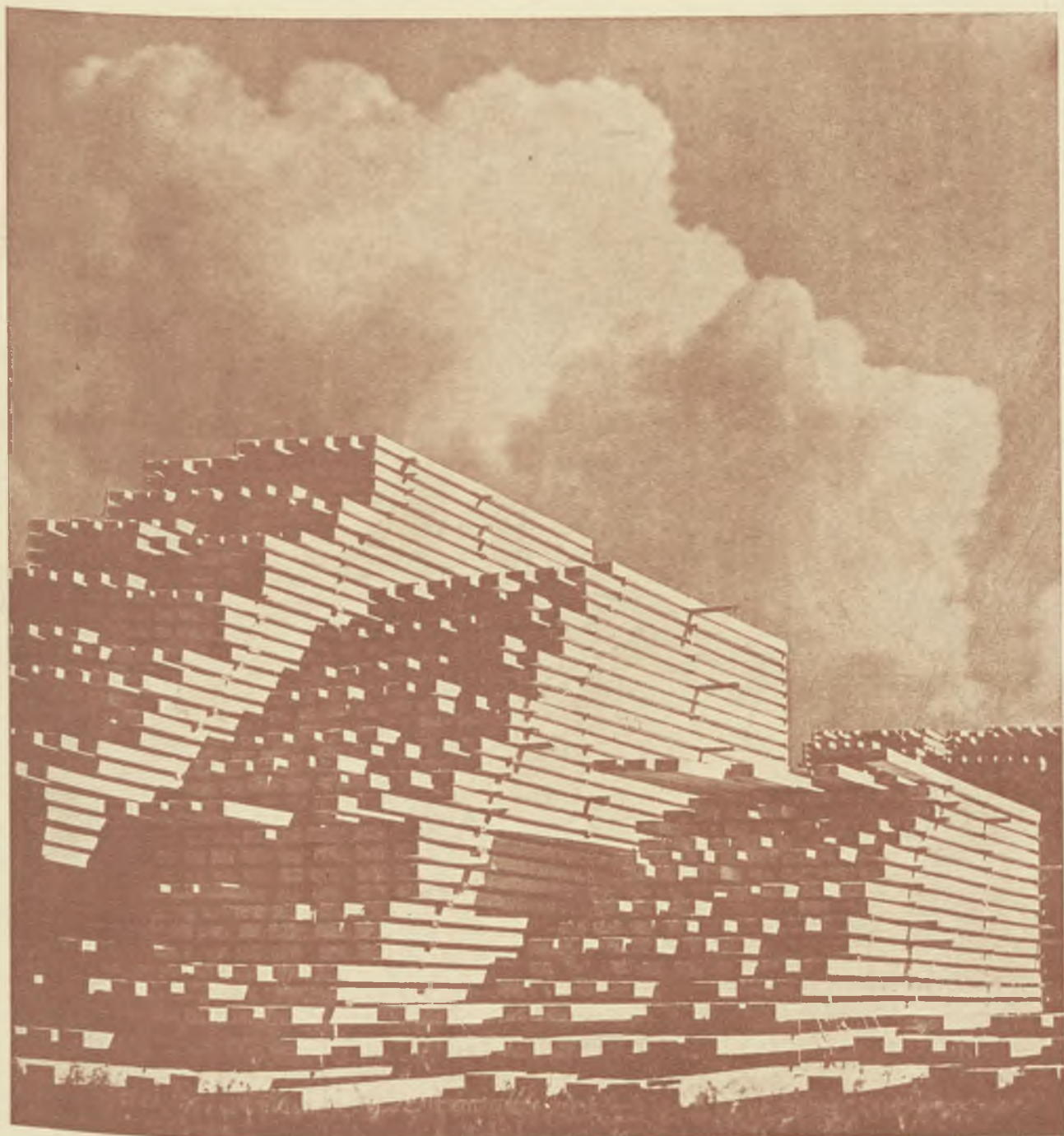


THE POLISH ECONOMIST



FEBRUARY 1927

PRICE: 1/-, s-20, OR £ 2/-

LOOK AT THIS MAP BEFORE GOING ANY FURTHER



THE POLISH ECONOMIST

A MONTHLY REVIEW OF TRADE, INDUSTRY AND ECONOMICS IN POLAND

WARSAW — LONDON — NEW YORK

DATE OF THIS ISSUE: JANUARY 27, 1927

HEAD OFFICE: WARSAW, 2, ELEKTORALNA. TELEPHONE: 412-66, 412-73
BRANCHES: LONDON, 47-A, PORTLAND PLACE, W. 1, NEW YORK, 953, 3rd AVENUE

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

CONTENTS

* * *

COVER ILLUSTRATION: POLISH SAWN TIMBER — READY FOR EXPORT (PHOT. S. PLATER)	Page	
REVIEW OF THE ECONOMIC SITUATION IN DECEMBER	43	DECEMBER contributed towards the closing of the year 1926 with a favourable balance. It also showed that certain achievements of the previous month, under the conditions at present prevailing, formed nothing short of records, so that the situation in December though satisfactory, might, in some respect, be regarded as being retrograde. In most cases, however, the changes which occurred are of a seasonal character, and are therefore quite understandable.
ALLEGED EXCESSIVE PROTECTIONISM	44	In agriculture, the prices of crops were maintained at their previous high level, and as the weather conditions continue to be good, the situation, as a whole, may be considered as satisfactory.
MERCANTILISM AND LIBERALISM	48	In industry, the increased activity did not lose its intensity, with the exception of the building trade, where, owing to the cold weather, operations had to be discontinued, thereby causing an advance in the number of unemployed. The total number of people out of work increased considerably in December, which rise was mainly due to the stopping of work on the land and to the reemigration of workmen from abroad.
THE EXPORT INSTITUTE	50	Prices at last began to show the long anticipated downward trend, but, owing to the fact that this set in during the period immediately preceding the Christmas holidays, characterised by heavy buying, the downward movement did not reach retail prices.
THE POLISH CHEMICAL INDUSTRY	53	The foreign trade returns for December revealed a somewhat weaker tendency, as compared with the preceding month; and although the balance continued to be favourable, and even increased, yet this was due to diminished imports, and not to the increased exports.
GOV. HARDING'S IMPRESSIONS OF POLAND	56	The Bank of Poland currency reserves were strengthened, and the situation on the local money
SUMMARY OF LAWS	59	
PRODUCTION AND TRADE:		
STATE OF EMPLOYMENT	60	
GRAIN	60	
BUTTER	62	
EGGS	62	
TIMBER	62	
COAL	64	
PETROLEUM	66	
IRON	66	
ZINC & LEAD	67	
MOVEMENT OF PRICES	68	
FOREIGN TRADE	69	
OPENINGS FOR TRADE WITH POLAND	72	
CUSTOMS DUTIES	72	
TRANSPORTS	72	
FINANCE AND BANKING:		
BUDGET	76	
TAXES	77	
MONOPOLIES	77	
STOCK EXCHANGE	78	
CREDIT	80	
BANK OF POLAND	81	
LATEST NEWS	82	
ADVERTISEMENTS	I—X and cover	

market was eased. The Złoty was maintained at the stabilised level.

As regards the activity of the Treasury, the last month of the year was good in every respect, as was anticipated: the revenues from taxes, State

Monopolies and State undertakings were the largest in the year, and together with the revenue surpluses carried over from the third and fourth quarters of 1926, not only entirely covered the deficit for the first six months, but also left a balance in hand.

REVIEW OF THE GENERAL ECONOMIC SITUATION IN POLAND

December 1926

	UNIT	DECEMBER 1925	NOVEMBER 1926	DECEMBER 1926
STATE OF EMPLOYMENT:				
UNEMPLOYED		311.090	200.567	236.057
PRODUCTION:				
COAL	} thousand tons	2.457.0	3.704.0	3.599.0
OIL		68.9	62.9	61.2
IRON		26.4	33.0	40.0
AGRICULTURAL INDEXES: (CROP PROSPECTS)				
RYE	} (5 points system)	3.4	3.7	3.7
WHEAT		3.3	3.6	3.6
BARLEY		—	3.7	3.6
PRICES:				
WHOLESALE PRICE INDEX	} (1913 = 100)	154.8	178.6	176.9
INDEX OF COST OF LIVING IN WAR-SAW		173.0	195.0	196.9
FOREIGN TRADE:				
IMPORTS	} million zł	85.5	187.5	157.9
EXPORTS		186.8	228.7	206.2
EXCESS OF EXPORTS (+) OR IMPORTS (—)		+101.3	+41.2	+48.3
TRANSPORTS:				
RAILWAY TRAFFIC	} truck loaded (15 tons) reg. ton	380.060	556.710	492.249
PORT TRAFFIC (DANZIG AND GDYNIA)		229.217	318.464	364.698
BUDGET:				
RECEIPTS	} million zł	166.1	206.8	235.4
EXPENDITURE		220.0	155.2	224.1
MONEY CIRCULATION:				
BANK OF POLAND NOTES	million zł	381.4	557.9	592.7
COVER IN GOLD AND FOREIGN CURRENCIES	%	37.96	45.44	46.90
TOKEN COINS	million zł	433.6	425.7	428.4
CREDIT: (BANK OF POLAND)				
BILLS DISCOUNTED	million zł	289.4	306.5	321.5
OFFICIAL DISCOUNT RATE	%	12.0	10	9.5
FOREIGN CURRENCIES: (WARSAW STOCK EXCHANGE-AVERAGE RATES)				
U. S. A. DOLLAR	} zł	9.10	9.00	9.00
POUND STERLING		44.13	43.69	43.73

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

ALLEGED EXCESSIVE PROTECTIONISM

WITH THE AIM of enabling the formation of an accurate opinion as to the difficulties facing international trade relationships, the question of the

customs barriers between the different countries, is being considered and discussed on the international platform. In particular, the circles associated with the International Economic Conference, have elaborated a comparative statement of the extent of customs duties in the chief countries of the world, which shows that Poland has the highest

protective customs wall in the whole world*). Polish customs duties, according to this statement, are calculated *ad valorem* and are said to be from 34 to 42 per cent, while, for the majority of the countries dealt with, this burden has been calcu-

Poland, therefore, is accused of having excessive customs barriers.

These conclusions and reproaches are one-sided, and to a large extent unjustified, as their source lies in the inaccurate information obtained by the



THE BIAŁOWIEŻA FOREST IN WINTER

lated to be from 10 to 20 per cent, and for certain states (England and Holland) they are estimated at 5 to 6 per cent.

*) On the basis of calculations made by the Balfour Committee and other authorities, Sir Clive Morrison Bell has obtained different index numbers in respect of customs duties in Europe. His figure for Poland being 23 is more accurate. The index numbers for other countries having higher customs barriers than Poland, are as follows: Russia—43, Spain—35, Hungary—27, Yugoslavia—25. These are also average rates *ad valorem* (Westminster Bank Review, No. 152, October, 1926).

parties concerned as to the conditions prevailing in Poland.

It is true that Polish customs duties shall have in view the protection of local production to a much higher degree than in any other country; in this way protection is actually the basis of the economic policy of Poland; this fact cannot be denied, but may be easily explained.

The Polish Government, when working out the system of protective duties, had to bear in mind a whole range of factors adversely influencing local production, of which the first was the fact that Poland is composed of three different territories which belonged before the war to three different economic organisms.

As soon as Poland was restored, the economic circles of its component parts were faced by the necessity of adapting their production to new conditions, to new sources of raw materials, to new outlets. This process of adjustment was rendered all the more difficult, as both customs and traditions united the different parts with the states, to which they formerly belonged.

The loosening of earlier ties, and the creation in these territories of an outlet for the manufactures of the remaining parts of the country, made the institution of protective customs duties absolutely necessary. The struggle of Polish industry to hold its own internal markets against the heretofore suppliers, is as far as a number of branches are concerned, still in progress.

With the unification of the Polish territories, was linked up an other circumstance: the reorganisation of certain branches of industry became necessary, in view of the fact that they were now working for the Polish market, the requirements of which were different to that for which they formerly catered. The undertaking of such a reorganisation, during a period marked by a shortage of capital, was costly, and up to the present has not been completed. This fact again imposed a reorganisation of production and involved the necessity for a protective policy on the part of the Polish Government.

The next factor working in favour of Polish protection, was the insufficient state of development of those branches of industry which are indispensable from the point of view of national defence, and which could not be supported in the parts of Poland occupied by the partitioning powers, as they were already existing in the countries themselves. The initial steps in this direction, naturally, called for protective measures.

Further, the absorptive capacity of the Polish market, especially after the Great War and the Polish-Russian war, and after the currency crisis, did not form an adequate basis for the adoption of mass production methods by the factories. Owing to this, Polish production has so far only specialised to a small extent with a consequent increase in the cost of production. This factor works also against the competitive ability of Polish industry.

As a further factor of a general character, is to be noted the lack and the inadequate development of the subsidiary elements of production, such as: capital, credit facilities, means of railway and water communication &c. The above elements are either the outcome of the policy pursued before the war by the partitioning powers towards the Polish provinces, the result of war operations, or the sequence of inflation.

In no other country have there been such a number of circumstances, justifying the adoption of a policy of protection. The state of affairs is reflected in the extent of the customs tariff.

There is still another consideration owing to which Poland cannot afford to adopt a too liberal policy in respect of tariffs. Having a large number of unsatisfied requirements for capital investments, as well as having made a restricted and cautious use of foreign credits, Poland is compelled to keep her eye on the balance of foreign payments, and sometimes is bound to restrict her imports by artificial means, even when against her own interests. In the latter case it is not the local production that is protected — but the currency. We have written on this subject on several occasions*).

Nevertheless, despite all the specific difficulties, under which Polish economic life has been developed, its protective measures compare favourably with those of other countries living under better, and even sometimes under much better conditions than Poland.

If the first error made abroad with regard to conditions in Poland is to accuse Poland of having an excessive protective policy, there is another one in respect of the calculation of the extent of the Polish customs duties.

To begin with, there is an arithmetical error: in accordance with Polish law, the customs duties may be levied in gold *Złoty*; on the strength of this power, after the fall of the *Złoty* in July 1925, in order to maintain the customs wall at its initial height, the Polish Government might have found it necessary to valorise the rates, by raising them nominally by about 75 per cent; but it did not avail itself of this privilege, and for the time being it does not contemplate making any use of it; for this reason the extent of the protective duties is actually lower by about 40 per cent than the official figures. This is exactly the error in calculation referred to above. The actual custom burden on imports to Poland after the deduction of the following raw materials entering duty free, namely — hides, raw furs, coal, brown coal, coke, briquettes, ores, rags and waste paper, hemp, flax, cotton, wool, jute and waste — is, according to the calculation of "*The Polish Economist*", about 20 per cent *ad valorem*, which means that as regards the levelling of customs duties, Poland stands exactly mid-way between the protectionist countries (the United States of America, Hungary, Yugoslavia) and the liberal ones (England and Holland).

Further, when estimating the extent of the Polish customs duties, the specific work which they have to perform in connection with the existing commercial treaties, should not be overlooked. At the time of the drafting of its customs tariff, Poland had practically no commercial treaties to observe, and it is well known that certain countries under

* See "*The Polish Economist*" No. 1, page 3 ("*Difficulties in the stabilisation of the Złoty*"); No. 4, page 124 ("*Polish and German views on the situation of Europe*"); No. 6, page 198 ("*Polish reply to the Bankers' Manifesto*").

such conditions are inclined to introduce high duties in order to have at their disposal additional means to compel the would-be signatories of commercial treaties to negotiate. This circumstance is confirmed in as far the convention rebates granted by Poland, in connection with commercial treaties with foreign countries, are concerned. For this reason, before comparing customs barriers of the different states, allowance should be made for the convention rebates, for it will be remembered that autonomous tariffs are generally a standard frame of a nominal character, whereas the local industrial production is in fact protected by means of customs rates, which are defined by the stipulations of commercial treaties with particular countries, and which are subsequently extended to other countries on the

harras international exchange more than customs duties on agricultural products and the so-called officially "veterinary prohibitions" as well as truly protective duties for certain weak and new branches of industry in a large number of countries.

When this problem is considered from a different point of view, and if the comparison of the rates for agricultural, forest and animal products and certain minerals, or in short the chief products of Poland, is made in the same way as that for manufactured articles, it will then be found that, for instance, in relation to a highly industrialised country such as Germany, the customs duties on these articles in Poland are much lower. Also as regards a number of essential manufactured articles such as agricultural machinery, boilers, plates, pipes,



PROVISIONAL LOADING PLANT AT ONE OF THE VISTULA RIVER PORTS (PHOT. S. PLATER)

basis of the most favoured treatment clause. If this method was followed, it would have been found that through the granting of convention rebates on a scale much larger than many other countries, Poland has thereby reduced the scope of its protectionist policy.

Finally, even comparing the absolute figures of the Polish customs tariff, with that of other countries, it will be seen that in a large number of cases the Polish rates are lower. The chief shortcoming of statements and reports prepared by international bodies is—the taking into account of customs duties on manufactured goods exclusively, which is explained by the fact that the industrial countries playing the most important rôle in international affairs, compile the figures in accordance with their views on the subject. It should, therefore, be stated that industrial protectionism of Poland (catering mainly for the internal market) does

cement, glass and paper ware, as well as a large number of chemical articles, the comparison of the Polish customs tariff with that of a more industrialised country, namely — Czechoslovakia, shows that Poland's policy is more liberal.

The burden of customs duty per inhabitant is lower in Poland than in the neighbouring industrial countries and amounts to \$ 1, while in Germany it reaches \$ 2.3, and in Czechoslovakia \$ 2.2.

The above mentioned data and facts, prove unquestionably, how inaccurate is the opinion regarding an excessive protectionism of Poland which is circulated by certain circles, associated with the International Economic Conference.

This matter, dealt with in this article in a general way, will be investigated by us more thoroughly; we shall come back to it in the near future.

MERCANTILISM AND LIBERALISM *)

EIGHT YEARS have elapsed since the declaration of peace, and since the establishment of American-European cooperation for the rebuilding of international trade and the stabilisation of currencies.

What are the results?

The world's exports in 1913 amounted to about \$ 18 milliard. In 1924 the value of the exports rose to \$ 27 milliard. Allowing, however, for the increase of prices by about 50 per cent, we come to the 1913 figure, or to \$ 18 milliard. No progress was, therefore, made in international trade during the intervening eleven years. The share of Europe in international trade which amounted to 65.99 per cent in 1913, fell to 56.52 in 1924, while that of Central and Eastern Europe declined from 24.44 per cent to 13.95 per cent.

The total volume of European exports in 1913 amounted to \$ 10.883.9 million and in 1924 to \$ 12.912.0 million (nominal). From this sum, however, should be deducted the amount of exports of the new states to each other, and due allowance should also be made for the increase of prices by about 50 per cent. Bearing in mind these two factors, it will be seen that the actual value of European exports in 1924 was no more than \$ 8 milliard, or 30 per cent less in relation to 1913. If, therefore, the volume of world exports in 1924 was approximately the same as in 1913, it was because the diminution in European exports was equalised by the increase of those of the other continents.

This defect in relation to 1913, was not made good in the following two years, viz. 1925 and 1926. The European share in international trade fell by about 1 per cent**) in 1925. Though accurate figures for 1926 are not yet available, the general feeling is that the position has certainly not improved but is rather the reverse, especially when the coal dispute in England is taken into consideration. In addition, the years 1925 and 1926 saw several serious currency dislocations, which necessarily exercised an adverse influence on the volume of international trade.

As regards the stabilisation of European currencies, 1924 was the best of the post-war. In the course of 1925, the Polish Złoty was the first currency to experience a fall; later on the Belgian and French Francs passed through several acute crises, while the Italian Lira and the Rumanian Lei were subject to heavy fluctuations. An improvement was only observed in the latter half of 1926, when the Złoty was again stabilised, the reform of the Belgian currency successfully completed, and monetary conditions in France and Italy improved, although, however, the Russian Tchervonetz depreciated. And if during the years 1924/6 the Austrian Crown and

the German Reichsmark were maintained at their normal level, this was only to be ascribed to the material support rendered by foreign capital. This remark applies in the first place to Germany, for its foreign trade deficit for the period from October 1924 to October 1925 reached the figure of Rmk. 5.594.5 million — a sum absolutely incommensurate with the bullion and foreign currency reserves it had at the time. It is no wonder, therefore, that voices of apprehension as to Germany's ability to pay its instalments in connection with the Dawes scheme, without endangering its currency, make themselves heard more and more frequently.

The fragility of the European currencies continues to be an established fact. At times the general situation in one country is better than in another; similarly one year is more favourable for one and the same country than the following. But there is much to be done, before a general and durable stabilisation, so indispensable for the development of international trade, can be achieved. It is an intricate problem, and there has not been a single post-war year, in which at least one currency or another has not fluctuated wildly.

Where lies the cause of the inadequate development of international trade, despite the eight years of successful activity on the part of the League of Nations, which was supported by the authority and great experience of English financiers? How is it that a general and lasting stabilisation of the European currencies has not been obtained, though the United States of America granted to Europe for this purpose new loans amounting to over \$ 1½ milliard?

The reply for this will be given by the International Economic Conference, organised under the auspices of the League of Nations. The task of the Conference is not only to indicate the root of the evil but also to find a remedy. But the Banker's Manifesto*) which contained both a clear diagnosis of the illness and the remedies, was published in October 1926, before the first meeting of the Conference.

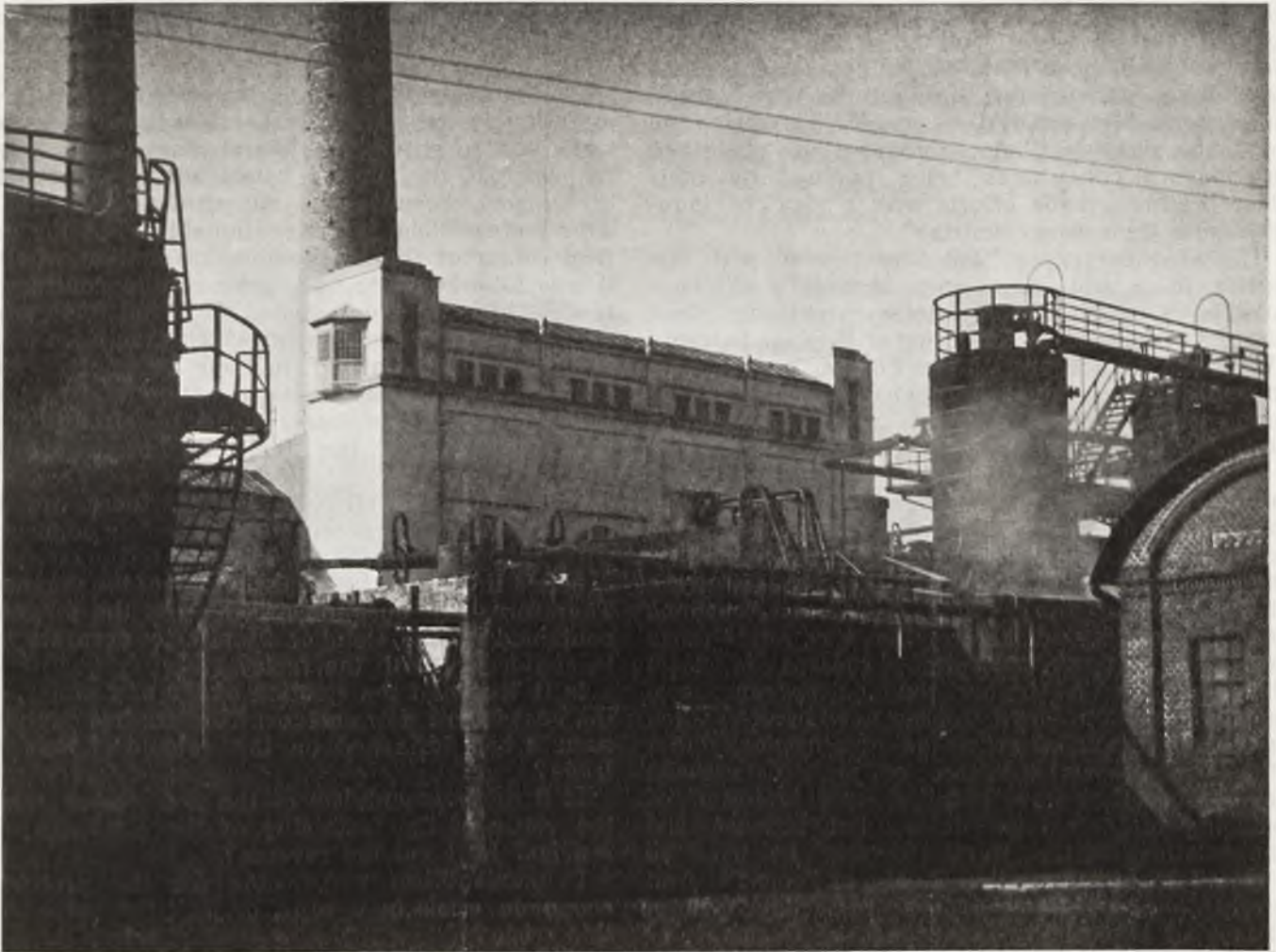
The reason why the return to prosperity is retarded—according to this Manifesto—lies in the extent to which tariff walls, special licences and prohibitions, have since the war been allowed to interfere with international trade and to prevent it from flowing in its natural channels. The cause of the raising of these barriers after the war was attributed to the "break up of the great political units in Europe", "a number of new frontiers erected, jealously guarded by the customs barriers". They were raised "to mark and defend the new frontiers in Europe". "False ideals of national interest" prevailed, while "the common interests of the world" were lost sight of. The only way to escape from this situation is the freeing of trade from the restrictions which depress it. This will constitute the best method for the rebuilding of international trade.

The cause of the malady is, above all, the too far-fetched mercantilism of the new states, and the best remedy is the return to commercial liberalism.

*) This article is an extract from the latest work by M. F. Młynarski, the Vice-President of the Bank of Poland. It is written specially in connection with the International Economic Conference. Further extracts will appear in the following issues of "The Polish Economist". The whole work will be published in the form of a pamphlet in May next, before the opening of the International Economic Conference.

**) "Wirtschaftsdienst" April 17, 1926.

*) "A Plea for the Removal of Restrictions upon European Trade".



A VIEW OF THE STATE PETROLEUM REFINERY AT DROHOBYCZ (PHOT. S. PLATER)

One can hardly think of a simpler and a clearer formula.

It is true that customs barriers and other obstacles, hampering international trade, have been materially raised since the Great War. There has not been a single international conference that has not drawn attention to these factors, and in particular, through the English delegates, mostly eminent economists brought up in glorious liberal traditions. A novelty about the Manifesto is, therefore, not the criticism, but the stress laid on the creation of the new states and the new boundaries. In this way the root of the evil is well defined and the moral responsibility for it has been thrust on the weak.

The emphasis laid on the creation of new boundaries, and the so-called "industrial nationalism *)", of the new states, lent to the Manifesto a political colouring. This, necessarily, brought about a lively international discussion**). To begin with, there arose the question as to whether it is

actually true that the new states pursue industrial nationalism? Why do customs walls exist not only in the new states but also in the old ones, and not only in small countries but also in large ones? Why do the United States of America practise protectionism? Why does England support its sugar industry by subsidies, though prior to March 1925 (British Sugar Subsidy Bill) there were only three sugar factories in England? Why did Germany introduce customs duties on agricultural products in 1925, though the ample reserves at the Reichsbank and the steady inflow of foreign credits eliminated all fears for the stability of the German Mark?

Doubts and expressions of apprehension made themselves heard not only on the part of the disciples of mercantilism.

Mr. Lloyd George, whose liberal ideas are beyond question, and who does not count among the admirers of the Treaty of Versailles, found it also necessary to say*) that the mercantilism of the new states was due partly to money difficulties, partly to increased population, and partly to the formation of new fiscal necessities. The latter alike concerns

*) Expression used by Dr. Schacht, President of the Reichsbank, in an interview with a representative of the "Neue Freie Presse", a few months before the publication of the "Bankers' Manifesto".

***) Polish reply to the Manifesto — see "The Polish Economist" No. 6/1926, page 198.

*) The "Neue Freie Presse" — October 30, 1926.

Germany and the new states; in Germany customs revenue for the first half of 1926 amounted to Rmk. 400 million or Rmk. 800 million for the whole year, this sum being brought in by... trade restrictions. "No wonder" — says Mr. Lloyd George, and quite rightly—"that the young states observing that such a policy was being pursued by their elder brethren, made efforts with a view to industrialising their own countries".

The Viennese paper "*Die Börse*" dealt with this matter in a still more open manner*) although Austria is among those states which are most directly concerned in the lifting of customs barriers: "What are such countries like Poland, Yougoslavia, Rumania, the currencies of which would fall as soon as all import restrictions were repealed, to do under the circumstances?"

In Germany, too, criticisms were uttered by eminent economists, who would not allow themselves to be misled by political considerations. Professor Julius Wolff wrote**): "It is out of the question that the creation of new states was the primary cause of the present world-wide crisis" as "customs barriers also existed before the war, and those now in existence, despite excesses of local character, are not higher than in pre-war days. Is, therefore, Mr. Lloyd George not correct, when in the above quoted article he says ironically that "the Manifesto was a source of joy to Germans not because they have had the least intention of reducing their customs duties, but because the enunciations of the Manifesto may be used as a means of attack on the Treaty of Peace?" And surely nobody is likely to suspect Mr. Lloyd George of lack of impartiality in respect of Germany, or of any special sympathy for the new states of Eastern Europe.

This political colouring of the Manifesto was probably not aimed at by its English initiators. Nevertheless, the existence of such a colouring was the outcome of the question of trade restrictions being dealt with in an one-sided manner. Too much stress was laid on the mercantilism of the new states, while that practised by the old, pre-war states was underestimated. This helped America to defend its policy of protection. For Mr. Mellon, in his declaration, clung to the statement that European mercantilism is the result of the creation of new states, and new frontiers. Therefore, in Mr. Mellon's opinion—the Manifesto does not concern the United States of America, but relates solely to internal European affairs.

We do not think that it was intended by the Manifesto to assist the United States of America in the defense of its customs barriers, thanks to which its exports to Europe in the years 1922/25 (since the introduction of the Fordney-Mc. Cumber Bill) rose by 55 per cent, as compared with 1913, while imports from Europe rose only by 30 per cent during the same period. And Europe, with its unfavourable trade balance in relation to America,

has to pay in interest and instalments in respect of the debts to the latter, a sum of X 20 milliards.

Wherefrom and how is this to be done?

The main purpose of the Manifesto was to draw attention to the harmfulness of excessive customs walls and to strengthen liberal ideas in the world. In principle, the aim is commendable and worthy of support, because the superiority of liberalism over mercantilism is unquestionable. But the political colour of the Manifesto — no matter whether it was intentional or not—gave results contrary to those which were anticipated. It called forth suspicion in a number of states, which practise a policy of mercantilism, owing to their being too weak economically to risk the introduction of free trade with foreign countries. Instead of strengthening the liberal school, the Manifesto has done rather the reverse.

Quite independently of tactics, there are still more weighty factors to be considered in connection with this problem. The value of the prescription depends invariably on the accuracy of the diagnosis. Therefore, the question arises — is the diagnosis contained in the October Manifesto accurate and in conformity with the facts?

Is it true that the creation of the new states, and the consequent new customs frontiers has exercised such a bad influence on the volume of European trade?

Is it the mercantilism of the new states that is the cause of the instability of the European currencies? Is it not the reverse?

Is mercantilism responsible for the protracted economic crisis in Europe, or is it the outcome of this crisis?

Which is the cause and which is the effect?

THE EXPORT INSTITUTE

THE POLISH State Administration, the building up of which began only eight years ago after some 120 years of foreign rule, has up to the present been lacking a very important element, namely — a body which would take care of the organisation of Polish foreign trade. This neglect, similarly as in the case of all maritime matters, is explained by the lack of appreciation by the Polish community of the importance of these questions, as during the foreign rule the development of Polish export trade was systematically prevented. At present, however, Polish business circles, after getting into touch with foreign buyers, after paying the high price of experience in this field, and having fully realised that foreign trade expansion is an absolute necessity, came to the conclusion that unorganised activity in foreign markets is a costly proposition. Therefore, the impulse for the organisation of export trade should be undertaken from within, by a body best fitted to take up constructive work of this magnitude, namely — the Polish Government.

After numerous and lengthy deliberations on this subject, and after overcoming the financial difficulties which usually crop up in connection with new

*) October 21, 1926.

**) The "*Neue Freie Presse*" — November 6, 1926.

investments, it was decided to set up, as from April 1st 1927, a separate organisation, named "The Export Institute", which is to be attached to the Ministry of Industry and Commerce in Warsaw. The object of the Institute will be the development of Polish export trade on rational lines.

dominated by foreign capital, which concentrated in its hands the commerce in articles produced in the country.

Owing to this, it is only now that Polish products are beginning to appear on foreign markets under their real marks of origin. Although in many



THE LONGEST BRIDGE ON THE OLD CONTINENT, CROSSING THE RIVER AMUR NEAR CHABAROWSK (SIBERIA), 2,598 M. LONG, CONSTRUCTED BY MESSRS "K. RUDZKI I S-KA", WARSAW, IN 1904/6

As already stated, Polish export is still in the initial stages of organisation, but it has good prospects for the future. It was only in former Russian Poland that traders had the possibility of acquiring experience in the vast Russian markets, through which they could also reach the Far and the Near Eastern markets. These relations, however, bore a special character, and as far as Russia was concerned, it was internal trade, unhampered either by customs barriers or commercial treaties. On the other hand, the business interests of German and Austria Poland were artificially prevented from taking an active part in export trade: Polish production was entirely

cases these articles were known on foreign markets already before the war when they came either from Germany or from Austria, now that they appear as purely Polish products, they are treated as novelties which have to be tested. Further, Polish exporters, who have but inextensive pre-war relations with foreign countries and who are lacking both in experience and in capital, are not always successful in breaking the passive resistance on the part of foreign buyers. At the same time in this atmosphere of inexperience and lack of organisation, there has been too much scope for the activities of unscrupulous, unbusinesslike and even dishonest individuals, which have been

detrimental to the reputation of Polish commerce abroad.

Such a state of affairs is accentuated by the very nature of Polish exports. As is well known, they only include to a very small extent those industrial products which, having passed through a well defined process of manufacture, afford a certain guarantee as to their quality and origin, and in which dealings are comparatively simple, but they are, on the contrary, mainly composed of grain, timber, cattle, meat, butchers' wares, eggs, poultry, seeds, flax, hops, beeswax, hides, bristles, feather and downs, and a whole range of similar articles, in respect of which it is difficult to control the quality and origin, as the producer, who, in the

interference is concerned: the problems of foreign trade are at present disseminated among different offices of which none in particular is responsible for their solution. The same remark applies to the activities of private interests. It is, therefore, necessary that the Government and the export traders should found a body whose sole function should be the initiation of the organisation, and the supervision of the requirements of foreign trade. And what is actually wanted, is that the Polish export trade should have its own speaker and a leader, which assets are required more to-day, when the conditions in Poland have again become stabilised, than at any other time. Towards this state of affairs, the favourable balance of foreign



EXPORT TIMBER NEAR TORUN ON THE VISTULA (PHOT. S. PLATER)

case of manufactured goods, assumes to a certain extent the responsibility for their quality, is, in the case of the export of semi-raw materials such as these, a very elusive person, concealed in the background, while the first and foremost place is occupied by the wholesale dealers, who organise the collection of these goods throughout the country, and who can hardly be controlled, and who, in addition, have practically no influence on the producer or on the quality of the commodity. It can, therefore, be appreciated that under these circumstances, irregularities in connection with the export] trade can easily occur, especially as the trade is carried on by small firms, with limited means and experience, devoid of commercial relations in foreign countries.

This field of activity requires the investment of capital, but what is still more needed, is organisation.

It is precisely this work of organisation, that is to be undertaken by the Export Institute. Up to now this field has not been touched, as far as State

trade has largely contributed, so that the necessity for the maintenance of exports at their present comparatively high level is imperative.

The work of the Institute in that direction will not involve any new special method: a large proportion of countries with developed economic activity already have bodies, which concentrate in their hands the care, and in some cases the control of export trade. Sometimes (England, Belgium) these institutes are government departments, sometimes (Sweden, Austria) they are independent private bodies, and in some cases (Germany, France) they are mixed organisms. The Polish Export Institute is to be on the lines of the last mentioned type; the Chief of the Institute as well as its staff will be nominated by the Minister of Industry and Commerce, while the Government, which provide it with the necessary funds, will also exercise control over its activities. The Chief of the Institute will be assisted by a Council composed of the representatives of business circles; the

Council will bear the character of an advisory body.

The Export Institute will give information and advice in matters relating to Polish foreign trade, and in particular as regards customs duties, transports and credits. It will furnish exhaustive reports on the situation prevailing on foreign markets and act free of charge as an intermediary in the exchange of offers and quotations. It will place its services at the disposal of both local traders and foreign firms desirous of working with Poland. Further, it will be its duty to adopt means for the improvement of the organisation of Polish export trade and — on the instruction of the Government — to see that it is carried on on rational lines.

Naturally, the development of the Institute will be gradual and will keep pace with the progress achieved in its organisation and in the measure of its standing in the community. It should play an important rôle in the consolidation of Polish relationships with the markets of the world.

THE POLISH CHEMICAL INDUSTRY

POLAND HAS abundant natural riches, which are capable of being used as raw material in the chemical industry, such as coal, both coking and non-coking, rock and potassium salts, mineral oil, natural petroleum gases, ozokerite, iron and zinc ores, chalk, gipsum, limestone, sand, and in addition large reserves of peat and brown coal.

The abundance of agricultural crops and the extensive forests covering about 25 per cent of the total area of Poland, also form a natural basis for the development of a whole range of branches of the chemical industry. It is true that Poland has no deposits of pyrites, though small quantities of markasites (40 per cent) are encountered in coal seams, but the zinc blende admirably replaces this material in the manufacture of sulphuric acid. In addition, Poland has no minerals containing phosphorus, yet low grade phosphorites are to be found in Poland in the valleys of the Dniestr and the Vistula.

Having at its disposal raw materials in a sufficient quantity and in a large variety, Poland is in a position to build up its chemical industry, especially when it is considered that there are branches of production which consume chemicals on a large scale. We have in mind the well developed textile and tanning industries, agriculture (consumer of artificial manures), the metal, mining and foodstuff industries.

As is well known, the production of chemicals is one of those branches of industry where the close cooperation of scientific research with the processes of manufacture is one of the basic conditions for development. It should be stated that in this field also, Poland is not outdistanced by other countries, both the scientific laboratories of the Polish High Schools and the special establish-

ments of the Institute of Chemical Research (which, up to quite recently, were conducted by the present President of the Republic of Poland, Professor Ignace Mościcki), contribute towards the putting into practice of the latest scientific discoveries, and elaborate a whole range of important problems of a technical character.

Passing to a general outline of the chief branches of production, special attention should be paid to the manufacture of sulphuric acid, which is manufactured by roasting of zinc blende which causes a deposit of sulphur dioxide, which latter material on being oxidised gives up sulphuric acid. Converted into 50° Baumé, the annual Polish output of sulphuric acid may be estimated at 250 thousand tons, of which 200 thousand tons are obtained from zinc blende, the remainder being made from imported pyrites.

The production of superphosphates, although based on foreign phosphorites, is, nevertheless, of great importance to the Polish national husbandry as a whole, as the home market requires large quantities of artificial fertilizers. Although the productive capacity of the local superphosphate industry amounts to 550 thousand tons per annum, the actual production does not exceed 230 thousand. Special conditions are responsible for this state of affairs, but in the first place it is due to the low credit rating of the Polish agriculturalists. It should be mentioned, however, that the consumption rises from year to year, while the exports, especially to the Balkans, are by no means insignificant.

The production of potassium salts, the Polish deposits of which rank third after Germany and Alsace-Lorraine, is also increasing from year to year. In 1925 the local consumption amounted to 106,000 tons, in addition to 75,000 tons of kainit. The output was large and the surplus was exported to the Eastern markets. In 1926 a potassium salt concentrating plant was erected in Kałusz, which is the main centre of production, thanks to which circumstance the agricultural and chemical industries are able to obtain a valuable raw material containing a high percentage of K_2O .

As regards the production of nitrate compounds — it is worth while noting that the Chorzów factory, which was taken over by the Polish Government, shows an enormous technical progress as compared with its state at the time it was handed over by Germany. It is sufficient to say that under Polish administration, new processes have been discovered, which were translated into practice by the erection and the operation of new instalations for the working of cyanide into ammonia, the latter being used for the manufacture of nitric acid and saltpetre. The cost of production have decreased very considerably, as thanks to the efforts of the Polish scientists it was possible, for instance, to reduce the amount of electric current from 17.3 to 14 KWh per 1 kg. of fixed nitrate. All these excellent results were obtained exclusively by the efforts of the staff.

Speaking of electrothermic production, carbide should be mentioned, as this article is, *inter alia*, exported in large quantities to the English and

American markets; the production of iron silica with a whole range of silicon contents, is also an important branch of the chemical industry.

The electrolytic process is resorted to in respect of rock and potassium salts, so that Poland has at its disposal sufficient quantities of bicarbonate of soda and caustic soda. On the other hand the production of chlorine is not much developed in Poland. There is, it is true, an electrolytic installation, but it may be regarded as a trial, as it does not produce chlorine for commercial purposes. This is a branch of industry which has excellent pros-

regions it was only began in the XIXth century. This circumstance indicates that these deposits are very extensive indeed, and that the chemical industry based on these resources should be considered as thoroughly national. For these reasons the production of ammonium soda and caustic soda, of sulphuric acid and soda crystals is steadily developed. Soda is also exported to the Baltic markets.

The same may be stated in regard to the coal tar industry which is based on coal reserves. The productive capacity of the coal tar distilling plants is in the neighbourhood of 5.000 tons of raw coal tar,



A VIEW OF THE CHEMICAL WORKS AT CHORZÓW
(SILESIA)

pects for future development, if provided with large capital, for it should not be overlooked that the modern processes used in the manufacture of chlorium cellulose would facilitate a large consumption of organic semi-finished chlorine products in Poland.

To finish the short sketch of the electrical chemical industry, mention should be made of the production of iron cyanides, which is carried on in accordance with Polish patents by the "Azot" factory near Kraków; iron cyanides of potassium and soda (yellow and red), find ready buyers not only on the internal market, but are exported to foreign countries, the principal buyer being England.

As regards the chemical treatment of rock salt, attention should be directed to the large deposits of this mineral in Poland, the exploitation of those in the Carpathian area having been begun as far back as the XIVth century, while in Western Polish

2.000 tons of raw benzol and 2.000 tons of ammonium sulphate per month. These figures tend to indicate that the production of coal tar products, such as benzol, toluol, naphtaline, and of aromatic compounds such as phenol and pyridine &c., is making more than a satisfactory progress.

By means of the further working up of the compounds, are obtained the so-called semi-finished organic products which are used for the manufacture of artificial dyes, explosives, pharmaceutical products and scents. It should be stated that this transitorial production, though steadily progressing year by year—has not yet reached a high standard. Of the numerous semi-finished products only nitrocompounds and certain nitroaminocompounds are manufactured in Poland. The development of further processes lies undoubtedly in the interests of both Poland, and the capital which would be invested in this industry, as a well developed synthetic

production of organic compounds, constitutes a guarantee for the placing of semi-finished articles. It is interesting to note that in the manufacture of dyes only the simpler kinds, such as idantrenes are being produced. The productive capacity may be placed at about 2 million kg. per annum. The increase of production depends solely on the degree of development of the textile and tanning industries in Poland. The production of pharmaceutical products is also making progress.

Of the fine chemicals under this heading should be mentioned such compounds as salvarsan, as well as salts of bismuth, silver, gold, phosphorus, synthetic salicylic acid &c.

Having very large forests, Poland has naturally developed a large wood distillation industry. As is

developed in Poland. This subject was previously dealt with in these columns*).

The grease and fat industry in Poland has reached a very high standard from a technical point of view. The splitting of fats is conducted by means of modern methods, including that of M. Kreditz which has enabled the utilisation of many by-products which would otherwise be lost. Consequently, the production of soap and glycerine satisfies the requirements of the local market, both products being of the best quality. The output of oleine is also sufficient for the needs of the textile and tanning industries.

With regard to the bone products industry, there are in Poland several well equipped plants with modern technical appliances, but the development



A PORTION OF THE NEWLY ERECTED POTASSIUM SALT CONCENTRATING WORKS AT KAŁUSZ (PHOT. S. PLATER)

well known, wood spirit and lime acetone are obtained by the distillation of foliferous wood, and by subsequent treatment are produced methylated spirit, acetic acid, acetone, formalin &c. The plant for the dry distillation of timber at Hajnówka is the largest of its kind in Europe, and is of a sufficient size to work the inexhaustible resources of the Białowieża forest. The production of turpentine and rosin, despite the existence of extensive stands of coniferous timber, has up to the present assumed but small proportions, which is due to the fact that the small turpentine works are unable to work up the valuable raw material in an economic manner, although it is true that there are large industrial works which produce turpentine and rosin by the extraction process. It must again be observed that there are potential possibilities in connection with the exploitation of coniferous forests in Poland.

The production of artificial fibres is well

of the industry is hampered by the insufficient supply of bones, which before the war were imported from Russia.

The rubber industry is engaged in the production of all kinds of technical and surgical rubber articles, and though it has to rely on foreign markets for its supplies, progress has been observed in the last few years.

It should be added that research work aiming at the production of synthetic rubber is also being conducted.

The remaining branches of chemical industry—the manufacture of cosmetics, scents, toilet preparations, as well as technical preparations of a chemical nature, depend for their development on the situation of the market. It should be mentioned that the standard of achievement in the field of scientific organisation in the Polish chemical industry is high.

*) See "The Polish Economist" No. 1/1927, page 25.

In order to defend the interests of the chemical industry, a special body has been set up, which unites all the largest Polish chemical establishments. It is named "Związek Przemysłu Chemicznego" (The Union of Chemical Industry), Warsaw, 14, Czackiego, and its aim is both the support and the defense of this industry, as well as the furnishing of all information relating to it. The favourable phenomenon of the horizontal and vertical concentration of production, which is practised in most European countries, is also observed here, with most beneficial results. The efforts with the view to decreasing the costs of production by means of the application of the principles of scientific organisation of work, have also given encouraging results. Thanks to the application of harmonographs, chronometers &c., the productive capacity has been increased by from 15 to 20 per cent.

GOV. HARDING'S IMPRESSIONS OF POLAND *)

GOV. W. P. G. HARDING of the Federal Reserve Bank of Boston, who has just returned from a visit to Poland, says:

"My trip revealed to me a singularly rich and self-contained country. In a fortnight's travel covering some 1,800 miles of that country I saw a surprising wealth of native resources. Only for cotton, rubber and copper is Poland dependent on the outside world. Only a final assurance of fiscal stability—now in prospect—is lacking for full and rapid economic progress".

"Poland's 150,000 square miles of a generally flat country, save near the Carpathians and the Baltic, are rich on the surface in agriculture and rich below ground in minerals, in the south. Those riches include, for example: coal, iron, zinc, lead, oil, natural gas, potash, salt, timber, corn, wheat, rye, potatoes, cattle, horses, swine, poultry and sugar. In some of these there is already a surplus available for export that has contributed to Poland's present balance of trade. Poland is the sixth country in Europe alike in areas and in population".

"Nearly a quarter of Poland's 35,000,000 tons of annual coal production—called "hard" coal, but really a high-grade bituminous coal, has been available for export, and has been in demand during the British coal strike. In Poland it brings about \$ 2.50 a ton".

"Poland's 40% iron ore is mixed with higher grade Swedish ore, and it now makes all its own 90-pound steel rails, as used in the expansion of its railroad system from 4,700 to 10,800 miles. It turns out steel sheets, plates and bars. Its three locomotive plants now make locomotives patterned after those it bought from Baldwin".

"Its cotton and woolen mills, the latter devoted to the home market, are busy and make a wide range of products. At Łódź there are 500,000 people and there are many cotton mills. Its cotton mills,

using American and Egyptian cotton, are marvelously well equipped, chiefly with German machinery. In them it has been studying efficiency of management and labor, and in spite of an unemployment problem, which the Government has been well handling, one mill now manages to get more output from a personnel of 4,500 than it formerly got from 10,000".

"In oil, Poland may have a large future in the Carpathian foothills of Galicia, formerly under the Austrian flag. Those wells, whose thousand derricks can be seen from the hill behind Borysław, had been declining to half the output of 1919. They were shallow 500-foot wells".

"Now the Standard Oil Co. of New Jersey, with the Nobels of Russia has gone four miles south and tried drilling down 5,000 feet. The first well, completed at cost of \$ 145,000, has paid for itself in 45 days. A second is down 4,500 feet and is expected in any day. A new Polish oil field, it is rather confidently expected, may come in. There are also natural gas wells, the gas from them yielding the most volatile gasoline in the world and also a highgrade motor oil. The big refinery at Drohobycz, 15 miles from the oil fields, supplied the Germans with oil till they captured the Rumanian oil fields".

"Near the Rumanian border, at Kałusz, Poland has potash mines. Hitherto they have been unable to supply the home demand, but now capacity is being increased 300% by big new reduction works. With the nitrate supply from the air nitrate plant which the Germans had built in Western Poland near Katowice, Poland will be abundantly able to supply its domestic fertilizer demand, and expects also to be able to export potash".

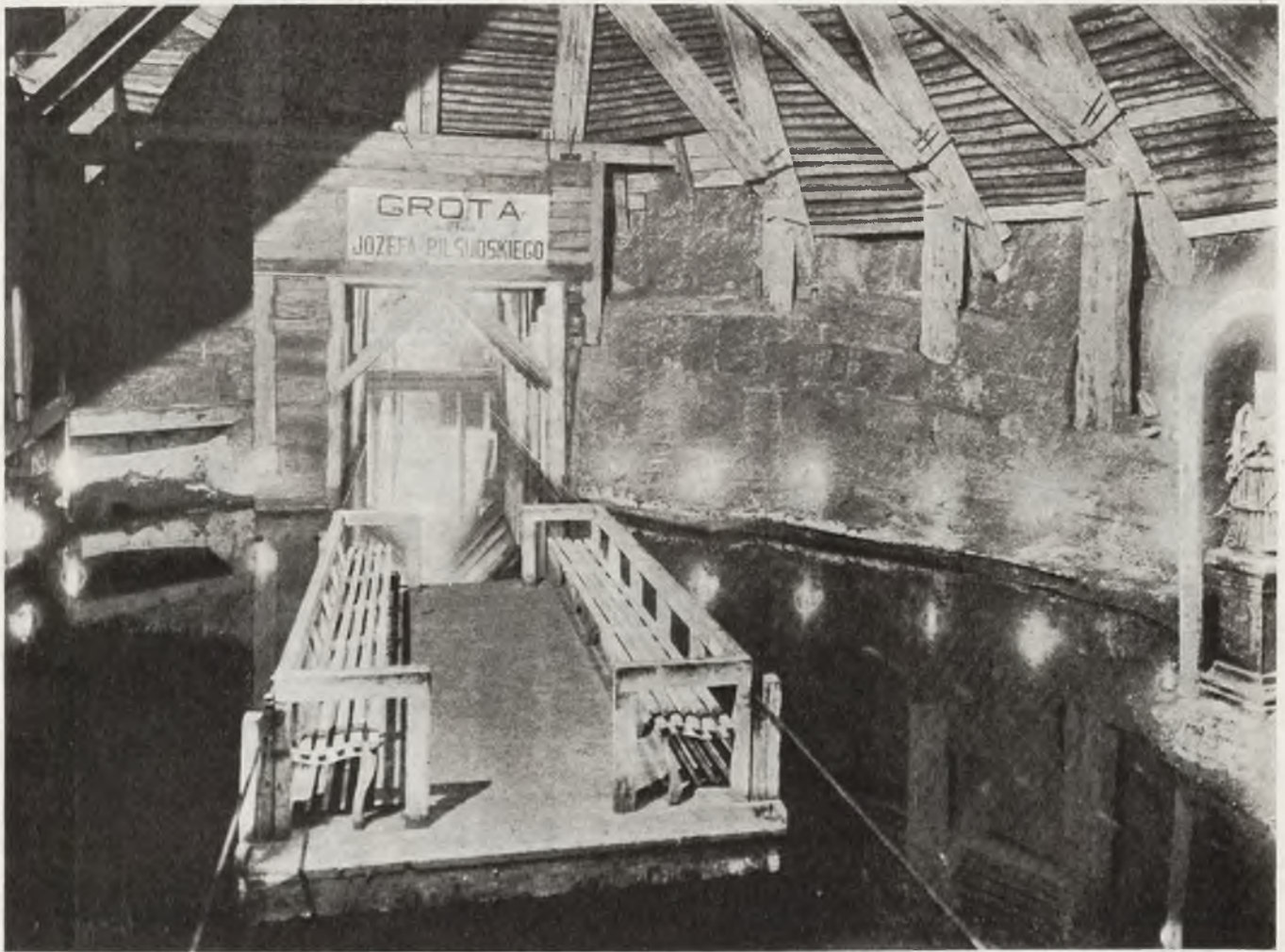
"When the Germans got out of Upper Silesia, where some 350,000 workers are on plant payrolls around Katowice, they took away all the blueprints and much of the skilled labor. In three days Mościcki, the present President of Poland, who is a scientist, had all the plant going again. There is no surface water at Katowice, so they pump up the drainage from the coal mines".

"One sees about as many women as men workers in the sugar mills, barefooted there, and in the metal plants and lead and zinc mines. Some get 16 cents a day, none more than 50 cents. It casts a little sidelight on our own need of an effective tariff".

"Poland might well add to its manufacturing activities the manufacture of footwear. It now has to import boots and shoes costing more than \$ 3,000,000 a year. There might be opportunity for New England shoe enterprise to establish a branch factory there".

"At Hajnówka is the great jack pine forest, like our own short-leaf southern pine, with 300 miles of a narrow gauge connecting up the world's biggest wood alcohol plant, under a British concession. No tree under 100 years old may be cut there. Once it was well stocked with native bison; the Germans consumed them all during the war. The Tzar had an elaborate hunting lodge there. From the Carpathians much lumber is exported for

*) Published by "Barron's National Financial Weekly", Boston U. S. A.: vol. VI, No. 49, page 5, December 6, 1926.



PILSUDSKI'S GROTTA AND THE UNDERGROUND LAKE IN THE WIELICZKA SALT MINE

boxes and crates, some going to Argentina, some coming regularly to Boston".

"Near historic Cracow I went down into the salt mines, whence are taken eight-ton cubes of salt 99% pure, ready to be pulverized for the table. There are chapels down in the mines, ball rooms where an orchestra plays, salt statuary and pictures".

"Poland has diligently attended to its agricultural problems. It has reparable its great estates. If properly balanced and more productive than if split up, they were not disturbed. Otherwise the owner was required to sell a certain portion to the Government, which sold to the peasants on long, easy terms and put out many of the unemployed on the new farms. At first about 400,000 acres a year were thus partitioned; now it has become largely a voluntary affair".

"The leanest part of Poland naturally was the Western or German section, but it was the best fertilized and most developed, now the rest of it is due for attention. On the Eastern or Russian

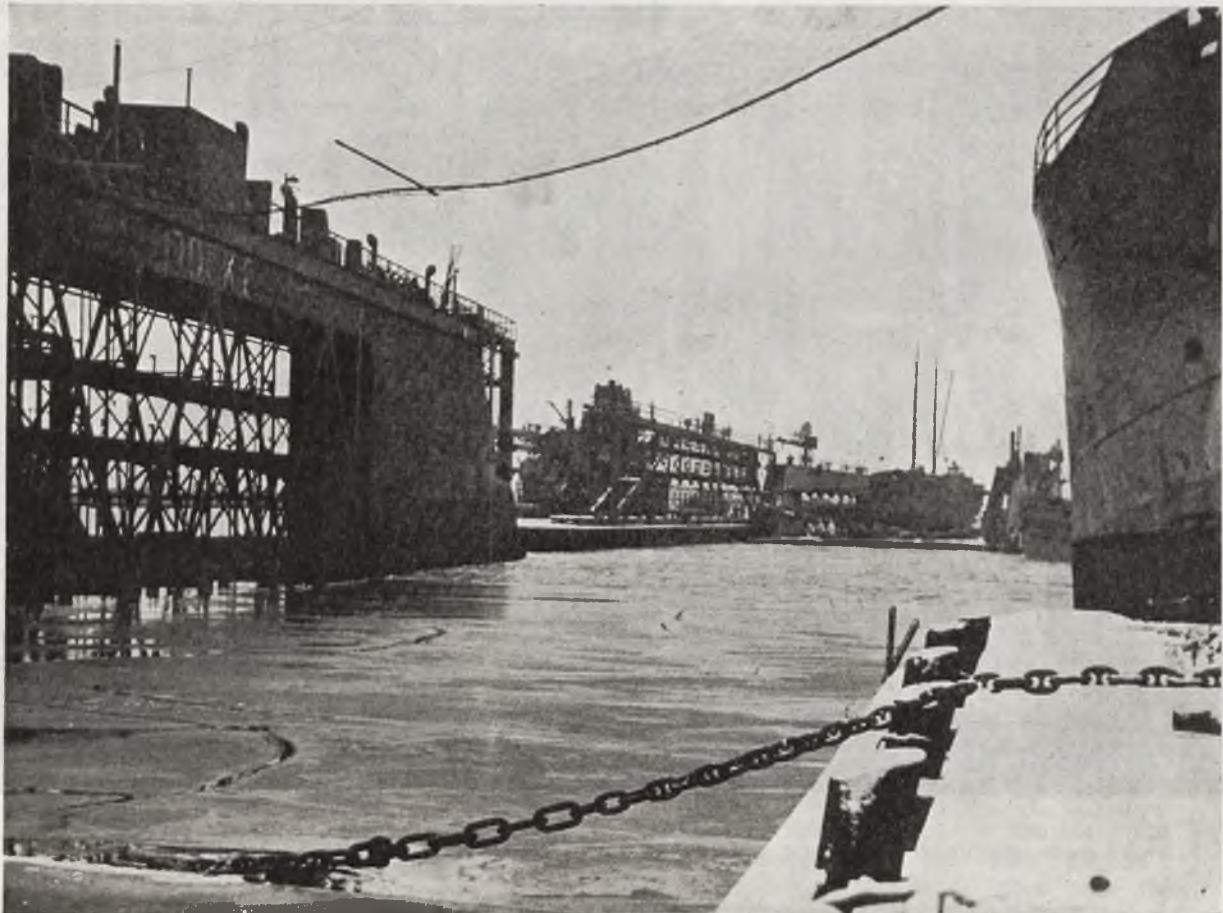
border lie the great Pińsk marshes waiting to be drained to yield very rich arable land".

"Three waves of war swept over Eastern Poland, and it hadn't a cow or chicken seven years ago. This time I saw more poultry and livestock there than I ever saw in any part of the United States. Poland now has 3,000,000 horses, which it prefers to oxen, and even more cattle. The Polish peasant lives in a better house than our average southern negro or than many of our farm whites. Much of that reconstruction was achieved when the paper mark sank to 1,800,000 to the gold Złoty. Poland claims to have originated the long-term agricultural credit idea 100 years ago. Farm loans can be had at 8% for 32 years (in gold) where the short-term rates (in paper) have been 3% a month for farm and 2% a month for factory".

"Poland rebuilt and restocked. There are almost no scars of war now visible, save a few in Lwów. Yet the war destroyed all told 1,875,000 buildings in Poland. All its railroad stations are new — most of them better than our average rural "depot".

"Poland's famous 60 mile corridor leads to the free, self-governing city of Danzig, where the Homeric was built at the mouth of the Vistula. Poland has put more railroads in there. Seeing that Danzig is crowded and the port charges high, Poland is building an independent harbour nearby

is now recodifying. Its own political contentions chiefly reflect individual or party ambitions, with no apparent defection from the republican idea. It almost wholly ignores its Soviet neighbours politically and commercially. Only 2% of its own population is communist. There are no trade relations



FLOATING DOCKS OF THE INTERNATIONAL SHIPBUILDING & ENGINEERING CO. LTD., DANZIG (PHOT. S. PLATER)

at Gdynia on the boundary, with one of the four projected docks already finished. Danzig boasts the liveliest casino in Europe next to Monte Carlo's. It won't let any of its own citizens play unless able to show at least a 2,000-gulden income tax receipt".

"Poland is rich in human terms. I saw countless heritages of its artistic genius. It is prolific, with a population of nearly 30,000,000, where it had 27,000,000 four years ago. It is tenaciously national in feeling. Split three ways among Russians, Germans, and Austrians in 1772, 1792, and 1795 it clung to native speech and ideals despite all its new masters could do. At Posen where one sees a \$ 6,000,000 palace in which the ex-Kaiser spent about 10 days of his career, the Germans tried in vain to create the capital of a truly German Poland".

"Triply differing laws were imposed, which Poland

beyond the border. It trusts in its marshes eastward and its army of 230,000 is largely massed to the east, remembering how, under French guidance, it trapped and beat the Reds at the gates of Warsaw".

"In fiscal affairs the immediate question in Poland is whether to try just now to stabilise the Złoty at nine to the Dollar, as has been suggested. As to this, banking opinion in Warsaw is that it will eventually be done; but the previous unsuccessful attempt at stabilising, handicapped by a one third crop failure in 1924 and declines in sugar and coal prices, leads to some caution despite the steadiness of the Złoty during the past six months, in making the attempt again till sure of success in trade balance terms. This year the harvest, including sugar beet, has been good".

"Poland also is wisely not in a hurry to borrow further, wanting to make sure that any loan ex-

penditures will be productive enough to more than take care of the carrying charges".

"Per-capita circulation and metallic reserve are relatively small. Circulation chiefly consists of Treasury five-Złoty bills with minor nickel coinage; all larger units are emitted by the Bank of Poland, 1% of the stock of which is owned by the Government and the balance by wealthy Poles. Then there are the Economic Bank (Bank Gospodarstwa

Krajowego), with capital of $\text{Z} 50,000,000$, whose guest I was, and several joint stock banks, which lend to agriculture and industry".

"They sought from me in Poland no particular advice or commitments but simply desired to show to an outsider just what they had and what they were and hoped to be. To me they showed a very great deal".

SUMMARY OF LAWS, ACTS AND EXECUTIVE DECREES

published in the "Official Journal of Laws of the Republic of Poland" ("Dziennik Ustaw Rzeczypospolitej Polskiej") from December 15th 1926 to January 15th 1927

The foundation of the Bureau for the Investigation of Prices¹⁾ ("Dz. Ust. R. P." No. 122, item 704).

Executive decree relating to the conversion of bonds of State Loans issued in 1918/20 ("Dz. Ust. R. P." No. 122, item 707).

Slight amendments in the local railways tariff ("Dz. Ust. R. P." No. 122, items 709, 710 and 711).

Reduction of railway tariffs for coal consignments to Austria ("Dz. Ust. R. P." No. 122, item 712).

Executive decree relative to the new law on stamp duties ("Dz. Ust. R. P." No. 123, item 713).

The refund of manipulation costs on imported sand and lime destined for the mining industry ("Dz. Ust. R. P." No. 124, item 716).

Supplement to the executive decree relative to the law regulating the payment of certain taxes in grain and coal ("Dz. Ust. R. P." No. 124, item 720).

The extension to the territory of the Free City of Danzig of the agreements and commercial treaties concluded by Poland with Great Britain, the United States of America, Belgium and Luxemburg, Denmark, Switzerland, Holland, Sweden, Yougoslavia, Austria, Turkey, France, Greece, Rumania and Finland ("Dz. Ust. R. P." No. 124, item 723; No. 125, items 729—733; No. 126, item 736; No. 127, items 750—754; No. 1, items 11 and 12).

Supplement to the provisional budget law for the 4th quarter of 1926, and promulgation of the provisional budget for the 1st quarter of 1927²⁾ ("Dz. Ust. R. P." No. 125, item 725).

The establishment of a Committee for the investigation of conditions and costs of production and exchange¹⁾ ("Dz. Ust. R. P." No. 127, item 741).

Law relative to the organisation of the State Tobacco Monopoly²⁾ ("Dz. Ust. R. P." No. 127, item 742).

Law relative to the organisation of the State Spirit Monopoly³⁾ ("Dz. Ust. R. P." No. 127, item 743).

The appointment of a valuation committee for the fixing of purchase prices for various machinery and appliances used in the manufacture of matches ("Dz. Ust. R. P." No. 127, item 744).

Stamp fees on bills of exchange issued prior to the promulgation of the law on stamp duties — now in force ("Dz. Ust. R. P." No. 127, item 745).

The reduction of the maximum legal rate of interest¹⁾ ("Dz. Ust. R. P." No. 127, item 746).

Reduction of the customs duties on calcium saltpetre ("Dz. Ust. R. P." No. 127, item 747).

Penalties for offences against the law on stamp duties ("Dz. Ust. R. P." No. 128, item 756).

Prolongation of the moratorium for pre-war bills of exchange issued in the Warsaw and Lublin districts ("Dz. Ust. R. P." No. 128, items 761 and 762).

The fixing of the price cost of purified alcohol, Treasury tax on alcohol and monopoly brandies, as well as a supplementary tax on stocks of alcohol ("Dz. Ust. R. P." No. 128, item 765).

The reduction of the industrial tax for certain commercial undertakings ("Dz. Ust. R. P." No. 128, item 766).

Customs rebates in connection with the import of machinery and apparatus¹⁾ ("Dz. Ust. R. P." No. 128, item 769).

Provisional goods tariff for the new Kaley-Podzamecze railway ("Dz. Ust. R. P." No. 129, item 777).

New issue of the railway freight tariff²⁾ ("Dz. Ust. R. P." No. 129, item 778).

New railway tariff for the Polish-German freight traffic ("Dz. Ust. R. P." No. 129, item 779).

Executive decree for the 10 per cent extraordinary supplementary tax law in regard to stamp fees ("Dz. Ust. R. P." No. 130, item 780).

Reduction of railway tariff for coal consignments to Yougoslavia ("Dz. Ust. R. P." No. 130, item 782).

Regulations relating to the cultivation of tobacco in 1927 ("Dz. Ust. R. P." No. 1, item 3).

Tare on tea ("Dz. Ust. R. P." No. 1, item 4).

Prolongation of the term of the exports of effects which were left after the liquidation of the former privately owned tobacco factories ("Dz. Ust. R. P." No. 1, item 5).

Alteration of the wording of § 20 of the customs tariff concerning tea³⁾ ("Dz. Ust. R. P." No. 1, item 6).

Temporary regulations relating to the erection of buildings in former Russian Poland ("Dz. Ust. R. P." No. 1, item 8).

Stamp duties on bills of exchange issued in Upper Silesia ("Dz. Ust. R. P." No. 3, item 16).

The issue of the 14th series of Treasury Bills ("Dz. Ust. R. P." No. 3, item 17).

Sugar contingents destined for home consumption for the year 1927 ("Dz. Ust. R. P." No. 3, item 18).

¹⁾ See "The Polish Economist" No. 6, page 220.

²⁾ See "The Polish Economist" No. 5, page 187, and No. 1 (1927), page 36.

¹⁾ See "The Polish Economist" No. 6, page 220.

²⁾ See page 78.

³⁾ See page 78.

⁴⁾ See "The Polish Economist" No. 1, page 40.

¹⁾ See "The Polish Economist" No. 6, page 223.

²⁾ See "The Polish Economist" No. 1, page 32.

³⁾ See page 72.

PRODUCTION AND TRADE

STATE OF EMPLOYMENT IN DECEMBER 1926. — During the five weeks period ending January 1st 1927, the total number of unemployed in Poland increased from 200.567 to 236.057, or by 35.490 persons, or 17.7 per cent. During 1926, thanks to the material decline of unemployment from February to October, the number of people out of work diminished by 77.652 (from 311.090 on January 1st 1926), or by 24.8 per cent.

The state of employment at the end of each of the months of 1926 is illustrated by the following figures:

December 1925	311.090
January 1926	359.810
February ..	358.430
March ..	345.010
April ..	320.520
May ..	303.720
June ..	288.510
July ..	263.540
August ..	241.790
September ..	213.690
October ..	196.586
November ..	200.567
December ..	236.057

The month of January formed part of the period characterised by increased unemployment, which started as far back as July 1925. It may be recalled that at the end of January 1926 the number of unemployed reached the highest level ever recorded in Poland, namely—359.810 persons, but commencing with February of that year, the situation improved from month to month, with the result that at the end of October the number of people out of work was reduced to 196.586, this figure being the lowest for that year. In November, however, a steady increase of the figures by about 995 per week was observed, while in December the rate of increase was higher and amounted to 5.070 persons per week.

The causes of this decline of the unemployment figures for the period February-October were the following: steady improvement of the conditions of the industry, seasonal employment on the land, the carrying on of public works, and a particularly intense movement of emigration to France and Germany.

At the end of the year a radical change set in: industry, which had apparently reached a saturation point, ceased to take on fresh workmen, and in certain of its branches, such as the building and the ceramic industries, a large number of workmen were dismissed, as is usual at this time of the year. A similar situation was observed in agriculture where, owing to the termination of the harvest, a large number

of farm labourers were dismissed. A certain weakening was also observed in the building trade in connection with the winter, while continental emigration declined to a minimum: from 13.900, the average monthly figure for the first half of 1926, to about 4.000 in November and to about 1.000 in December 1926. On the other hand, a very intense movement of reemigration took place during the period under review, the reemigration from Germany only amounting to 40.000 persons in November and December.

The increase of unemployment in Poland in the winter months, which is a period characterised by the stoppage of work on the land, and the return of farm hands from Germany—is a normal occurrence.

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

	December	November	+ Increase — decrease
mining	18.558	18.612	— 54
foundries	5.956	6.805	— 849
metal	17.204	15.546	+ 1.858
textile	24.858	24.686	+ 172
building	17.638	11.608	+ 1.658
clerical	23.134	23.496	— 362
various	128.709	99.814	+28.895
Total:	236.490	200.567	+35.490

A certain improvement is noticeable in the mining industry, although the conditions prevailing in the iron ore mines leave much to be desired; this tends to indicate that the position in the coal industry continued to be favourable during the period under review. In relation to the total number of miners employed, the figure of unemployed represented 12 per cent. A marked betterment is reported in the iron foundry industry, in which the number of unemployed declined by 1.004, while the reverse is the case as far as the glass industry is concerned, the number of unemployed in the latter industry having risen by 155. The percentage of unemployed workers to those engaged was 11 per cent.

The increase of unemployment in the metal industry by 1.658 persons, is by no means due to the adverse conditions obtaining in this branch of production, as it was caused mainly by the destruction by fire of an extensive textile engineering works in Bielsko ("Joseph's Erben Ltd."), and the adaption of the "Wagon" factory at Ostrów to the repair of waggons, after its acquisition by the Government. Speaking generally, the position in this branch of production in

December was satisfactory; this applies specially to the machines and agricultural implements industry, for, despite the setting in of the winter season, the demand for these articles was maintained on a high level. The percentage of unemployed rose from 22 in November to 26 in December.

The textile industry did not show any material changes, the number of people out of work having increased by 172 persons. The favourable situation remains unaltered, especially as regards the orders for the spring season. The number of operatives in this section was very low, and represented about 19 per cent of those employed.

A substantial increase is shown in figures of idle workmen in the building trade which rose by 6.030 persons, and in the "various trade" group—which rose by 28.895 persons. As regards the first named group, the increase is due to the close of the building season, while that of the second group, comprising mainly farm hands and unskilled workers, is accounted for—as it was referred—by the drawing in of the winter season, the weakening in the pace of public works, and the decline of emigration.

The total number of part time workers was 35.094 as against 33.343 in November: of this number 33 worked 1 day, 86—2 days, 6.326—3 days, 10.541—4 days, and 18.108—5 days per week. It will be seen, therefore, that those working part time were employed on the average 4.3 days per week as against 4.6 in the preceding month.

GRAIN

— The final statistical data regarding crops in 1926 were published in December last and are somewhat lower from the provisional estimates made immediately after the conclusion of the harvest*), as it was only possible to have accurate returns of the crops after they have been threshed. The aggregate crops were as follows (in thousands of quintals):

wheat	12.813.2
rye	50.114.3
barley	15.546.0
oats	30.497.7

*) See "The Polish Economist" No. 5, page 172.

These quantities in each case are smaller than in 1924/5 period, the percentages being as follows: wheat—81·3, rye—76·7, barley—92·7, and oats—92·1.

In relation to the average pre-war crops, the quantities obtained this year represented: wheat—76·3 per cent, rye—87·7 per cent, barley—104·4 per cent, and oats—108·4 per cent.

Poorer crops usually result in smaller supplies on the home market, and, while provoking a rise of prices, they are evidenced in the decline of the exports of grain. The statement given below shows the differences between the volume of exports in the last five

months of 1926 and in the corresponding period of 1925 (in tons):

	1925	1926
wheat	94.231	14.847
rye	176.778	77.282
barley	91.082	59.806
oats	33.450	4.070

As a result of the high prices ruling in Poland, the imports of grain increased in December, being as follows: wheat—8.800 tons, rye—7.000 tons, oats—2.700 tons, and barley—700 tons. During the same period of last year the imports of rye, barley and oats were insignificant and those of wheat were only 1.100 tons. Exports of grain in December 1926 as compared with those of No-

vember 1926 and December 1925 are given below (in tons):

	1925 December	1926 November	1926 December
wheat	25.105	2.548	790
rye	32.300	6.662	3.092
barley	23.636	8.945	6.988
oats	14.275	265	371

The value of grain exports in December amounted to gold zł 4,433.905 as against zł 7,411.924 in November. During the period under review the exports of grain were mainly directed to Belgium and Germany, of the total export, 86·5 per cent of oats, 66·4 per cent of wheat, 26·4 per cent of rye and 39·5 per cent of barley being sold to the latter country. Belgium absorbed the following percentages of

	Nov. 30th— Dec. 15th		Dec. 16th—31st		Jan. 1st—15th		Percentages of difference	
	zł	\$	zł	\$	zł	\$	zł	\$
W H E A T :								
Warsaw	50·45	5·60½	51·97	5·77½	51·52	5·88½	+ 1·04	+ 1·90
Poznań	47·66	5·29½	47·83	5·31½	49·32	5·48	+ 3·12	+ 3·11
Lwów	50·00	5·55½	51·06	5·67	51·10	5·68	+ 0·08	+ 0·18
Average price	49·37	5·48½	50·29	5·59	50·98	5·66½	+ 1·37	+ 1·34
Chicago	—	5·10	—	5·10	—	5·05	—	— 0·98
Berlin RMk.	27·17½	6·47	26·70	6·35½	26·56	6·32½	— 0·52	— 0·47
R Y E :								
Warsaw	37·94	4·21½	40·45	4·49½	40·41	4·49	— 0·10	— 0·11
Poznań	37·43	4·16	37·84	4·20½	40·00	4·44½	+ 5·71	+ 5·71
Lwów	35·86	3·98	37·17	4·13	37·30	4·14½	+ 0·35	+ 0·36
Average price	37·08	4·12	38·39	4·26	39·24	4·36	+ 2·21	+ 2·35
Chicago	—	3·78	—	3·85½	—	3·93	—	+ 1·95
Berlin RMk.	23·36	5·56	23·47	5·59	23·94	5·70	+ 2·00	+ 1·97
B A R L E Y :								
a) Brewing:								
Warsaw	34·56	3·84	35·10	3·90	35·64	3·96	+ 1·54	+ 1·53
Poznań	34·06	3·78	34·02	3·78	34·92	3·88	+ 2·65	+ 2·60
Average price	34·31	3·81	34·56	3·84	35·28	3·92	+ 2·08	+ 2·08
Berlin RMk.	23·08	5·49½	23·10	5·50	23·10	5·50	—	—
b) Feeding:								
Warsaw	29·52	3·28	29·52	3·28	30·24	3·36	+ 2·44	+ 2·44
Poznań	28·71	3·19	27·18	3·02	27·27	3·03	+ 0·33	+ 0·33
Average price	29·11	3·23½	28·35	3·15	28·75	3·19½	+ 1·42	+ 1·42
Chicago	—	3·05	—	3·16½	—	3·14	—	— 0·79
Berlin RMk.	19·76	4·70½	18·82	4·72	19·88½	4·73½	+ 0·33	+ 0·32
O A T S :								
Warsaw	32·53	3·61	31·05	3·45	31·54	3·50½	+ 1·58	+ 1·62
Poznań	31·00	3·44	30·96	3·44	29·88	3·32	— 3·49	— 3·49
Lwów	29·38	3·26	29·02	3·22½	29·16	3·24	+ 0·48	+ 0·47
Average price	30·97	3·44	30·34	3·37	30·19	3·35½	— 0·50	— 0·45
Chicago	—	3·30	—	3·40½	—	3·37	—	— 1·03
Berlin RMk.	18·21	4·33½	18·01	4·29	18·31	4·36	+ 1·67	+ 1·63

the total: 33.6 of wheat, 36.3 of rye and 32.4 of barley. In addition, large consignments of rye were sent to Finland and Esthonia, and of barley to Holland.

During the period under review the Polish imports of grain were valued at gold zł 2,427.299, which represented half of the value of the exports. The imports of wheat and oats were particularly large, including 3.296 tons of wheat and 1.237 tons of oats, and exceeded the volume of exports of these articles. Imports of rye amounted to 580 tons and of barley to 59 tons; wheat and rye were imported chiefly from Hungary, barley from Rumania, and oats from Germany. Owing to the increase in the volume of grain imports, and a simultaneous decline of exports, the Government decided to introduce, for the period from January 20 to March 1, 1927, export duties on rye and on rye flour amounting to zł 15 per 100 kg.

The prices for grain in December and in the first half of January were the following:

(table — see page 61)

After a decline in prices, which marked the first half of December, as compared with the preceding month, the prices of grain, with the exception of wheat, rose slightly in the latter half of December and at the beginning of January. The upward tendency in prices for oats is not likely to be maintained, as it was caused solely by the increased demand resulting from large purchases made by the army; the situation was also aggravated by the demand for oats for sowing purposes in the Central and Eastern Voievodships.

BUTTER

— In view of the decrease of the supplies of milk and the increased demand for butter, a shortage of the latter was badly felt at the beginning of December. The fixing by the Food Price Committee of a maximum price for butter which was lower than that which could be obtained from foreign buyers also contributed towards the shortage of supplies. The prices for first quality cream butter, as compared with those ruling in the latter part of November, were as follows:

	Nov. 15th-30th		Dec. 1st-15th		Percentages of difference	
	zł	$\text{\$}$	zł	$\text{\$}$	zł	$\text{\$}$
Warsaw	7.40	0.82	8.20	0.91	+10.81	+10.97
Lublin	6.50	0.72	7.50	0.83	+15.38	+15.28
Wilno	7.00	0.77	8.00	0.88	+14.28	+14.36
Sosnowiec	7.00	0.77	8.00	0.88	+14.28	+14.36
Bydgoszcz	6.00	0.66	7.60	0.84	+26.66	+27.27
Lwów	6.10	0.67	7.00	0.77	+14.77	+14.92

Average price: 6.66 0.73 7.71 0.85 +16.03 +16.16

On the increase of retail prices by the Food Price Committee in the middle of December, the supplies of butter increased also. Prices for butter usually drop after Christmas owing to diminished demand, but in 1926, quite unexpectedly, the fall set in earlier. This was due not only to accumulated unsold stocks, but also to the situation on the world market, where the supply was in excess of the demand. As the result of this situation, prices on the Copenhagen market declined by nearly 2.5 per cent; the English market was extremely dull, and producers obtained RMk. 1.72 per 1 pound of cream butter in Berlin. The local market was well supplied on the whole. Export trade, which had been rather weak in the previous months, showed signs of revival. One of the main causes of the increased supplies of butter was the augmented production of milk, caused by the adoption of new methods of breeding by farmers, whereby the cows have their calves in winter. In addition, a certain influence is exercised by the credits granted for the purchase of special fodder in order to increase the production of milk. Traders are reluctant to accumulate stocks as a further decline in prices is anticipated. The Warsaw Farm Products Committee has decreased the retail prices for butter as from January 7th: for 1st quality cream butter from zł 8 — to zł 7.60, for table butter from zł 7.40 to zł 7, for salted butter from zł 6.40 to zł 6, and for peasant butter from zł 6 to zł 5.40.

The following statement shows the prices for first quality cream butter in the latter half of December and the first half of January:

	Dec. 15th-31st		Jan. 1st-15th		Percentages of difference	
	zł	$\text{\$}$	zł	$\text{\$}$	zł	$\text{\$}$
Warsaw	8.20	0.91	6.80	0.75	-17.07	-17.58
Wilno	8.40	0.93	7.20	0.80	-14.28	-13.97

Butter exports in November amounted to 362 tons valued at zł 1,545.305 as against 684 tons in October. In December a further considerable decline took place, the volume of exports being 150 tons valued at gold zł 712.092. The best customer for Polish butter during that period was Germany.

Butter exports in 1926 totalled 5.548 tons valued at gold zł 13,302.000, which represents an increase of 1.000 per cent as compared with 1925, which increase gives an idea of the progress achieved by dairy farms in Poland in 1926.

EGGS

— The tendency on the egg market at the beginning of January was weak, owing to large holiday stocks having been left in the hands of the wholesalers. At the end of the second week prices rose, as the stocks were becoming exhausted, while new supplies were restricted. There was an exceptionally small supply and a large demand for eggs of recent production; these eggs, though small in size, are superior to the large ones which having been laid some time ago, had in the meantime become dry.

The prices between January 1st and 15th, per case of 1.440 eggs, were as follows (in zł):

Warsaw:		
for fresh eggs of recent production	zł	310 to 350
" " " " old	"	290 " 310
" " " " preserved in lime	"	225 " 250
Lublin:		
for fresh eggs	"	320 " 345
Sosnowiec:		
for fresh eggs	"	280
" eggs preserved in lime	"	225 " 230
Lwów:		
for fresh eggs	"	241 " 270
Kraków:		
for fresh eggs	"	243 " 247.50

TIMBER

— The timber market in December was characterised by a whole range of phenomena which deserve a detailed examination.

The increase in prices for round material, remaining in forests, was not only stopped, as had been anticipated, but was further accentuated. The prices obtained by the different State Forest Directorates, free on rail, loading station, were as follows (in zł per 1 cubic metre):

		Nov.		Dec.	
		zł	$\text{\$}$	zł	$\text{\$}$
pine logs for saw mills (per cubic m.)	Warsaw	47.—	50.45		
	Radom	35.—	35.—		
	Siedlce	32.—	36.—		
	Wilno	28.—	31.—		
	Białowieża	40.—	38.—		
	Poznań*)	19.65	17.55		
	Bydgoszcz*)	23.92	35.96		
Toruń*)	26.25	51.10			
pine logs for building purposes (per cubic m.)	Siedlce	28.—	32.—		
	Białowieża	32.—	30.—		
	Wilno	19.50	22.—		
pine pit props (per cubic m.)	Warsaw	34.50	35.46		
	Radom	24.—	24.—		
	Siedlce	18.—	18.—		
	Poznań*)	12.37	12.50		
	Bydgoszcz*)	16.24	20.74		
	Toruń*)	17.15	23.20		
spruce logs for saw mills (per cubic m.)	Siedlce	32.—	36.—		
	Lwów	23.97	24.13		

*) T. O. B. for timber, affected by the "panoils flamma" cut in various years.

oak logs for joinery (per cubic m.)	Białowieża	85.—	85.—
	Luck	50.—	—
pulpwood (per stacked cub. m.)	Siedlce	23.—	23.—
	Wilno	20.—	22.50
	Białowieża	19.80	22.50
pine fire wood (per stacked cub. m.)	Warsaw	19.50	—
	Radom	11.—	11.—
	Siedlce	7.50	8.00
	Wilno	6.50	6.50
	Białowieża	10.25	11.75
	Poznań*)	7.28	8.31
	Bydgoszcz*)	6.87	2.79
	Toruń*)	7.85	7.05
spruce fire wood (per stacked cub. m.)	Lwów	7.33	7.79
beech fire wood (per stacked cub. m.)	Lwów	11.28	10.88

It will be seen that there was an all round increase of prices with the exception of those in the Białowieża directorate, which after an unprecedented

The Polish traders, for whom the prices ruling on the English market are authoritative, are not in a position to adjust themselves to this advance, and they will either have to stop buying, or to offer their goods at prices leaving a very small margin of profit. The trade interests in Western Poland, where the prices experienced an enormous rise, are particularly affected.

During the month there was a modification of several of the elements making up the c. i. f. cost of timber. The increase in the railway tariff as from December 1st has raised the internal cost of transport for unsawn timber by about 5 per cent, and in addition the system

All these factors have compelled the Polish exporter to ask high prices for his products destined for the Western European markets. On the other hand, the English buyer is hardly prepared to recognise this rise as justified, so that despite the interest displayed by them in the Polish timber, the market continues to be unsettled.

During the period under review the prices quoted on the Danzig timber market were as follows (in shillings):

pine logs	per cub. m.	38/—	to 46/—
pine telegraph poles		20/—	" 21/—
pine pit props		12/—	" 13/—
oak logs 40—50 cm.		75/—	" 85/—
" " over 50 cm.		100/—	" 120/—
alder logs		34/10	" 38/—
aspen logs for matches		43/—	" 45/—



SPRUCE FOREST IN THE TATRA MOUNTAINS (PHOT T. ZWOLIŃSKI)

increase in November, showed a certain decline in December, with the result that the prices in all the directorates are now practically on the same level. There was also a simultaneous advance in timber taxes in force in the different directorates.

The local timber traders ascribe this increase in prices, to the competition of foreign importers, especially German, who being precluded from purchasing sawn timber in Poland, and being able to obtain better prices on their own markets, are prepared to pay much higher figures for Polish round timber.

on direct tariff bounties on exported timber has also been amended as from January 1st this year. According to the present regulations, only wrought timber, with the exception of railway sleepers and telegraph poles, exported in quantities not below 2,500 tons per month, may benefit from this bounty which amounts to 10 per cent and is granted only to the sender of the goods.

The cost of labour also increased. In Eastern Galicia, following a strike of saw mill hands, an increase of wages by 10 per cent was granted. The only reduction is in respect of sea freight rates, which are now at a considerably lower level than the record figures which were in force a few months ago.

pine millrun sawn material	per stand.	£ 8.10.0	to 9.0.0
pine English deals	" "	9.15.0	" 10.0.0
pine sleepers	per piece	5/10	" 6/—
pine railway sleepers	" "	3/—	" 3/10
oak railway	" "	4/10	" 5/—

The returns embracing timber exports for December were representative to a certain extent of the consequences of the situation outlined above. This is confirmed by the following statement (in tons):

	November	December
fire wood	19.489	17.696
pulpwood	79.855	112.649
pit props	98.658	91.739
logs, stems	47.872	44.641
telegraph poles	8.894	7.242
deals, boards, battens	133.262	104.015
railway sleepers	13.640	15.813
coopers material	2.578	4.330

It will be seen that the exports of pulpwood rose very considerably as a

*) T. O. B. for timber, affected by the "panolis flamea", cul in various years.

direct consequence of the repeal of the railway bounties in respect of this kind of timber as from January 1st, while the very material decrease in the export of sawn wood was due to both the high prices for raw material and to the shortage of supply for the saw mills from the new felling season.

In any case, the development of the Polish timber export industry is entering a new and difficult phase.

TIMBER CONFERENCE. — This conference, which was held in Warsaw on January 12, 13 and 14th, assembled saw millers and timber merchants from the whole of Poland, in order to discuss a number of important matters connected with this branch of industry. A number of papers were read which led to the adoption of several important motions.

POLISH PLYWOOD. — As is well known, the glueing of thin layers of timber together in such a manner that the respective grains cross each other, which has in view the prevention of twisting and shrinkage, as well as the increase of strength, elasticity and durability, is the basic process in the manufacture of plywood, a material which has numerous uses. Namely — plywood is used in the manufacture of all kind of boxes, travelling cases, wooden parts of machinery, match boxes, furniture, motor-car, tram and aeroplane bodies, in shipbuilding, and finally, in house building in the form of parquet flooring, wall panelling, for door and window making; it is even used for the construction of houses, of which the first to be erected were in Poland (club-house of the Warsaw Lawn-Tennis Club).

These varied uses of plywood have revolutionised all branches of production where wood is used as raw material. The demand for it is increasingly large, and the countries producing it are not in a position to cover the needs of the world market. As a result of such a state of affairs, the veneer industry is making progress everywhere by leaps and bounds, and the fact that the Timber Trades Federation has recently proposed the formation of a special propaganda department for the plywood industry, indicates the importance of the rôle played by plywood at the present time.

Poland occupies the fifth place in the world production of plywood, and in this respect stands after the United States, Finland, Germany and Russia. This statement is illustrated by the following statistical data for the year 1924:

	Output:		Export:	
	volume in tons	value in £	volume in tons	value in £
United States				
of America	100,000	2,000,000	10,000	157,000
Finland	50,000	900,000	32,223	550,000
Germany	40,000	1,000,000	—	—
Russia	25,000	500,000	10,000	157,000
Poland	13,000	320,000	7,079	240,030
Japan	13,000	250,000	—	—
Estonia	10,250	260,000	10,142	250,000
France	10,000	250,000	—	—

Furthermore, it may be seen from the above table that of the countries producing plywood Finland, Poland, Esthonia and Russia are the only exporters on

a large scale. As regards Poland, the volume of exports is making rapid progress from year to year, as will be seen below:

	volume in tons	value in £
1923	4,250	3,600,000
1924	7,079	5,766,000
1925	9,890	8,256,000 ¹⁾
1926	17,460	5,615,000 ²⁾

The best customers for Polish plywood are: England, Germany, Belgium, France, Holland, Italy, Austria and the United States. England absorbs about one third of the quantity exported.

The basis of production of plywood in Poland, lies in the abundance of the different kinds of wood used for its manufacture, such as birch, beech, oak, alder. The factories are usually situated in the regions producing the necessary raw material and are mainly located in Eastern and in former Austrian Poland; there are 22 works in all, and among them are newly erected plants, the technical arrangements of which, as well as the quality of the products are equal if not superior to those of the foreign competitive plants, so that Polish plywood has an established reputation on the world market.

COAL

— The demand for Polish coal in December continued to be very considerable on both the local and the foreign markets, although the prices on the latter have experienced a considerable decline, but the good situation was not taken advantage of, as owing to increased demand on the local markets in connection with the winter season, and also on account of increased demand on the part of the local industry due to the improved economic outlook, the supply of trucks to the collieries for export purposes, was necessarily restricted. The retention of coal trucks in Czechoslovakia during the middle of December contributed towards the shortage of waggon supplies. The position of the coal industry in Poland in December is illustrated by the following provisional figures (in tons):

Coal mining districts	Extraction	Home consumption	Exports	Sacks at pit heads
Upper Silesia	2,623,000	1,328,000	1,072,000	750,000
Dąbrowa	698,000	413,000	196,000	294,000
Kraków	278,000	205,000	30,000	67,000

Total for December:	3,599,000	1,946,000	1,298,000	1,111,000
Total for November ³⁾ :	3,704,000	1,925,000	1,544,000	1,202,000
+ in relation				
— to Nov.:	— 105,000	+ 21,000	— 246,000	— 91,000

As may be seen from the above statement, the output in December declined by 108,000 tons or 2·83 per

cent to 3,599,000 tons as compared with November (3,704,000 tons). The average daily extraction in 24 working days for the whole of Poland rose by 1,792 tons or by 1·21 per cent to 148,166 tons, as compared with November. The stocks of coal declined from 1,202,000 tons in November, by 91,000 tons or 7·57 per cent to 1,111,000 tons at the end of December. The aggregate sales which were 3,469,000 tons in November declined to 3,244,000 tons in December, the drop being 225,000 tons or 6·49 per cent. This fall in the total sales is solely due to the decrease in the volume of exports, as the local consumption in December increased by 21,000 tons, or 1·09 per cent, to 1,946,000 tons from 1,925,000 tons in November.

Polish coal exports in December are shown in the following table (in thousands of tons):

Destination	1925:		1926:	
	1st sem.	2nd sem.	1st sem.	November ⁴⁾
	(monthly average)			
Austria	194	254	214	251
Hungary	36	85	42	52
Sweden	—	57	144	232
Denmark	2	34	72	80
Czechoslovakia	47	58	41	51
Danzig	26	42	37	54
Latvia	1	16	18	32
Yugoslavia	8	13	14	27
Switzerland	2	6	10	71
Italy	1	14	49	143
Rumania	6	7	8	9
Lithuania	1	2	3	10
Memel	1	2	3	5
Holland	—	1	1	3
Finland	—	1	9	47
France	—	1	23	15
Norway	—	—	7	12
England	—	—	— ⁵⁾	309
Germany	451	—	1	4
Belgium	—	—	—	—
Russia	—	—	—	72
Other countries	—	2	1	6
Total:	776	595	734	1,485
Bunker coal	—	—	38	59
Grand total:	776	595	772	1,544

Export, Germany not included	325	595	771	1,540
Shipped through:				
Danzig	29	101	225	321
Gdynia ³⁾	—	9	30	30
Tezew ⁴⁾	—	—	8 ⁵⁾	34

The export of coal in December declined as mentioned above to 1,298,000 tons, the loss as compared with the preceding month being 246,000 tons or 15·93 per cent.

The exports of coal to England declined by 191,000 or 61·81 per cent owing to the end of the strike. A certain decline in the export of Polish coal to Sweden (by 39,000 tons) was also observed, owing to the stoppage of the

¹⁾ Corrected figures.

²⁾ The exports date since June, in which they amounted to 221,000 tons.

³⁾ Since September 1925.

⁴⁾ Since March 1925.

⁵⁾ Average quantity for 4 months.

¹⁾ Gold £ 7,839,000.

²⁾ In gold £.

³⁾ Corrected figures.

reexport of Polish coal to England. The exports to Russia and Danzig declined by 33,000 and 24,000 tons respectively, the decline in the latter case being due to the same cause as in the case of Sweden; moreover, slight decreases in the exports to the following countries should be mentioned: Switzerland (13,000 tons), Yugoslavia (12,000 tons), Latvia, Lithuania and Finland.

It is also of some interest to note a decrease of 52,000 tons in the export of bunker coal.

Despite the general falling off of coal exports in December, the quantities taken by certain countries were much larger than in the preceding month: large increases were reported to Austria (39,000 tons), Denmark (27,000 tons), Hungary (22,000 tons), Italy (26,000 tons), and Czechoslovakia (10,000 tons); the exports to Rumania, France and Norway increased, though to a smaller extent. Owing to the shortage of trucks, the average daily volume of coal consignments sent abroad declined in December to 54,083 tons, or by 7,677 tons, or 12.43 per cent, as compared with November. Of the total amount of coal exported, 276,000 tons were dispatched via Danzig, which figure was less by 45,000 tons or 14.02 per cent as compared with the preceding month, 35,000 tons via Gdynia which represents an increase of 5,000 tons, or 16.67 per cent, and 29,000 tons via Tezew, or a decrease of 5,000 tons, equal to 14.71 per cent as compared with a month earlier. The exports through other Polish river ports amounted to 2,000 tons, as against 6,000 tons in November. The volume of coal exported through all the above ports in December, totalled 342,000 tons or 26.35 per cent of the total exports, as against 391,000 tons or 25.32 per cent of the November exports. The volume of shipments from Polish Upper Silesia through German ports declined substantially, and amounted to 155,000 tons as against 256,000 tons in November, the decline being 101,000 tons or 39.45 per cent. Consignments sent in December via Stettin were 95,000 tons. The following table illustrates the movement of Polish coal through German ports in November and December (in tons):

	November	December
via Stettin	73,000	95,000
.. Hamburg	79,000	23,000
.. Harburg	27,000	18,000
.. Königsberg	13,000	5,000
.. other ports	64,000	14,000
Total:	256,000	155,000



IN THE PORT OF DANZIG (PHOT. S. PLATER)

In view of the shortage of coal trucks (about 16 per cent in relation to the number required) the collieries were compelled to introduce idle days, the number of which being somewhat larger than in November, which circumstance resulted in a certain, though slight, diminution in the output per team per day which, for the whole country, was 1,164 kg. in December as against 1,167 kg. in November. The total number of workers employed in the industry in December was 127,068, and was larger by 284 than in November.

The miners' wages have been increased as from December 1st 1926 by about 5 to 8 per cent, the earnings per team without either family supplements, or those in kind were as follows (in zł):

	November	October
the Upper Silesian district	6.68	6.65
" Dąbrowa	5.50	5.89
" Kraków	5.85	5.36

Prices on the home market were unchanged, whereas those for exports to Austria, Czechoslovakia and Hungary, that is the countries with which trade convention have been concluded, remained unaltered, while for other countries they experienced a further and material decline and were as follows:

	to Swiss Fr. 19
to Italy — at pit head	Sh. 22/-
to Russia — (bunker coal)	21/-22/-
f. o. b. Danzig	18/6-19-
to other countries f. o. b. Danzig	..
bunker coal in Danzig	..

The railway rates for the transport of coal were increased by 10 per cent on December 1st 1926. As it does not,

however, concern the station fee, the increase actually comes to 8 per cent as compared with the previous rates.

PETROLEUM

— The petroleum industry in December did not show any material change in relation to November, either as regards production or the general situation of the market, but compared with the corresponding period of last year, a marked improvement was observed in all branches of the industry. The end of 1926 saw the breaking up of the petroleum Syndicate, as well as a general rise in prices for crude petroleum. The latter fact is likely to have favourable effect on the drilling activity in 1927. On the other hand, the independent refiners, owing to the dissolution of the Syndicate, will be faced with a serious contingency which will probably result in the calling into being of a new export organisation, and the formation of a sales office for home requirements, and this on a more sound basis than has hitherto been the case. A fall in the price of benzine on the local market by about 20 per cent, which was recently observed, should tend to the ultimate increase of the number of motor-cars in Poland, and consequently — an increase in the consumption of this article, which up till now has been very small.

The stocks of crude oil at the wells and with the store companies at the beginning of December, amounted to 43,942 tons, and in the refineries to 36,330 tons, the total being 80,272 tons; compared with the preceding month, the stocks of crude oil in Poland declined during November by 11,406 tons.

The aggregate production of crude petroleum, according to estimates, was somewhat higher than in November. The price for Boryslaw Standard crude amounted to about \$ 2.10 per 100 kg. loco mine. The refineries continued to be well employed, and the situation on the petroleum market was quite satisfactory, particularly as regards the export trade. According to final returns, the production of crude oil in November totalled 62,912 tons, while that of natural gas and ozokerite was 39,874,000 cubic metres and 63 tons respectively. Consequently, compared with November, the falling off in the production amounted to 3,075 tons of crude, 1,690,000 cubic metres of gas, and 3 tons of ozokerite. It may be recalled that nearly the whole production of ozokerite is exported, as the requirements of the local industry are very limited. Polish exports of this

article in November amounted to 67 tons, of which Germany took 37 tons, Italy — 15 tons, and Belgium — 15 tons. The number of workmen employed at petroleum wells and gas shafts in November was 9,564, at the ozokerite mines — 577, in refineries — 6,007, the total number being 16,148.

The throughput of the 29 refineries aggregated 68,648 tons, and the net output of petroleum products was 61,337 tons. Consequently, the throughput in November was smaller than in October by 3,339 tons, and the output of petroleum products — by 4,465 tons. The output, the local consumption and the exports of petroleum products in November were as follows (in tons):

	Output	Local consumption	Exports
benzine	8,854	2,074	7,769
petroleum	21,256	19,578	6,982
gas oil	14,966	2,732	13,135
lubricating oil	10,044	6,615	4,576
paraffine wax	3,578	915	2,656
candles	111	90	28
vaseline	35	53	—
asphalt	1,228	893	2,280
coke	990	270	1,178
semi-finished products	—	3,206	2,249
solid lubricants	275	229	19
Total:	61,337	36,655	40,872

Compared with the preceding month, the increase in local consumption was 2,998 tons, the biggest rise being observed in kerosene, which was mainly used for lighting purposes. A steady increase in the demand for asphalt, which is more and more frequently used for the construction and repairs of pavements and roads, is a significant feature. On the other hand, the consumption of gas oil is falling markedly, on account of the large differences between its price and that of coal. Thanks to increased demand on the world market, the prices for petroleum products destined for foreign countries continued to be favourable, and the volume of exports rose very substantially, namely — by 2,199 tons.

It will be seen from the above export figures that there were large increases in respect of gas oil, coke and asphalt, while decreases were observed in the exports of kerosene and paraffine wax, which are accounted for by the increased home demand for these articles. The distribution of exports according to countries is given below (in tons):

Czechoslovakia	13,041
Danzig	8,694
Switzerland	6,058
Austria	4,680
Germany	2,503
France	1,312
Hungary	1,052
Latvia	864
Sweden	622

Lithuania	518
Italy	415
Russia	310
England	105
Yugoslavia	99
Belgium	29

Total: 40,872

In general, the exports of petroleum products sent abroad by land frontier points improved considerably, the largest increases being to: Czechoslovakia, Switzerland, France and others. The exports through Danzig decreased.

The production of gasoline in November was 1,925 tons, the consumption — 1,794 tons, and the exports — 20 tons. The number of workmen employed at gasoline works was 153.

INCREASE OF WAGES IN THE PETROLEUM INDUSTRY.—A number of conferences were held in December between the industrialists and the workmen in this industry, which resulted in the raising of the wages of refinery workers by 13 per cent. This understanding was preceded by a strike which lasted from December 1st to the 11th, owing to the refusal of the masters to grant an increase of 20 per cent.

"STANDARD NOBEL".— The well known Polish firm of "Nobel Brothers Ltd.", has recently changed its name to "Standard Nobel".

IRON

— The situation in the iron founding industry in December 1926 was, on the whole, less favourable than in the preceding month, the then results having been better than any obtained up to the present. The following figures confirm the above statement (in tons):

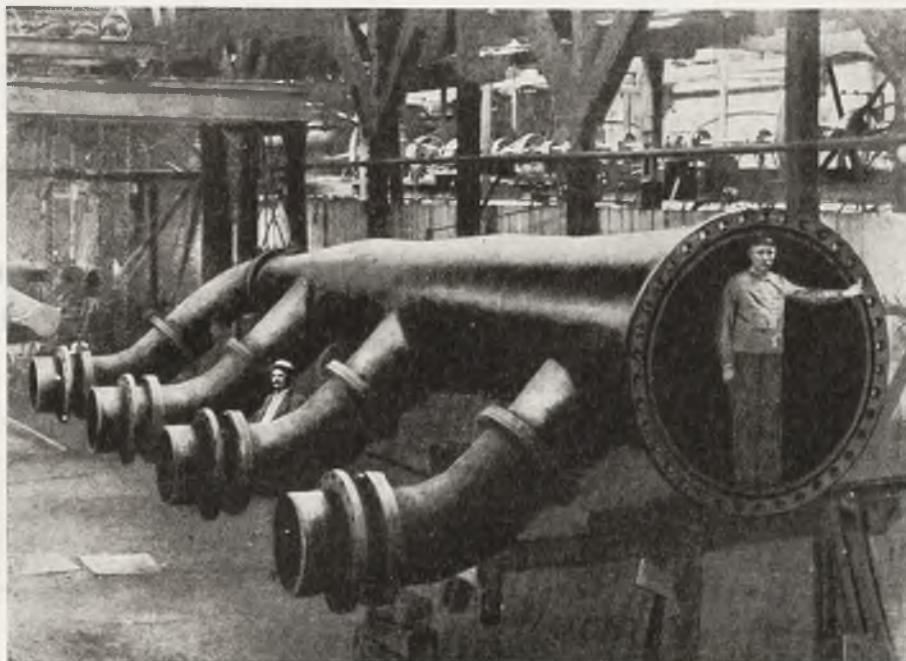
Iron ores	Extraction	Exports	Imports
November 1926	34,220 ¹⁾	9,492	37,816
December 1926	32,202 ²⁾	7,381	23,998
December 1925	12,983	6,284	18,792

Iron foundries	Pig iron	Steel ingots	Rolled material	Number of workmen employed
November 1926	32,975 ¹⁾	93,868 ¹⁾	67,480 ¹⁾	38,332 ¹⁾
December 1926	39,978 ²⁾	87,377 ²⁾	67,886 ²⁾	38,744 ²⁾
December 1925	26,391	41,504	29,861	32,927

Many causes contributed towards this state of affairs. Firstly, the Christmas holidays, which usually cause a decline in output even in undertakings working continuously, were not without influence on the production of steel works and rolling mills, the only exception being in the case of the blast furnaces. Secondly, in connection with the termination of the coal strike in England, the prospects for Polish iron on foreign markets were not quite

¹⁾ Corrected figures.

²⁾ Provisional figures.



LARGE PIPE JOINT MADE BY MESSRS "FERRUM" LTD. (SILESIA)

so favourable as those for German markets. Thirdly, the demand on the local market and particularly on the part of the metal working industry decreased somewhat in view of the large requirements for iron having been satisfied by the foundries during previous months. It should be mentioned that this extraordinary demand for iron was due to big orders for rolling stock placed by the State Railways.

Despite the above facts it is safe to say that the state of employment in the foundry industry in Poland is at present quite satisfactory, and that there is no fear that it will become worse in the near future, especially as in February and March next, owing to the beginning of the building season, as well as owing to increased seasonal activity in the machinery and agricultural implements industry, there are excellent prospects for increased local demand. No small part in this respect will be played by the Syndicate of Polish Iron Foundries, which in addition to the eliminating of competition between the different undertakings, has assumed the control of the market by means of a network of wholesale establishments distributed throughout Poland and the Free City of Danzig. Owing to this, all the stocks available, are well known to the Syndicate, and consequently, it is most unlikely that any unforeseen happening will affect

their plans for the operation and the output of the foundries during 1927.

This industry is also favourably influenced by the central buying office, established in 1926, which is engaged in the buying up of iron and steel scrap, for, thanks to the policy pursued, the prices for scrap show a steady downward trend, despite the large requirements of the Siemens-Martin furnaces.

The blowing in of two blast furnaces in December is not likely to stop the revival of this industry, which worked for many years under abnormal conditions, during which time scrap was used instead of ore, so that the steel foundries had to rely to a large extent on war time stocks of this material. In this connection there has been a simultaneous decrease in the imports of rich ores from Russia, Sweden and other countries. It is interesting to note that, while there is usually a weakening in ore imports in December, an improvement in the employment situation in the iron founding industry has actually taken place during that month, as is evidenced by the above mentioned figures (see statement—page 66) of workmen employed at the mines (5,216 in December 1926 as against 4,997 in November 1926 and 1,907 in December 1925), and in iron foundries.

Polish foreign trade in foundry products, that is in pig iron, iron and steel, rails, iron and steel plates, in

December 1926, is illustrated by the following table (in tons):

		Exports:		Imports:	
		total	pipes	total	pipes
November	1926	13,574	2,826	2,043	215
December	1926	12,915	2,862	1,998	348
	1925	4,242	3,327	1,825	257

The imports of scrap iron during the month were exceptionally large and amounted to 37,425 tons, as against 23,472 tons in November 1926 and 9,457 tons in December 1925.

ZINC AND LEAD

— The output of zinc and lead ores in December 1926 was about the same as in the preceding month. The volume of ores extracted after hand selecting, was as follows (in tons):

		Extraction Imports ¹⁾		Number of workmen employed
November	1926	82,181 ²⁾	17,672	9,099 ³⁾
December	1926	82,329 ³⁾	10,557	8,356 ³⁾
	1925	99,821	6,832	9,562

A considerable fall in the number of miners teams in December is due to the dismissal of several hundred of workmen at the Sharley Biały mine, owing, as stated in previous issues, to the repairs to the ore washer. The output of zinc and lead was maintained at the high levels reached in October and November 1926, which were the highest since the war (in tons):

¹⁾ Enriched figures.
²⁾ Corrected figures.
³⁾ Provisional figures.

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

WARSAW, 1, TAMKA

Offers:

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

ation on the London zinc and lead markets, the Polish exports of zinc are practically equal to the total production of the zinc foundries. This leads to the obvious conclusion that the stocks at the foundries are decreasing, as in addition to the quantity exported, the local market absorbs about 20 per cent of the production.

One of the most important post-war happenings in the zinc industry, was the dissolution in December 1926 of the German-Polish Zinc Syndicate which had its head office in Berlin and of which the Polish Silesian foundries had been members both before and since the war. The establishment of an union of Polish zinc foundries with its head office either in Warsaw or Katowice will now be only a matter of time as the main difficulty which existed up till last year and which was evidenced by the sympathetic attitude of the Polish Upper Silesian foundries towards Berlin, has ceased to exist owing to the break up of the Syndicate.

**THE
POLISH
TEXTILE
EXPORTING
ASSOCIATION
LTD.**

**ŁÓDŹ
9, MONIUSZKI**

some 50 years ago, has recently increased its share capital by 4,900,000 to 4,600,000. This increase was effected by transferring the above sum from the reserve capital.

	Output:		Exports:			Number of work- men em- ployed
	raw zinc	raw lead	raw zinc	zinc sheets	refined lead	
Nov. 1926	11,050 ¹⁾	2,606 ¹⁾	10,832	989	1,147	12,232 ¹⁾
Dec. 1926	10,945 ²⁾	2,411 ²⁾	9,096	769	729	12,140 ²⁾
" 1925	9,825	2,301	4,650	257	1,466	11,408

As may be seen from the above table, despite the present unfavourable situ-

TEXTILE INDUSTRY

"KAROL EISERT" LTD.—This factory possessing one of the largest woolen spinning and weaving mills in Poland, established in Łódź

"DYWAN" LTD.—The carpet factory established some 20 years ago by the well known Warsaw firm "Bogusław Herse", has recently been organised as a separate limited liability company styled "Dywan" Ltd. The share capital of the new company is 4,100,000.

MOVEMENT OF PRICES.—Following a period characterised by a rapid rise in the level of prices, which lasted from May to September 1926, and after the maintenance of this level, though with a slight upward tendency during October and November, a downward tendency was observed in December. This was evidenced by a fall in wholesale prices, with the result that the index of prices calculated on a Złoty basis fell from 178·6 in November to 176·9 in December, that is by 1 per cent. This did not, however, concern retail prices which, having less inclination to fall and that only much later than the wholesale prices, hardly changed, their index having risen from 254·0 to 254·4, or by 0·2 per cent. An increase from 195·0 to 196·9, or of 1 per cent was recorded in the index of the cost of living. As, however, the Złoty was not subject to any fluctuations during December, the movements in the gold indexes were parallel to the above mentioned indexes calculated on a Złoty basis, and consequently the gold index

for wholesale prices declined from 102·8 to 101·8, or by 1 per cent, while that of retail prices rose from 146·3 to 146·6 or by 0·2 per cent. The gold index for the cost of living rose from 112·3 to 113·4, or by 1 per cent.

It results from the above that during the quarter ending December 31st the stabilisation of the Złoty was followed by a stabilisation of price levels; the slight fluctuations having been observed during that period (a decline of 0·2 per cent in the index of wholesale prices, and an increase of 3·3 per cent of the index of retail prices) were the outcome, particularly in the case of wholesale prices, of the situation then prevailing and not of the change in the purchasing capacity of the Złoty. It is worth while noting that although the gold index of wholesale prices, in relation to December 1925 (94·9), rose by 7·7 per cent, yet, in relation to July of the same year, when the Złoty started to fall, it declined by 14·9 per cent.

The conclusion to be drawn from the above considerations is that the present

level of prices is by no means likely to adversely affect the equilibrium of the Polish foreign trade balance. As regards the shaping of prices in the course of last year in relation to the different groups of local consumers, it should be stated that it was very favourable for the agricultural community, the index of wholesale prices for farm products of local origin having risen during the period from December 1925 to December 1926 from 109·5 to 138·2, or by 26·2 per cent, while simultaneously that of prices for manufactured goods rose from 89·4 to 98·5 or by 10·2 per cent.

During the same period the gold index of retail prices for farm products went up by 18·3 per cent (from 124·3 to 150·8), and of manufactured goods—by 0·4 per cent (from 141·7 to 142·3). Consequently, the farmers obtained for their products approximately 26·2 per cent more in a stabilised currency than a year earlier, whilst they had to pay only 0·4 per cent more for the manufactured articles they bought. This marked increase in the prices of agricultural products has offset

the loss sustained by the agricultural community owing to poorer crops this year, as compared with last. On the other hand, the increase in the purchasing capacity of the agricultural community, is responsible for the betterment of the industrial situation, and in particular for those of the branches which are in direct touch with the countryside.

It is unfortunate that a certain diminution has been apparent in the absorptive capacity of the urban population, and especially that of the working classes, the incomes of which

have not kept pace with the increased cost of living. This factor, however, being outweighed by the improved situation of the agricultural community, had little, if any, influence on the situation on the internal market, though it contributed to some extent to the decline in prices of manufactured goods.

The details of the movement of prices as well as indexes of prices of the more important groups of articles in December are given in the following statement:

	November:		December:	
	price	index	price	index
GENERAL INDEX	178·6		176·9	
Agricultural produce	237·0		240·1	
Manufactured articles	162·7		160·1	
I. — Grain and foodstuffs of vegetable origin	239·1		235·8	
including:				
wheat ¹⁾	50·30		52·40	
rye ¹⁾	39·40		40·55	
barley ¹⁾	36·05		35·55	
oats ¹⁾	34·35		31·05	
wheat flour 65 per cent ¹⁾	71·50		71·75	
rye " 70 " " ¹⁾	54·25		57·25	
II. — Foodstuffs of animal origin including:	242·8		253·2	
beef ²⁾	2·20		2·40	
pork (live weight) ²⁾	2·48		2·73	
butter ²⁾	6·80		7·60	
III. — Groceries and sugar including:	159·3		157·0	
sugar ²⁾	1·205		1·205	
IV. — Hides raw and finished including:	76·3		160·3	
raw oxen hides ²⁾	2·35		2·15	
" calf skins ²⁾	4·60		3·20	
V. — Raw materials and textiles including:	207·0		204·3	
American cotton ²⁾	3·21		3·40	
cotton yarn 1/32 ²⁾	6·39		6·21	
VI. — Metals and coal	185·9		184·3	
including:				
pig iron ³⁾	200·00		200·00	
commercial iron ³⁾	325·00		325·00	
hoops ³⁾	390·00		390·00	
rolled wire ³⁾	375·00		375·00	
coal ³⁾	32·60		32·60	
VII. — Building materials	120·0		122·0	
including:				
cement ¹⁾	5·80		6·50	
sawn timber ¹⁾	105·00		105·00	
VIII. — Chemicals and various	136·0		136·0	

It results from this table that the prices of local agricultural products showed a further increase, namely — by 1·3 per cent, chiefly owing to the increase in prices of foodstuffs of animal origin by 4·3 per cent, although those of vegetable origin declined by 1·4 per cent. Prices for manufactured goods receded by 1·6 per cent, the most

adversely affected being tanned hides, the prices of which fell by 8·1 per cent; the only increase in this group is in the case of building materials, which rose by 1·6 per cent, owing to the increase in prices of cement, which was brought about by an understanding between the producers with the view of the elimination of competition.

The rise of retail prices by 0·2 per cent, was caused by the advance of prices for agricultural products (by 0·4 per cent). The prices for manufactured goods experienced a slight decline (by 0·04 per cent). The margin between

retail and wholesale prices during the last year did not show any increase. The comparison of indexes for the end of 1925, a period of rapid growth of wholesale prices, indicates that the index of retail prices was higher than that of wholesale prices by 42·6 per cent, while in the corresponding period of 1926 the difference was 43·8 per cent.



A TYPICAL SIGNAL BOX ON THE POLISH STATE RAILWAYS

The following is the comparative statement of indexes of wholesale prices in Poland and abroad in November 1926 calculated on the basis of gold prices (1914 taken as 100):

	Poland	Germany	France	England
General index	102·8	130·8	133·2	153·3
Agricultural products	136·5	—	122·7	144·5
including:				
foodstuffs of vegetable origin	137·4	112·9	131·1	146·2
foodstuffs of animal origin	139·6	111·3	108·8	141·1
Industrial articles	93·7	—	142·6	159·1
including:				
coal and metals	107·0	131·9	150·4	208·7
textiles	119·2	217·9	134·8	141·3

FOREIGN TRADE

— The appended table, compiled by the Chief Statistical Bureau, contains provisional data relative to Poland's foreign trade in December as well as those for the whole of the years 1926 and 1925:

¹⁾ For 100 kg.

²⁾ For 1 kg.

³⁾ For 1 ton.

⁴⁾ For 1 cubic metre.

I M P O R T S

E X P O R T S

G O O D S	Dec.	Jan. - Dec.		Dec.	Jan. - Dec.		G O O D S	Dec.	Jan. - Dec.		Dec.	Jan. - Dec.	
	1926	1926	1925	1926	1925	1926		1926	1925	1926	1925		
	Volume — in tons			Value — in thousands of gold ₯				Volume — in tons			Value — in thousands of gold ₯		
TOTAL	264.115	2,438.489	3,410.737	90.924	896.226	1,602.823	TOTAL	2,049.451	22,303.963	18,602.708	118.747	1,806.017	1,272.072
I. — Foodstuffs	33.168	254.407	854.137	16.762	153.997	462.507	I. — Foodstuffs	120.323	1,460.033	1,023.415	38.061	381.517	322.060
including:							including:						
wheat	3.296	9.395	41.048	1.042	2.804	14.923	wheat	790	53.011	94.231	227	14.071	24.018
rice	3.218	32.266	69.556	1.403	12.305	29.683	rye	3.092	222.695	177.062	729	39.741	32.044
tea	139	1.786	1.686	715	8.576	9.048	barley	6.989	138.011	105.121	1,529	25.214	21.994
cocoa	422	3.625	4.754	619	5.696	7.069	oats	3.71	62.818	34.351	69	10.649	6.099
coffee	532	6.345	7.096	1.466	17.210	20.033	groats	3.617	26.603	8.397	607	4.480	1.513
fish and herrings	8.736	60.908	54.414	2.647	21.837	30.794	peas, beans	6.195	54.164	29.952	1,799	14.917	8.582
edible fats of animal origin	1.146	7.958	12.724	1.751	13.368	25.100	potatoes	368	10.969	17.256	63	1.267	3.047
edible fats of vegetable origin	855	8.175	5.734	1.058	9.968	8.486	potatoe products	3.617	34.590	31.367	607	7.252	8.161
tobacco	394	12.447	22.307	425	21.620	46.721	sugar	55.726	265.690	196.030	19,697	84.550	77.249
II. — Live animals (head)	27.861	104.813	263.920	164	545	1.207	meat	1.999	33.877	34.793	3.118	35.039	49.380
III. — Animal products	2.432	24.967	21.917	5.552	61.299	106.487	butter	150	5.548	541	410	13.302	1.835
including:							eggs	2.102	58.566	27.071	2,930	74.235	46.692
dried skins	1.030	11.341	6.946	1.406	15.322	6.904	hops	167	839	754	1,337	5.838	6.787
tanned hides	373	6.224	7.438	2.254	30.899	54.166	forage	29.967	324.723	159.344	2,863	28.175	17.658
IV. — Timber and wood ware	1.128	19.004	61.488	309	3.702	9.979	II. — Live animals (head)	124.511	2,695.992	2,330.913	3.408	66.686	101.439
V. — Plants and seeds	1.940	19.791	18.841	1.039	11.134	16.684	including:						
VI. — Building materials and ceramic prod.	87.798	840.777	879.099	1.193	10.137	15.999	pigs	29.205	593.660	870.691	2.703	47.106	67.361
VII. — Minerals not separately designated and products thereof	38.240	463.383	371.762	3.132	32.076	20.808	III. — Animal products	1.423	20.313	15.280	1.530	19.952	25.882
including:							IV. — Timber and wood ware	406.901	4,970.047	3,267.708	16.747	206.811	227.041
iron ores	23.998	273.287	293.797	442	6.112	6.368	including:						
lead "	1.514	9.603	8.808	580	3.436	1.747	pulpwood	112.649	1,125.768	690.563	3.068	27.261	25.540
zinc "	9.043	100.933	36.349	1.389	15.000	4.513	pit props	91.739	889.536	345.469	2.094	18.482	11.289
VIII. — Glass	182	2.414	5.742	323	2.806	6.239	round wood and logs	44.641	799.492	494.724	1.664	27.420	30.887
IX. — Fuel and petroleum products	14.254	128.649	252.813	470	4.482	8.394	planks, deals, battens	104.015	1,493.173	1,139.588	6.811	93.142	97.475
X. — Rubber and rubber goods	263	1.578	2.320	1.907	11.641	15.605	railway sleepers	15.813	312.187	361.033	720	14.514	23.821
XI. — Inorganic chem.	18.239	218.634	370.888	1.539	22.293	36.610	veneers	1.654	18.320	10.588	554	5.861	8.235
including:							V. — Plants and seeds	8.216	69.124	74.641	3.987	24.488	32.299
potassium salts	780	26.264	75.202	619	1.848	4.514	including:						
XII. — Organic chem.	6.373	67.104	85.283	5.822	59.827	45.277	fodder seeds	4.923	41.420	30.633	2.873	14.099	11.026
including:							VI. — Building materials and ceramic prod.	40.425	333.286	277.558	432	9.126	3.182
vegetable fats	2.189	18.822	14.175	2.174	18.903	15.138	VII. — Minerals not separately designated and products thereof	7.945	103.472	40.342	128	1.631	2.055
animal fats	1.312	14.384	9.121	1.247	13.895	8.493	including:	1.209	5.103	1.722	542	2.384	1.909
lanners	1.146	17.821	11.872	577	9.479	3.755	IX. — Fuel and petroleum products	1,417.266	14,905.278	8,477.489	33.636	336.166	215.953
XIII. — Dyes, colours and varnishes	540	5.239	8.880	1.055	7.859	9.242	including:						
XIV. — Various chem.	140	3.163	7.573	491	6.257	9.997	coal, coke and briquett.	1,371.172	14,436.694	8,151.776	24.712	255.541	147.700
XV. — Metals and metal products	41.120	205.450	241.791	6.020	45.145	85.527	petroleum	10.531	106.019	67.820	1.487	12.835	8.445
including:							benzine	7.542	71.959	61.369	2.015	19.860	15.644
scrap iron	37.425	163.089	162.813	1.878	7.385	6.739	motor and lubricating oils	18.529	202.600	143.189	2.200	22.523	20.064
copper & copper wares	408	3.605	4.731	706	6.140	9.246	paraffine wax	3.754	29.576	22.909	2.686	20.217	16.569
XVI. — Gold, silver and platinum (gr.)	—	—	—	761	1.799	2.842	X. — Rubber and rubber goods	11	256	99	62	1.162	9.50
XVII. — Machinery and apparatus	2.150	22.086	49.465	5.971	52.184	96.820	XI. — Inorganic chem.	6.905	94.877	113.943	878	11.049	9.962
including:							XII. — Organic chem.	2.259	30.878	24.542	671	8.205	6.039
electrical machinery	216	1.464	2.205	863	5.424	6.246	XIII. — Dyes, colours and varnishes	146	3.125	3.765	89	2.855	4.256
textile machinery	387	2.186	6.275	1.057	6.916	20.426	XIV. — Various chem.	195	2.247	1.638	157	1.629	1.978
agricultural machinery	299	4.205	6.655	833	7.934	11.118	XV. — Metals and metal products	21.789	242.064	212.031	12.184	139.334	138.606
XVIII. — Electrical wares and appliances	797	9.943	12.446	2.712	26.699	29.520	including:						
XIX. — Watches and their parts	7	47	130	186	900	2.460	iron and steel	4.867	20.849	42.486	775	3.492	11.480
XX. — Musical instruments	22	210	812	223	1.825	5.365	" " steel sheets	3.974	26.401	21.651	1.184	7.783	7.342
XXI. — Fire arms and ammunition	16	110	209	173	1.067	3.312	" pipes	2.862	26.527	22.985	993	9.333	12.033
XXII. — Means of communication	466	7.318	19.248	1.195	19.158	46.328	zinc	9.096	113.972	68.921	7.151	87.807	58.439
including:							" sheets	769	8.347	24.878	716	7.392	24.543
motor cars	230	2.269	5.889	995	9.792	26.154	XVI. — Gold, silver and platinum (gr.)	44.919	580.719	171.504	11	96	52
XXIII. — Paper and paper wares	4.535	41.699	46.188	2.659	23.212	23.634	XVII. — Machinery and apparatus	404	5.660	6.894	381	7.670	11.389
XXIV. — Books, periodicals, pictures	140	1.407	1.989	607	5.699	13.060	XVIII. — Electrical wares and appliances	51	857	904	16	440	468
XXV. — Textiles and textile products	9.984	99.384	93.506	28.181	304.345	434.223	XIX. — Watches and their parts	2	4	1	16	50	72
including:							XX. — Musical instrum.	1	12	12	11	84	79
jute	2.042	12.601	12.689	1.702	13.514	15.581	XXI. — Fire arms and ammunition	0	2	0	6	24	19
cotton	5.885	65.649	54.773	11.904	156.148	166.948	XXII. — Means of communication	4	424	576	6	423	1.724
cotton yarns	220	1.892	1.737	1.514	14.390	11.896	XXIII. — Paper and paper wares	1,572	24.033	23.292	247	5.053	8.387
" fabrics	69	977	5.060	979	13.140	61.310	including:						
wool (combed incl.)	1.292	13.070	12.381	7.483	68.414	98.284	flax	1.848	14.114	15.593	819	6.965	12.137
" yarns	135	937	1.179	1.691	11.110	19.170	cotton yarns	127	2.423	1.979	524	9.292	12.723
" fabrics	35	321	675	463	4.283	17.101	" fabrics	216	4.080	5.014	1.288	24.262	51.922
silk, semi-silk and artificial silk	22	189	315	1.455	12.377	25.540	wool yarns	87	1.486	1.468	962	15.689	23.242
XXVI. — Clothing	45	704	2.035	1.015	14.945	62.190	" fabrics	20	646	692	371	7.859	13.959
XXVII. — Fancy wares	28	223	784	307	2.520	10.724	XXVI. — Clothing	34	327	285	322	3.861	6.952
XXVIII. — Scientific and school instruments	65	651	1.385	888	7.824	21.793	XXVII. — Fancy wares	2	29	65	65	929	3.143
XXIX. — Various	43	147	1	268	849	10	XXVIII. — Scientific and school instrum.	4	43	51	28	348	900
							XXIX. — Various	9	34	3	19	332	29

It will be seen that the value of imports in December was less by zł 29,579,000 or gold zł 17,029,000, and that of exports less by zł 22,517,000 or gold zł 12,965,000, than in November. When measuring the extent of the decline, it should be borne in mind that the foreign trade figures for November were exceptionally large, and in fact were the largest both on the export and import sides, for any month of 1926.

The decline in exports was anticipated, as it was known that on the conclusion of the English coal strike, the export of coal would decrease.

As the result of imports having declined to a larger extent than the exports, the favourable foreign trade balance rose to zł 48,315,000, or gold zł 27,820,000.

The drop in the imports of textiles and in the first place of raw materials, namely—cotton and wool, represented $\frac{2}{3}$ of the whole decline in imports. It should be mentioned that the diminished value of cotton imports was due to a fall of prices, as the actual weight was larger. In addition to the above, the quantity of imported yarns and cotton fabrics also diminished. The imports of animal products also showed a decline, both raw hides and tanned skins being affected in the same degree.

There was also a considerable falling off in the imports of foodstuffs such as spices, oranges and other fruit, and also in ores, paper and organic chemicals.

On the export side the largest decline was observed in fuel and petroleum products, which are dealt with elsewhere in this number (see "Coal" and "Petroleum"). The imports of nearly all the more important items of foodstuffs, with the exception of sugar and meat, decreased. Owing to the large exports of sugar, the decline in the volume of trade in this group is comparatively small. Though the actual figures were small, the decline in the volume of exports of both cotton and wool textile fabrics is an unsatisfactory feature for a country like Poland.

The comparison of the data for the whole year indicate that the surplus of exports over imports, amounting to gold zł 409.8 million, was in the first place due to a very substantial decline in imports, as the exports rose but slightly. When analysing these figures, it should be taken into account that the prices, both as regards imports and exports, were from 10 to 12 per cent higher in 1926 than in 1925. A convincing proof of this statement is



A NEW COLONY FOR STATE EMPLOYEES IN WARSAW (PHOT. S. PLATER)

furnished by the quantitative statistical data relative to quantity and value, for 1925/6, in respect of a whole range of articles. This decline, which was caused not only by the general increase of prices, but also by the change at the end of 1925, in the system of calculation of the values by the Chief Statistical Bureau, leads to the conclusion that the actual falling off of imports was much smaller than the comparison of the values for the two years would suggest. This difference will become still less when it is borne in mind that, owing to bad crops in 1924, the imports for 1925 included large quantities of grain, rice and flour. On the other hand, the allowance for the falling off in prices for exports, enables one to state that the volume of exports in 1926 was larger than that for 1925, even when the difference between the actual coal export and the sum which would probably have been obtained if the coal stoppage in England had not radically changed the situation, be allowed for. This difference may be placed at about gold zł 130 million on the assumption that the exports of coal under normal conditions would amount to 7 million tons at a price of gold zł 172 per ton.

A careful analysis of the import shows an large decline in those relating to foodstuffs. As already pointed out, the main reason for this was the fact that the imports of grain, flour and rice, which, owing to bad crops, &c., particularly large in 1925, were much lower in 1926. At the same time the imports of fruit, spices and other foodstuffs also declined considerably.

There was a substantial decline in the value of imported textiles, however, a comparison of the figures of weight will show that the imports of raw material were, on the whole, maintained at the 1925 level, and in the case of cotton, the 1925 averages were surpassed; consequently, the fall in value of imports, as mentioned above, was due to the decline in prices, particularly those of cotton. On the other hand, imports of fabrics decreased materially, which is a favourable sign for Poland, which has a highly developed textile industry.

A further gratifying factor is the decrease in the import of ready made clothing and underclothing, as in most cases these articles are of a luxury character, which compete with locally produced articles, although the latter adequately meet the requirements of the Polish consumers. The fall of imports of products of animal origin was also noticed, the most significant declines being in respect of tanned skins, leather articles, footwear &c.; it is of interest to note that the import of raw hides increased.

Leaving for the moment ores and metals and products thereof out of account, as they are dealt with separately, it may be mentioned that the progress of imports was on the whole satisfactory in 1926. Decreases were observed in the first place in the imports of articles of a luxury character, and in those which could be replaced by locally made products without any injurious result to the consumer. In this connection it may be of interest to point out that

a certain increase took place in the imports of raw materials, such for instance, as tanners materials, rags, waste paper &c., to say nothing of those previously mentioned. Unfortunately, the examination of the import figures reveals an unsatisfactory situation in certain respects: there was a marked fall in the imports of artificial fertilizers and machinery, which cannot be regarded as only a result of the increase of local production of these manufactures, but simply as the outcome of the insufficient financial resources of the industrial, and agricultural interests.

The exports to foreign markets were on the whole irregular. The first place was occupied by fuel and petroleum products, which are dealt with separately *); owing to exceptional conditions, the coal exports were more than double the figures which had been anticipated after allowing for the German-Polish customs war, and exceeded those for 1925. A large increase took place in the exports of petroleum products, but, owing to the fall of prices, the effect of the increase in the volume was less spectacular.

With the exception of wheat, meat and a few articles of minor importance, the exports of agricultural produce, sugar, butter, eggs &c., rose to a very large extent. Here also the decline in prices had an adverse influence on the ultimate results. On the other hand, the export of live horned cattle and pigs showed a decline. The increase in prices was a decisive factor in the decline in value of the exports of textiles and of timber and wood ware, for, as regards volume, increases were observed in all items of the latter, with the exception of sleepers and coopers wares. It may be of interest to note, that there was an increase in the export of furniture and veneers and products thereof, although the value decreased, owing to lower prices. The increase in the exports of veneers was particularly large.

Metals and metal products will not be considered here, as they are dealt with in another column (see "Iron" and "Zinc and lead"). As regards textiles, the ultimate figures are also distorted by the fall of prices, but it should, nevertheless, be stated that the situation is characterised by two unfortunate features: a decline in the export of fabrics and a simultaneous rise in the exports of yarns. The comparison of the import and export figures, which

showed the maintenance of the imports of raw materials, and the decline in the imports of fabrics and ready made garments, leads to the conclusion that in relation to 1925, the textile industry in 1926 worked mainly for the local market.

It will be seen, therefore, that the position of the Polish foreign trade is not at all bad, and when in addition it is considered that even without the exceptional increase in the coal exports, due to the English strike, the foreign trade balance for the year 1926 would have been closed with a surplus amounting to gold zł 280 million, it is safe to say that it is developing on a sound basis.

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. 53: Polish exporter of willow twigs for basket making seek connections with foreign buyers.

Ref. No. 54: Polish manufacturer of toilet preparations, disinfectants &c. is desirous of entering into relations with foreign firms in this line.

Ref. No. 55: Polish undertaking producing superphosphates, tallow, bone flour and meal, is prepared to submit offers on application.

Ref. No. 56: Manufacturers of bent furniture wish to enter into relations with foreign importers.

Ref. No. 57: Dealers in feathers and down seek buyers abroad.

Ref. No. 58: Exporter of cultivated mushrooms is desirous of entering into relations with foreign importers of this commodity.

CUSTOMS DUTIES AND FOREIGN TRADE REGULATIONS

A MODIFICATION OF THE WORDING OF THE ARTICLE OF THE CUSTOMS TARIFF RELATING TO TEA has been undertaken in accordance with the regulation issued on December 27th 1926 ("Dz. Ust. R. P.")

No. 1, item 6); the new wording of the article is as follows:

art. 20 tea:

§ 1	with the exception of that dealt with in §§ 1 and 3:	
	a) imported in packages containing 1 kg. or less, together with the weight of packing	zł 500.—
	b) in other packings	„ 200.—
§ 2	mate tea:	
	a) imported in packages containing 1 kg. or less, together with the weight of packing	„ 200.—
	b) in other packings	„ 180.—
§ 3	tea in cakes (black and green)	„ 180.—

NOTE: — Denaturated tea for the production of theine — by permission of the Minister of Finance duty free

TRANSPORTS

RAILWAY TRAFFIC IN DECEMBER 1926. — The latest statistical data show that there was a considerable decrease in the car-loadings on the Polish State Railways during December, the average daily loadings of 15 ton trucks being 14.341, while the corresponding figure for November was 16.942. As, however, during this month the number of trucks received from abroad, and in transit, did not show any considerable change, it is obvious that the total number of trucks in circulation also decreased, the figure being 15.879 as against 18.557 in November.

In view of the shortage of trucks, the demand exceeded the transport possibilities of the Polish railways, and the shortage coinciding with the decrease of car-loadings, was firstly due to the increase in the number and the length of the average haul, and a simultaneous decline of the shipments of goods over short distances; for these reasons the average daily number of trucks available decreased very materially. To give an idea of the considerable decline of short distance consignments, it is sufficient to say that car-load shipments of beet-root, the average transport of which was in 1925 47 km., totalled on the average 1.976 per day in November, and in December the average daily figure was reduced to 768. The same may be said of potatoes, large quantities of which are transported over distances not exceeding 100 km., and the average daily car-loadings of which in December

*) See page 66.

were 57, as against 279 in November. At the same time the volume of coal transports for local consumption rose, the average distance covered being about 250 km. In addition, the situation was complicated, particularly in the second half of December, by the trucks not being supplied at specified dates, and also by their having been unduly retained by the railway systems of the neighbouring countries.

These circumstances compelled the Ministry of Transport to elaborate detailed instructions regarding the supply of trucks; although these regulations should only be made operative in January 1927, yet their favourable influence was more than apparent in December, for in view of the fact that primary stress was laid on the supply of coal trucks for local requirements, for State and private industrial and agricultural undertakings, local governments and local cooperative societies; the requirements of the following foreign markets: Austria, Czechoslovakia, Russia, Hungary and Italy, as well as other countries drawing their supplies through Danzig and Gdynia being treated as being of secondary importance; the third and fourth place being occupied by the rest of the Polish consumers and all other foreign countries respectively. As the result of the specified measures, there was recorded a considerable betterment in the supply of coal to local consumers, and a simultaneous decline in exports. Of the total car-loadings effected in December, the average daily number destined to local stations was 10,469, and that dispatched abroad — 3,872. The statement below illustrates the average daily car-loadings of the various groups of goods dispatched to local stations (in 15 ton trucks):

	November	December
coal, coke and briquettes	3,232	3,314
crude oil and petroleum products	198	150
timber	954	915
agricultural produce	3,274	1,591
raw materials and industrial products	1,899	1,560
miscellaneous	3,168	2,939
Total:	12,725	10,469

Compared with November, the average daily loadings of goods for local consignees, declined by 2,256 trucks per day, the largest decreases, of 1,683 trucks per day, being in respect of agricultural products, which was to be ascribed to the close of the autumn season. As already stated, the average daily consignments of beetroot declined by 1,208, of potatoes by 222, and of grain by 101 trucks respectively. Other groups,



FROM THE NEW POTASSIUM CONCENTRATING WORKS AT KAŁUSZ

with the exception of coal, the average daily car-loadings of which were higher by 82 trucks, showed a slight decrease. The statement given below shows the average daily car-loadings of the different groups dispatched abroad (in 15 ton trucks):

	Nov.	Dec.
coal, coke and briquettes	3,056	2,635
crude oil and petroleum products	82	80
timber	652	816
grain	72	33
miscellaneous	355	308
Total:	4,217	3,872

Compared with November, the average daily car-loadings of goods destined for foreign markets declined by 345, but this was mainly due to the decline of 421 trucks per day in the dispatch of coal consignments, the remaining groups, with the exception of timber, the average daily dispatch of which increased by 164, showing an insignificant recession. The average daily reception of trucks loaded with foreign goods rose slightly, from 601 in November to 618 in December; on the other hand, the number of trucks passing in transit through Poland declined in a much larger measure, namely — from 1,014 to 920 per day.

GENERAL REVISION OF RAILWAY TARIFFS. — It has been decided by the Ministry of Transport to revise both the trade and passenger tariffs, in view of the following considerations: firstly, as the Polish railways are now being operated as a separate undertaking, they must be financially self-supporting, and it will be therefore necessary that the tariff should be the source of revenue, and that the capital expenditure

which, up to the present, has been covered by the State and which was consequently somewhat neglected, should be met from the revenue; secondly, Polish trade having been nursed by the railways for eight years, the results of the experience thus gained can now be incorporated in the new tariff.

The revision of the tariff is to be complete and will comprise both the nomenclature as well the classification of freight and its respective rates. As regards passenger and luggage tariffs, the whole of the schedules will be revised. For this purpose the Ministry of Transport has established a special office which, in all probability, will complete its work within six to eight months. It is hoped that the new tariff will be introduced at the beginning of 1928.

THE PRODUCTIVITY OF THE PERSONNEL OF THE POLISH STATE RAILWAYS. — The permanent personnel and staff on the State normal gauge railways, was 183,468 on January 1st 1924, which figure was gradually reduced to 164,251 on June 1st 1926. During the same time the work performed by the railways rose to a very large extent. The following comparative statement shows the increase in the productivity of the personnel, the undermentioned figures with the exception of the first column being in respect of one railway worker:

	Employees		Per one employee:		
	per 1 km.	locomotive-km.	train-km.	axle-km.	ton-km.
1921	11.4	1.34	0.91	44.4	135
1922	11.1	1.69	1.18	56.5	176
1923	10.8	1.97	1.36	68.4	216
1924	10.5	1.90	1.30	64.3	195
1925	10.0	2.07	1.49	76.0	235
1926*)	9.7	2.07	1.56	82.7	265

*) January — June.



THE MOUTH OF THE RIVER BRDA, A TRIBUTARY OF THE VISTULA (PHOT. S. PLATER)

This table indicates that the number of personnel has declined from year to year, while their productivity has risen (1st three columns) by over 50 per cent since 1921, and from the economic point of view, has nearly doubled as regards the number of ton-km. per head.

When it is considered that on the Polish railways for the performance of one million axle-km., 33.3 persons were required in 1926, while the same work on the Italian railways is performed by 35.3 persons, and in Germany (in 1924)—36.9 persons, then the results obtained should be recognised as quite satisfactory.

The distribution of the personnel of the Polish State Railways is given in the following table containing the corresponding figures for the German and French railways (in percentage):

Railways:	Adminl- stratlon	Track service	Station employees	Traction service and repair shops
Polish	4.5	19.0	37.0	39.5
German	4.9	20.1	38.7	36.3
French	5.0	14.0	31.0	50.0

The statement indicates that the distribution of personnel on the Polish State Railways stands mid-way between that of Germany and France.

THE AGE OF LOCOMOTIVES ON THE POLISH RAILWAYS.—The Polish State Railways have, so to say, inherited from the German and Austrian

occupation authorities all kinds of old rolling stock, which was in Poland at the time of the restoration in November 1918. The rolling stock was composed of units of most varied types and origin, as the German and Austrian railway authorities brought to Poland rolling stock which have been taken from the French, Belgian, Italian and Rumanian railway systems. Although the Ministry of Railways did its best to have the rolling stock of a uniform type—either by way of exchange with its neighbours, or by the withdrawal of the more damaged units and their replacement by new ones, constructed in Poland or bought abroad (U. S. A., Belgium), yet it must be recognised that improvement achieved in this respect is far from being ideal. This is confirmed by the age of locomotives of the Polish State Railways.

The inventory of the Polish State Railways on January 1st 1927 mentions 5,120 normal gauge locomotives of 122 different series; as to the age, the locomotives are divided as follows:

from 1 to 1 years	—	1,586	locomotives
" 11 " 20 "	—	1,724	"
" 21 " 25 "	—	693	"
" 26 " 30 "	—	553	"
" 31 " 36 "	—	289	"
" 36 " 40 "	—	168	"
over " 40 "	—	107	"
Total:		5,120	locomotives

The average age per locomotive is 17.7 years.

When it is borne in mind that locomotives may at the most be used 35 years, after which period, for reasons of economy (high cost of repairs, obsolete construction, the absence of up-to-date appliances, reducing the cost of operation), they should be scrapped or else sold to suburban railways with a small traffic or industrial concerns—then during the next five years the following number should be scrapped: $107 + 168 + 289 = 564$ locomotives.

Consequently, a similar number of locomotives should be ordered even when no allowance is made for the increase of the number of the locomotives necessary to cope with increased traffic.

NEW ISSUE OF THE RAILWAY FREIGHT TARIFF.

— In view of the large number of amendments and supplements to the goods tariff of the Polish normal gauge railways which have been issued in the course of last year, the use of the tariff has been rendered difficult to the respective railway offices, as well as to traders. For this reason the Ministry of Transport issued on January 1st 1927 a new edition of the freight tariff which includes all the supplements issued up to the present, as well as all the changes which have been made for various practical reasons or for the extension of the tariff.

PORT TRAFFIC IN DECEMBER. — In December, despite unfavourable weather conditions, the activity in the Polish ports continued to be brisk.

A portion of the statistical data for the year 1926, concerning the number of incoming and outgoing ships and their tonnage, are already available; the figures relating to the movement of goods will only be compiled at the end of next February. From the data available it appears that the total number of ships calling at the port of Danzig in 1926 and 1925 were 5,967 and 3,986 with registered tonnages of 3,432,480 and 1,869,979 respectively, while the number of clearances in 1926 were 5,903 with 3,395,840 reg. tons, the corresponding figures for 1925 being 3,958 with 1,864,182 reg. tons.

In December 1926 the arrivals at Danzig were 510 ships with 312,671 reg. tons, as against 529 ships and 335,045 reg. tons in November. It will be seen that there was a slight decrease in the number of incoming vessels, while the clearances, on the contrary, were 525 with 322,505 reg. tons, as against 492 with 298,608 reg. tons in November.

The nationalities of the ships calling at Danzig in December were as follows:

Gdynia during the period under review was 573.

The nationalities of the ships were as follows:

	Arrivals	Departures
Poland & Danzig	2	2
Sweden	11	17
France	3	3
Norway	3	3
Germany	3	3
Denmark	3	3
Estonia	2	2
Finland	1	1
Total:	28	34

"ŻEGLUGA POLSKA" STEAMSHIP COMPANY. — A steamship company bearing this name has been founded by the Polish Government. This Company,

having its offices at Gdynia, operates for the time being five 3,000 ton steamers, which were recently bought in France*). The steamers are to be used for the transport of loose consignments of coal, timber, ores, superphosphates &c., and will run between Danzig and Gdynia and the Scandinavian, English, French and German ports. In addition, the Government has placed an order with the "International Shipbuilding and Engineering Company" in Danzig for two passenger steamers destined for coastal traffic.

On January 6th the taking over of five steamers by the Company, was celebrated at Gdynia.



ONE OF THE FIVE STEAMERS RECENTLY BOUGHT BY THE "ŻEGLUGA POLSKA"

	Arrivals:		Departures:	
	ships	reg. tons	ships	reg. tons
Poland & Danzig	41	12,138	34	10,320
Germany	180	88,272	179	91,821
Finland	6	2,513	9	5,025
Estonia	2	2,738	2	796
Latvia	6	5,355	8	7,029
Lithuania	1	437	1	437
Sweden	132	72,615	139	82,261
Norway	31	20,930	34	22,489
Denmark	77	66,611	85	66,263
England	22	33,412	21	26,875
Holland	2	668	3	1,002
Belgium	3	1,552	2	1,279
France	5	3,315	8	7,908
Greece	1	1,855	—	—
Austria	1	260	—	—

The figures for the port of Gdynia during 1926 were 301 arrivals totalling 199,830 reg. tons and 306 clearances totalling 203,035 reg. tons. All the ships came in ballast and left with cargo including 395,751 tons of coal, 4,927 tons of cement and 3,596 tons of timber. The number of passengers landed in the course of the year was 1,464, and those taken on board 6,388.

The movement of ships in the port of Gdynia declined in December, owing to the unfavourable weather conditions, the arrivals being 28 ships with 15,800 reg. tons (in November 27 with 19,476 reg. tons); the cargo taken in December was 37,876 tons of coal (in November 31,832 tons), 2,227 tons of cement, 1,614 tons of timber and 504 tons of iron. The number of passengers embarked in

AERIAL COMMUNICATION IN DECEMBER. — As the result of the unfavourable atmospheric conditions, December saw a further decline in aerial communications. Of the eight Polish air services only five were operated. The highest efficiency was maintained between Warsaw and Kraków, the regularity of service being 100 per cent; the reverse applied to the Warsaw—Lwów line, where the efficiency was only 22 per cent. The total number of flights

in December was 123 as against 244 in November. The distance covered was 32,935 km. as against 59,120 km. The number of passengers carried declined from 402 to 192. The weight of goods carried was 2,721 kg. and of postal correspondence 24 kg.; the November figures for the last items were 18,087 kg. and 73 kg.

* See "The Polish Economist" No. 5, page 186.

FINANCE AND BANKING

STATE REVENUE AND EXPENDITURE IN DECEMBER 1926. — These were as follows (in million of zł):

	Revenue	Expenditure
A) Civil service	147.9	223.4
The President of the Republic ...	—	0.3
The Parliament... ..	—	0.7
State Control	—	0.4
Council of Ministers	—	0.2
Ministry of Foreign Affairs	1.2	4.5
" War	1.3	60.1
" the Interior	1.8	16.0
" Finance	130.4	14.4
" Justice	3.3	8.2
" Industry and Commerce.	0.8	3.1
" Transport	—	0.3
" Agriculture	1.2	2.9
" Religious Cults and Edu- cation	0.8	27.1
" Public Works	4.0	8.8
" Labour and Social Pro- tection	0.1	7.5
" Land Reform	0.2	3.9
Pensions	2.8	7.8
Grants to Invalids	—	10.3
State liabilities	—	46.9
B) State Enterprises	20.2	0.7
C) Monopolies	67.3	—
Total A + B + C:	235.4	224.1

As may be seen from the above table, December was closed with a surplus of zł 11.2 million, notwithstanding the large expenditure which had to be made in that month. In previous months the State expenditure fluctuated around zł 155 million, but in December it was zł 224.1 million, the increase being about zł 70 million. This latter increase was mainly caused by the payment of instalments of State loans, together with interest, as well as by the incorporation into the budget of the expenditure, which had been made in the course of 1926 for the redemption of the debts incurred for intervention purposes.

The February instalment of the 8 per cent Dollar Loan 1925 was also included in December, as it was actually paid during that month. A large increase in expenditure was shown by the Ministry of War, which made extensive purchases of grain, which is to be considered as a reserve for the spring season, when an increase of prices usually takes

place. The Ministry of Finance also disbursed several million more than in the preceding month, owing to the settlement of accounts with various credit institutions and the General Post Office. The settlement of debts due to the General Post Office by various Ministries for services rendered in 1926 and, in some cases, also for previous years, increased the expenditure of the departments concerned.

The State revenue in December was exceptionally large, so that the expenditure for that month was covered, with a margin to the good. In addition to public levies, the large revenue from State forests, which paid to the Treasury in December the sum of zł 16.4 million, and State Railways, which gave a profit of zł 3 million — should be mentioned.

THE BUDGET IN 1926. — As was forecasted*), the fiscal year 1926 was

*) See "The Polish Economist" No. 5, page 159: "Budgetary years 1926 and 1927".

closed with a surplus of revenue over expenditure of zł 53.6 million which was obtained thanks to the efficient work of the Treasury which replaced the deficit of zł 71.4 million for the first half of that year, by an excess of zł 125 million in the second half. The 1926 budget was the first one since the restoration of Poland, to be closed with a favourable balance without the assistance of extraordinary revenue. The amounts of actual revenue and expenditure in 1926, as compared with the budget estimate for that year, and the credits provided in provisional budgets, are given in the following statement (in million of zł):

	Revenue:	
	Actual	Estimated
A. — Civil service	1,217.5	1,012.9
B. — State undertakings	110.1	60.8
C. — State Monopolies	578.1	454.5
Total:	1,905.7	1,528.2

	Expenditure:		
	Actual	Estimated	Prov. budget
A. — Civil service	1,841.6	1,719.5	1,881.7
B. — State undertakings	10.5	10.5	11.5
C. — State Monopolies	—	—	—
Total:	1,852.1	1,730.0	1,893.2*

Despite the increase in prices, as well as the increased expenditure in foreign currencies due to the fall of the złoty , the actual expenditure represents only 107 per cent of the estimates. The burning question of the improvement of the status of the civil service, was attended to in that the regulations, whereby the salaries of civil servants had been reduced, were repealed, and the salaries paid in December 1925 were reinstated. In addition, a bonus of 10 per cent of the existing salaries was paid to the army and the civil service as from November last. Naturally, these increases were not without influence on the expenditure side of the budget, of which the salaries of state employees represent 40 per cent.

In regard to revenue, there is a large surplus in relation to the estimates, as the actual figures represent 124 per cent of those anticipated. This surplus was obtained chiefly through the increased revenues from public taxes and State Monopolies. The revenue from State undertakings, which gave 181 per

*) The provisional budget law for the fourth quarter 1926 contains a provision for the general reduction of expenditure. After the putting of this into effect, the above sum will be reduced to zł 1,858.4 million.

cent more than was anticipated, is worthy of special note; this increase includes the net profit amounting to zł 21.5 million of the State Railways, which were run at a profit for the first time since 1918.

In addition to the above, the State Forests brought in zł 72.6 million instead of zł 38 million as anticipated, and the State mining and foundry undertakings produced zł 4 million as against zł 0.6 million. On the other hand, the General Post Office gave only zł 11 million instead of the expected figure of zł 21.5 million. This difference was solely due to the non-completion of the accounts, as according to provisional calculations the revenue of that department for 1926 should exceed the estimates.

Summing up, it may be stated that, on the whole, the year 1926 was very favourable to the Treasury, as it was not only able to cover the expenditure of the State, but also obtained a surplus which is employed in the formation of a working cash reserve, so necessary for the efficient operation of this department.



A VIEW OF THE PORT OF GDYNIA (PHOT. S. PLATER)

TAXES IN DECEMBER.—The revenue from taxes and State monopolies for December 1926 amounted to zł 190.6 million, which was higher by 16 per cent than that for the preceding month. In fact the figure represented the highest revenue obtained in any of the months of 1926, and represented 12 per cent of the total yearly receipts from these sources; compared with the revenue for December 1925 (zł 130.2 million), that for the last month of 1926 was higher by 46 per cent, although the Złoty-Dollar exchange only fell by 1 per cent, and the index of wholesale prices rose by 14 per cent. Towards this increase of the revenue for December over that for November, all categories of taxes contributed, the largest advance being shown by direct and indirect taxation, customs duties and monopolies. In the group of direct taxes, increased by zł 6.3 million, the revenue from trading licences rose from zł 16.5 million in November to zł 30.6 million in December, owing to the traders providing themselves new licences for 1927. The revenue from the land and income taxes was maintained at a high level; still, in relation to November it showed a decrease viz. from zł 30.8 million to zł 21.4 million.

In the group of indirect taxes, the rise from zł 11.1 million for November

to zł 13.4 million for December, is to be ascribed to the increased receipts from the tax on crude petroleum (zł 2.6 million) as well as from the excise duty on patents (zł 2.8 million).

In connection with increased imports, the revenue from customs rose from zł 18.2 million in November to zł 21.1 million in December.

The net profit paid by the State Monopolies to the Treasury at the end of December, amounted to zł 67.2 as against zł 63.3 in November. The monthly increases shown in the revenue received from the State Monopolies are largely due to the reorganisation of the latter, and to the introduction of new and more efficient methods of operation, and last but not least, to the extension of the Spirit Monopoly to the whole of Poland. The revenue from the last named monopoly advanced from zł 22.1 million in November to zł 30.7 million in December, while the corresponding figures for the Tobacco Monopoly were zł 24.0 million in November and zł 28.5 million in December.

Extraordinary taxes gave in December a comparatively large revenue, namely: property tax— zł 8.3 million, the 10 per cent extraordinary supplementary tax— zł 7.4 million, total— zł 15.7 million; they represent 18 per cent of the total yearly revenue from these sources (the 10 per cent supplementary tax has been levied since June 1926).

The revenue for December 1926 as compared with that for November and the corresponding month of 1925 was as follows (in million of zł):

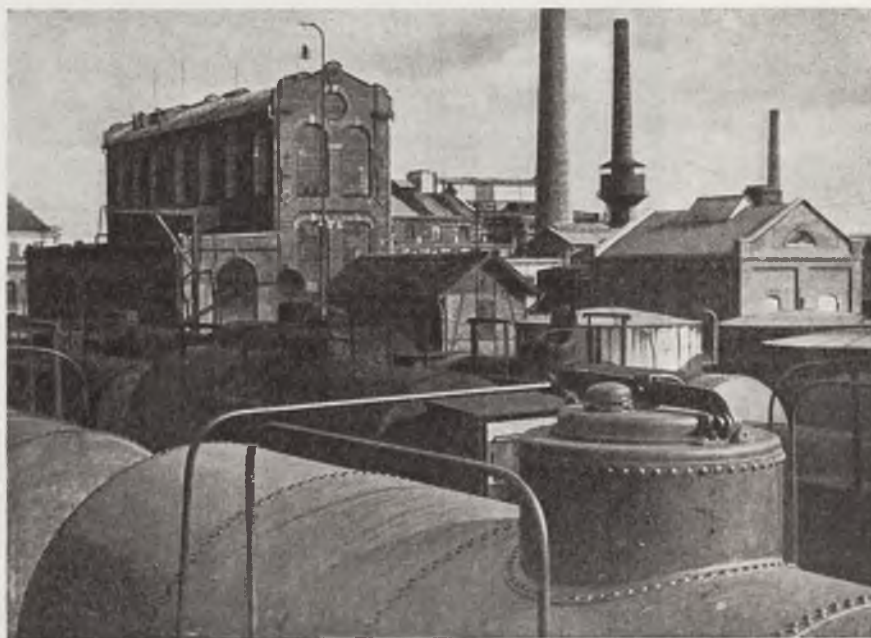
	Actual revenue:		1/12 of the	
	December:	Nov.:	Nov.:	yearly
	1925	1926	1926	budget
Direct taxes	51.7	60.4	54.2	27.7
Indirect taxes	12.3	13.4	11.1	9.1
Customs duties	17.0	21.1	18.2	16.7
Stamp fees	9.3	12.8	11.9	9.2
Total of the ordinary public revenues:	90.3	107.6	95.4	62.7
Property tax	3.7	8.3	8.4	5.0
10 per cent extraordinary tax	—	7.4	6.4	—
Monopolies	36.2	67.2	53.3	37.9
Total of public levies and monopolies:	130.2	190.6	163.5	105.6

STATE TOBACCO MONOPOLY IN 1926.—The consumption of tobacco in Poland in 1926 was as follows* (in million of zł):

	1924	1925	1926
December	26.5	37.4	45.0
January-December	160.6	371.1	474.8
July-December	41.0	179.3	212.6
July-December	119.6	191.8	262.2

The data for 1924 solely concern the products of the Polish State Tobacco Monopoly, because the full Monopoly was only introduced on August 1st of that year. Up to that time the private

*) Provisional figures.



PETROLEUM TANKS AT DROHOBYCZ

obacco factories were operated, and their products were still sold for some months after their being taken over by the State; this circumstance explains the large difference between the figures for the first half of the year 1924 and those for 1925. The net profits paid by the State Tobacco Monopoly to the Treasury were as follows (in million of z):

	1924	1925	1926
December	12.3	15.0	28.5
January-December	133.8	182.4	270.0
-July	50.1	83.3	114.0
July-December	83.7	99.1	156.0

Owing to the fall of the z łoty and the consequent increase of the cost of production, the prices for tobacco products during the first four months of 1926 were higher by 25 per cent, and during the remaining eight months they were higher by 50 per cent, as compared with the same periods in 1924 and 1925, the average increase for the whole year being 42 per cent. And as the volume of consumption in 1926 was maintained at the same level as in 1925 (the statistical data for the first half of 1926 show an increase of 2 per cent; the figures for the second half of the same year are not available) — the increase of 28 per cent in value indicates that the public

favoured the lower grades of tobacco. The net profit represented in 1925—49 per cent and in 1926—57 per cent of the retail prices. The middlemen's discount was 12.75 per cent in 1926 as against 14 per cent in 1925.

The cultivation of tobacco in Poland in 1926 made excellent progress which statement is confirmed by the following figures (in kilos):

1921	155,733
1922	396,634
1923	775,169
1924	633,604
1925	850,934
1926	2,400,000

The returns for 1926 are provisional, as in some regions the tobacco crops have not yet been purchased by the Monopoly. The final figures are, however, available for former Austrian Poland, the most important tobacco growing area, producing about 80 per cent of the total quantity raised in Poland, the 1926 tobacco crop being 1,988,798 kg. The excellent results obtained, were due to favourable atmospheric conditions, and increased acreage under cultivation. The progress achieved in the course of the last five years is illustrated by the following table:

	1921	1922	1923	1924	1925	1926
total area under tobacco cultivation (in hectares)	371	535	812	601	641	1,142
number of growers	13,683	18,752	28,844	23,468	20,250	28,682
average size of plantations in sq. metres)	277	285	272	256	319	418
crops (in thousands of kg.)	151	195	524	524	652	1,989
yield per 1 hectare (in kg.)	406	365	645	872	1,016	1,669

It will be seen that the last crop of this area in one single year was nearly equal to the aggregate figure for the five past years (1921—1925), and what is more, the results obtained are

approaching the pre-war standard, and even surpass it, as regards the yield which was on the level of the 1905 and 1906 figures—the best ever recorded.

NEW ORGANISATION OF STATE MONOPOLIES.

— The Minister of Finance has issued two decrees dated November 27th (*"Dz. Ust. R. P."* No. 127, items 742 and 743) concerning the organisation of the two most important Polish monopolies — for tobacco and spirit. The decrees contain amendments to the existing statutes of the two monopolies, and are intended to strengthen the influence of the Minister of Finance, on their management, as well as to provide for the calling into being of a permanent Committee of Control to be attached to each of the monopolies in question.

STOCK EXCHANGE

FOREIGN CURRENCIES

As in previous months, the Dollar did not show any fluctuations on the Warsaw Stock Exchange during December. The quotations for European currencies, especially the strong ones, namely—the English, Scandinavian and Swiss, were also maintained at their usual level, while those subject to fluctuations, such as the French and Italian, according to the reports from foreign stock exchanges, appreciated by about 6 per cent. The steadily accumulating foreign currency reserves of the Bank of Poland enabled the requirements of industry and commerce to be satisfied, so that the public at large and outside

brokers took little, if any, interest in foreign valuta. The rate of exchange on the open market was the same as on the official Stock Exchange.

During the period under review the business transacted in foreign exchange was less by about \$ 200,000, as compared with November last, and that done in cash and notes, mainly Dollars,

was higher by about \$ 400,000. This fact is quite understandable, when it is considered that unusually large payments fall due at the end of the year, so that debtors were compelled to sell their foreign currencies in order to discharge their liabilities. As may be seen by the appended table, the Złoty was stable on the London, New York and Zurich

Stock Exchanges. The very slight fluctuations observed in the quotations, as compared with the preceding month on other Stock Exchanges, are in reality of no importance. Consequently, the stabilisation of the Złoty, not only on the local, but also on the international money market, can be taken as an established fact.

	30.11	1—11.12	13—18.12	20—23.12	27—30.12	31.12	par value
Warsaw Exchange							
London £ 1	43·68	43·69	43·72	43·75	43·78	43·79	25·22
New York \$ 1	9—	9—	9—	9—	9—	9—	5·19
Paris Fr. fr. 100	33·65	35·10	36·16	36·22	35·81	35·65	100·—
Brussels Belg. 100	—	125·53	125·56	125·55	125·55	125·55	100·—
Zurich Sw. fr. 100	174·—	174·12	174·36	174·41	174·48	174·30	100·—
Milan Lir. 100	38·68	39·25	40·74	40·34	40·82	40·80	100·—
Amsterdam Fl. 100	360·70	360·72	360·86	360·81	361·05	361·10	208·32
Vienna Sh. 100	127·27	127·26	127·27	127·42	127·46	127·35	72·93
Prague Kez. 100	26·72	26·72	26·72	26·72	26·72	26·72	105·01
Stockholm Kr. 100	—	—	—	—	—	241·25	138·89
Foreign Exchanges							
London £ 1	43·50	43·50	43·50	43·50	43·50	43·50	25·50
New York ₰ 100	11·75	11·72	11·75	11·75	11·75	11·75	11·75
Zurich ₰ 100	57·50	57·36	57·50	57·50	57·50	57·50	100·—
Vienna ₰ 100	78·60	78·62	78·63	78·49	78·51	78·51	137·13
Prague ₰ 100	375·37	375·21	375·04	375·06	373·63	375·75	651·—
Berlin ₰ 100	46·55	46·58	46·63	46·56	46·37	46·43	81·—
Danzig ₰ 100	57·10	57·08	57·11	57·03	57·—	56·99	99·108

S H A R E S

On the share market, the situation was improved, although quotations were

irregular, and the volume of business somewhat reduced. The general public is again beginning to take interest in

shares, which is evidenced by the large number of orders placed with banking institutions, precisely at a moment when

Industrial shares	30.11	1—11.12	13—18.12	20—23.12	27—30.12	31.12	Nominal
Bank Polski	81·30	80·65	81·92	82·24	84·90	84·33	₰ 100·—
Bank Dyskontowy Warszawski	9·80	9·80	10·12	10·20	10·—	10·—	Mk. 5,000·—
Bank Handlowy w Warszawie	3·05	3·05	3·06	3·05	3·05	3·05	Mk. 1,000·—
Bank Zachodni	1·35	1·38	1·36	1·30	1·37	1·45	Mk. 540·—
Bank Zjedn. Ziem Polskich	—	1·50	1·50	1·49	1·50	1·50	Mk. 1,000·—
Bank Zw. Sp. Zarobkowych	5·75	5·50	5·50	5·50	5·57	—	Mk. 1,000·—
Warsaw Coal Mining Co.	69·—	68·15	68·61	67·81	70·25	72·50	₰ 100·—
Chodorów	108·—	109·—	—	—	98·—	—	₰ 100·—
Cegielski	—	13·19	13·25	13·17	13·69	14·25	₰ 50·—
Zieleniewski	—	11·89	12·38	12·25	11·50	—	Mk. 1,000·—
Starachowice	2·11	2·12	2·11	2·04	2·05	2·05	Mk. 500·—
Lilpop, Rau & Loewenstein	15·40	15·31	16·—	15·88	16·10	16·—	₰ 25·—
Ostrowiec	7·43	7·84	8·13	8·21	8·46	8·40	Mk. 500·—
Modrzejów	3·68	3·76	3·86	3·77	3·76	3·65	Mk. 500·—
Rudzki	1·11	1·09	1·13	1·12	1·09	1·07	Mk. 500·—
Warsz. Sp. Akc. Budowy Parowozów	0·26	0·26	0·26	0·25	0·28	0·27	Mk. 500·—
Zyrardów	11·10	10·82	10·71	10·58	10·22	10·60	Mk. 540·—Rb. 250
Zawiercie	14·38	13·50	13·70	13·17	13·92	—	Mk. 6,000·—
Standard Nobel	2·44	2·29	2·23	2·21	2·13	2·25	Mk. 1,000·—
Ł. J. Borkowski (Elibor)	—	1·25	1·18	1·14	1·12	1·13	Mk. 216·—
Wysoka	3·—	3·01	3·—	3·—	3·38	4·—	Mk. 1,000·—

the transactions effected by speculators had decreased very considerably. Increased activity has been of late observed in foreign buyings of Polish securities (Ostrowiec, Parowozy, Standard-Nobel and others. In this connection a number of representatives of foreign financial circles paid visits to Warsaw.

In view of the close of the year, it may be of interest to compare the prices of certain shares at the end of 1925 with those at the end of 1926. An analysis of the figures shows that a number of shares have risen very considerably, the bank shares increasing by 100 per cent, while the metallurgical and textile securities rose by 80 and 85 per cent respectively.

Turning to the period under review, it should be mentioned that the rates for bank shares experienced a more or less marked rise. This applies specially to the shares of the Bank of

Poland, the Bank Dyskontowy, and the Bank Zachodni. Also as regards the last named, the volume of transactions was double that done during the preceding month. The turnover in the shares of the Warsaw Coal Mining Company declined, it is true, by 40 per cent, but this is mainly accounted for by the shortage of supplies, which is shown by the fact that they appreciated in value by 5 per cent.

As to the metallurgical shares, the turnover in Cegielski and Ostrowiec rose from 10 to 40 per cent, while the business in Starachowice was dull and declined by 65 per cent. Cegielski shares rose by 10 per cent, Lilpop — by 5 per cent, Zawiercie — by 20 per cent, Wysoka — by 33 per cent, other shares having fluctuated within very narrow limits, and being practically the same as in the preceding month.

STATE, CITY AND LAND LOANS

The feature of the month was brisk business in Government securities, which were mainly bought for investment purposes. The 6 per cent Dollar Loan gained in value by 4 per cent; the 10 per cent Railway Loan rose by over 7 per cent, and the 5 per cent Conversion Loan appreciated by 15 per cent. A slight rise was also recorded in the case of the 8 per cent Conversion Loan. As regards the volume of transactions in Government Loans, the 8 per cent Conversion Loan showed an increase of 70 per cent as compared with November; the transactions in other Government bonds were greatly reduced, owing to the shortage of loans on the market. The business in long term Land Credit Association Bonds assumed a large proportion, and had a steady upward tendency.

State, Municipal & Land Loans	30.11	1—11.12	13—18.12	20—23.12	27—30.12	31.12	Nominal
8% Internal Gold Loan (conv. 1925)	95'88	97'05	96'67	96'42	96'67	96'88	Gold ₰ 100'—
5% Conversion Loan	47'28	47'93	47'77	47'16	47'87	48'—	₰ 100'—
6% External Dollar Loan 1920	77'83	80'15	84'33	81'08	81'47	81'—	\$ 100'—
10% Railway Loan (1st series)	87'—	88'24	92'11	92'89	93'19	93'25	Gold fr. 100'—
8% Bank Gospodarstwa Krajowego Bonds	80'—	80'—	80'—	80'—	80'—	80'—	Gold ₰ 100'—
8% State Agricultural Bank Bonds	80'—	80'—	80'—	79'88	79'88	80'—	Gold ₰ 100'—
4% Land Credit Association Bonds	—	30'83	32'64	—	—	—	₰ 100'—
4½% Land Credit Association Bonds	36'95	34'97	37'—	37'—	37'22	37'10	₰ 100'—
5% Credit Soc. of the City of Warsaw Bonds	41'08	40'94	42'99	43'33	43'71	43'75	₰ 100'—
4½% Credit Soc. of the City of Warsaw Bonds	38'—	37'41	38'93	39'25	39'67	39'95	₰ 100'—

THE CONSOLIDATION OF POLAND'S WAR DEBTS TO ITALY.—

A consolidation agreement relative to Poland's war debts towards the Italian Government, was signed in Warsaw by the Minister of foreign Affairs, M. A. Zaleski, and the Italian Minister in Warsaw M. C. Maioni, on December 18th 1926. These debts were contracted in the years 1918, 1919 and 1920, for the supplies and transport of war material. According to the agreement of August 22, 1921, signed in Warsaw, the total liability, amounting to Lira 80,269.636'22 was to be redeemed by December 31st 1926 by means of shipments of petroleum products or in cash. The payments towards this debt effected in the years from 1921 to 1925 amounted to Lira 8,865.146'72, whereas the balance amounting to Lira 71,404.489'50, together with interest due at 6 per cent per annum, should, as mentioned above, have been redeemed in the course of 1926.

Negotiations concerning the payment of these instalments, which began in 1925, were successfully completed, and an agreement signed, whereby the war debts are to be consolidated and redeemed

before their maturity. The transaction was effected on terms very favourable to Poland. The total liability as per statement on December 31st 1925 was placed at Lira 100,000,000 together with interest due at 6 per cent per annum.

The above sum is to be redeemed within five years, Poland not having to pay any interest for that period. Payments effected during the term from January 1st to September 30th 1926 to the sum of Lira 12,375,000 are treated as being on account of the total debt of Lira 100,000,000, so that payments to be made between October 1st 1926 and December 31st 1930, which form the subject of the agreement of December 19, 1926, will amount Lira 87,625,000. The last mentioned sum is secured by eight promisory notes for the following sums:

Lira 15,000,000 payable on	June	30th	1927
" 10,375,000	"	December	30th 1927
" 10,375,000	"	June	30th 1928
" 10,375,000	"	December	30th 1928
" 10,375,000	"	June	30th 1929
" 10,375,000	"	December	30th 1929
" 10,375,000	"	June	30th 1930
" 10,375,000	"	December	30th 1930

Payments towards the redemption will be effected in Dollars by monthly instalments of Lira 860,000 each, while the total amount of the instalments is not to exceed the sums stated in the respective promisory notes.

The clause in regard to the writing off of current interest for 5 years, in which the debt is to be repaid, meaning actual reduction of the capital itself, is analogical to the clause contained in a similar agreement concluded in 1925 between Italy and the United States of America. It should be mentioned that Poland's foreign debts consolidated in 1924 bear interest of from 3 to 3½ per cent (American) or 5 per cent (all relief debts and English non-relief debt).

A sum of \$ 180,000 was paid at the time of signing of the agreement; it corresponds to the instalments falling due between October 1st and December 31st 1926, and is to be treated as a payment towards the first promisory note for Lira 15,000,000 which fell due on June 30th 1926.

BANK OF POLAND

— December saw a further increase in the bullion and foreign currency reserves of the Bank of Poland, while the total volume of credits granted showed a decrease, as was also the case in the preceding month.

The volume of bank notes in circulation declined slightly at the end of the month, while the balances on current accounts remained practically unchanged. These were the main features of the balance sheet of the Bank for the last month of 1926, and they indicate that the currency situation was satisfactory, short-term credit easier, and that a marked improvement took place as regards the cash reserves of both State and private interests.

The increase of the bullion and foreign currency reserves in December amounted to gold zł 21.3 million, as compared with zł 16.1 million in the preceding month, while their total volume at the end of the year was zł 264.2 million, as against zł 130.8 million at the end of 1925; it will be seen that during the intervening period the bullion and foreign currency reserves rose by zł 133.4 million.

The increases in the different component parts of the reserves for December 1926, and for the whole of last year are shown by the following statement (in million of gold zł):

	January 1st 1926	December 1st 1926	December 31st 1926
gold	113.6	135.6	138.2
silver	—	0.4	0.6
foreign currencies	8.0	14.9	18.4
exchange	10.8	92.0	107.0

From January 1st to June 10th, 1926 the liabilities of the Bank payable in foreign currencies exceeded the gross reserves of foreign currencies and drafts. After that date a currency reserve was formed, which rose to gold zł 125.4 million at the end of the year.

Purchases of foreign currencies and drafts in December totalled gold zł 97 million which sum included gold zł 65 million for exports*). As the allocations to private firms and the public absorbed gold zł 50 million, and the payments in respect of foreign loans and interest —

*) Besides this the transfers for exports effected in zł amounted during December to zł 5.1 million.

gold zł 27 million, the surplus of foreign currencies for December was gold zł 19 million. As a result of increased reserves, the ratio of the bullion and foreign currency cover, to the bank notes in circulation rose from 45.44 per cent for November to 46.90 per cent for December, and during the whole year — from 37.96 per cent to 49.90 per cent.

Discount credits, which declined in November from zł 323.5 million to zł 306.5 million, rose in December (in view of the reduction of discount rates from 10 per cent to 9½ per cent, on December 13th 1926) to zł 321.3, which shows that even at the end of that month they reached the October level. The employment of credits (the ratio of the volume of bills in portfolio to the amount of credits granted) rose during December from 71 per cent to 71½ per cent, and continued to be much smaller than at the beginning of 1926 (on January 31, 1926 — 82 per cent, and on May 31, 1926 — 87 per cent). Advances against securities showed a decline from zł 29.2 million to zł 9.4 million, thanks to the redemption of Government loans, secured by the bonds of the Railway Loan and those of the Bank Gospodar-

	NOVEMBER 30th	DECEMBER 10th	DECEMBER 20th	DECEMBER 31st
Assets:				
Bullion:				
Gold in bars and cash	135,567.344.94	135,610.099.62	135,653.835.45	598,221.775.74
Silver " " " "	431,528.21	451,308.57	498,548.87	578,193.90
Foreign balances	137,596.459.93	145,221.698.19	157,684.987.63	164,946.069.87
Exchange difference on currency a/c.	105,160.263.62	110,042.690.92	116,148.536.51	119,595.642.19
Silver and token coins	26,626.895.65	25,464.523.47	22,659.962.24	29,054.007.37
Bills of exchange	306,460.126.05	305,115.781.38	307,150.661.46	321,330.147.71
Loans against securities	29,205.041.90	9,271.599.55	9,345.749.55	9,359.216.72
Report	23,369.242.—	25,534.424.—	28,560.366.—	29,275.366.—
Interest-bearing securities discounted	19,382.600.26	19,433.438.62	19,493.399.19	16,642.351.01
Interest-bearing securities bought	1,996.926.13	2,376.295.65	2,240.820.87	2,167.356.56
Loans to Government	25,000.000.—	25,000.000.—	25,000.000.—	25,000.000.—
Property and fittings	33,435.392.43	33,486.880.47	33,510.343.77	33,534.088.36
Other assets	52,476.322.95	55,667.999.33	57,069.034.96	55,237.498.63
	896,708.326.07	892,676.739.77	915,016.246.50	944,951.714.06
Liabilities:				
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	557,911.260.—	550,953.000.—	556,567.330.—	592,657.030.—
Current accounts and other liabilities:				
Government Institutions	47,147.069.75	13,327.964.01	11,972.623.68	9,380.506.40
Outstanding balances	88,435.095.60	124,195.784.95	133,898.285.94	125,029.224.64
Various	6,454.008.58	4,861.306.29	6,559.028.07	8,486.321.16
Liabilities in foreign currencies	142,036.173.93	142,385.055.25	152,429.937.69	142,896.052.20
Liabilities on report transactions	12,645.968.74	12,113.130.25	15,327.885.43	17,339.339.53
Other liabilities	18,047.503.12	19,649.403.12	21,890.688.82	22,411.827.10
	63,159.550.28	64,668.281.15	65,892.534.56	66,739.595.23
	896,708.326.07	892,676.739.77	915,016.246.50	944,951.714.06



ONE OF THE CANALS IN POMERANIA

stwa Krajowego. The volume of discounted interest-bearing securities (payable within three months of the date of discount) declined from $\text{₹} 19.4$ to $\text{₹} 16.6$ million. The sum of advances granted in connection with report transactions rose from $\text{₹} 23.4$ to $\text{₹} 29.3$ million.

The bank cover for December and for 1926 experienced the following changes (in million of ₹):

	Dec. 31st 1925	Nov. 30th 1926	Dec. 31st 1926
bills, warrants, withdrawn securities with coupons	307.6	348.3	338.0
Polish silver coins and token money	—	8.4	29.1
loans against securities	36.2	28.7	9.4
interest-bearing securities, the property of the Bank	—	1.6	2.2
Liability of the Treasury	50.0	50.0	25.0
Total:	393.8	437.0	403.7

The volume of bank notes in circulation increased in December from $\text{₹} 557.9$ to $\text{₹} 592.7$ million, and during the whole of 1926 it rose from $\text{₹} 381.4$ to $\text{₹} 592.7$ million. The balances on current accounts declined slightly from $\text{₹} 135.6$ to $\text{₹} 134.5$ million. In the course of 1926 they rose by $\text{₹} 68.8$ million.

LATEST NEWS

WARSAW EXCHANGE:

	10.1.27	20.1.27
\$ 1 = ₹	9.00	9.00
£ 1 = " ₹	43.77	43.78

BANK OF POLAND:

ASSETS:	10.1.27	20.1.27
Gold and silver reserve.	$\text{₹} 138,861.696.64$	$\text{₹} 138,952.478.73$
Foreign balances	... " 166,549.341.46	" 171,198.252.39
Bills of exchange	... " 311,442.624.78	" 315,536.071.40
Loans against securities	" 9,707.477.68	" 10,121.004.25
LIABILITIES:		
Notes in circulation	... " 554,620.010.—	" 539,309.790.—
Current accounts	... " 151,574.296.05	" 170,758.644.92
BANK NOTES COVER (bullion & foreign currencies)	50.18%	53.02%

INDEX OF ADVERTISEMENTS

AGRICULTURAL PRODUCTS		Page
"Kooprolna" Ltd., Warsaw	II	The Silesian United Royal & Laura Foundries, Up. Silesia
Sugar Industry Bank Ltd., Poznań	I	
Union of Cooperative Consumers Societies of Poland, Warsaw	IX	
O I L		
		Polish State Petroleum Company, Warsaw
BANKS		
Anglo-Polish Bank Ltd., Warsaw	VI	Bergenske Baltic Transports Ltd., Danzig
Sugar Industry Bank Ltd., Poznań	I	
SHIPPING		
CHEMICALS		
Company for Exploitation of Potassium Salts Ltd., Lwów	VII	Karol T. Buhle Ltd., Łódź
Hohenlohe Works, Up. Silesia	III	M. Silberstein Ltd., Łódź
Solvay Works in Poland Ltd., Warsaw	IX	Société Fermière de la Czesłochovienne Ltd., Roubaix (France)
		"Stradom" Ltd., Warsaw
		The Polish Textile Exporting Association Ltd., Łódź
COAL		
Giesche Ltd., Up. Silesia	cov. III	
Hohenlohe Works, Up. Silesia	III	Danzig Timber Company Ltd., Danzig
Polish State Coalmines, Up. Silesia	cov. IV	
The Silesian United Royal & Laura Foundries, Up. Silesia	VIII	
METALS, METAL WARES & MACHINERY		
"Ferrum" Ltd., Up. Silesia	X	"Polish Home Made Art", Warsaw
Giesche Ltd., Up. Silesia	cov. III	The Society for the Fostering of Peasants Home Industries, Warsaw
Hohenlohe Works, Up. Silesia	III	
TEXTILES		
TIMBER		
TRANSPORT		
VARIOUS		

FOR THE PROPRIETORS PUBLISHED AND EDITED BY STEFAN C. MICHLEWSKI

BANK CUKROWNICTWA

SP. AKC.

SUGAR INDUSTRY BANK LTD.

POZNAŃ (POLAND), 7, SEW. MIELŻYŃSKI

TELEGRAPHIC ADDRESS: "B A C U K R O"

BRANCHES:

W A R S A W, 55, KRAKOWSKIE PRZEDMIEŚCIE,

L W Ó W, 1, JAGIELLOŃSKA

D A N Z I G, BAŁTYCKI BANK KOMISOWY, 11/13, MALZERGASSE

**BANKING BUSINESS
OF EVERY DESCRIPTION TRANSACTED**

**HOME-DEPARTMENT:
THE WHOLESALE OF ALL KINDS OF SUGAR PRODUCED
BY THE SUGAR FACTORIES BELONGING
TO THE SUGAR-CARTEL**

**EXPORT-DEPARTMENT:
THE SALE OF SUGAR, MOLASSES AND DRIED BEET PULP
FOR FOREIGN ACCOUNT**

**PURCHASE-DEPARTMENT:
THE FURNISHING OF ARTIFICIAL MANURES, COAL, COKE,
BAGS, LIME-STONE AND OTHER ARTICLES FOR
THE NEEDS OF THE SUGAR AND AGRICULTURAL
INDUSTRY AND FOR THE OPERATION
OF SUGAR FACTORIES**

AGRICULTURAL TRADING COMPANY Ltd.

"KOOPROLNA"

HEAD OFFICE: WARSAW, 30, KOPERNIKA

EXPORT:

CORN, BEETROOT AND CLOVER SEEDS

IMPORT:

**ARTIFICIAL MANURES, AGRICULTURAL MACHINERY
AND IMPLEMENTS**

**BRANCHES: IN LONDON, DANZIG, POZNAŃ, KATOWICE
48 ASSOCIATED SYNDICATES**

TEXTILE ESTABLISHMENTS

KAROL T. BUHLE Ltd.

ŁÓDŹ

ESTABLISHED IN 1897

1.000 WORKMEN EMPLOYED

HEAD OFFICE:

ŁÓDŹ, 10, HIPOTECZNA

TELEPHONE: 48, 48-90, 48-91

SALES OFFICE:

ŁÓDŹ, 105, PIOTRKOWSKA

TELEPHONE: 36-27

TELEGRAPHIC ADDRESS: "KATEBU" ŁÓDŹ

POSTAL BOX No. 6, ŁÓDŹ

**DEPARTMENTS: — FINE SPINNING AND WEAVING
MILLS, DYEING, BLEACHING AND FINISHING PLANTS**

B E R G E N S K E

BALTIC TRANSPORTS LTD.

**SHIPBROKERS, CHARTERING, FORWARDING-AGENTS,
INSURANCE AND AVERAGE AGENTS**

GENERAL AGENTS OF THE LIVERPOOL & LONDON
& GLOBE INSURANCE CO. LTD., LIVERPOOL

REGULAR SALINGS FROM DANZIG & GDYNIA TO ENGLAND, FRANCE, SCANDINAVIA,
SOUTH AMERICA AND AFRICA. — SPECIAL DEPARTMENT FOR COAL TRADE

HEAD OFFICE DANZIG, 89, HUNDEGASSE
BRANCH OFFICE: GDYNIA, PORTOWA STR.

TELEGRAMS: SHIPPING DEPT.: "BERGENSKE"
FORWARDING "BERGSPED"

MODERN WAREHOUSES FOR GENERAL CARGO WITH RAILWAY CONNECTION

AGENTS IN POLAND: "POLSKI LLOYD, SP. AKC."

WARSAW, ŁÓDŹ, POZNAŃ, KRAKÓW, LWÓW, WILNO, KATOWICE, BIAŁYSTOK, GDYNIA

H O H E N L O H E W O R K S

JOINT STOCK COMPANY

WEŁNOWIEC (POL. SILESIA)

Telegraphic address: "HOHENLOHE" WEŁNOWIEC ŚLĄSK POLAND
Head office telephone: KATOWICE 440 — 448, 454

DEPARTMENT I. — COAL

Flaming coal from "MAKS", "WUJEK" & "JERZY"
mines and also the "Zjednoczona Kopalnia Hohen-
lohe Fanny"

Briquettes from "WUJEK" mine — trade mark "H. W."

EXCLUSIVE SELLING AGENTS:

"FULMEN" — Górnośląski Handel Węgla Sp. z o. o.
KATOWICE, 3, 5 & 7, JŪLJUSZA LIGONIA
TELEPHONE: 497, 498, 807, 2271, 2272

DEPARTMENT II. — METALS

Zinc (spelter) sheets	Zinc (spelter) "H. H. Kro-
Zinc (spelter) Hohenlohe	ne" (double refi-
brand (refined and	ned)
unrefined)	Zinc (spelter) dust

FOUNDRY LEAD

DEPARTMENT III. — ACIDS

Sulphuric acid (60 % commercially pure)	
Sulphuric acid from 92 — 100 %	
Oleum 12 %	Oleum 20 %

POLISH STATE PETROLEUM COMPANY

HEAD OFFICE: WARSAW, 2, ELEKTORALNA

TELEPHONE: 70-84, 114-75, 113-44, 128-20

OIL FIELDS IN BORYSŁAW, TUSTANOWICE
AND BITKÓW

REFINERIES AND WORKS
IN DROHOBYCZ

TRADE MARK

"P O L M I N"

SALES OFFICES AND AGENCIES:

L W Ó W, 13, ROMANOWICZA

DANZIG, 15/16, WALLGASSE

BERLIN, 42b, WILHELMSTRASSE

VIENNA — BELGRAD

OWN STORAGE TANKS

TEXTILE MANUFACTURE
OF C Z E Ś T O C H O W A

"STRADOM"

LIMITED

WARSAW

TELEGRAPHIC ADDRESS:
"STRADOM" WARSAW

JUTE MANUFACTURES:

ALL KINDS OF SACKS: SUGAR, SALT,
GRAIN, PORTLAND CEMENT SACKS,
WOOLSACKS, STRAWSACKS, CLOTH
FILTER, WRAPPERS, SPUN YARN

L I N E N :

YARN, DIFFERENT THREADS,
ROW WEAVINGS, FILTERS, &c.

H E M P :

YARN, NET YARN, PACKTHREAD, ALL SORTS OF
STRINGS OF ITALIAN HEMP, WEAVINGS.
FILTERS, CANVAS, &c.

DANZIGER HOLZKONTOR A. G.
DANZIG TIMBER COMPANY Ltd.

DANZIG

28-29, MILCHKANNENGASSE 28-29

TELEPHONE: 150, 6081.

TELEGRAPHIC ADDRESS: HOLZKONTOR

WOOD EXPORTERS

"POLISH HOME MADE ART"

(SZTUKA LUDOWA)

WARSAW, 26, ŚWIĘTOKRZYSKA

TELEPHONE: 55-30, 62-77 TELEGRAPHIC ADDRESS: "HOME" WARSAW

WE WOULD DRAW YOUR
ATTENTION TO OUR:

HOME WOVEN POLISH PEASANT
FABRICS

E A S T E R E G G S,
ARTISTIC BOXES FOR

PEASANT MADE WOOD WARE,
CONSISTING OF CHILDREN TOYS,

CIGARETTES,
AND OTHER ARTICLES

ANGLO-POLISH BANK LTD.

(BANK ANGIELSKO-POLSKI Sp. Akc.)

AFFILIATED TO

BRITISH OVERSEAS BANK LTD. LONDON

THE BANK OFFERS ITS CLIENTS AN EFFICIENT SERVICE
IN THE TRANSACTION OF ALL KINDS OF BANKING BUSINESS
SPECIAL FACILITIES FOR INTERNATIONAL TRADE

47-49, KRAKOWSKIE PRZEDMIEŚCIE, WARSAW

ESTABLISHED IN 1863

WOOL AND COTTON MANUFACTURING COMPANY

M. SILBERSTEIN Ltd.

ŁÓDŹ

SHARE CAPITAL: GOLD ₴ 5,000.000

WEAVING MILLS FOR PURE WOOL, SEMI WOOL AND COTTON FABRICS
1.050 LOOMS

COTTON SPINNING MILLS

28.800 SPINDLES

4.000 SAWING COTTON SPINDLES

HEAD OFFICE: ŁÓDŹ, 40, PIOTRKOWSKA