On the strength of this law, the rate of taxation of wholesale transactions will be reduced to 1 per cent as from January 1st 1927.

Local governments have been granted power to impose taxes to cover their own needs, on effects subject to State industrial taxes, but the taxes themselves may only be levied in the form of supplements not exceeding 25 per cent of the turnover tax and 30 per cent of the price of trading licences or registration forms. In addition, the supplementary tax imposed for the benefit of chambers of commerce and similar industrial bodies may not exceed 15 per cent of the cost of the licences, and in the case of trade schools — 25 per cent.

#### d) Taxation on capital and interest.

Are subject to taxation: accounts on call, income derived from securities, deposits on current accounts,



savings and deposits, mining royalties &c., payable either in cash or in kind.

The rate of taxation is fixed as follows:

1) 0.540 per cent per annum on deposits and on call accounts,

2) 20 per cent in the case of charges specified in contracts relating to the extraction of crude oil or natural gases,

3) 10 per cent on all other incomes.

Taxes are deducted at their source.

#### e) Income tax.

Income tax in Poland is composed of three items: taxes on salaries (including pensions and payments for services rendered), general income tax and taxes on remunerations, directors fees &c.

The tax on salaries is one with a special scale and is deducted at the time of the payment. Salaries up to  $\text{Zł}$  2.500 per annum are not subject to taxation. The tax is on a rising scale and ranges from 1.5 per cent to 25 per cent of the income exceeding  $\text{Zł}$  192.000. The main feature of the Polish income tax is that persons receiving salaries pay this tax separately from the rest of their income, salaries not being included in the sum of other income.

Persons physical and legal and estates awaiting probate are subject to the general State tax, provided their annual income exceeds  $\text{Zł}$  1.500. As income, within the meaning of the law, are considered revenues in money derived from particular sources after the deduction of personal expenses, cost of preservation, and insurance of revenues concerned, together with the proper annual deduction for amortisation.

The rate of income tax rises progressively from 2 per cent to 40 per cent of the revenue. Companies legally obliged to publish their balance-sheets pay income tax up to 25 per cent of their revenue.

Taxes imposed on remunerations and directors fees are paid by persons not taking active part in the management of undertakings but who are on the board of directors, councils, and are members of control committees. Such persons, if their remunerations exceed  $\text{Zł}$  1.500, in addition to income tax, they pay special tax on remunerations, representing 50 per cent of the rate of the tax on revenue, as provided by the general scale.

#### f) Property tax.

The property tax, introduced by the law of August 11th 1923, was calculated to bring in  $\text{Zł}$  1,000,000.000, and was to be collected in the course of three years at the rate of  $\text{Zł}$  333 million each year. Persons whose property exceed  $\text{Zł}$  3.000 in value on July 1st 1923 are subject to this tax after the deduction of debts and burdens.

The bulk of the taxation was initially distributed in a manner such that the amount imposed on large landed estates and small agricultural holdings amounted to  $\text{Zł}$  500 million, on industry and commerce — to  $\text{Zł}$  375 million, and on all other properties — to  $\text{Zł}$  125 million.

The rate of taxation was based on a progressive scale from 1.2 per cent to 13 per cent. In view of the unfavourable conditions prevailing in the country, this tax could not be collected as anticipated, but the main reason was that its distribution over the different branches of national husbandry was not rational. The revenue derived from this source during the past three years has therefore amounted to only  $\text{Zł}$  300 million instead of  $\text{Zł}$  1.000 million.

A certain portion of the community has urged the Government to amend the law providing for this tax, with the view of reducing the quota, and revising the system of repartition between the particular groups.

\* \* \*

Having dwelt upon the different taxes in Poland we pass now to a brief description of the proposed reform of the present system of taxation. This system was elaborated in the inflation period and, naturally, cannot work efficiently under the present stabilised conditions.

The reform of taxation should be in the direction of the removal of a large number of the existing taxes, and the extension of the income tax, which in Poland, as in other countries, should be the main source of State revenue.

In connection with the proposed extension of the income tax, it is intended to transfer the land tax and the rural real property tax as well as the issue of industrial licences to local governments.

## SUMMARY OF LAWS, ACTS AND EXECUTIVE DECREES

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

**Amendments to the Statutes of the Poznań Credit Association** ("Dz. Ust. R. P." No. 116, item 671).

**Amendments to the passenger and goods railway rates** ("Dz. Ust. R. P." No. 116, items 673, 674 and 675; No. 117, item 680; No. 119, items 687 and 688).

**The establishment of the Gdynia maritime district** ("Dz. Ust. R. P." No. 117, item 678).

**Amendments to the law relative to communal taxes levied for industrial purposes** ("Dz. Ust. R. P." No. 119, item 689).

**Executive decree relative to the Treasury Fines Act** ("Dz. Ust. R. P." No. 120, item 693).

**Appointment of a Financial Council attached to the Minister of**

**Finance**<sup>1)</sup> ("Dz. Ust. R. P." No. 121, item 695).

**10 per cent supplementary extraordinary tax for 1927**<sup>2)</sup> ("Dz. Ust. R. P." No. 121, item 697).

**Prices to be charged by the State Spirit Monopoly for alcohol produced during the 1926/7 season**<sup>3)</sup> ("Dz. Ust. R. P." No. 121, item 703).

<sup>1)</sup> See page 34.

<sup>2)</sup> See "The Polish Economist" No. 6, page 211.

<sup>3)</sup> See page 40.

<sup>4)</sup> See page 38.

<sup>5)</sup> See page 38.



# PRODUCTION AND TRADE

**STATE OF EMPLOYMENT IN NOVEMBER.** — After the continued improvement in the employment situation which started in January last, a slight adverse change was noticeable during the four weeks of November. The total number of unemployed increased from 196,586 on the 31st of October, by 3,981 or 2 per cent, to 200,567 on the 27th of November. Nevertheless, compared with the figures for the end of January last, when unemployment in Poland reached its zenith, the number of people out of work declined from 359,810 to 200,567, that is by 159,243. The number of unemployed at the end of each of the months of this year is given below:

January	359,810
February	358,430
March	345,010
April	320,520
May	303,720
June	288,510
July	263,540
August	241,790
September	213,790
October	196,586
November	200,567

Passing to the review of the causes of the increase of unemployment in November, it should be stated that it was not due in any way to a slump in the economic situation of Poland. As may be seen from the data given below, with the exception of the building trade, employment figures of the most important branches of Polish industry show an increase. The real cause was the approaching winter season and the decrease in emigration.

It is only natural that in a country such as Poland, where agriculture occupies the first place, the conclusion of the autumn seasonal work on the fields and orchards &c. must bring about large supplies of labour in the towns. Further, it may be mentioned that Poland is one of those countries which has a surplus of labour, a portion of which finds occupation in foreign countries, and that during the period under review the emigration of Polish labourers was not maintained on the usual level, but, on the contrary, a large number of workers returned home. In the first place there were the large number of agricultural workers, over 20,000, who returned from Germany — partly in connection with the termination of the harvest and partly as the result of the policy of the German Government which aims at the replacing of foreign workmen by local labour. In addition, the outflow

of workmen to France was also stopped, and it should not be overlooked that during the first half of this year the average monthly number of emigrants to that country was 11,205 persons whereas in November it was less than 4,000 persons. It is true that the figures of re-emigration from Germany and emigration to France include chiefly agricultural labourers, who are, in the majority of cases, proprietors of small peasant holdings, and who, owing to the loss of their employment abroad, come back to their homes and are not accounted for by the statistical returns illustrating the state of employment in industry. A small percentage of these men look for work in industrial centres; nevertheless, even this small surplus could not be absorbed, especially when at the same time those industrial workers who worked on the land during summer and autumn commenced to return to the manufacturing centres. This exchange of labour between industry and agriculture in Poland is still practiced on a large scale.

The following table shows the number of unemployed industrial workers according to trades:

	October	November	+ Increase — decrease
mining	18,612	19,207	— 595
foundries	6,805	7,377	— 572
metal	15,546	15,859	— 313
textile	24,686	25,663	— 977
building	11,608	10,645	+ 963
clerical	23,496	23,669	— 173
various	99,814	94,166	+ 5,648
Total:	200,567	196,586	+ 3,981

As may be seen by these figures, the changes in the number of unemployed in the specified trades in November were on the whole very small, there having been a further improvement in the mining industry. This was due to the fact that the work at the coal mines was pursued with intensity, thanks to the continuance of favourable conditions on the international coal markets and also to the cold weather. In relation to the total number of employed miners, the number of unemployed represents 12 per cent; in the foundry industry a certain improvement is also reported, but a still better situation prevails in the glass industry, where the number of unemployed declined by 271, and in the iron founding industry — by 301, where the percentage of unemployed, in relation to the number of employed

workmen, was about 14 per cent. In the metallurgical industry the number of new men taken on rose by 313, although the number of unemployed in this branch continued to be large and was over 22 per cent of the total number of employed workers.

The most striking improvement during the period under review was shown by the textile industry which has during the past few months taken on increasingly large numbers of operatives; this would indicate that the situation is steadily improving, which may be regarded as the direct result of the increasing purchasing capacity of the agricultural classes. The percentage of unemployed textile operatives, in relation to those engaged, is insignificant and represents about 4 per cent.

Some betterment is also to be reported in the unemployment figures of the clerical workers which declined by 173, while the building and various groups show an increase of 363 and 5,648 respectively. As regards the first named group, the increase is to be attributed to the close of the building season, and as regards the second, also comprising unskilled workers — it is the result of the causes which had been enumerated above, namely: termination of work on the land, reemigration and decline in emigration.

The number of people working part time was 33,943 as against 26,680 in October. Of this number 59 persons worked one day, 117—2 days, 5,251—3 days, 12,209—4 days, 16,307—5 days per week. Those working part time were engaged on the average 4.6 days per week as against 4.5 in the preceding month.

## GRAIN

— The end of November was characterised by a fall in grain prices. The decline on the home market was due to increased supplies of grain and also to the general fall in world prices. The month was a favourable time for farmers to sell their stocks, as the harvest was completed, which made it possible to thresh and sell the crops, while the approaching end of the year necessitated large cash reserves for the payment of labour, taxes &c. The fear of the farmers that there would be a further decline in prices, and the possibility of



the introduction of export duties on agricultural produce also contributed towards increased offerings of grain. The first half of December saw a further

decline in prices which, converted into dollars, averaged as follows: wheat 1·17 per cent, rye 4·41 per cent, brewing barley 4·27 per cent, and oats 4·44 per cent.

The prices ruling during the period under review as compared with the foreign quotations, are given in the following statement:

	Nov. 1st—14th		Nov. 15th—29th		Nov. 30th— Dec. 15th		Percentages of difference	
	₤	\$	₤	\$	₤	\$	₤	\$
<b>W H E A T:</b>								
Warsaw . . . . .	51·30	5·70	51·16	5·68	50·45	5·60½	— 1·39	— 1·32
Poznań . . . . .	48·52	5·39	48·78	5·42	47·66	5·29½	— 2·30	— 2·31
Lwów . . . . .	47·35	5·33	49·86	5·54	50·00	5·55½	+ 0·28	+ 0·27
Average price . . . . .	49·25	5·47	49·93	5·55	49·37	5·48½	— 1·12	— 1·17
Chicago . . . . .	—	5·29	—	5·10½	—	5·10	—	— 0·10
Berlin RMk. . . . .	27·60	6·57	27·32	6·50½	27·17½	6·47	— 0·53	— 0·54
<b>R Y E:</b>								
Warsaw . . . . .	39·06	4·34	40·05	4·45	37·94	4·21½	— 5·27	— 5·28
Poznań . . . . .	37·91	4·21	38·26	4·25	37·43	4·16	— 2·17	— 2·12
Lwów . . . . .	36·40	4·04½	38·06	4·23	35·86	3·98	— 5·78	— 5·91
Average price . . . . .	37·79	4·20	38·79	4·31	37·08	4·12	— 4·41	— 4·41
Chicago . . . . .	—	4·11	—	3·84	—	3·78	—	— 1·56
Berlin RMk. . . . .	22·65	5·39	22·89	5·46	23·36	5·56	+ 2·05	+ 1·83
<b>B A R L E Y:</b>								
a) Brewing:								
Warsaw . . . . .	37·80	4·20	36·72	4·08	34·56	3·84	— 5·88	— 5·88
Poznań . . . . .	36·59	4·06½	35·00	3·89	34·06	3·78	— 2·69	— 2·83
Average price . . . . .	37·19	4·13	35·86	3·98	34·31	3·81	— 4·32	— 4·27
Berlin RMk. . . . .	23·99	5·71	23·40	5·57	23·08	5·49½	— 1·37	— 1·35
b) Feeding:								
Warsaw . . . . .	29·74	3·30½	29·52	3·28	29·52	3·28	—	—
Poznań . . . . .	28·50	3·17	28·72	3·19	28·71	3·19	— 0·03	—
Average price . . . . .	29·12	3·23½	29·12	3·23½	29·11	3·23½	— 0·03	—
Chicago . . . . .	—	2·89	—	2·91½	—	3·05	—	+ 4·63
Berlin RMk. . . . .	20·04	4·27	19·99	4·76	19·76	4·70½	— 1·15	— 1·16
<b>O A T S:</b>								
Warsaw . . . . .	33·07	3·67½	34·06	3·78	32·53	3·61	— 4·49	— 4·50
Poznań . . . . .	31·83	3·54	32·53	3·61	31·00	3·44	— 4·70	— 4·71
Lwów . . . . .	30·30	3·37	30·50	3·39	29·38	3·26	— 3·67	— 3·84
Average price . . . . .	31·74	3·53	32·36	3·60	30·97	3·44	— 4·30	— 4·44
Chicago . . . . .	—	3·20½	—	3·17	—	3·30	—	+ 4·10
Berlin RMk. . . . .	18·94	4·51	18·54	4·41½	18·21	4·33½	— 1·78	— 1·81

This season's winter sowings are satisfactory, and are better than those of last year. According to the estimates of the Chief Statistical Bureau, the state of cultivation, on the basis of the five point system, was the following:

November:		
	1926	1925
wheat	3·6	3·3
rye	3·7	3·4
barley	3·7	3·4

The best condition of winter sowings is reported to be in the Poznań and Pomorze Voievodships, while in the Polesie, Nowogródek and Wilno Voievodships they are the weakest.

The exports of the four main varieties of grain for November, as compared with the previous month and with November last year, were as follows (in tons):

	1 9 2 6:		1925
	October	November	November
wheat	1,971	2,458	27,989
rye	19,234	6,662	21,098
barley	14,581	8,945	25,637
oats	248	265	7,150

Compared with October, the export of wheat showed an increase, whereas the reverse applied to the exports of barley and rye. The value of grain exports in November represented only 56 per cent of those of the preceding month,



and amounted to gold  $\text{zł}$  7,411.924 a against gold  $\text{zł}$  13,163.327.

The exports of wheat were mainly directed to Belgium (35.5 per cent), to France (26.0 per cent), and to Germany (22.8 per cent). Rye was mainly exported to France which took 37.8 per cent, to Germany (16.3 per cent), to Belgium (15.1 per cent), and to Estonia (14.8 per cent). The main outlets for barley were: Germany (44.4 per cent) and Holland (19.6 per cent), smaller quantities being placed in Belgium (11.0 per cent), Norway (7.8 per cent), Denmark and other. Oats were almost exclusively sent to Germany (88.8 per cent).

As may be seen from the above statement, the exports of grain declined in the present year as compared with those of last year. The following table shows the comparison of the exports during the last four months of 1926, as compared with the equivalent period of 1925 (in tons):

	August—November:	
	1925	1926
wheat	69.125	14.057
rye	144.478	74.190
barley	67.446	47.129
oats	19.175	3.699

The main cause of such a marked difference in the figures for the two periods, is to be attributed to the high prices ruling on the home market, which rendered it difficult to export. In November the following quantities of grain were imported into Poland: wheat — 1,511 tons, rye — 979 tons, barley — 73 tons, and oats 1,416 tons, total valued at gold  $\text{zł}$  1,621.521. Wheat was mainly procured from Hungary (93.8 per cent), barley — from Rumania (79.2 per cent), oats from Germany (94.6 per cent). As compared with the preceding month, the imports of wheat, rye and barley declined, while those of oats rose considerably.

## MEAT

**PLAN FOR THE REGULATION OF THE EXPORT OF BACON FROM POLAND.**—Thanks to intensive stock breeding, the exports of cattle, meat and butchers' wares have risen considerably during the past two years. These commodities were partly directed to new markets, especially to England; up to the present they were mainly sent to Austria, Czechoslovakia and Germany. One of the main articles of this line which is intended to be sold in large quantities in England—is bacon. The export of this article from Poland having been heretofore effected without any control, some of the Polish goods that appeared on foreign markets

were much below the usual standard, with the result that the reputation of Polish bacon suffered. For this reason the Government intend to introduce a special law providing for the regulation of the export of bacon.

The main features of the proposed law are the following:

1. — The right of exporting Polish bacon will be accorded only to those undertakings which are granted special licences for that purpose by the Ministry of Agriculture.

2. — An export licence for bacon may only be granted to those undertakings, which possess the necessary technical facilities, and which are managed by persons having a thorough knowledge of the trade.

3. — Undertakings authorised to export bacon will be subject to sanitary and veterinary control, which will be exercised by veterinary surgeons specially appointed by the Ministry of Agriculture.

4. — The Minister of Agriculture is empowered to issue regulations for the standardisation of the production of bacon destined for foreign markets, and for the stamping of special marks on both the bacon and the packing, whereby quality and origin of the goods may be ascertained.

5. — A general supervision over the export of bacon will be exercised by the Ministry, through inspectors appointed for that purpose.



PROVISIONAL WOODEN BRIDGE IN EASTERN GALICIA



## F R U I T

## FRUIT FARMING IN POLAND.—

The number of fruit trees in Polish orchards is estimated at 34 million, the exact figures not being available. This number includes 19,040,000 apple trees, 4,760,000 pear trees, 4,760,000 plum trees, 4,420,000 cherry trees, and only 1,020,000 other fruit-bearing trees. In the latter category are peaches, the production of which together with grapes is of little importance in Poland on account of unfavourable climatic conditions.

Taking as a basis the average relation of fruit-producing trees to the total number of trees of a given variety, namely: pear and apple trees—65 per cent, plum and cherry trees—80 per cent, and putting the average annual crops of apples and pears at 40 kg., of plums at 30 kg., and of cherries at 25 kg., we arrive at an average yearly crop of 450,000 tons of apples, 125,000 tons of pears, 115,000 tons of plums and about 70,000 tons of cherries, making a total fruit crop in Poland of over 800,000 tons per annum, representing a value of about £ 250,000,000.

Of the total number of 34 million fruit trees only 6 million are found on large landed estates; the remainder are raised in small peasant orchards, the crops of which are used for the requirements of the owners and of their families, so that, generally speaking, these fruit does not appear in the trade returns of the country. There are, comparatively speaking, very few orchards conducted on a commercial basis, and large fruit farms growing over 10,000 trees are still less numerous. In certain parts of Poland local authorities plant fruit trees along public roads.

Under these conditions the growing of fruit in Poland still leaves much to be desired: the number of varieties grown is too large, which renders difficult the production of a uniform type of fruit in large quantities. Besides, the question of storage of the fruit crops in winter is not yet properly organised.

A certain progress has, however, been noticed in Polish fruit growing since the war: the number of commercial orchards growing standardised basic varieties of fruit has increased, while at the same time the methods of fruit raising, as well as the organisation of home and foreign trade in fresh, canned and preserved fruit have been improved.

The best known winter apples are the "antonówka" and "reinettes", and summer varieties are—the "oliwka" and the "papierówka", which are produced on a large scale in the Eastern Voievodships. These apples are also called "industrial fruit" on account of their suitability for jam making. The so-called "węgierki" plums are produced mainly in the orchards situated in the Vistula valley. Cherries are grown on a large scale in the centre and Southern Voievodships. Finally, peaches, grapes, greengages &c. are to be found in the South, along the Polish-Rumanian frontier.

The production of fruit in Poland is larger than the home requirements, the surplus being exported to Germany. The bulk of the exports are composed of apples and plums.

In addition, Poland exports annually about 1.5 million young trees for sale for replanting. In this connection it should be mentioned that the growing of these young trees has reached a fairly high standard, is steadily improving, and is one of the factors in the anticipated further development of fruit-growing in Poland.

## T I M B E R

— The situation on the export timber market in November was exceedingly irregular, the most characteristic feature being the further increase in prices for round timber on the local market, which circumstance necessitated great caution in connection with foreign contracts. This increase was to a large extent compensated by the fall in the sea freight rates, the catastrophic rise of which was previously mentioned in these columns. The freight rates at the present moment are about 50/- per standard, from Danzig to London, and it is quite possible that they will decline still further. The increase of railway rates introduced as from December 1st, which in the case of the export of sawn materials, classified under "exceptional tariff E" amounts to from 8 to 10 per cent, has worked in the opposite direction, and as there has been a tendency on the part of English buyers to reduce the c. i. f. prices, business transactions are few, and the majority of exporters are withholding orders till after the New Year, when, it is expected, the situation as regards freight rates and also on the Polish and the English timber market will become clearer.

Despite this fact, prices on the Danzig market are on the whole firm, and have, for certain assortments, even shown an upward trend, as compared with October.

In November the quotations on the Danzig market were as follows (in shillings):

pine logs	per cub. m.	38/—	to 45/—
pine telegraph poles	"	19/—	21/—
pine pit props	"	12/—	13/—
oak logs 40—50 cm.	"	75/—	85/—
" over 50 cm.	"	100/—	110/—
alder logs	"	35/—	37/—
aspen logs for matches	"	40/—	42/—
pine millrun sawn material	per stand.	£ 8.10.0	to 8.15.0
pine English beams	"	9.10.0	10.0.0
pine sleepers	per piece	5/6	6/—
pine railway sleepers	"	2/7	3/—
oak railway	"	3/6	4/5
" Memel staves	per shock	£ 15.0.0	17.0.0

The wholesale prices obtained in October and November by the Directorates of

State Forests, free on rail loading station, were as follows (in £ per 1 cubic metre):

		Oct.	Nov.
pine logs for saw mills			
(per cubic m.)	Warsaw	—	47/—
" " "	Radom	34/—	35/—
" " "	Siedlce	30/—	32/—
" " "	Wilno	24/—	28/—
" " "	Białowieża	32/50	40/—
" " "	Poznań*)	20/—	19/65
" " "	Bydgoszcz*)	20/04	23/92
	Toruń*)	22/70	26/25
pine logs for building purposes			
(per cubic m.)	Siedlce	26/—	28/—
" " "	Białowieża	22/50	32/—
" " "	Wilno	17/—	19/50
pine pit props			
(per cubic m.)	Warsaw	—	34/50
" " "	Radom	23/—	24/—
" " "	Siedlce	16/—	18/—
" " "	Poznań*)	11/62	12/37
" " "	Bydgoszcz*)	15/88	16/24
" " "	Toruń	12/90	17/15
spruce logs for saw mills			
(per cubic m.)	Siedlce	30/—	32/—
" " "	Lwów	21/90	23/97
oak logs for joinery			
(per cubic m.)	Białowieża	85/—	85/—
" " "	Łuck	46/—	50/—
pulpwood			
(per stacked cub. m.)	Siedlce	24/—	23/—
" " "	Wilno	18/—	20/—
" " "	Białowieża	19/80	19/80
pine fire wood			
(per stacked cub. m.)	Warsaw	13/50	19/50
" " "	Radom	10/—	11/—
" " "	Siedlce	7/50	7/50
" " "	Wilno	6/60	6/50
" " "	Białowieża	9/75	10/25
" " "	Poznań*)	8/65	7/28
" " "	Bydgoszcz	8/80	6/87
" " "	Toruń*)	7/20	7/85
spruce fire wood			
(per stacked cub. m.)	Lwów	6/90	7/33
beech fire wood			
(per stacked cub. m.)	Lwów	10/80	11/28

As will be seen, the increase in prices is again fairly marked, which is reflected in the quotations for uncut timber, in the majority of Directorates. This increase is erroneously considered by the press and by public opinion, as being the cause of present increase in prices of timber, and is deprecated as being harmful to the development of the timber industry. These enunciations are incorrect for it is only the result of the improved prices for timber; and the maintenance of prices on their previous level would only be a subsidy accorded to that comparatively small portion of the timber industry which obtains its supplies from the State Forests.

The foundation of the first timber export Syndicate with an annual capacity of about 20,000 standards continues to be an important sign of consolidation of the Polish timber industry. This Syndicate is composed of a number of wellknown firms working in close touch with the "Bank Gospodarstwa Krajowego", and it intends to carry out the following programme: improvement of the methods of sawing, modern organisation of saw-mills, standardisation of

\*) For timber, affected by the "panolis flammex".

\*) \*\*) For sound timber the prices are £ 40/80 in the same Directorate.



Polish sawn material, establishment of direct contact with foreign buyers, the financing of transactions with the assistance of the "Bank Gospodarstwa Krajowego", and finally, the attracting of foreign capital for the exploitation of the stands destined for cutting.

The exports of timber in November were as follows:

	tons	value in gold £
fire wood	17,513	203,000
pulpwood	79,855	1,916,000
pit props	98,658	1,908,000
logs, beams	47,872	1,498,000
telegraph poles	8,894	282,000
deals, boards, battens	130,854	8,751,000
railway sleepers	13,640	641,000
coopers material	3,578	344,000

With the exception of a slight improvement in the export of pit props and telegraph poles, the exports of all kinds of timber show a decline. This is a normal phenomenon in view of the fact that the recently cut material has not, as yet, passed through the saw mills, and in the majority of cases the exploitation of the areas destined to be felled is not even completed. In addition, the strike in the timber industry in the Eastern Carpathians, and the obscure situation prevailing on the Danzig market, do not exercise a favourable influence on the increase of exports.

#### REVISION OF THE AGREEMENT FOR THE EXPLOITATION OF THE BIAŁOWIEŻA FOREST.

— In April 1924 the Polish Government concluded an agreement with an English group named "The Century Trust Ltd." for the exploitation, for a period of 10 years, of the famous Białowieża forest, the largest self-contained forest in Europe\*). The total amount of timber which was to be felled every year according to the agreement, was fixed at some 720,000 cubic metres. Independently from the sale of timber, the group leased from the Polish Government 4 saw mills with 21 frames located in the Białowieża forest, and about 200 km. of narrow gauge light railway together with rolling stock. The payment for the exploited timber was agreed to be made in advance, in two yearly instalments. Shortly after the conclusion of the agreement "The Century Trust Ltd.", with the approval of the Polish Government, transferred its rights to another English firm, "The Century European Timber Corporation Ltd".

The results of the contract proved unsatisfactory to both parties, but mostly to the contractor. Nevertheless, speaking impartially, it should be stated that the actual causes of the failure lay outside the contracting parties and that it was due to the following general unfavourable conditions: 1) a sudden and unanticipated fall of timber prices on the world market, 2) atmospheric conditions which rendered the exploitation of the forest and the cartage of timber from the forest

very difficult, and finally, 3) the closing of the German frontier to prepared timber originating in Poland. The last named circumstance was one of the untoward actions resulting from the declaration by Germany of the customs war on Poland.

Owing to these causes, "The Century European Timber Corporation Ltd." was unable in the 1924/5 season to exploit the areas foreseen by the agreement, whilst during 1925/6 it suspended all operations.

As the result of this situation, negotiations between the concessionaries and the Polish Government were conducted over six months, and finally an agreement was reached on the following lines:

- 1) the agreement is maintained;
- 2) the prices for the timber felled during the season 1925/6 have been reduced by 10 per cent, and those for timber cut this year—by 15 per cent;
- 3) revision of prices will be undertaken annually, and not every three years as was stipulated in the previous agreement;
- 4) the payments which, as stated above, were originally to be made in advance, are now distributed over a long period and are to be guaranteed by bills of exchange;
- 5) the method of operation in the forests has also been more clearly defined than was the case in the previous agreement;
- 6) special stipulations have been included whereby the Company will not commence the exploitation of the forest until it is provided with a sufficient working capital: it is also obliged to employ solely Polish born personnel acquainted with local conditions. It is hoped, therefore, that the numerous mistakes which were made by the firm through its being unfamiliar with the specific local conditions will in the future be avoided.

#### PRELIMINARY BUDGET OF THE STATE FORESTRY DEPARTMENT FOR 1927/8.

— The general plan of utilisation of the State timber stands in the fiscal year 1927/8 foresees a yield

of 8,311,468 cubic metres of timber of which 4,645,772 cubic metres of logs and 3,655,696 cubic metres of fire wood. Of this quantity 771,385 cubic metres of logs and 1,492,002 cubic metres of fire wood are to be sold locally, and 10,608,443 cubic metres of logs and 1,610,115 cubic metres of fire wood — to wholesalers. The remainder is to be disposed of at reduced prices for official and military purposes, Government offices &c.

Of the total quantity to be marketed it is contemplated that 3,678,170 cubic metres will be sold as standing timber, 3,501,212 cubic metres — as stripped in the forest, and 1,132,086 cubic metres delivered to saw mills, railways and depôts.

The anticipated revenue from the sale of logs is £ 65,743,851, and for fire wood — £ 20,712,186, total — £ 86,456,040. In addition, the industrial section of this department will bring in £ 2,092,670, means of communication — £ 911,960, additional revenues — £ 3,287,076, hunting — £ 240,923, sundry revenues — £ 2,184,936. Under the heading of additional revenue the largest item is that for the sale of forage (£ 1,351,182). In the sundry revenues is included net revenue from the Komora Cieszyńska Estate (£ 800,000), and a similar amount — from offences against the forest regulations.

The total revenue is assessed at £ 94,932,682.

On the expenditure side the cost of administration represents the most important item, being estimated at £ 23,485,189, namely: salaries of 3,828 officials and 5,703 clerks — £ 17,739,262, other payments to be made to the personnel — £ 2,105,174, of which £ 531,392 is to be used for relief purposes and bounties, and £ 1,239,578 — for indemnities in the form on grants of a certain amount of timber; other expenditure for administration — £ 3,640,753.

The exploitation costs are assessed at £ 13,101,182, of which £ 3,447,944 is to be spent for the preparation of timber and £ 3,931,023 — for the preparation of fire wood; £ 3,833,416 — for



EXPORT TIMBER FROM THE CARPATHIAN MOUNTAINS

\*) See the forest map annexed to No. 2 of "The Polish Economist".



transport of material, and  $\text{zł}$  1,805,344 for the upkeep of roads.

The costs of operation are assessed at  $\text{zł}$  7,897,299, of which  $\text{zł}$  6,090,985 is for the re-afforestation of 50,000 hectares,  $\text{zł}$  724,381 — for the protection of new stands,  $\text{zł}$  362,209 — for forest inspection, and  $\text{zł}$  445,136 — for drainage.

Grants in aid are estimated at  $\text{zł}$  553,807; the maintenance of timber yards, publicity, exhibitions and other expenditure of the selling department is put at  $\text{zł}$  284,021; various costs—at  $\text{zł}$  2,808,579, of which taxes —  $\text{zł}$  2,453,685, and the costs of building and capital investments — at  $\text{zł}$  3,792,533.

The anticipated net revenue is  $\text{zł}$  43,010,072 as against  $\text{zł}$  38,024,538 for the year 1926. Owing to the fact that the stands affected by the "*panolis flammea*" have been disposed of, the financial year 1927/8 includes only net income from ordinary sources. Despite this, the revenue for the next fiscal year is expected to be higher than the present figures, which, as is well known, leave nothing to be desired.

## COAL

— The situation in the Polish coal industry in November continued to be favourable, but advantage could not be taken of this, as the shortage of trucks was badly felt, and in addition, the industry was still suffering from the inadequate loading facilities in the Polish ports. Nevertheless, thanks to the steps taken by the Polish Government, the number of open trucks supplied during the month increased considerably, and the total sales rose accordingly. The demand was mainly covered by current supplies which rose slightly, and partly from stocks remaining over the previous month, which declined to a large extent. The position in the industry in November is shown by the following provisional figures of output, stocks, and sales for home and foreign account (in tons):

Coal mining districts	Extraction	Home consumption	Exports	Stocks at pit heads
Upper Silesia	2,676,000	1,289,000	1,264,000	780,000
Dąbrowa	746,000	388,000	225,000	358,000
Kraków	276,000	198,000	46,000	64,000
Total for November:	3,698,000	1,875,000	1,535,000	1,202,000
Total for October:	3,530,000	1,659,000	1,270,000	1,300,000
+ in relation to Oct.:	+168,000	+216,000	+265,000	-98,000

As may be seen from the above data, the output of coal in November for the whole country, during 25 working days, in relation to October (26 working days)

rose slightly, namely—from 3,530,000 to 3,698,000 tons, a gain of 168,000 tons or 4.79 per cent.

The average daily output during November amounted to 147,920 tons as compared with 135,769 tons in October, the increase being 12,151 tons or 8.95 per cent.

The stocks in October amounted to 1,300,000 tons and declined in November to 1,202,000 tons, the decrease being 98,000 tons or 7.4 per cent.

The total volume of coal sales in November, as compared with October, rose by 481,000 tons or 16.42 per cent, and was 3,410,000 tons. This increase was due to increased home consumption, and purchases for foreign account.

Local consumption in November rose by 216,000 tons or 13.0 per cent to 1,875,000 tons as compared with October (1,659,000 tons).

The export of Polish coal rose in a much higher degree than local consumption, and reached 1,535,000 tons; compared with the October figures of 1,270,000 tons, it rose by 265,000 tons or 20.87 per cent. Apart from the shortage of trucks, a further increase in the volume of exports was hampered by the necessity for satisfying the large demand resulting from the increased requirements of the home market. The main source of the increased exports was the Upper Silesian basin which dispatched 1,264,000 tons in November—an increase of 344,000 tons or 37.39 per cent over October (920,000 tons). On the other hand, the remaining coal mining districts were mainly engaged during the month in supplying the home requirements.

The distribution of coal exports in November to the different countries is given in the following table (provisional figures, in thousands of tons):

	1 9 2 5:		1 9 2 6:		
<i>Destination</i>	<i>1st sem.</i>	<i>2nd sem.</i>	<i>1st sem.</i>	<i>October<sup>1)</sup></i>	<i>November</i>
<i>(monthly average)</i>					
Austria	194	254	214	183	254
Hungary	36	85	42	39	53
Sweden	—	57	144	186	214
Denmark	2	34	72	85	80
Czechoslovakia	47	58	41	41	50
Danzig	26	42	37	48	50
Latvia	1	16	18	50	34
Yugoslavia	8	13	14	20	27
Switzerland	2	6	10	5	71
Italy	1	14	49	93	143
Rumania	6	7	8	23	9
Lithuania	1	2	3	6	9
Memel	1	2	3	3	5
Holland	—	1	1	3	3
Finland	—	1	9	28	44
France	—	1	23	14	15

<sup>\*)</sup> See "The Polish Economist" No. 3, page 94.

<sup>1)</sup> Corrected figures.

Norway	—	—	7	16	13
England	—	—	— <sup>1)</sup>	295	362
Germany	451	—	1	2	—
Belgium	—	—	—	—	—
Russia	—	—	—	102	71
Other countries	—	2	1	—	22
Total:	776	595	734	1,242	1,529
Bunker coal	—	—	38	28	6
Grand total:	776	595	772	1,270	1,535
Export, Germany not included	325	595	771	1,268	1,535
Shipped through:					
Danzig	29	101	225	312	321
Gdynia <sup>2)</sup>	—	9	30	36	30
Tczew <sup>3)</sup>	—	—	8 <sup>4)</sup>	43	34

The average daily consignments of coal to foreign countries in November rose by 12,554 tons, or 25.70 per cent to 61,400 tons over the October figures (48,846 tons).

Of the total quantity of coal exported abroad during the month, 321,000 tons were shipped via Danzig (in October 312,000 tons), 30,000 tons via Gdynia (in October 36,000 tons), 34,000 tons via Tczew (in October 43,000 tons), and 6,000 tons via other Polish river ports (in October 21,000 tons); the grand total of exports of coal via the above mentioned ports amounted in November to 391,000 tons which represents 25.47 per cent of the total exports of coal. The corresponding figures for the previous month were 412,000 tons and 32.44 per cent.

The average daily dispatch of coal through these ports decreased from 15,846 tons in October to 15,640 tons in November, the decline being 206 tons or 1.30 per cent.

A large increase in the export of coal from the Upper Silesian basin through the German ports was observed in the month, the total quantity dispatched being 256,000 tons as against 127,080 tons in October, a gain of 129,000 tons or 101.57 per cent. The shipments directed through these ports in November represented 16.68 per cent and in October 10 per cent of the total Polish exports. The shares of the different German ports in the business were as follows: Hamburg—79,000 tons (34,000 tons in October), Stettin—73,000 tons (31,000 tons in October), Bremen—41,000 tons (25,000 tons in October), Harburg—27,000 tons (11,000 tons in October), and Königsberg—13,000 tons (11,000 tons in October).

Compared with October, the number of coal trucks supplied to the colliers rose by about 22 per cent, so that the

<sup>1)</sup> The export dates since June, in which they amounted to 221,000 tons.

<sup>2)</sup> Since September 1925.

<sup>3)</sup> Since March 1925.

<sup>4)</sup> Average quantity for 4 months.



number of idle days in November was somewhat reduced.

As the result of increased activity in the Upper Silesian collieries, their productive capacity in November rose to a large extent, while in the Dąbrowa and to a certain extent also in the Kraków area, owing to the shortage of trucks and the resulting impossibility of working overtime, a certain decline in production was observed. The average pro-

ductivity per team per day in the three coal mining districts is illustrated by the following figures (in kilos):

	October	November
the Upper Silesian district	1.195	1.245
" Dąbrowa	986	950
" Kraków	1.151	1.150

The favourable situation prevailing on the coal market made it possible to take on so-called temporary workers who, it may be recalled, may be discharged without notice. As compared with

October, the total number of miners rose by 914 to 126,811. The wages remained unchanged.

Prices on the home market were maintained at the November level while those for export coal showed a considerable decline towards the end of the month, and were 29 shillings f.o.b. Danzig per ton for large coal, the smaller varieties and mixed coal being quoted 25 per cent less.



ASPHALT DUMP NEAR BORYSLAW

## PETROLEUM

— The general situation of the Polish petroleum industry in November did not show any material change as compared with the preceding month. The stocks of crude oil at the wells and with the store companies amounted to 43,607 tons at the beginning of the month and were lower by 6,927 tons as compared with those at the beginning of October. This indicates that the demand for crude oil at the refineries was very large, and that consequently the price did not decline as is usually the case at this time of the year. The reserves of crude oil at the refineries during the same period amounted to 48,071 tons and were by 1,915 tons less than in October. The total stocks of crude oil in Poland at the beginning of November were thus 91,678 tons, the decline as compared with October being 9,838 tons. The total

quantity of crude oil produced by all wells decreased by over 2,000 tons. The average price for Boryslaw standard crude was about \$ 20 per 100 kg.

Activity in refineries continued to be brisk, the throughput of crude oil not showing any material changes as compared with the preceding month. Both the export and the consumption of petroleum products rose considerably; the home prices were unchanged, though certain increases were observed in the prices of petroleum and gas oil sold for foreign account.

The production of crude oil in October, according to the latest returns, was 64,251 tons, that of natural gas—41,564,000 cubic metres, and of ozokerite—66 tons. The gains as compared with the preceding months were on crude oil—181 tons, on gas—2,334,000 cubic metres, and on ozokerite—1 ton.

The number of workmen employed at

the wells was 9,469 which was less by 193 as compared with the previous month.

The drilling activity weakened.

The throughput of crude oil in October according to final figures amounted to 71,987 tons and was lower by 544 tons than in September, while the production of petroleum products declined by 923 tons and included (in tons):

benzine	7.946
petroleum	23.079
gas oil	12.970
lubricating oil	7.379
paraffine wax	3.396
candles	48
vaseline	34
asphalt	2.717
coke	924
semi-finished products	7.043
solid lubricants	265
<b>Total:</b>	<b>65.801</b>

During November there were 29 refineries in operation with a total capacity of about 1 million tons, which employed



6.127 workmen, and which worked at about 72 per cent of their capacity. The figure of workmen employed increased by 149 as compared with the preceding month, while the number of works in operation was unchanged.

The consumption of petroleum products in Poland amounted to 33.657 tons, namely (in tons):

benzine	1.949
petroleum	16.692
gas oil	2.475
lubricating oil	6.457
paraffine wax	888
candles	74
vaseline	30
asphalt	1.068
coke	367
semi-finished products	3.403
solid lubricants	254

Total: 33.657

Compared with the figures for September, the consumption of crude oil in October rose by 4.683 tons, as is usual at this time of the year. The largest increase was observed in the case of kerosine which is largely used for lighting purposes in Polish villages. The quotations for petroleum products remained unchanged, and were the following (in zł per 100 kg. loco refinery, consumption tax not included):

benzine 730/740	80.20
refined petroleum	27.20
gas oil	24.35
lubricating oil V 4 — 4 1/2	43.—
paraffine wax 50 — 52°	170.—

The consumption tax during this period was as follows (in zł per 100 kg):

benzine up to 0.750	17.38
benzine over 0.750, kerosine, paraffine wax and candles	11.55
vaseline and oil over V 3/20	7.70
oil up to V 3/20, asphalt and tar	1.98

The exports of Polish petroleum products in October were 38.673 tons, including (in tons):

benzine	6.897
petroleum	10.798
gas oil	10.204
lubricating oil	4.213
paraffine wax	3.041
candles	11
asphalt	1.893
coke	656
semi-finished products	945
solid lubricants	15

Total: 38.637

As compared with the preceding month, the October exports of petroleum products increased by 2.521 tons, but the total quantity sent out from refineries increased by 2.162 tons, thanks to increased consumption on the local market.

The distribution of exports to the different countries is given below (in tons):

Danzig	11.849
Czechoslovakia	11.802
Switzerland	3.853
Austria	3.288

Germany	3.185
Hungary	1.299
France	1.073
Lithuania	601
Italy	514
Sweden	387
Latvia	348
Rumania	227
England	117
Russia	100
Denmark	98
Yugoslavia	90
Belgium	12

Total: 38.673

Compared with the preceding month, the only increase was in respect of lubricating oils and paraffine wax while the remainder of petroleum products showed the reverse. In view of the fact that the dispatch of consignments through land frontier points was more economical, a sudden decline of exports via Danzig (from 15.605 to 11.849 tons) was observed, which was accompanied by increased consignments to Czechoslovakia, Switzerland and other countries. This change in the direction of exports was also the result of the increase of the railway rates to Danzig.

The production of gasoline in October amounted to 1.788 tons of which 1.660 tons were used for local consumption, and the remainder were sent abroad.

## IRON

— The output of iron foundries in November reached an unprecedented high level, which is illustrated by the following statistical data (in tons):

Iron ores	Extraction	Exports	Imports
October 1926	30.039 <sup>1)</sup>	10.133	25.546
November 1926	34.124 <sup>2)</sup>	9.492	37.816
1925	13.019	7.700	18.193

Iron foundries	Pig iron	Steel Ingots	Rolled material	Number of workmen employed
October 1926	27.150 <sup>1)</sup>	81.930 <sup>1)</sup>	59.417 <sup>1)</sup>	37.481 <sup>1)</sup>
November 1926	33.083 <sup>2)</sup>	94.065 <sup>2)</sup>	71.896 <sup>2)</sup>	38.387 <sup>2)</sup>
1925	28.178	54.775	38.482	33.475

Enquiry as to the causes of this highly gratifying state of affairs reveals that the answer is quite simple, namely—increased home consumption, as according to the returns of the Chief Statistical Bureau the exports of pig iron, iron and steel rolled, rails, sheets and plates, constructional iron, pipes — were only 13.574 tons. The rise in exports in relation to October was only 4.000 tons, whereas the output of Polish rolling mills and steel foundries increased by about 12.000 tons during the same period.

The export and import figures are given below (in tons):

<sup>1)</sup> Corrected figure.  
<sup>2)</sup> Provisional figure.

		Exports:		Imports:	
		total	pipes	total	pipes
October 1926	1926	9.426	3.175	2.231	319
November 1926	1926	13.574	2.826	2.043	215
	1925	4.154	2.971	2.063	345

In connection with the increased activity of the foundries, the work at the iron mines was intensified.

The setting in operation of new blast furnaces which commenced in November, will undoubtedly continue during December, in proportion to the exhaustion of scrap iron in Poland. In November the imports of this article, mainly from Germany, amounted to 23.472 tons which, as compared with October last, shows an increase of only 8.308 tons. As already stated, the output of steel rose in November by 12.000 tons, while the output of pig iron was only 33.083 tons. The average monthly consumption of scrap iron by the Polish foundries amounts at present to about 80.000 tons.

## ZINC AND LEAD

— The extraction of zinc and lead ores in November remained unaltered, as compared with the preceding month, and the output, after hand-selecting, was as follows (in tons):

		Extraction		Imports	Number of workmen employed
October 1926	1926	82.629 <sup>1)</sup>	11.249	9.524 <sup>1)</sup>	
November 1926	1926	82.281 <sup>2)</sup>	17.672	9.111 <sup>2)</sup>	
	1925	106.858	4.046	9.570	

It should be mentioned that the decline in the number of workmen employed is due to the diminished activity of the Szarlej Biały mine, owned by Giesche Ltd., on account of repairs to the ore washer.

The output of zinc and lead, and the export of these metals were as follows (in tons):

		Output:		Exports:		Number of workmen employed
		raw zinc	raw lead	raw zinc	refined lead	
October 1926	1926	10.959 <sup>1)</sup>	2.334 <sup>1)</sup>	10.719	1.010	975
Nov. 1926	1926	11.050 <sup>2)</sup>	2.490 <sup>2)</sup>	10.832	989	1.147
	1925	9.807	2.882	8.813	650	2.781

It will be seen from the above figures that the position in zinc industry, which was not suffering from the depression on the international market, as was the case on the lead market, and which succeeded in maintaining its exports at a high level, was exceptionally favourable. It is contemplated to extend the exploitation of Polish and the Oppeln Silesian (Germany) zinc mines, which is confirmed by the taking on of additional workers both at the mines and at the foundries.

<sup>1)</sup> Corrected figure.  
<sup>2)</sup> Provisional figure.



## SPIRIT INDUSTRY

### NEW ALCOHOL FUEL FOR INTERNAL COMBUSTION ENGINES. —

The problem of a fresh oil fuel for internal combustion engines is not a new one. During the war and in particular after its conclusion, this problem was carefully investigated in Western Europe, where the consumption of petrol for motor-cars and aeroplane engines increased almost from month to month, while the absence of crude oil on the spot (France and Germany) was a matter of grave national concern. The reserves of crude oil which have been discovered up to now are very nearly exhausted, and this is one of the reasons why efforts have been made to find a substitute for benzine. In this way France started to use the so-called "Carburant National", Germany — the "Monopolin" and "Reichskraftstoff", Czechoslovakia — the "Dinalcol" &c.; in all these cases alcohol was used as a basis of the substitute.

In Poland this problem assumes a somewhat different aspect, especially when it is considered that although Polish reserves of crude oil are large, there is at the same time an over-production of alcohol, which is very frequently not disposed of in a proper manner. Poland is, therefore, interested in the finding of new uses for alcohol, and there is no doubt that its combustion in motor-cars and aeroplane engines is a satisfactory solution. The solving of the problem of alcohol consumption becomes more and more urgent, as the annual productive capacity of Poland represents 2,500 million litres of spirit 100°, while the sales in the year 1925/6 were not much over 50 million litres.

Special considerations had to be borne in mind before commencing investigations with the aim of producing an alcohol for fuel for internal combustion engines. These may be set out as follows: the fuel should be composed of locally produced substances, it should contain a large percentage of alcohol, it should not necessitate any modification of the engines, and finally, its cost should in no case exceed that of benzine.

After a whole range of laboratory experiments, an alcohol fuel was produced in Poland which gave good results with internal combustion engines. The new fuel was also used in motor road-races where the results were also satisfactory.

The type of the fuel adopted finally, is composed of at least 60 per cent of alcohol, the remaining component parts being the products of distillation of coal, tar and the heavier distillates of crude petroleum. These substances may be divided into four groups, namely:

- producing heat (benzine, kerosine, benzol),
- preserving the fuel in low temperature (ether, benzol and solvent-naphta),
- which influence favourably the running of the engine (ether, benzine, benzol),
- and those giving heat, and the cost of which is low (heavy benzine, naphta, solvent-naphta).

Preliminary calculations show that the price of alcohol fuel is lower than that

of benzine. Here, of course, the price of one caloric unit should be taken into consideration, and not the volume and weight. Thus the cost of 10,000 calories given by benzine is  $\text{zł } 0.95\frac{1}{2}$ , whereas in the case of the new fuel — it is about  $\text{zł } 0.90$ .

The modifications to internal combustion engines to be run by this fuel are small, and do not involve much trouble and money; the spirit contained in the fuel cannot be separated for human consumption, even when exact distillation processes are resorted to.

Trials undertaken with the new fuel over long distances have furnished additional proof that it is as good as benzine. The results of the above mentioned experiments are undoubtedly satisfactory; still, it would be risky to state that the question of alcohol fuel has finally been solved. It is only its application on a larger scale and during long periods will show how it affects the engine itself and whether the work performed is economical. It may also be mentioned that further investigations are in progress and that a special plant for the production of a new spirit fuel of a different type, based on absolute alcohol, is in the course of erection.

It should be stated that this problem, so important to the Polish nation, has made great headway, and it is not improbable that the surplus of alcohol will, in the near future, be used for the production of motor-fuel.

## CHEMICAL INDUSTRY

### THE ARTIFICIAL SILK INDUSTRY. —

The production of artificial silk in Poland was begun before the war. A factory for artificial silk produced by the collodion process, was founded at Tomaszów Mazowiecki near Łódź in 1910. It was set in operation in the same year, and the first consignments of artificial silk yarn appeared on the market in 1911. At the same time two



CISTERNS IN ONE OF THE COUNTRY SPIRIT DISTILLERIES

other factories were erected: in Sochaczew, near Warsaw, and in Myszków, near Częstochowa; the last named was intended to work by means of copper ammonium process but up to the outbreak of the war it was engaged in experimental work. At the head of the Tomaszów factory was a well known artificial silk expert, M. F. Wiślicki, whose patents are used in all factories working the collodion methods.

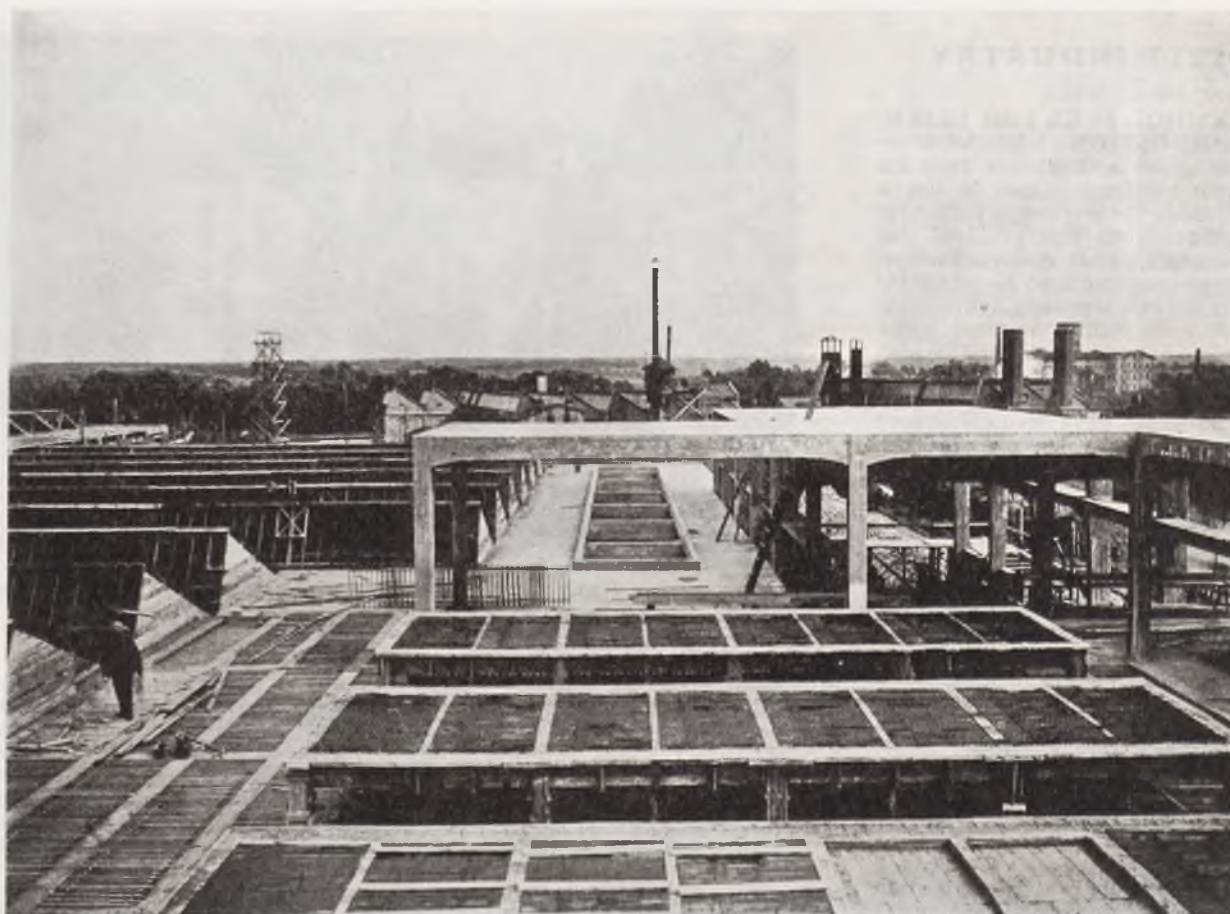
During the war all the Polish artificial silk factories were either ruined or brought to a standstill, and it was only the Tomaszów factory that was able to resume operations after the conclusion of the war. The Sochaczew factory was adapted to a different use, while that of Myszków was not operated for some considerable time. As time went on, the Tomaszów factory, while continuing to work by the collodion method, also commenced to employ the viscose process. The development of this factory is best illustrated by the following figures: the production in 1921 amounted to 60,000 kg., in 1925, it was 600,000 kg., and for 1926 the figure is expected to be 1 million kg. In 1925 the Myszków factory was rebuilt and set in operation. Employing the viscose process, it produces about 250,000 kg. of artificial silk yarn per annum.

The use of the collodion process has acquired a special significance in Poland as it may be recalled that Poland has a surplus of alcohol which is the basic solvent used in the production of artificial silk by the Chardonnnet method. Thanks to the abundance of alcohol the employ of the collodion method is making excellent progress; as regards the fine numbers of collodion yarn, Poland may be regarded as possessing a monopoly for the whole world.

At the same time the research work on the viscose process is not neglected.

Independently of artificial silk yarn, Poland produces silk straw and hair which are used in the manufacture of ladies' hats. Moreover, the Tomaszów





NEW WORKS IN THE COURSE OF ERECTION AT THE TOMASZÓW ARTIFICIAL SILK FACTORY

factory has begun the erection of a new plant for the production of artificial wool, called "Snia fils".

Polish artificial silk is well known

outside of Poland as it is exported to all the worlds markets.

"SATURNIA LTD". — A Warsaw soap factory of this name has amalgamated recently with

a factory of oil derivatives, the "Fabryka Przetworów Tłuszczowych w Trzebinii" in Trzebinia (former Austrian Poland). In this connection the firm has increased its capital by £ 200,000 to the sum of £ 1,200,000, by means of an issue of 2,000 new shares of a nominal value of £ 100 each-

**MOVEMENT OF PRICES IN NOVEMBER.** — During November prices remained practically unchanged though a slight upward movement was observed. The index of wholesale prices rose from 177.2 to 178.6 or by about 0.8 per cent. As during the period under record the Złoty did not fluctuate, the movement of the gold index of wholesale prices was parallel and rose from 102.0 to 102.8 or by 0.8 per cent. A somewhat more marked increase was experienced by the retail prices, the index of which rose from 249.3 to 254.0, that is by 1.9 per cent. In this connection the index of the cost of living increased from 190.4 to 195.0, that is by 2.4 per cent.

The fact that the indices of wholesale prices, both in gold and in Złoty, did not show any rise in October, as compared with September, and that they

rose in November by only 0.8 per cent, proves that the process of adjustment of prices to the present currency situation is completed, or in other words, that the purchasing capacity of the Złoty on the home market is stabilised.

It should be mentioned that the fall of the Złoty resulted in a considerable decline in the level of prices in Poland; at the end of July 1925, that is when the Złoty began to fall, the gold index of prices in Poland amounted to 119.6, whereas at present it is only of 102.0 (September and October) and 102.8 (November), which means that it declined by 14.1 per cent. As, however, a decline in the level of prices in relation to gold was parallelly observed in the chief European countries, though not to the same extent (in England — 2.7, France — 11.8, Germany — 5.3), it may

be stated that the purchasing capacity of the Złoty, both home and abroad, is to-day much higher than it was before its fall.

Passing to a detailed discussion of the movement of prices in November, it should be remarked that a substantial advance was recorded in prices for agricultural produce (by 3.2 per cent), while those for manufactured products advanced only very slightly (by 0.4 per cent).

The rise in prices for agricultural products was due, in the first instance, to the advance in quotations for grain, which in turn was accounted for by the rise of world prices; in addition, a certain influence was exercised by the approaching Christmas festivities, in connection with which a considerable rise in prices for eggs, butter and other



foodstuffs was observed; meat, too, rose in prices. In the group of raw materials and manufactured products the movement of prices was uneven; as the result of the fall of prices on the world cotton market, the quotations for textiles and partly-finished textile materials declined slightly; the same remark applies to certain metals, but the most

important rise in this group was shown by building materials, which were affected by the increase of prices for locally produced cement.

The movement of prices as well as their indexes for the most important groups of goods and individual articles in November was as follows (prices in zł):

# GENERAL INDEX

## Polish agricultural produce Manufactured articles

### I. — Grain and foodstuffs of vegetable origin

including:

wheat <sup>1)</sup>	49·30	259·9	50·30	265·2
rye <sup>1)</sup>	37·45	271·8	39·40	285·9
barley <sup>1)</sup>	38·50	263·9	36·05	247·1
oats <sup>1)</sup>	32·10	220·0	34·35	235·4
wheat flour 65 per cent <sup>1)</sup>	71·15	241·0	71·50	242·2
rye " 70 " " <sup>1)</sup>	53·00	218·2	54·25	223·3

### II. — Foodstuffs of animal origin

including:

beef <sup>2)</sup>	2·20	213·6	2·20	213·6
pork (live weight) <sup>2)</sup>	2·63	230·7	2·48	217·5
butter <sup>2)</sup>			6·80	192·6

### III. — Groceries and sugar

including:

sugar <sup>2)</sup>	1.205·00	165·1	1.205·00	161·1
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### IV. — Hides raw and finished

including:

raw oxen hides <sup>2)</sup>	2·50	154·3	2·35	145·1
" calf skins <sup>2)</sup>	3·95	210·1	4·60	244·7

### V. — Raw materials and textiles

including:

American cotton <sup>2)</sup>	3·55	145·7	3·21	139·6
cotton yarn 1 <sup>1</sup> / <sub>32</sub> <sup>2)</sup>	7·02	154·0	6·39	140·1

### VI. — Metals and coal

including:

pig iron <sup>3)</sup>	200·00	167·3	200·00	167·3
commercial iron <sup>3)</sup>	325·00	143·6	325·00	143·6
hoops <sup>3)</sup>	390·00	172·6	390·00	172·3
rolled wire <sup>3)</sup>	375·00	154·3	375·00	154·3
coal <sup>3)</sup>	32·60	163·8	32·60	163·8

### VII. — Building materials

including:

cement <sup>1)</sup>	5·44	75·9	5·80	80·9
sawn timber <sup>1)</sup>	90·00	135·5	105·00	158·1

### VIII. — Chemicals and various

	October: price	index	November: price	index
		177·2		178·6
		229·6		237·0
		162·2		162·7
		232·1		239·1
		259·9	50·30	265·2
		271·8	39·40	285·9
		263·9	36·05	247·1
		220·0	34·35	235·4
		241·0	71·50	242·2
		218·2	54·25	223·3
		233·4		242·8
		213·6	2·20	213·6
		230·7	2·48	217·5
			6·80	192·6
		164·3		159·3
		165·1	1.205·00	161·1
		173·7		176·3
		154·3	2·35	145·1
		210·1	4·60	244·7
		212·3		207·0
		145·7	3·21	139·6
		154·0	6·39	140·1
		186·7		185·9
		167·3	200·00	167·3
		143·6	325·00	143·6
		172·6	390·00	172·3
		154·3	375·00	154·3
		163·8	32·60	163·8
		115·1		120·0
		75·9	5·80	80·9
		135·5	105·00	158·1
		136·0		136·0

As regards retail prices, it should be observed that their increase (by 1·9 per cent), was solely due to the increase of prices for foodstuffs (by 4·2 per cent), and of those for agricultural produce (by 4·3 per cent); it is noteworthy that the prices for manufactured goods declined by 0·3 per cent during the same period. The index of retail prices calculated in gold rose from 143·6 in October to 146·3 in November (in July 1925 — 173·3).

The increase in the cost of living in November (by 2·4 per cent) was due to causes similar to those mentioned above, in connection with retail prices, namely—

the increase of foodstuff prices by 5·3 per cent, while, at the same time, the cost of fuel fell by 4·1 per cent.

The following is the comparative statement of wholesale prices, calculated on the basis of wholesale prices expressed in Złoty, ruling in October in Poland and abroad:

	Poland	Germany	France	England
General index	102·0	131·2	120·8	153·5
foodstuffs of vegetable origin	133·6	113·6	127·8	159·3
foodstuffs of animal origin	134·4	111·8	94·5	144·4
groceries	94·6	"	120·6	160·0
coal and metals	107·5	131·4	122·9	185·6
textiles	122·2	219·1	139·6	139·5

## FOREIGN TRADE

— Foreign trade in November showed a further increase. The total imports were 251.056 tons (244.846 tons)\*) valued at zł 187,476.000 (zł 177,460.000), and the exports 2,284.922 tons valued at zł 228,729.000 (zł 204,800.000), the favourable balance being zł 41,253.000 (zł 27,340.000). It should be mentioned that the figures of imports and exports when expressed in gold Złoty are larger than for any month of the year.

On the import side the most important group as regards value, namely — textiles and textile products, showed an increase from zł 62,834.000 in October to zł 69,682.000 in November. In this group are included the following:

	November in tons	October in tons	November in zł 1000	October in zł 1000
jute	1.997	1.281	3.056	2.322
cotton	8.135	7.677	31.966	31.467
wool (combed incl.)	2.159	1.753	21.524	15.592
cotton yarns	292	293	3.212	3.354
wool	165	133	3.208	2.767
cotton fabrics	74	82	1.802	2.089
wool	30	38	633	944
silk, semi-silk, and artificial silk textiles	10	15	1.770	2.365

The increase in the imports of raw materials, and the simultaneous decline in those of manufactured articles, is of great importance to Poland, which is a country with a well developed textile industry. Up to the present, as will be shown under exports, these two factors have had apparent influence on each other, but it may be, however, assumed that the relation between them will necessarily assert itself in the future.

The increase in the imports of foodstuffs was not very marked, the November figures being zł 31,172.000 as against zł 27,151.000 in October. Details as to the imports of the more important articles of this group are given below:

	November in tons	October in tons	November in zł 1000	October in zł 1000
rice	3.286	3.824	2.492	2.901
tea	146	152	1.283	1.376
cocoa	446	476	1.277	1.293
coffee	485	585	2.186	2.728
fish and herrings	6.901	6.350	5.024	3.598
edible fats of animal origin	1.152	1.387	3.404	3.914
edible fats of vegetable origin	1.284	1.424	2.475	2.745
tobacco	659	618	1.498	1.553

Nearly all of the articles enumerated above show a decline, the increase in the value of the whole group being caused by the additional imports of fruit, nuts, almonds, spices &c. for Christmas. The imports of wheat and rye declined, the quantities imported

\*) Figures in brackets are for October.

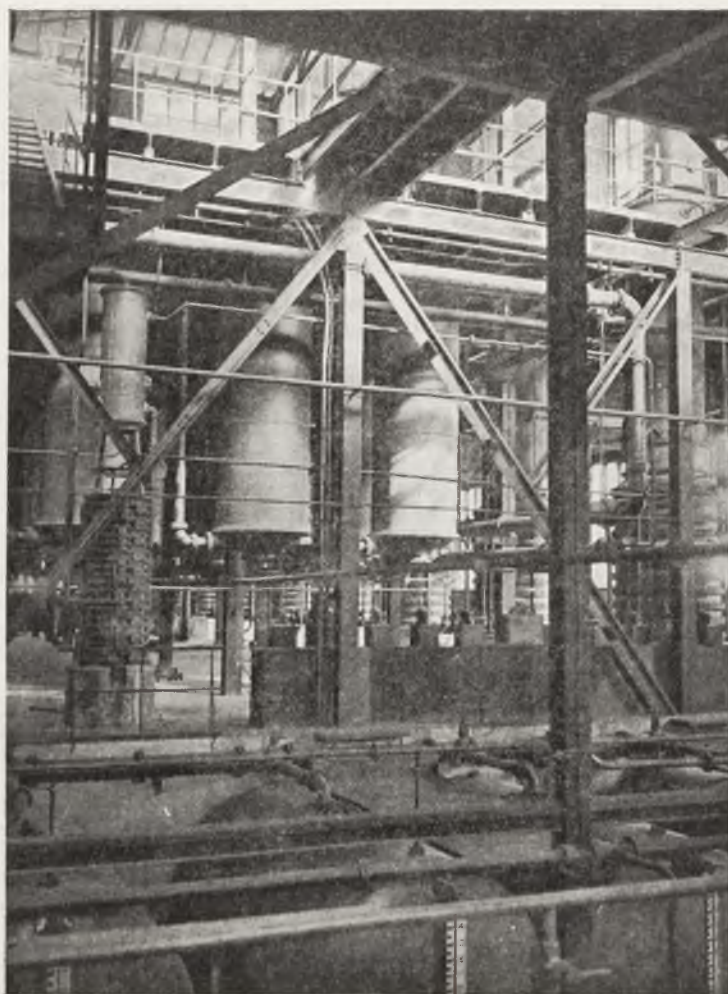
<sup>1)</sup> For 100 kg.

<sup>2)</sup> For 1 kg.

<sup>3)</sup> For 1 ton.

<sup>4)</sup> For 1 cubic metre.





A VIEW OF THE CHEMICAL FACTORY IN CHORZÓW

during the previous month having caused a certain decline of prices on the home market, with the result that imports dropped in November.

The imports of animal products also showed a decline, and amounted in November to  $\text{₹ } 13,211,000$ , as against  $\text{₹ } 15,978,000$  in October. This decline affected both the imports of dried skins valued at  $\text{₹ } 4,078,000$  ( $\text{₹ } 7,306,000$ ), and of tanned hides valued at  $\text{₹ } 5,877,000$  ( $\text{₹ } 6,205,000$ ). Other items remained practically unchanged.

The imports of all types of chemicals, with the exception of inorganic products, showed a decline:

	November In tons	October	November In $\text{₹ } 1000$	October
inorganic chemicals	12,294	4,938	1,891	1,661
organic chemicals	7,336	9,187	11,771	13,814
dyes, colours and varnishes	445	539	1,591	1,606
various chemicals	290	355	1,002	1,300

A substantial increase in the weight of inorganic chemicals was due to a large

extent to imports of phosphates. It should be mentioned that imports of tanners and vegetable machine oils declined considerably, while animal fats showed an increase.

The following increases of imports were observed in the metal and machinery groups: iron ores 37,816 tons (25,546 tons) valued at  $\text{₹ } 1,226,000$  ( $\text{₹ } 974,000$ ); zinc ores 16,008 tons (10,664 tons) valued at  $\text{₹ } 4,172,000$  ( $\text{₹ } 2,712,000$ ); metal and metal products valued at  $\text{₹ } 9,159,000$  ( $\text{₹ } 8,791,000$ ); electrical wares and appliances —  $\text{₹ } 6,406,000$  ( $\text{₹ } 5,601,000$ ); means of communication —  $\text{₹ } 2,798,000$  ( $\text{₹ } 2,373,000$ ), motor cars (included under means of communication) —  $\text{₹ } 2,239,000$  ( $\text{₹ } 1,978,000$ ). On the other hand, the imports of machinery and apparatus declined to  $\text{₹ } 9,484,000$  ( $\text{₹ } 9,651,000$ ).

Of the other groups of imports should be mentioned: plants and seeds valued at  $\text{₹ } 1,926,000$  ( $\text{₹ } 1,300,000$ ); building materials —  $\text{₹ } 2,072,000$  ( $\text{₹ } 2,066,000$ ); rubber and rubber goods —  $\text{₹ } 2,146,000$

( $\text{₹ } 2,747,000$ ); paper and paper wares —  $\text{₹ } 6,063,000$  ( $\text{₹ } 6,360,000$ ); clothing —  $\text{₹ } 1,954,000$  ( $\text{₹ } 1,949,000$ ); scientific and school instruments —  $\text{₹ } 1,290,000$  ( $\text{₹ } 1,451,000$ ).

On the export side, the foodstuff group which showed the largest increase, again occupied the first place as regards value, and supplanted that of fuel and petroleum products which ranked first during the past months. The total value of exports of foodstuffs in November was  $\text{₹ } 70,588,000$  ( $\text{₹ } 54,162,000$ ). Detailed figures relative to the chief products of this group are contained in the following table:

	November In tons	October	November In $\text{₹ } 1000$	October
wheat	2,458	1,971	1,274	954
rye	6,663	19,234	2,797	7,051
barley	8,945	14,581	3,256	5,089
groats	5,590	3,154	1,844	1,010
peas, beans	13,840	7,134	6,851	4,056
potatoes	38,753	45,328	3,280	3,611
sugar	36,390	9,854	20,553	5,770
meal	2,248	1,830	4,207	4,740
butter	362	684	1,545	2,976
eggs	3,887	3,855	9,049	8,591
hops	273	266	3,435	2,520
forage	38,839	27,633	6,638	4,592

It will be seen that the exports of sugar increased, as is usual at this time of the year, owing to the opening of the new sugar season. Higher prices for eggs and hops are responsible for an increase of value and a decline in quantity under this heading. On the other hand, the rise of prices for corn on the local market had an adverse influence on exports. On the whole, in view of the sparseness of the crops, corn will play a much smaller rôle this season as regards exports than was the case last year. This remark does not, however, concern pod plants, the export of which has risen very considerably, as compared with a year ago.

The group of fuel and petroleum products also showed an increase, the exports amounting to  $\text{₹ } 64,412,000$  ( $\text{₹ } 58,480,000$ ). The intensified activity of the Polish railways, despite their being engaged in the supplying the needs of the local market, was sufficient to enable the exports of coal, coke and briquettes to be increased to 1,539,599 tons (1,479,420 tons) valued at  $\text{₹ } 48,877,000$  ( $\text{₹ } 47,518,000$ ). It is not unlikely that, owing to the termination of the English coal strike, exports of coal will decrease in December and subsequent months. For these reasons, the increase in the exports of petroleum products is all the more significant, which statement is confirmed by the figures contained in the following table:



	November in tons	October in tons	November in % 1000	October in % 1000
petroleum	10.025	8.934	2.620	2.111
benzene	7.057	5.492	3.346	2.478
motor and lubricating oils	26.389	16.316	5.388	3.207
paraffine wax	2.643	2.294	3.316	2.725

It may be seen that the exports of crude oil in November were not only higher than those of October, but also exceeded those for September; they are, however, lower than those for August. Compared with 1925, the exports for 11 months of 1926 are favourable in that they show increases in all items.

The exports of timber and woodware declined substantially and amounted  $\text{₹}$  29,857,000 ( $\text{₹}$  35,278,000). Among the more important items were:

	November in tons	October in tons	November in % 1000	October in % 1000
pulpwood	79.855	103.768	3.328	4.282
pit props	98.658	90.094	3.314	3.645
round wood and logs	47.872	50.093	2.602	2.772
planks, deals, battens	130.854	161.083	15.196	19.074
railway sleepers	13.640	18.131	1.114	1.649
furniture	485	365	1.023	791
veneers	1.790	1.646	1.118	964

A decrease in the exports is shown by all items of raw, semi-wrought and sawn timber, the reverse being observed in the case of furniture and veneers.

The increase in the exports of metals and metal products is very slight, the total value being  $\text{₹}$  24,989,000 ( $\text{₹}$  23,567,000). The following should be mentioned:

	November in tons	October in tons	November in % 1000	October in % 1000
iron and steel sheets	4.379	3.193	2.272	1.781
iron pipes	2.826	3.175	1.703	1.928
lead	1.147	975	1.539	1.339
zinc	10.832	10.719	15.056	14.993
zinc sheets	989	1.010	1.582	1.598

A unfavourable feature is a marked decline in the exports of fabrics and textile products which amounted only to  $\text{₹}$  9,667,000 in November, as against  $\text{₹}$  11,093,600 in October and  $\text{₹}$  12,018,000 in September. The decline is only shown by fabrics, for the export of yarns showed an increase. This is illustrated by the undermentioned statement:

	November in % 1000	October in % 1000
cotton fabrics	2.701	5.356
woolen "	876	1.405
cotton yarn	966	730
woolen "	2.801	1.777

The above situation cannot surely be regarded as satisfactory, as this decrease cannot be considered as the immediate outcome of augmented home requirements, which are approaching a saturation point within the limits of the

purchasing capacity of the community. On the other hand, the continued increase of the imports of raw materials, which were much higher in the past 11 months than in the corresponding period of last year, indicates that it is premature to take a pessimistic view of the export position of the Polish textile industry.

Of the remaining groups of exports, the following are worth while noting:

	November in tons	October in tons	November in % 1000	October in % 1000
live animals	—	—	9.754	9.007
animal products	1.239	986	2.209	1.935
plants and seeds	6.162	4.393	6.169	3.464
inorganic chemicals	6.949	7.258	1.752	1.505
organic chemicals	3.005	3.300	1.302	1.302
machinery and apparatus	778	376	3.274	710
paper	2.458	1.534	1.025	891

All these groups show increases, in particular that of plants and seeds, the exports of which are mainly composed of seeds of fodder plants and grass, their value amounting to  $\text{₹}$  3,856,000 ( $\text{₹}$  1,354,000). As usual, pigs predominate in the group of live animals, the exports being valued at  $\text{₹}$  6,506,000

( $\text{₹}$  5,494,000). The increasing sum of exports of material and apparatus is also noteworthy.

**THE "FRANKFURTER ZEITUNG" AND THE GERMAN-POLISH CUSTOMS WAR.**—The political considerations for which Germany declared a customs war on Poland, have rendered obscure to the German public and the rest of the world the actual bone of contention of the economic conflict, for which reason sober opinions on the German side are rarely encountered.

The "*Frankfurter Zeitung*", a well known German economic and political daily, published in its issue No. 824 an article on the situation, the main points of which can be summarised as follows:

"In this customs war there are neither killed nor prisoners, nor are there cannons destroying economic values, and yet, the list of casualties on both sides is very heavy. We shall discuss here the German losses which are very heavy despite the fact that the Polish share in the German foreign trade amounted only to 4.6 per cent in the year 1925. At that time Poland occupied the fourth place as a consumer of German products, and was only behind England even though that country took twice as much. The table below shows, according to German statistical data, an enormous decline in German trade with Poland (in million RMk.):

	Imports from Poland:			Exports to Poland:		
	1st sem. 1925	2nd sem. 1925	1st sem. 1926	1st sem. 1925	2nd sem. 1925	1st sem. 1926
<b>FOODSTUFFS AND BEVERAGES</b>	<b>70.9</b>	<b>28.5</b>	<b>28.2</b>	<b>40.9</b>	<b>16.4</b>	<b>2.8</b>
including:						
oats	0.1	0.6	2.2	9.5	0.2	—
flour, groats &c.	—	—	—	17.5	8.7	0.1
sugar	10.2	4.3	0.8	0.5	—	—
meat, sausage	31.0	4.9	1.1	—	—	—
eggs	19.0	11.3	11.8	0.3	—	—
<b>RAW MATERIALS AND SEMI-FINISHED ARTICLES</b>	<b>159.4</b>	<b>103.4</b>	<b>86.8</b>	<b>55.4</b>	<b>32.7</b>	<b>37.9</b>
including:						
raw cotton	0.3	0.1	0.1	16.9	10.9	20.1
timber for building and other purposes	57.2	35.7	37.4	0.4	0.1	—
pulpwood	6.5	12.1	9.1	—	—	—
coal	33.4	0.5	0.4	0.4	—	—
mineral oils	6.8	3.3	0.3	—	0.1	—
raw iron	0.1	0.1	—	6.5	3.1	2.4
zinc	14.7	19.6	12.1	0.1	—	0.1
<b>FINISHED ARTICLES</b>	<b>46.0</b>	<b>8.8</b>	<b>3.6</b>	<b>134.1</b>	<b>51.8</b>	<b>32.6</b>
including:						
woolen fabrics	9.0	1.6	0.2	1.9	1.3	0.5
cotton fabrics	0.3	—	0.1	10.4	1.1	0.7
furs and fur articles	0.3	0.1	0.2	8.1	1.8	0.5
chemical and pharmaceutical art.	1.6	0.8	0.5	6.3	4.2	3.1
iron products	0.3	0.1	0.1	14.0	4.8	3.0
base metal products	14.5	1.2	0.1	1.8	0.7	0.5
machinery (electrical not incl.)	0.2	0.1	—	9.3	5.7	3.2
electrical appliances	—	0.1	0.1	6.4	4.3	2.7
<b>TOTAL IMPORTS AND EXPORTS:</b>	<b>278.2</b>	<b>150.1</b>	<b>120.8</b>	<b>230.6</b>	<b>100.8</b>	<b>78.4</b>



"Still more eloquent are the absolute figures of this table. German exports to Poland in the first half of 1925 amounted to RMk. 230.6 million, of which 120 million were in the second quarter, so that for the three months preceding the customs war the average monthly figures amounted to RMk. 40 million. On the other hand, the total German exports to Poland during the first half of 1926 amounted only to RMk. 73.4 million, so that the monthly average was slightly over 12 million. It will be seen, therefore, that the monthly loss amounts to about RMk. 27.5 million. Even without allowing for the circumstance that, according to Polish statistical data, the difference is still larger, and allowing for the cost of the material used for the manufacture of the exported goods about RMk. 7.5 million — we arrive at a net loss to the revenue of the German nation of about 20 million RMk. per month. The volume of this sum will be realised when it is considered that it represents the average wages of from 120 to 140 thousand workmen, or a basis for livelihood for about half a million people. The importance of this approximate calculation will be further evidenced when it is borne in mind that the only item which in 1926, as compared with 1925, rose in absolute figures — was the export to Poland of raw cotton, which is a purely transit article, and as in its production no German labour was involved, it is obvious that it gave no profit to the German nation. It is frequently emphasised that this shrunken German export to Poland corresponds to the general decrease of Polish imports, which policy is pursued by the Polish Government with the view of maintaining the *Złoty* at its normal level. In reality Polish imports declined from  $\text{Z} 1,048$  million in the first half of 1925 to  $\text{Z} 416$  million in the first half of 1926. But the German share in the Polish foreign trade declined in a much higher degree, which is shown in the following table (in percentages):

	1925:			1926
	Jan.— June	July— Sept.	Oct.— Dec.	Jan.— July
exports to Germany	51.1	33.9	25.1	24.6
imports from Germany	33.6	26.6	22.0	21.5
imports from the U. S.	12.8	13.8	18.2	18.2
imports from England	7.3	9.7	8.5	10.4
the share of these three countries in imports	53.7	50.1	48.7	50.1

"To-day, as before the customs war, the German, American and English imports represent over a half of Polish imports, but German imports fell from  $\frac{1}{3}$  to  $\frac{1}{5}$  and at present but slightly exceed those from the United States. In the light of absolute figures, imports from England and the United States have also decreased, but this decline mainly affects luxury and not indispensable goods, or precisely those, the import of which was prohibited by Poland. Things are different in regard to Polish imports from Germany. As may be seen from the first table, these imports are mainly composed of fabrics,

chemicals, drugs, iron and base metal products, machinery and electrical appliances. Poland imports these articles from other countries and, as they are indispensable to national husbandry, their import would decline to an exceedingly limited extent, and the German share would have risen considerably had it not been for the customs war. Such is—concludes the "*Frankfurter Zeitung*"—the German-Polish customs war balance sheet to Germany for sixteen months".

In its issue No. 778 the same paper published a lengthy article on the specific influence of the customs war on the economic life of German Upper Silesia. The passages on this subject may be summarised as follows:

"There is a great deal of disappointment in Silesia owing to the fact that in public discussions, and partly also in Government circles in Germany, those men who are interested in the prolongation of the customs war come to the fore: coal industrialists who make profits from the embargo on Polish coal, and agriculturalists who draw profits from the closing of the frontiers to Polish grain. The whole burden of the customs war is borne by Silesian commerce and industry. It is thankless to find consolation in the fact that German exports to Poland before the customs war amounted only to 4.6 per cent, a trifle which can easily be endured. In reality this trifle represented not less than a half of the whole of the exports to England and about three times as much as those to Spain, which were so widely discussed in the press. Silesians, however, lay particular stress on the fact that these exports to Poland originated mainly in Silesia, and that they bear the main portion of the burden".

"German trade with Poland under the heading of imports declined from RMk. 278 million, and under the heading of exports from RMk. 230 in the first half of 1925 (the last 6 months period preceding the customs war) to RMk. 150 million and the RMk. 101 million respectively in the latter half of 1925, and to RMk. 121 and 73 million in the first half of 1926. These figures indicate the heavy losses resulting to the two countries, but Poland will find it easier to secure new markets for its exports, composed mainly of raw materials and foodstuffs, than will the German and specially the Silesian industry producing finished articles. This industry as well as that of Silesia has lost the source of supply of raw materials, as well as the outlet for finished articles. There is a great danger that, if this war lasts much longer, these losses will acquire a permanent character, and the exchange of goods will get accustomed to the new trade channels. The losses sustained by Silesia on account of the customs war are already without parallel, and they may become irrevocable. But then they would constitute a heavy blow not only to German Upper Silesia but also to the whole of Germany".

#### MOVEMENT OF MERCHANDISE TO RUSSIA AND LATVIA DURING THE 3RD QUARTER OF 1926\*). — The

\*) For the data for the 1st half of 1926 — see "*The Polish Economist*" No. 4, page 140.

statistical data relative to the movement of goods between Poland and her Eastern neighbours for the 3rd quarter of 1926 (seaborne traffic, especially extensive in the case of Russia — not included) are given below (in 15 ton trucks):

#### I. — From Russia:

Total volume of goods . . .	3.101	3.548
Transit to Germany and Czechoslovakia . . . . .	1.526	1.345
Import to Poland . . . . .	1.575	2.303
namely:		
iron ore . . . . .	1.404	2.160
grain . . . . .	—	36
tobacco . . . . .	—	21
fish . . . . .	67	57
various . . . . .	104	29

#### II. — To Russia:

Total volume of goods . . .	1.390	9.882
Transit from Germany and Czechoslovakia . . . . .	780	986
Export from Poland . . . . .	610	8.896
namely:		
machinery and metal wares . . . . .	68	66
zinc . . . . .	9	38
fabrics and yarns . . . . .	203	54
coal . . . . .	—	8.588
various . . . . .	330	150

#### III. — From Latvia:

Total volume of goods . . .	238
namely:	
flax and flax seeds . . . . .	42
vegetable tanning material . . . . .	14
rags . . . . .	40
various . . . . .	142

#### IV. — To Latvia:

Total volume of goods . . .	5.156
namely:	
timber and timber wares . . . . .	1.267
coal . . . . .	2.808
cement . . . . .	72
petroleum products . . . . .	78
grain . . . . .	240
horses . . . . .	30
flour . . . . .	42
machinery and metal wares . . . . .	109
various . . . . .	502

## 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. 47:** Polish undertaking is desirous of entering into relations with foreign firms interested in the imports of Polish dried mushrooms.

**Ref. No. 48:** Polish firm is desirous of exporting ozokerite and lubricating oils for railways.

**Ref. No. 49:** Old established Polish firm is desirous of exporting calves stomachs, sheeps casings dried and salted, licopodium.



**Ref. No. 50:** Polish producers of tar, veneers, creosol, naphthaline, phenol, benzol &c. are desirous of getting into touch with foreign buyers.

**Ref. No. 51:** Polish manufacturers of cart grease, colophonium, turpentine, boiled linseed oil &c. seek foreign buyers for these articles.

**Ref. No. 52:** Manufacturers of hats wish to get into touch with importers in this line.

## TREATIES

**TREATY OF COMMERCE AND NAVIGATION BETWEEN POLAND AND NORWAY.**—This Treaty was signed at the Ministry of Foreign Affairs in Warsaw on December 22nd 1926, by the Minister of Foreign Affairs, M. Zaleski, and the Minister of Industry and Commerce, M. Kwiatkowski, for the Republic of Poland, and M. Ditleff, the Norwegian Minister plenipotentiary in Warsaw. The treaty is based on the most favourable treatment clause and will be ratified in the near future.

## CUSTOMS DUTIES AND FOREIGN TRADE REGULATIONS

**PENALTIES FOR CUSTOMS OFFENSES.**—A new Treasury Fines Act\*, providing *inter alia* for penalties to be inflicted for offenses against the customs rulings which have hitherto been regulated according to the laws of the former partitioning powers, Germany, Austria and Russia, has now been promulgated and will be operative from January 1st 1927. The new law is dated August 2nd 1926 ("Dz. Ust. R. P." № 105, item 609); it can be summarised as follows:

Persons found guilty of declaring a lower rate of duty than that payable on effects, which are not on the prohibited list of imports, exports or goods in transit, are liable to a fine of four times the difference between the two rates, and in addition, the goods themselves are confiscated.

This penalty, although severe, existed, however, in both, the Russian and the German laws. The section of the Austrian law relative to this kind of offense, did not provide for the confiscation of the goods themselves.

Persons found guilty of understating the amount due to the Treasury for duty on goods, the import, export and transit of which are prohibited, are liable to a fine of five times the difference between the two rates, and in addition, the goods are also confiscated. Consequently, the whole difference, in relation to the offense, lies in a slight increase in the scale of the fine.

For making incorrect statement when declaring goods at the customs office, which statement caused or might have caused an inaccurate assessment of the customs duty, both as regards quantity and value, the above fine is levied, but if the misstatement is unintentional, then the fine is reduced to one half of the amount referred to above, and the goods are not confiscated. If the declaration is only partly incorrect, the penalty, whether in the form of a fine or confiscation, is only in respect of the part of the goods which are improperly declared.

Apart from the above mentioned cases, those found guilty of offenses relative to customs duties, payments and the movement of merchandise to foreign countries, are liable to be fined from  $\text{zł}$  10 to  $\text{zł}$  400.

In accordance with the Polish Constitution, similarly as in former Russian Poland and German Poland, offenses against Treasury laws, and consequently those dealing with customs matters, will be decided by tribunals. In former Austrian Poland matters of this nature were dealt with by a special Treasury Tribunal (Gefällsgericht). On the other hand, the new feature about this legislation is that it provides for the institution of tribunals to be attached to District Courts, which will specially deal with offenses against the Treasury laws. There were two reasons for this course: firstly, because the offenses represent a special class and require expert knowledge and experience, and secondly, because the cases will be dealt with more promptly.

## TRANSPORTS

**RAILWAY TRAFFIC IN NOVEMBER.**—This month saw a further increase of traffic on the Polish State Railways. The total work performed by freight trucks exceeded the highest figures known in Poland up to the present. The following statement illustrates the average daily car-loadings and the number of trucks received for each of the eleven months of this year (in 15 ton trucks):

January	10.642
February	11.122
March	11.950
April	11.394
May	11.216
June	13.833
July	15.089
August	15.678
September	16.435
October	17.108
November	18.557

It will be seen from the above statement that the increase in railway traffic continued without a break from May last, when the export of coal began to increase. During this period the demand for trucks, especially for export coal, as a rule exceeded the capacities of the Polish railways, despite the fact that efforts were made to

make good the shortage, by hiring open trucks from foreign railway systems. The situation was complicated by the approaching winter season, which is usually characterised by an increased activity of the railways in connection with the harvest and the resulting transports of crops, especially those arising out of the necessity for transporting sugar beet and potatoes to factories before the setting of cold season. For the above reasons the demand for trucks in November was so intense that the railways were unable to cover it; nevertheless, thanks to the regular supply of trucks by foreign systems as well as to the increase in the number of short distance consignments (sugar beet), the traffic in November rose on the average by 1.349 trucks per day, or by 7.3 per cent, as compared with October. It should be mentioned that, compared with that month, increases were only observed in respect of consignments dispatched by local stations to both Polish and foreign stations, while at the same time the remaining categories of consignments, namely—those dispatched to Poland from abroad, as well as those passing in transit, were maintained at nearly the same level.

The average car-loadings at Polish stations amounted in November to 16.942, a gain of 1.472 trucks over the previous month; of the total number of trucks loaded during the period, 12.725 were dispatched to local stations, and the remainder—that is 4.217—abroad.

The following statement shows the average car-loadings of the different groups of merchandise, destined to Polish stations (in 15 ton trucks):

	November	October
coal, coke and briquettes	3.232	2.712
crude oil and petroleum products	198	217
timber	954	796
agricultural produce	3.274	3.024
raw materials and industrial products	1.899	1.803
miscellaneous	3.168	3.122
Total:	12.725	11.674

Compared with October, the average daily car-loadings of goods destined for home consumption rose by 1.051. The daily consignments of coal, coke and briquettes, carried for home account, rose on the average by 520 trucks, as did the consignments of timber, which rose by 158 trucks, and agricultural produce, which rose by 250 trucks. Of the latter group the transport of sugar-beet rose by 308 trucks, reaching a daily average of 1.976 trucks, and grain—by 64 trucks, reaching on the average 342 waggons per day; on the other hand, the daily

\* See "The Polish Economist" No. 6, page 211.





ON THE MOTLAU, THE OLD DANZIG PORT CANAL

volume of potatoe transports declined on the average by 165 waggons — to 279 waggons. Industrial products rose by 96 trucks, and "various" by 46 waggons. A slight decrease was observed in petroleum products, the average number of daily car-loadings being 19 waggons less.

The undermentioned statement illustrates the average daily car-loadings of the different groups of goods dispatched to foreign countries (in 15 ton trucks):

	Nov.	Oct.
coal, coke and briquettes	3.056	2.573
crude oil and petroleum products	82	77
timber	652	701
agricultural produce	72	96
miscellaneous	355	349
Total:	4.217	3.796

The average daily dispatch of export consignments increased in November by 421, and in the case of coal — by 483 trucks. At the same time the dispatch of other loose freight, timber in

particular, showed an average daily decline of trucks. The average daily arrivals of trucks loaded with foreign freight in November did not show any material changes, as compared with the preceding month, being 601 as against 603 in October and 587 in November last year. Similarly, the transit movement via Poland was on the average 1.014 trucks per day in November, as against 1.035 in October last and 741 in November of last year.

**INCREASE OF RAILWAY PASSENGER AND FREIGHT RATES.** — On December 1st last increases in the freight and passenger traffic were introduced. These increases were necessitated by the rise in the operating costs.

The price of passenger tickets increased by 10 per cent, but local traffic ticket rates as well as charges for the carriage of luggage and the so-called urgent transport rates remain unchanged, which is of great importance to the large numbers of workmen and

officials using local trains to proceed to and from work.

The 3rd class fare for a distance of 100 km. now costs  $\text{₹ } 5.50$  as against the previous fare of  $\text{₹ } 5$ . For the same distance the German railways charge for 3rd class fare is  $\text{₹ } 10.60$  and for 4th class —  $\text{₹ } 7$ . The difference is still more accentuated in the case of long distances. Thus for instance, a 3rd class fare for a journey of 500 km. in Poland costs  $\text{₹ } 23.60$  ( $\text{₹ } 21$  before December 1st), whereas in Germany the charge for the same distance is  $\text{₹ } 53$  or nearly twice as much.

As regards the freight rates, the increase also amounts to 10 per cent, but it does not affect station charges, which reduces the average increase to 8 per cent.

In addition, the charges for the transport of the cheapest kind of freight, appearing in the lowest exceptional tariff G, are raised by 5 per cent, and as station charges are unchanged — the increase for this class of goods amounts to 4 per cent.

That this increase only constitutes a small addition, is shown by the following statement: for a distance of 360 km. the increase in the charges per 100



kg. is—in the case of potatoes— $\text{zł}$  0.10, meat —  $\text{zł}$  0.30, wheat and rye flour — 0.20. The increase per 1 kg. only amounts to 1/4 grosz, which can under no circumstances provoke a general increase of prices, as this minimum surplus should be borne by the producer and seller and not by the consumer.

### REVENUE AND EXPENDITURE OF THE POLISH STATE RAILWAYS

for the 1st half of 1926 and for the whole year of 1925 were as follows (in thousands of  $\text{zł}$ ):

	1st half 1926	whole year 1925
<b>REVENUE</b>	<b>442.231</b>	<b>905.009</b>
including:		
Central Administration	70	140
Normal gauge railways:		
from carriage of passengers	120.979	264.939
"    "    "    luggage	5.648	13.626
"    "    "    goods	272.007	510.743
"    "    "    "    "	15	32.327
other revenue	38.567	69.912
	437.216	891.547
Narrow gauge railways:		
from carriage of passengers and goods	4.168	11.091
other revenue	777	2.230
	4.945	13.320
<b>EXPENDITURE:</b>		
A) General operation costs	<b>399.088</b>	<b>904.406</b>
including:		
Central Administration	1.348	2.923
Operation of normal gauge railways	391.509	884.571
Operation of narrow gauge railways	5.419	13.583
Guaranteed advances	812	3.329
B) Extraordinary expenditure	<b>15.648</b>	<b>70.907</b>
including:		
Construction of new lines and capital investments	12.424	59.696
Repairs to damaged tracks	2.493	9.371
Aerial communication	731	1.840

### BUDGET OF THE STATE RAILWAYS IN POLAND FOR 1927/28.

The budget of the Polish State Railways for the fiscal year commencing April 1st 1927, and ending March 31st 1928, foresees a revenue of  $\text{zł}$  1,042,299,000 and an expenditure of  $\text{zł}$  1,014,999,000, including ordinary expenditure of  $\text{zł}$  946,999,000 and extraordinary expenditure of  $\text{zł}$  68,000,000, thus showing an excess of revenue over expenditure amounting to  $\text{zł}$  27,300,000.

Compared with the year 1926, the anticipated revenue is higher by  $\text{zł}$  133,987,000, and the estimated expenditure — by  $\text{zł}$  106,687,000 (ordinary expenditure — by  $\text{zł}$  73,552,000, extraordinary expenditure — by  $\text{zł}$  33,135,000). The increase of the revenue is due to the increase in the freight rates introduced in June last, and also to a considerable increase of the freight traffic, chiefly in connection with the export of coal.

The increase of expenditure, especially in the disbursements for both operations and investment purposes, is to be ascribed to the intensification of freight transports, and also to the various arrangements which have been undertaken with the view to increasing profits.

As regards expenditure, in the operating costs the largest increases are noticeable in the track service (by  $\text{zł}$  33,624,000) and the repair shops (by  $\text{zł}$  27,964,000), which was due to the

granting of new credits for the repair of various tracks and the purchases of new rolling stock.

The figure for investments shows further increase, in connection with the considerable credits granted for the construction of new normal gauge railways. Special attention was paid to the requirements of the Kalety-Podzamcze and the Bydgoszcz-Gdynia lines, which are of paramount importance in connection with the increased coal exports.

The credits for the purchase of normal gauge rolling stock were also fixed at a much higher level, being  $\text{zł}$  14,500,000, and those for the reconstruction and repairs of buildings and permanent ways damaged during the war, were fixed at  $\text{zł}$  10,400,000 as against  $\text{zł}$  5,886,000 in 1926.

In the extraordinary expenditure of the Polish State Railways appear also investment credits to the amount of  $\text{zł}$  1,000,000 for civil aviation.

### RAILWAY PASSENGER TRAFFIC IN 1925.

The returns recently published relative to railway traffic and revenue for 1925 contain the following figures which are of interest as characterising the passenger traffic.

During the period under review the total number of passengers carried by Polish railways was 159,479,360 of which 3,564,909 or 2.2 per cent were conveyed by express train. The distribution of passengers as regards classes was as follows:

1st class	110,305 or	0.07 per cent
2nd "	8,997,890 "	5.64 "
3rd "	109,743,570 "	68.81 "
4th "	40,627,595 "	25.48 "

The average distance travelled was the following (in km.):

	T r a v e l l i n g	
	express	ordinary
1st class passengers	312.1	176.8
2nd "	241.5	50.9
3rd "	173.3	40.1
4th "	—	21.6
Average distance	192.6	35.9

The number of passengers travelling at normal and reduced fares is illustrated by the following figures:

normal fares	134,520,037 or 84.3 per cent
50 per cent reduced fares	3,891,648 " 2.4 "
20 " " " "	10,326,171 " 6.7 "
military tickets	1,614,274 " 1.0 "
district fares	8,018,571 " 5.0 "
transit "	1,108,659 " 0.6 "

The total receipts for the carrying of passengers in 1925 amounted to  $\text{zł}$  264,938,726 which gives an average of 4.21 grosz per person and kilometre.

### DIRECT COMMUNICATION BETWEEN POLAND AND LEVANT PORTS.

An international conference was held at the Ministry of Transport on November 30th, in connection with the establishment of direct communication and through rates, between the Polish State Railways and the Levant ports, by transit over the Rumanian railways and the port of Constanza. The conference was attended by the Director of the Rumanian State Marine Department, and a delegate of the Rumanian State Railways. The great feature of the conference was a common desire on the

part of all those present to establish the proposed new trade route of Constantinople, Alexandria, Haifa and Jaffa.

After a lengthy discussion, the basis of the proposed route was laid down, while the elaboration of detailed tariffs was transferred to a special Committee which is to meet in Lwów in January 1927. The principles agreed on are as follows:

1) the dispatch of goods will be effected by means of direct through bills, containing all the data which should appear in a railway bill as well as in a bill of lading for transport by sea;

2) the responsibility for loss or damage to goods will be settled in the case of the railways in accordance with the principles of the Berne convention relative to the transport of goods, while in the case of sea transport, they will be adjusted in accordance with maritime law and the stipulations of the bill of lading;

3) the cost of transport will be fixed in English currency according to the charges contained in the table of rates, and in the transport documents;

4) a special tariff will be established for the chief import and export articles from Poland to the Levant, with the reservation, however, that the transports of alcohol will be effected by special vessels, and that the rate for these transports will be reduced.

On December 2nd a second conference was held; this was devoted to matters connected with passenger communication between Poland and the Levant ports. It was decided to establish direct communication for passenger traffic and luggage between stations on the Polish State Railways and the ports of Constantinople, Pireus, Alexandria, Jaffa and Haifa via Constanza. In addition to the issue of through tickets for 1st, 2nd and 3rd class passengers on express and ordinary trains, it has been decided to issue reduced 3rd class fares for Polish emigrants, travelling in parties of not less than 30 persons, and to accord a rebate of from 25 to 30 per cent on the through journey and on the return journey, in the case of pilgrims travelling to Jaffa.

The fares are to be expressed in English shillings for the whole distance. A special Committee was appointed for elaboration of the details of the rates and the necessary regulations. The meeting of this Committee was convened for the middle of February 1927 in Bucarest.

### COMMUNICATION WITH THE FAR EAST VIA POLAND.

At the Asiatic-European Transport Conference, which was held in Berlin and ended on November 19th last, the following matters were finally dealt with: The Asiatic-European Railway Union founded in Moscow in December 1924, admitted as members the following railways: the Chemins-de-Fer du Nord, the Belgian, Italian, Austrian, Czechoslovakian and Chinese State Railways, the East China Railway, the South Manchurian Railway, the Dairen-Shanghai Steamship Line, and the Shanghai Terminus; the Polish, German,



Lithuanian, Latvian, Esthonian and Soviet-Russian railways joined the Union in 1925.

In pursuance of this agreement, passengers going from the above mentioned European lines to the Far East, and vice-versa, may obtain direct through tickets to destination, provided the latter station is included in the tariff. The same applies to the dispatch of luggage. The transport regulations in force on these lines have been corrected and completed; the itinerary of the Transsiberian *train de luxe* and the ordinary express trains between Western Europe and the Far East has now been laid down. The *train de luxe* will run once a week in both directions while an ordinary express train will run every day. These trains will be made up in Moscow and in Berlin and will pass: either via Stolpce, Warsaw and Zbaszyn, or via Riga, Tczew and Chojnice. In this way through passengers to the Far East will be free to go via Warsaw or Riga. At present a special commission is engaged in the elaboration of detailed rates. This work should be completed in time so as to enable the opening of the through service for passengers and luggage on the 15th May 1927.

#### PORT TRAFFIC IN NOVEMBER. —

This month was not favourable to Polish overseas trade on account of the numerous storms on the Baltic. Besides, there was a period during the month under review, in the course of which the quantities of coal arriving for export, were insufficient to keep the facilities of the ports fully employed. This was owing to the action of the Polish Coal Controller who had large stocks placed at his disposal for internal requirements.

The number of ships at Danzig in November was larger than in the preceding month, being 529 with a capacity of 335,045 reg. tons as against 510 with 308,476 reg. tons in October. On the other hand, the figures for departures were: November — 492 with 298,608 reg. tons, and October—511 with 314,214 reg. tons.

The amounts of coal and timber exported through Danzig, according to the data supplied by the Council of the Port, which differ somewhat from the returns from Polish sources, were 338,239 tons and 91,561 tons respectively. There

was a falling off as compared with October, in the course of which 354,999 tons of coal and 117,659 tons of timber were exported.

The nationalities of the ships which called at Danzig in November were the following:

	Arrivals:		Departures:	
	ships	reg.tons	ships	reg.tons
Poland & Danzig	28	13,065	27	9,675
Germany	184	84,430	181	88,277
Finland	10	7,571	7	5,061
Russia	1	2,144	1	2,144
Esthonia	2	132	1	75
Latvia	13	7,996	16	10,257
Lithuania	1	437	1	437
Sweden	127	78,102	109	59,130
Norway	43	28,474	39	23,562
Denmark	82	73,982	71	65,065
England	25	24,521	25	24,225
Holland	6	1,108	4	668
Belgium	1	74	2	347
France	9	9,190	6	5,866
Italy	2	3,819	2	3,819
Total:	529	335,045	492	298,608

As regards Gdynia, the coal cranes have still not yet been officially accepted, but are, nevertheless, already partly in commission. Sea storms, particularly numerous in November, have, however, prevented a more economical use of the loading facilities. The breakwaters erected at the entrance to the Gdynia port, have not, as yet, been completed, so that



IN THE PORT OF DANZIG





A VIEW OF THE RIVER PORT OF TCZEW

the outer port and the harbour are not wholly protected against bad weather, which fact renders difficult the loading of ships.

The number of ships calling at Gdynia in November was the same as in the preceding month, namely — 27 with 19,476 reg. tons (in October 19,749 reg. tons). The clearances were 24 vessels with 19,856 reg. tons, as against 28 with 19,749 reg. tons in the preceding month. The ships came in ballast and took 31,832 tons of coal and 577 passengers, the corresponding figures for the month of October being 36,271 tons and 533 passengers.

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

	Arrivals	Departures
Poland & Danzig	1	1
Sweden	15	11
England	1	1
Denmark	1	1
Norway	3	3
Finland	1	1
France	2	2
Germany	3	3
Estonia	—	1
Total:	27	24

**THE ESTABLISHMENT OF THE GDYNIA MARITIME DISTRICT.** — In accordance with the decree of the President of the Republic dated October 30th 1926, published in the Journal of Laws ("Dz. Ust. R. P.") No. 117, item 678), the whole sea coast is to

form a separate administrative unit, which will be named the "Maritime District". As regards administration, it falls under the Pomorze Voievodship in Toruń; but the head of the maritime district, residing in Gdynia, will be vested with special powers relating to the management of harbours and matters relating to sea navigation, and will be in direct contact with the Central Administration in regard to these questions.

**STEAMSHIP COMPANY "WISŁA-BALTYK" LTD., TCZEW.** — This Company which was founded about a year ago by four coalmining companies of the Dąbrowa basin, namely: the "Sosnowickie Towarzystwo Kopalń Węgla", the "Saturn", the "Czeladź" and the "Warsaw Coal Mining Company", has heretofore hired lighters which were towed by tugs to Swedish and Danish ports. It has recently acquired from the Hamburg firm called the "Bugsier-raederei-U. Bergungs A. G." the following craft:

6 tugs with a tractive power from 560 to 750 HP. each;

14 lighters with a capacity from 600 to 1,200 tons DW. each.

The total capacity of the 14 lighters is about 10,500 tons. Each lighter is provided with sails and power-driven loading facilities. Conveys composed of one tug and two lighters are capable of developing a speed from 6 to 6.5 knots per hour. Under these conditions each convey will be in a position to perform from two to two-and-a-half journeys a month to the Scandinavian ports, which means that the "Wiśła-Baltyk"

Company should export by this means from 25 to 30 thousand tons of coal per month.

The "Wiśła-Baltyk" Company also operates the river port of Tczew. At the present moment the loading of coal is effected by conveyors. In the near future the Company will install a coal-handling plant, which has recently been bought in Germany and which is of the latest type, as far as coal loading appliances are concerned, and will contribute materially towards the increase of the capacity of the port.

In connection with the increased exports of coal via Tczew the matter of deepening the mouth of the river Vistula has become very urgent, as it will enable large sea vessels to reach Tczew. The carrying out of this work is now under consideration.

**AERIAL COMMUNICATION IN NOVEMBER.** — Bad weather conditions which were a feature of this month, adversely influenced aerial communication in every respect. The service on the Warsaw-Danzig line was suspended, but the number of lines on which regular service was maintained, was 8 as against 6 in October, two new lines having been started during that month. The communications with foreign countries and especially with Prague and Vienna were irregular, while the services on the local lines left nothing to be desired, and showed, in some cases, 100 per cent regularity.



The total number of flights made in the course of November was 244, and the distance covered — 59.120 km., the corresponding figures for October being — 353 flights and 88.275 km. During the period under review 402 passengers, 5.700 kg. of goods and 73 kg. of postal correspondence were carried. It may be added for the sake of comparison that the corresponding figures for October were: 736 passengers, 18.087 kg. of goods and 73 kg. of postal correspondence.

**EXPRESS PARCEL POST SERVICE WITH AUSTRIA.** — Since November 15th 1926 a parcel post service for express parcels not exceeding 10 kg. in weight has been opened with Austria.

When dispatching a parcel, the sender should inscribe "express-urgent" on the address.

Express parcels may be dispatched with or without declaring their value up to gold fr. 1.000, and may also be sent as registered parcels.

The charges for express parcels to Austria are fixed as follows:

1)	Ordinary parcels	Registered parcels
up to 1 kg.	3 gold fr. 45 c.	5 gold fr. 20 c.
over 1 kg. to 5 kg.	4 " " 95 " 7 " 45 "	
" 1 " " 10 " 8 " " 55 " 12 " " 85 "		

2) for delivery by special messenger — 80 gold centimes,

3) for declared value: insurance premium of 50 gold centimes, for every 300 gold fr. or a fraction thereof, and a forwarding fee of 50 gold centimes per parcel.

Gold franc will be converted into Polish currency at the rate of exchange ruling on the day of dispatch of parcel.

## FINANCE AND BANKING

### STATE REVENUE AND EXPENDITURE IN NOVEMBER. — The State

revenue and expenditure in November were the following (in million of  $\text{Z}$ ):

	Revenue	Expenditure
A) Civil service ... ..	137.3	154.4
The President of the Republic ...	—	0.3
The Parliament... ..	—	0.8
State Control ... ..	—	0.4
Council of Ministers . . . . .	—	0.1
Ministry of Foreign Affairs ... ..	2.9	3.8
" " War . . . . .	1.4	49.5
" " the Interior... ..	1.2	15.6
" " Finance .. . . .	121.9	9.4
" " Justice ... ..	3.2	8.9
" " Industry and Commerce.	0.3	1.2
" " Transport ... ..	—	0.3
" " Agriculture ... ..	1.1	2.6
" " Religious Cults and Edu-		
cation . . . . .	1.1	26.0
" " Public Works . . . . .	2.9	10.1
" " Labour and Social Pro-		
tection ... ..	0.2	5.1
" " Land Reform . . . . .	—	2.7
Pensions ... ..	1.1	6.2
Grants to Invalids ... ..	—	10.8
State liabilities .. . . .	—	0.6
B) State Enterprises . . . . .	16.1	0.8
C) Monopolies . . . . .	53.3	—
Total A + B + C:	206.7	155.2

On comparing the November revenue and expenditure with those for previous months, it will be found that while generally speaking the State expenditure comes to about  $\text{Z}$  150 million per month, the revenue is increasing month by month, which will lead to a substantial surplus in the budget. It will also be seen from the appended table that the month of November shows an

excess of revenue over expenditure amounting to  $\text{Z}$  51.5 million or \$ 5.7 million; in this way the budgetary deficit which existed in the first months of this year has not only been covered, but, in addition, there is an appreciable surplus, which can be seen from the following table of revenue and expenditure, for the past 11 months (in million of  $\text{Z}$ ):

	Actual	Preliminary budget	Percentage
revenue	1.670.2	1.528.2	109.3
expenditure	1.628.0	1.730.1	94.1

Consequently, instead of the anticipated deficit of  $\text{Z}$  202.1 million there is a surplus of  $\text{Z}$  42.2 million or \$ 4.7 million for the 11 months. As the month of December is usually characterised by large revenue, it is expected that the surplus will be further increased. In this way, in the course of this year, Poland has succeeded not only in balancing her budget, but she has a surplus which will permit the building up of the cash reserves so indispensable for a rational husbandry of her economic life. A part of this reserve, amounting to  $\text{Z}$  25 million, was used for the redemption of a half of the non-interest-bearing debt of the Treasury to the Bank of Poland, amounting to  $\text{Z}$  50 million, to which the former is entitled in accordance with the Statutes of the Bank.

**PROVISIONAL BUDGET FOR THE FIRST QUARTER OF 1927.** — In connection with the change of the fiscal year which will no longer be the calendar year, as was the case heretofore, and which will now be from April 1st to March 31st, there arose the necessity for the passage by Parliament of a separate provisional budget for the period from January 1st to March 31st 1927.

The law relative to the provisional budget for the first quarter of 1927, similarly to the previous law concerning the provisional budgets (the budget for 1926 was not voted, so that the State Administration was based on quarterly provisional budgets; the last one covered the fourth quarter of 1926), contains stipulations in regard to supplementary credits for the fourth quarter 1926. These are: 1) credits granted to the Ministry of Foreign Affairs, amounting to  $\text{Z}$  819.402, connected with the increase of expenditure incurred by the mainte-



nance of diplomatic and consular services in those countries, in which the cost of living rose, and also with the increase of travelling expenses and transfers of personnel; 2) credits for foreign debts amounting to £ 31,347,324, the aim of which is to burden the fourth quarter of 1926 with expenditure which has actually already been effected, in order to provide, in advance, for the payments falling due at the beginning of January 1927; this policy could be adopted in view of the existence of cash reserves; 3) the credits of Ministries of War, of the Interior, of Finance and of Justice to the amount of £ 6,773,175, for the bulk payment of their liabilities to the General Post Office, which credits appear in the books as a transfer of profit to the Treasury.

Credits for State expenditure for the period from January 1st to March 31st 1927 amount to £ 493,256,740; in addition, the Minister of Finance was empowered to open credits to the amount of £ 10,000,000, for investments to be effected by the Ministry of War, after approval by the Council of Ministers. The opening of these credits is subject to the obtaining of cover by the Minister of Finance, either from new or from already existing sources of revenue. The credits for individual sections of the budget for the 1st quarter of 1927, as compared with those appearing in the preliminary budget for the year 1927/8, are as follows (in million £):

	Provisional budget for the 1st quarter of 1927	Budget estimate for 1927/8
<b>CIVIL SERVICE</b>		
The President of the Republic . . .	0.8	1.4
The Parliament . . . . .	2.8	6.9
State Control . . . . .	1.1	4.1
Council of Ministers . . . . .	0.4	1.7
Ministry of Foreign Affairs . . . . .	9.9	39.6
" War . . . . .	158.0	623.2
" the Interior . . . . .	46.3	180.0
" Finance . . . . .	24.3	100.5
" Justice . . . . .	22.1	90.3
" Industry and Commerce . . . . .	10.9	23.2
" Transport . . . . .	0.9	3.0
" Agriculture . . . . .	8.4	32.9
" Religious Cults and Education . . . . .	77.9	270.0
" Public Works . . . . .	17.9	57.6
" Labour and Social Protection . . . . .	17.5	77.6
" Land Reform . . . . .	8.0	29.8
Pensions . . . . .	19.6	70.6
Grants to Invalids . . . . .	29.0	99.2
State liabilities . . . . .	34.9	108.1
<b>Total:</b>	<b>490.8</b>	<b>1,897.9</b>

#### STATE ENTERPRISES

Council of Ministers:		
The Polish Telegraph Agency . . .	0.1	0.2
Ministry of War:		
Military workshops . . . . .	2.3	—
Ministry of Transport:		
Subsidiary undertakings of the Post Office . . . . .	0.1	0.6
Ministry of Labour and Social Protection:		
Emigration Office . . . . .	—	—
<b>Total:</b>	<b>2.4</b>	<b>0.8</b>
<b>Grand total:</b>	<b>493.3</b>	<b>1,898.7</b>

It may be seen that the credit for the first quarter of 1927 represents more than one quarter of the total sum of the budget estimate for 1927/8; in the first place this is due to the fact that the former credit includes the 10 per cent increase of the salaries of civil service and State workers, which has not as yet been definitely settled for that year. The expenditure involved by this increase would amount in round figures to £ 110 million per annum. Of this sum £ 50 million falls on civil administration, and £ 40 million — on State undertakings and monopolies. As the latter will cover these increases from their own revenues, there remains only £ 50 million to be covered. This sum was not embodied in the budget estimate for 1927/8, and it is only a special clause of the proposed Treasury law that empowers the Minister of Finance to disburse this sum from any budgetary surpluses or from any duly authorised credits. It should be mentioned that: 1) civil servants and State employees have already received a supplement, amounting to 20 per cent of their salaries, payable in two instalments, on the 15th of November and on the 15th of December 1926, in accordance with a decree of the President of the Republic, and 2) the increase appearing in the law relative to the provisional budget for the first quarter of 1927 has a permanent character, and will be maintained after March 31st 1927.

The estimates for the first quarter of 1927 embody new credits to the amount of £ 9,513,395 which did not appear in the budget for 1925, nor in the law relative to the provisional budget for 1926. Among these credits, the most important items are those for the redemption of two instalments amounting to £ 3,185,000, in connection with the purchase of new ships. The budget law also provides for the maintenance of the system of monthly budgets, as well as for the empowering of the Minister of Finance to grant loans from cash reserves; this authority is extended to the granting to the Minister of War of advances to the extent of £ 10 million, for purchases of grain, as an advance from the sums which will be provided for in the budget for the period from April 1st 1927 to March 31st 1928.

The aim of the last named provision is to enable purchases of grain to be made at a proper time, so that they should not create difficulties on the market before the harvest, as well as to build up a reserve which might be used for supplying the country with grain, and for the stabilisation of prices for grain, should such a necessity arise.

At the same time, the above mentioned law regulates the closing of official accounts in such a manner as to coincide with the new fiscal year, the space of time from January 1st to March 31st 1927 forming a separate period. Those credits which have been opened by the Minister of Finance within the limits permitted by the new law will be considered as budgetary credits, in statements of accounts.

**TAXES IN NOVEMBER.** — As stated on previous occasions in these columns, the closing months of the year are usually the most favourable for the collection of taxes. In November the total revenue from this source was higher than in any of the eleven previous months, and amounted to £ 163.5 million as against £ 151.1 million in October. This increase is, in the first instance, accounted for by the rise of the revenue from direct taxes, the largest amounts being brought in by the land and income taxes, the former having risen from £ 5 million in October to £ 14.9 million in November, and the latter — from £ 12.3 million in October to £ 15.9 million in November.

A slight improvement was also noticeable in extraordinary revenue, and in particular the 10 per cent extraordinary supplementary tax, which showed an increase from £ 4.8 million in October to £ 6.4 million in November. On the other hand, the property tax showed only a small increase.

The State Monopolies gave £ 3 million less than in the preceding month, owing to their having effected comparatively large payments for supplies of raw materials.

The revenue for November as compared with the last year and that for the month of October was as follows (in million £):

	Actual revenue: November: 1925 1926		1/12 of the yearly budget Oct. 1926	
Direct taxes	33.9	54.2	39.9	27.7
Indirect taxes	8.1	11.1	11.6	9.1
Customs duties	12.5	18.2	18.5	16.7
Stamp fees	8.7	11.9	11.9	9.2

Total of the ordinary public revenues:	63.2	95.4	81.9	62.7
Property tax	2.9	8.4	8.0	5.0
10 per cent extraordinary tax	—	6.4	4.8	—

Monopolies	33.6	53.3	56.4	37.9
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Total of public levies and monopolies:	99.7	163.5	151.1	105.6
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The corresponding figures for the 11 past months are given in the following statement:

	January—Nov.: 1925 1926		Preliminary budget estimates	Relation of column 2 to column 3 (in percentage)
Direct taxes	311.0	403.4	332.6	121.6
Indirect taxes	100.5	124.2	108.6	114.1
Customs duties	267.8	168.5	200.0	84.0
Stamp fees	104.9	114.4	111.5	102.5

Total of the ordinary public revenues:	784.2	810.5	753.0	107.6
Property tax	55.8	54.6	60.0	90.9
10 per cent extraordinary tax	—	15.8	—	—

Monopolies	358.7	510.8	454.5	112.4
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Total of public levies and monopolies:	1,198.7	1,391.7	1,267.5	109.8
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It will be seen by the above figures that the revenues considerably exceeded the anticipated amounts. The only disappointing item is that of customs duties which were assessed at too high a level. This erroneous assessment may be explained by the introduction of a new customs tariff on January 1st 1926; it was difficult at the time of drafting of the budget to estimate the changes in revenue which would arise from this.

As compared with the previous year, there was a large increase in the revenue which, it is true, while partly due to the fall of the Złoty, was also due to increased activity in the economic life of the country, and to the higher standard of efficiency in the work of the State Administration and of the Treasury.

#### THE 10 PER CENT EXTRAORDINARY SUPPLEMENTARY TAX IN 1927.

—This special 10 per cent supplementary tax on certain State taxes, which was fixed for the period July—December 1926\*), and destined for maintenance of budgetary equilibrium, is to be in force during the whole of 1927, in accordance with the new law passed on December 10th 1926. This tax is imposed on: direct and indirect taxes, stamp dues, inheritance tax and grants, as well as on unpaid taxes for previous periods mentioned above. It does not apply to: income tax on salaries, tax on premises and building plots, property tax, forest levy, stamp fees in respect of new issues of shares, customs duties, and also on supplements to taxes imposed by local provincial authorities.

#### THE STATE SPIRIT MONOPOLY IN NOVEMBER.

—The sales of the State Spirit Monopoly in November were as follows (in hectolitres 100<sup>0</sup>):

	November:	
	1925	1926
for drinking purposes	36.600	45.100
„ industrial „	2.500	4.100
denaturated spirit	5.900	9.200
	45.000	58.400

Compared with October, the volume of beverages rose by 6.600 hectolitres. The sales for the preparation of beverages and for industrial purposes rose by 4.700 hectolitres and 700 hectolitres respectively. The consumption of denaturated spirit also rose by 1.200 hectolitres.

During the past 11 months the amount of alcohol sold was 518.800 hectolitres, showing an increase of 69.300 hectolitres or 15.4 per cent over the corresponding period of last year. Of this quantity 404.900 hectolitres were used for the preparation of drinks, 30.500 hectolitres for industrial purposes, and 83.400 hectolitres for the manufacture of denaturated spirit.

As net profit, the State Spirit Monopoly paid to the Treasury in November  $\text{zł}$  22.1

million, which was less by  $\text{zł}$  3.2 million than in the preceding month, and by  $\text{zł}$  7.0 million more than in November of last year. During the period from January to November the payments to the Treasury amounted to  $\text{zł}$  220.0 million, as against  $\text{zł}$  151.9 million in the corresponding period of last year.

#### MONOPOLY PRICES FOR ALCOHOL.

—The regulations issued by the Ministry of Finance, dated November 29th 1926 (*"Dz. Ust. R. P."* No. 121, item 704), provide for basic monopoly prices for the raw alcohol to be produced in 1926/27 season, to be paid by the State Spirit Monopoly. The prices are calculated separately for the different Voievodships and are per 1 hectolitre of 100<sup>0</sup> alcohol loco truck. For the present season they are about  $\text{zł}$  100 per 1 hectolitre, and fluctuate from between  $\text{zł}$  83.90 (in the Tarnopol Voievodship near the Russian frontier) to  $\text{zł}$  118.90 (Silesia).

#### STATE TOBACCO MONOPOLY IN NOVEMBER.

—The value (according to retail prices) of the products of the Polish State Monopoly was (in million  $\text{zł}$ ):

	1924	1925	1926
November	25.9	28.7	42.6
January-October	108.2	305.0	387.2

The total consumption of tobacco products in the year 1926 may, on the basis of the above figures, be estimated at  $\text{zł}$  472—475, as against  $\text{zł}$  371.1 million in 1925 and about  $\text{zł}$  250 million in 1924. Of the last named figure  $\text{zł}$  160.6 million were in respect of the Tobacco Monopoly, the remainder being in respect of the privately owned factories which were purchased by the Treasury and liquidated in the course of the 3rd quarter of 1924.

The net revenue from the State Tobacco Monopoly amounted (in million  $\text{zł}$ ):

	1924	1925	1926
November	14.0	14.0	24.0
January-October	107.4	153.4	217.5

The total revenue for the year will be about  $\text{zł}$  265 million or 32.5 per cent over the anticipated figure of  $\text{zł}$  200 million. In 1925 the revenue from this source amounted to  $\text{zł}$  182.4 million as against  $\text{zł}$  162.5 million anticipated. In relation to the value of the consumed tobacco products, the net revenue of the State Monopoly for the past 11 months (January-November) was 56 per cent, and for the years 1924 and 1925—54 and 50 per cent respectively.

## STOCK EXCHANGE

### FOREIGN CURRENCIES

As in previous months, the rate on New York during November was maintained on the same level, that is at  $\text{zł}$  9 to the dollar. Similarly, the English, Swiss, Dutch and Swedish currencies

remained unaltered. Of the other currencies the Austrian Shilling experienced a slight decline, while the Czechoslovakian Crown has for the past few months been stabilised at the level of 26.72. The Italian Lira was unchanged. The new Belgian currency was also stabilised; the only exception was the French Franc which, despite continual fluctuations, gained nearly 20 per cent in the course of November.

A very cautious policy has been pursued by the Bank of Poland, which dominates the market owing to the fact that it has large reserves of foreign currencies at its disposal, and there is every reason to believe that the rate of exchange of the Złoty will be further maintained.

As may be seen from the appended table, the Złoty has an upward tendency on some foreign stock exchanges, for, while gaining in value in New York and Zurich, it has remained unaltered on all the other international exchanges.

The demand for foreign currencies on the Warsaw Stock Exchange declined during the period under review by about 15 per cent, as compared with October. The cause of this state of affairs is attributed in stock exchange circles to the stabilisation of the Złoty which enabled the industrialists to employ, without risk, a part of their currency reserves which—it may, by the way, be stated—are not regarded as indispensable at the present moment. Transactions in foreign currencies on the private market have shrunk considerably of late. The free and unrestricted sale of foreign currencies on the official stock exchange is not yet permitted, so that these transactions are effected through outside brokers, which explains why the volume of business in foreign currencies done in the open market, has decreased of late.

The rate of exchange of the Złoty on the private market was the same as that quoted officially, and on several occasions was even lower. The cause of this decline is accounted for by the sales of dollars, which assumed large proportions, in particular towards the end of the month. This phenomenon is easy to understand, for the holding of large amounts of ready cash in dollars and other currencies not only serves no purpose, but also involves the loss of interest. For these reasons, and in view of the present stabilisation of the Złoty, many capitalists have changed dollars into Złoty and have invested money in first class local undertakings.

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



		30.10	2—6.11	8—13.11	15—20.11	22—29.11	30.11	par value
<b>Warsaw Exchange</b>								
London	£ 1	43·68	43·68	43·70	43·70	43·68	43·68	25·22
New York	\$ 1	9—	9—	9—	9—	9—	9—	5·19
Paris	Fr. fr. 100	28 35	29·55	29·50	31·38	32·40	33·65	100—
Brussels	Belg. 100	—	125·65	125·60	125·58	125·52	—	100—
Zurich	Sw. fr. 100	173·95	173·94	173·97	174—	173·93	174—	100—
Milan	Lir. 100	38·50	38·70	36·67	37·79	38·05	38·68	100—
Amsterdam	Fl. 100	360·80	360·78	360·80	360·74	360·67	360·70	208·32
Vienna	Sh. 100	127·50	127·30	127·12	127·16	127·23	127·27	72·93
Prague	Kcz. 100	26·72	26·72	26·72	26·72	26·72	26·72	105·01
Stockholm	Kr. 100	—	240·80	—	240·70	240·75	—	138·89
<b>Foreign Exchanges</b>								
London	£ 1	44—	43·80	43·75	43·72	43·50	43·50	25·50
New York	₤ 100	11·37	11·37	11·57	11·64	11·76	11·75	11·75
Zurich	₤ 100	57—	57·20	58·33	57·45	57·50	57·50	100—
Vienna	₤ 100	78·70	78·62	78·56	78·56	78·57	78·60	137·13
Prague	₤ 100	375·75	376—	375·75	375·14	375·12	375·37	651—
Berlin	₤ 100	46·45	46·56	46·66	46·56	46·56	46·58	81—
Danzig	₤ 100	57·09	57·15	57·18	57·19	56·99	57·10	99·108

## S H A R E S

The share market in November was subject to several fluctuations. In the early part of the month, from the 2nd to the 6th, the great majority of shares not only maintained their positions,

but even showed a certain inclination to rise. Subsequently, however, with the approach of the middle and the end of the month, quotations began to fall in view of large parcels being thrown on the market by outside brokers. The most critical period was at the end of the month when the coulisses were selling wildly,

in the endeavour to obtain ready cash for the redemption of liabilities falling due at the close of the month. Independently of the above, the banks were getting rid of certain brands of shares for the account of clients who had turned their attention to Government securities.

Industrial shares	30.10	2—6.11	8—13.11	15—20.11	22—29.11	30.11	Nominal
Bank Polski .....	84·63	84·62	81·80	80·48	81·47	81·30	₤ 100—
Bank Dyskontowy Warszawski .....	—	9·49	9·65	9·72	9·73	9 80	Mk. 5.000—
Bank Handlowy w Warszawie .....	3·25	3·20	3·07	3·05	3·05	3 05	Mk. 1.000—
Bank Zachodni .....	1·50	1·57	1·58	1·38	1·33	1·35	Mk. 540—
Bank Zjedn. Ziem Polskich .....	1·60	1·60	1·50	1·50	1·50	—	Mk. 1.000—
Bank Zw. Sp. Zarobkowych .....	6—	6·02	5·60	5·50	5·50	5·75	Mk. 1.000—
Warsaw Coal Mining Co. ....	77·75	79·42	73·50	69·55	69·71	69—	₤ 100—
Chodorów .....	122—	123·38	—	104·17	107—	108—	₤ 100—
Cegielski .....	—	16·37	12·25	13·88	13·75	—	₤ 50—
Zieleniewski .....	—	12·67	12·25	12—	12·31	—	Mk. 1.000—
Starachowice .....	2·47	2·53	2·34	2·11	2·13	2·11	Mk. 500—
Lilpop, Rau & Loewenstein .....	18·75	18·73	16·70	16·15	16—	15·40	₤ 25—
Ostrowiec .....	7·82	7·65	7·28	7·30	7·36	7·43	Mk. 500—
Modrzejów .....	4·03	4·22	3·97	3·71	3·76	3·68	Mk. 500—
Rudzki .....	1·33	1·35	1·23	1·15	1·12	1·11	Mk. 500—
Warsz. Sp. Akc. Budowy Parowozów .....	0·31	0·31	0·27	0·26	0·27	0·26	Mk. 500—
Żyrardów .....	12·75	12·73	11·47	11·22	11·36	11·10	Mk. 540—Rb. 250
Zawiercie .....	16—	16·05	15·40	15·04	14·44	14·38	Mk. 6.000—
Nobel Bros. ....	2·88	2·74	2·43	2·64	2·46	2·44	Mk. 1.000—
Ł. J. Borkowski (Elibor) .....	1·30	1·35	1·30	1·20	1·21	—	Mk. 216—
Wysoka .....	—	3—	3—	2·94	3—	3—	Mk. 1.000—



As regards bank shares, there were large transactions in those of the Warsaw Discount Bank which gained some points. Other bank shares lost about 6 per cent as compared with the quotations of last month. Metallurgical shares lost about 12 per cent in value, the smallest declines being shown by Zieloniewski's and the largest by Lilpop, Rau & Loewenstein's. The volume of business declined to 30 per cent. Ostrowiec shares continued to be bought for foreign account; the shares of the Warsaw Coal Mining Company were little in demand, with the result that quotations declined by 11 per cent. Little business was done in textile shares, the total being about half of that done in October, although the quotations were from 10 to 13 per cent lower. Of the remainder, Chodorów lost 12 per cent, Nobel Bros. — 16 per cent, and Borkowski — 7 per cent. "Wysoka"-cement shares were maintained at their previous level. The weakening of the share market at the close of each year is a usual phenomenon, due to the fact

that at that time fall due the liabilities of merchants and industrialists, which frequently coincides with the payment of taxes and trading licences, which circumstances necessitate the sale of all types of securities in order to obtain ready money.

#### STATE, CITY AND LAND LOANS

Transactions were brisk, and the upward movement gained in intensity. The quotations for the 8 per cent Conversion Loan approached parity, the 6 per cent Dollar Loan gained a further 6 per cent, and the 10 per cent Railway Loan, Bank Gospodarstwa Krajowego and State Agricultural Bank bonds, were unchanged in value.

The volume of transactions as compared with the month of October rose greatly, namely — the 6 per cent Dollar Loan — by 135 per cent; the 8 per cent Conversion Loan — by 53 per cent, the 10 per cent Railway Loan — by 47 per cent, and the 8 per cent State Agricultural Bank bonds — by 105 per cent. Owing to the shortage of offers,

the volume of sales of the 8 per cent Bank Gospodarstwa Krajowego bonds decreased greatly. It should be mentioned that the amount of these bonds in circulation was  $\frac{1}{3}$  of that in the previous months. There was also a shortage of the 5 per cent Conversion Loan, as the total amount that was in circulation in November, was one fifth of that for October. In contrast to the firm tone of Government securities, the bonds of the long term credit associations were to a certain extent neglected. Rumours are current that a number of bonds have been exchanged for Government securities. The loss on the bonds of the Land Credit Association and the Credit Society of the City of Warsaw, amounted from  $1\frac{1}{4}$  to  $8\frac{1}{4}$  per cent. It should be stated, for the sake of accuracy, that the above mentioned bonds are advantageous investments, as at the present low quotations they bring in from 12 to 15 per cent, apart from the benefits which may arise from the drawing of lots which takes place at semi-annual intervals.

State, Municipal & Land Loans	30.10	2—6.11	8—13.11	15—20.11	22—29.11	30.11	Nominal
8% Internal Gold Loan (conv. 1925) . . . . .	92.50	92.50	92.54	93.52	95.10	95.88	Gold ₴ 100.—
5% Conversion Loan . . . . .	45.75	46.52	47.28	46.88	46.60	47.28	₴ 100.—
6% External Dollar Loan 1920 . . . . .	—	72.87	74.35	75.28	76.98	77.83	\$ 100.—
10% Railway Loan (1st series) . . . . .	87.—	87.10	87.05	87.13	87.11	87.—	Gold fr. 100.—
8% Bank Gospodarstwa Krajowego Bonds . . . . .	—	80.—	80.—	80.—	80.—	80.—	Gold ₴ 100.—
8% State Agricultural Bank Bonds . . . . .	80.—	79.90	80.—	80.—	80.—	80.—	Gold ₴ 100.—
4% Land Credit Association Bonds . . . . .	—	33.—	—	31.81	32.—	—	₴ 100.—
4½% Land Credit Association Bonds . . . . .	37.63	38.13	37.43	36.90	36.57	36.95	₴ 100.—
5% Credit Soc. of the City of Warsaw Bonds . . . . .	44.85	44.65	42.35	42.18	41.97	41.08	₴ 100.—
4½% Credit Soc. of the City of Warsaw Bonds . . . . .	—	39.75	39.08	38.96	39.54	38.—	₴ 100.—

**A FURTHER REDUCTION OF THE RATES OF DISCOUNT AND INTEREST.** — For some considerable time the Polish Government has systematically aimed at the lowering of the cost of credit, the dearth of which in Poland is one of the main causes of the difficult situation prevailing in industry.

On July 7th the rate of discount of the Bank of Poland was reduced from 12 to 10 per cent\*). At the same time the rate of interest charged by Government banks in connection with various services was also reduced. Finally, the maximum legal private rate of interest was reduced from 24 to 20 per cent.

Subsequently, by another regulation\*\*), which became operative as from September 21st last, the maximum legal rate of interest which may be charged by private banks, in connection with the

main types of banking transactions, was further reduced to 16 per cent per annum.

A new regulation has now been issued, on the strength of which banks will not be allowed to charge more than 15 per cent per annum in respect of any transaction as from January 2nd 1927. The reduction of the maximum rate of interest for private credit is also contemplated, which, as mentioned above, since July has been 20 per cent per annum. Up to the present this question has been regulated by the Usury Act, and an amendment to the law could only be effected by the Parliament; but the question is now in the hands of the Council of Ministers which has been empowered by Parliament to deal with the matter and to make such modifications as are required.

The most significant change is the reduction of the rate of discount of the Bank of Poland from 10 to 9½ per cent as from December 10th.

**PAYMENT OF A HALF OF THE DEBT OF THE TREASURY TO THE BANK OF POLAND.** — In accordance with art. 53 of the Statutes of the Bank of Poland, the Treasury is entitled to receive from that Bank a non interest-bearing credit up to the sum of ₴ 50 million. Up to May 20th 1925 the credit was only partly made use of. Commencing with May 31st 1925, with a short break in July 1925, the liability of the Treasury to the Bank was continuously maintained at the maximum level of ₴ 50 million; and it was only at the end of November, that half of this debt was redeemed, so that the monthly balance sheet of the Bank of Poland for November 30th last shows a liability of the Treasury as being only ₴ 25 million.

**FINANCIAL COUNCIL ATTACHED TO THE MINISTER OF FINANCE.** — This council was called into being for the purpose of assisting the Minister of Finance. The necessary decree of the President, dated December 10th 1927

\*) See "The Polish Economist" No. 2, page 74/5

\*\*) See "The Polish Economist" No. 5, page 193.



was published in the Journal of Laws ("Dz. Ust. R. P." No. 121, item 695). The council is to be composed of ten members, to be appointed for a period of three years, by the President of the Republic, in accordance with the proposal of the Council of Ministers.

**THE POLISH INDUSTRIAL CREDIT ASSOCIATION.** — This association was founded in the year 1921 by certain financial interests with the view of organising long term credits for industrial purposes, and in pursuance of this aim it grants loans to industrial concerns in the form of bonds expressed in Dollars and Pounds Sterling.

The fluctuations of the Złoty have, however, adversely affected transactions in the bonds, which as a matter of fact, are intended to be placed on foreign financial markets. In view of the above mentioned circumstance, and despite the guarantee given by the State Treasury, only a small amount of these bonds were placed abroad, although an improvement in this respect has been noticeable since the stabilisation of the Złoty.

At present the total amount of the bonds in circulation is £ 321.275 and \$ 2,464,000. The funds in hand on October 1st 1926 amounted to £ 5,291.114, \$ 44,718.87 and \$ 2,559.74. The loans were principally for the benefit of the textile and the cement industries.

A number of Polish industrial concerns which contemplate the obtaining of large loans, have commenced negotia-

tions with foreign financial circles, with the idea of placing larger lots of these bonds.

## BANK OF POLAND

— In may be recalled that October saw an increase of the bills in portfolio of the Bank to £ 323.5 million and an increase of the bank notes in circulation to £ 585.2 million, the highest level of this year, while the rise of bullion and foreign currency reserves was only gold £ 2.4 million. The reverse occurred in November, when there was a falling off of the bills in portfolio to the amount of £ 306.5 million and of the bank notes in circulation to 557.9 million, the level of August 31st, while at the same time the bullion and currency reserves rose by gold £ 17.1 million to gold £ 242.9 million or to \$ 46.9 million. The decline of the volume of bank notes in circulation was not only due to the reduced sum of the bills in portfolio, which proves that the short term credit market was saturated — but also to the decline of the liability of the Treasury from £ 50 to 25 million, and to the increase of the balances on current

accounts with Government banks from £ 7.9 million to £ 47.1 million. The two last mentioned facts were the result of the great improvement in the position of the Treasury, the recent excess of revenue over expenditure having materially strengthened the cash reserves, and thereby enabled the partial repayment of the debt of the Treasury to the Bank of Poland, and the maintenance of large sums on current accounts of the Bank.

The decline of the volume of bills in portfolio took place even during the last ten days of the month, when their amount usually increases owing to the scarcity of ready cash; it accentuated the difference between the amount of credit granted by the Bank and the figure of that actually employed. At the end of October the amount of credits granted was £ 423.0 million, and of those employed £ 323.5 million or 76 per cent. The corresponding figures for the end of November were £ 431.0 million, and £ 306.5 million or 71 per cent. In view of the above, and also having regard to the situation prevailing on the money market, the Bank of Poland decided on the 13th December to reduce the rate of discount from 10 to 9.5 per cent.

	OCTOBER 31st		NOVEMBER 10th		NOVEMBER 20th		NOVEMBER 30th	
<b>Assets:</b>								
Bullion:								
Gold in bars and cash	135,473.738.98		135,510.767.80		135,537.249.08		135,567.314.94	
Silver	359,001.69	135,832.740.67	365,602.11	135,876.369.91	417,838.74	135,955.087.82	431,528.21	135,998.873.15
Foreign balances		113,519.587.02		123,546.098.45		133,025.769.89		137,596.459.93
Exchange difference on currency a/r.		92,738.794.23		98,403.515.78		104,498.149.70		105,160.263.62
Silver and token coins		8,410.115.97		10,311.023.50		23,713.522.90		26,626.895.65
Bills of exchange		323,537.902.96		309,834.019.02		308,330.823.61		306,460.126.05
Loans against securities		28,713.830.38		28,965.451.90		29,047.181.90		29,205.041.90
Report		16,568.540.—		18,088.940.—		19,705.840.—		23,369.242.—
Interest-bearing securities discounted		24,722.339.94		25,031.284.46		20,047.170.83		19,382.600.26
Interest-bearing securities bought		1,621.014.44		1,688.599.39		1,815.449.67		1,996.926.13
Loans to Government		50,000.000.—		50,000.000.—		50,000.000.—		25,000.000.—
Property and fittings		33,396.348.58		33,409.648.70		33,427.920.85		33,435.392.43
Other assets		54,426.848.10		53,477.263.39		51,725.726.67		52,476.322.95
		883,488.062.29		888,632.214.50		911,319.643.84		896,708.326.07
<b>Liabilities:</b>								
Capital		100,000.000.—		100,000.000.—		100,000.000.—		100,000.000.—
Reserve fund		2,907.870.—		2,907.870.—		2,907.870.—		2,907.870.—
Notes in circulation		585,179.210.—		549,675.290.—		528,703.240.—		557,911.260.—
Current accounts and other liabilities:								
Government Institutions	7,881.621.81		9,921.414.81		51,212.419.43		47,147.069.75	
Outstanding balances	94,159.199.71		130,045.671.90		133,094.794.16		88,435.095.60	
Various	7,977.755.19	110,018.576.71	6,858.843.83	142,825.930.54	6,540.095.20	190,847.308.79	6,454.008.58	142,036.173.93
Liabilities in foreign currencies		10,378.040.65		11,877.269.—		11,510.803.13		12,645.968.74
Liabilities on report transactions		13,133.818.25		14,199.668.25		15,333.318.25		18,047.503.12
Other liabilities		61,870.546.68		63,146.186.71		62,015.103.67		63,159.550.28
		883,488.062.29		888,632.214.50		911,319.643.84		896,708.326.07



Other transactions of the Bank during November, apart from the question of discount credit and the Treasury debt, show the following changes. Loans guaranteed increased slightly from £ 28·7 to £ 29·2 million; the volume of discounted interest-bearing securities (payable within three months of the date of discount) declined from £ 24·7 to £ 19·4 million. The sum of advances granted in connection with report transactions rose by over 50 per cent, namely—from £ 16·6 to £ 23·4 million.

The increase of bullion and currency reserves of the Bank from gold £ 225·8 million to gold £ 242·9 million mentioned above, is accounted for by the rise of the bullion reserve from gold £ 135·8 million to £ 136·0 million (gold and silver reserves—by gold £ 0·1 million each), and also by the increase of the gross reserves of foreign currencies from gold £ 113·5 million to gold £ 137·6 million. At the same time the foreign liabilities of the Bank rose from gold £ 23·5 million to gold £ 30·7 million (the liabilities incurred by report

transactions rose from gold £ 13·1 million to gold £ 18·0 million), while the accounts kept in foreign currencies, increased from gold £ 10·4 to gold £ 12·6 million. The purchases of foreign currencies and drafts during November reached the high figure of gold £ 85·7 million including gold £ 61·0 million from exports\*). The sale of foreign currencies and drafts amounted to gold £ 22·0 million, of which a large quantity were transferred abroad for account of the Treasury, for the redemption, as to principle and interest, of loans and various other liabilities of the State incurred abroad. The total bullion and foreign currency cover on November 30th as compared with October 31st is shown below:

*\*) In our previous issues the figures embracing foreign currencies for export comprised the amounts which were paid in for exports to all the branches of the Bank of Poland with the exception of those in Upper Silesia; the sum of gold £ 61 million for November comprises the transactions of the Upper Silesian branches. Apart from the currencies referred to, the transfers for exports effected in £ amounted during November to £ 5·9 million.*

	October 31st		November 30th
	£	\$	£
	million	million	million
gold	135·5	26·1	135·6
silver	0·4	0·1	0·4
foreign currencies	7·7	1·5	14·9
foreign valuta	82·3	15·9	92·0
	225·8	43·6	242·9

The cover of bullion and currency in relation to the bank notes in circulation was 45·44 per cent in November, as compared with 39·75 per cent in October. The bank cover of the notes in circulation declined from £ 437·0 million in October to £ 408·7 in November and was as follows:

	October 31st		November 30th
	£	\$	£
	million	million	million
bills, warrants, with-drawn securities with coupons	348·3	67·2	325·8
Polish silver coins and token money	8·4	1·6	26·6
loans against securities	28·7	5·5	29·2
interest-bearing securities, the property of the Bank	1·6	0·3	2·0
liability of the Treasury	50·0	9·6	25·0
Total:	437·0	84·3	408·7

## LATEST NEWS

### WARSAW EXCHANGE:

	10.12.26	20.12.26
\$ 1 = £	9·00	£ 9·00
£ 1 = „	43·70	„ 43·75

### BANK OF POLAND:

ASSETS:	10.12.26	20.12.26
Gold and silver reserve .	£ 136,061.408·19	£ 136,152.384·32
Foreign balances . . . „	145,221.698·19	„ 157,684.987·63
Bills of exchange . . . „	305,115.781·38	„ 307,150.661·46
Loans against securities „	9,271.599·55	„ 9,345.749·55
LIABILITIES:		
Notes in circulation . . . „	550,953.000—	„ 556,567.330—
Current accounts . . . „	137,523.748·96	„ 145,870.909·62
BANK NOTES COVER (bullion & foreign currencies)	48·61%	48·60%

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LUBOŃ — POZNAŃ (POLAND)

WORKS AT LUBOŃ, TORUŃ AND STAW  
LARGEST POTATO PRODUCT MAKERS IN POLAND

## PRODUCTS:

POTATO FLOUR, STARCH, WHITE AND YELLOW DEXTRINE, SOLUBLE  
POTATO FLOUR, DRIED PULP, POTATO AND SOLID GLUCOSE

1.400 TONS OF POTATOES WORKED DAILY

LARGE EXPORT BUSINESS



# THE PORT OF DANZIG



**The main port** for passenger traffic and overseas trade of Poland, especially for **export** of timber, sugar, grain, coal, oil, and for **import** of foodstuffs, fertilisers, herring, iron-ore, cotton.

**Largest wood export** of the Baltic and North Sea, annully c-a 1,000.000 tons.

**The cheapest route for transit** of goods and passengers to and from Czechoslovakia, the Eastern German frontier districts, Rumania, Russia.

No tide — depth of water up to 29 feet — 22 km. of wharves.

**Moderate taxes and charges** — no dues on ships calling for orders or supplies.

**Facilities** for bunkering and ship repairing.

**Free harbour** — up-to-date warehouses for storage, 21 **cranes** for general cargo, 10 new grab-cranes for coal and iron-ore, 12 further cranes in construction.

**Handling capacity** c-a 5,000.000 tons annually.

**40 regular steamship lines:** to New-York, London and other British ports, French ports, Rotterdam, Antwerp, German and Scandinavian ports, Copenhagen, Libau, Riga, Rewal.

## MANAGEMENT:

**THE BOARD OF THE PORT AND THE  
WATERWAYS OF DANZIG, 28, NEUGARTEN .**



Dr. ROMAN MAY Ltd.

CHEMICAL WORKS

POZNAŃ, 4, PLAC NOWOMIEJSKI

CAPITAL — £ 6,500.000

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SUPERPHOSPHATES, BONE FLOUR, POTATO MANURES,

NITRIC AND SULPHURIC ACIDS,

BONE GLUES, BONE FATS,

FLUORUM SILICATE

COMPANY FOR EXPLOITATION  
OF POTASSIUM SALTS LTD.

LWÓW, 5, PLAC SMOLKI

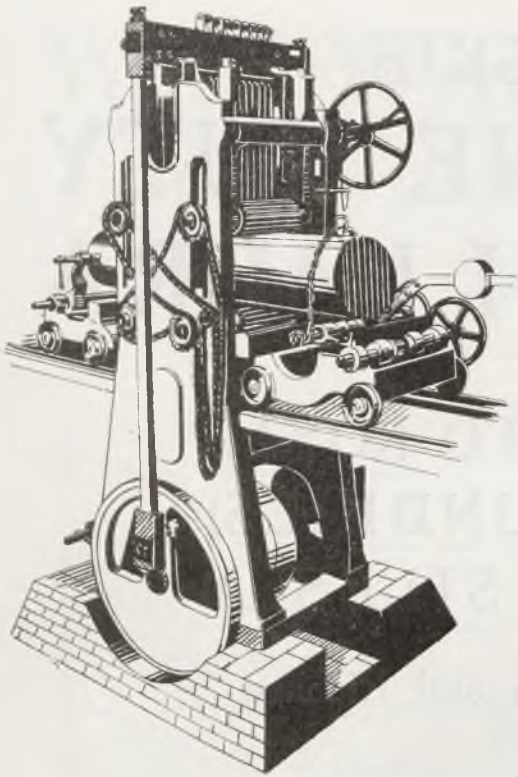
TELEGRAPHIC ADDRESS: "TESP" LWÓW

THE COMPANY HAS ON LEASE FROM THE GOVERNMENT:

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AND 340 SQ. KM. OF SALT-BEARING GROUNDS

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HOME WOVEN POLISH PEASANT E A S T E R E G G S,  
FABRICS ARTISTIC BOXES FOR  
PEASANT MADE WOOD WARE, CIGARETTES,  
CONSISTING OF CHILDREN TOYS, AND OTHER ARTICLES



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SP. AKC.

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AND LAURA FOUNDRIES)  
POLISH UPPER SILESIA

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60 WOOD WORKING MACHINES WITH 56 ELECTRIC MOTORS

MECHANICAL DRYING ROOM TO HOLD 10 TRUCK-LOADS OF TIMBER AT A TIME

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THE NEEDS OF THE SUGAR AND AGRICULTURAL  
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## FUNDACJA

# St. Hr. SKARBKA

(THE COUNT ST. SKARBK FOUNDATION)

L W Ó W

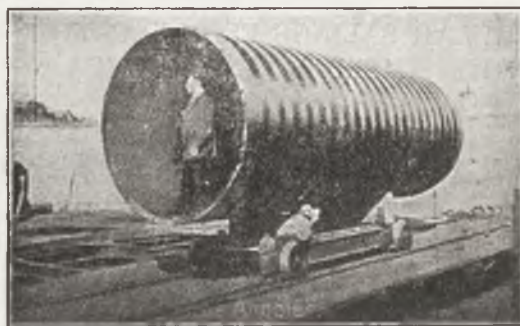
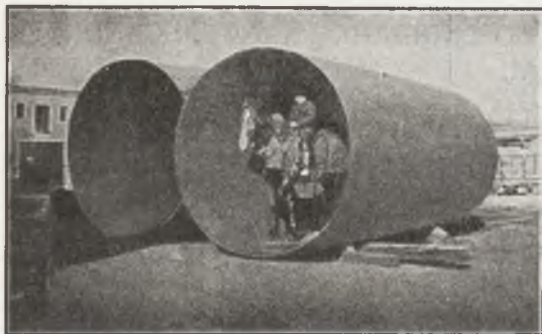
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FOREST AREA: 68.400 ACRES

PRODUCE AND DELIVER FROM OWN FORESTS:  
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LOGS, SLEEPERS, BEAMS, BOARDS, FIRE WOOD



# TO ALL INTERESTED IN POWER STATIONS!



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RAILWAY STATION: BOGUCICE

TELEGRAPHIC ADDRESS: “FERRUM” KATOWICE

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PLAIN AND CORRUGATED PIPES FOR CONVEING GAS OR WATER  
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Flaming coal from "MAKS", "WUJEK" & "JERZY" mines and also the "Zjednoczona Kopalnia Hohenlohe Fanny"

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Zinc (spelter) Hohenlohe  
brand (refined and  
unrefined)

Zinc (spelter) "H. H. Kro-  
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Zinc (spelter) dust

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## DEPARTMENT III. — ACIDS

Sulphuric acid (60 % commercially pure)

Sulphuric acid from 92 — 100 %

Oleum 12 %

Oleum 20 %

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CONSTRUCTION OF AEROPLANES OF VARIOUS TYPES ACCORDING  
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PROPELLER MAKERS — FLYING SCHOOL UNDER THE AEGIS OF THE  
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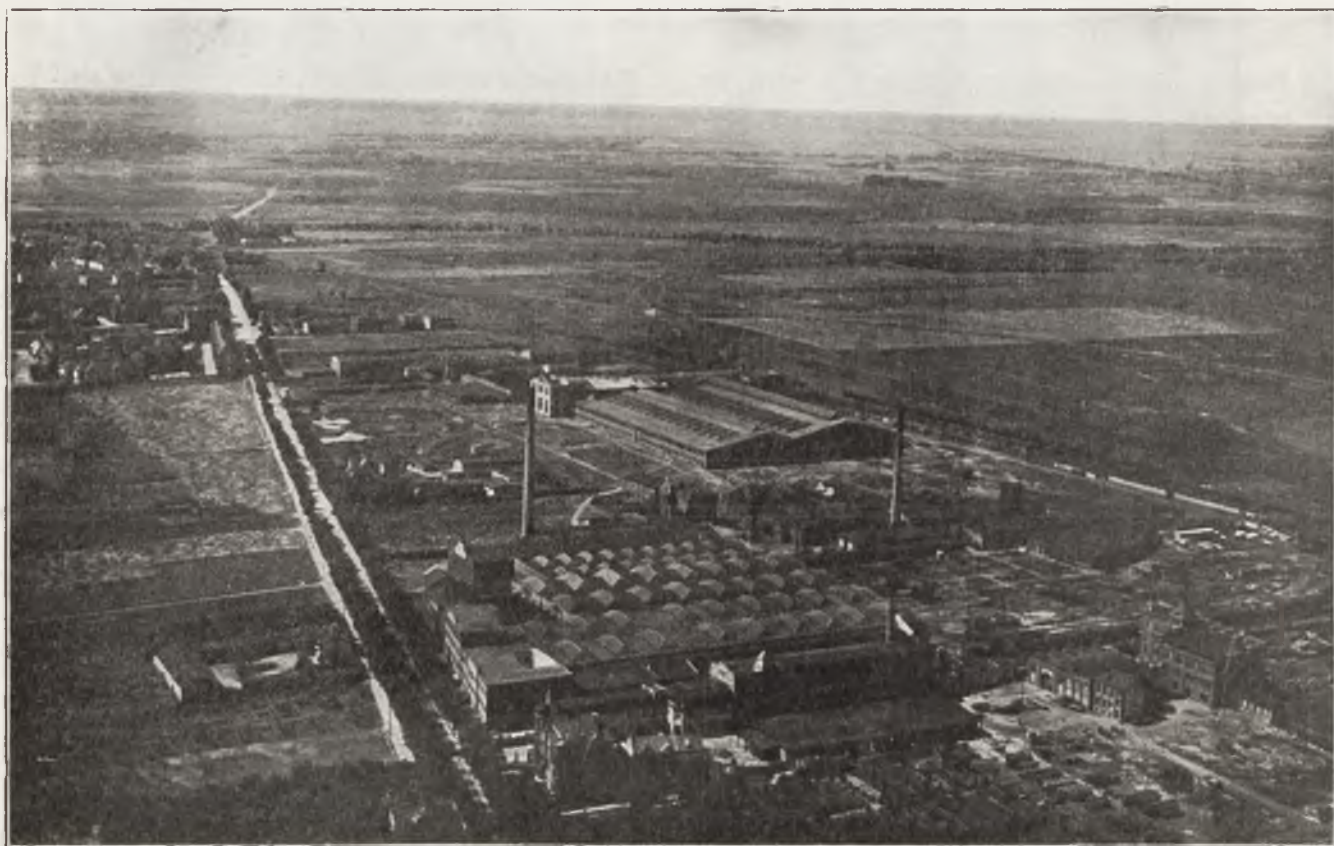
600 WORKMEN EMPLOYED



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