

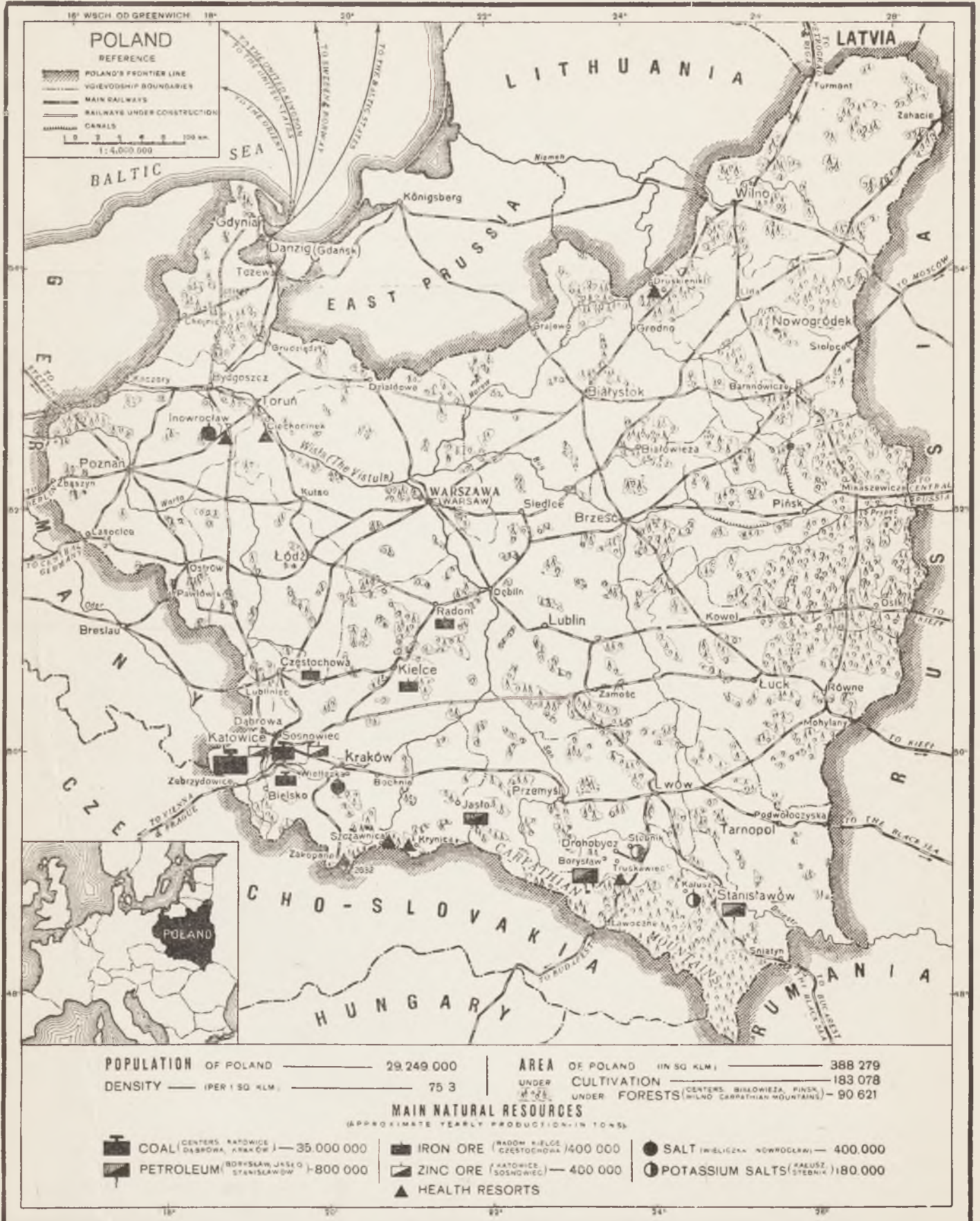
# THE POLISH ECONOMIST



MARCH 1927

PRICE: 1—, \$-20, OR 2—

LOOK AT THIS MAP BEFORE GOING ANY FURTHER





JANUARY was the first month, in which the economic situation of Poland was less favourable than it has been of late. The outward signs of the decline of prosperity were the increase in the number of unemployed and the decline in exports. These two phenomena, however, are by no means alarming and are of a seasonal character which is confirmed by the fact that commercial and industrial circles in Poland look to the future with confidence, and take them to be a not unusual occurrence after a long spell of favourable conditions. Nevertheless it is felt that the general situation is not likely to be so favourable as it was in 1926.

In agriculture things are at a standstill as work will only begin in two months or so. At the present time, however, the sugar, distilling and potatoe products industries, are about to terminate the seasonal period of production.

Industry was busy. Despite the decline in the exports, the output of coal rose owing to the increased demand on the home market. The petroleum and the textile industries showed signs of slight depression. The increase in the number of people out of work in January was not the outcome of the slowing down in industrial activity, but was simply due to the seasonal suspension of the work on the land and to a decrease in the emigration of labour.

Prices remained unchanged. The foreign trade balance for January was favourable, but the excess of exports, which fell, over imports, which rose, as compared with the preceding month, was insignificant.

The Bank of Poland developed an exceptionally brisk activity in connection with a whole range of big transactions which had been concluded in the course of the last few months. The reserves of foreign currencies rose to such an extent, that the money now in circulation, when converted into gold Złoty, is covered by gold and foreign currencies to the extent of about 100 per cent. Undoubtedly, this ratio is in a way, unique. The Złoty was stable in January and even gained a few points. The revenue of the Treasury was considerable and covered the expenditure with a surplus to the good. Consequently, the budget this month also was well balanced.

|   | UNIT              | JANUARY<br>1926 | DECEMBER<br>1926 | JANUARY<br>1927 |
|---|-------------------|-----------------|------------------|-----------------|
| <b>STATE OF EMPLOYMENT:</b>   |                   |                 |                  |                 |
| UNEMPLOYED  |                   | 359,810         | 236,057          | 251,702         |
| PART TIME WORKERS   |                   | 105,146         | 35,094           | 34,177          |
| <b>PRODUCTION:</b>  |                   |                 |                  |                 |
| COAL  | thousand tons     | 2,456.3         | 3,599.0          | 3,697.0         |
| OIL   |                   | 68.8            | 61.3             | 59.2            |
| IRON  |                   | 26.3            | 39.9             | 42.4            |
| ZINC  |                   | 10.0            | 11.3             | 11.5            |
| <b>AGRICULTURE:</b>   |                   |                 |                  |                 |
| (crop prospects — agricultural indexes)   |                   |                 |                  |                 |
| RYE   | (5 points system) | 3.3             | 3.7              | 3.6             |
| WHEAT   |                   | 3.3             | 3.6              | 3.5             |
| BARLEY  |                   | —               | 3.6              | —               |
| OATS  |                   | —               | —                | —               |
| <b>PRICES:</b>  |                   |                 |                  |                 |
| WHOLESALE PRICE INDEX   | 1914=100          | 153.5           | 194.5            | 195.2           |
| INDEX OF COST OF LIVING IN WARSAW   |                   | 170.0           | 196.9            | 201.8           |
| <b>FOREIGN TRADE:</b>   |                   |                 |                  |                 |
| IMPORTS:  |                   | 47.9            | 90.9             | 107.7           |
| including:  |                   | 109.4           | 264.1            | 309.1           |
| foodstuffs (edible fats, fish & herrings, coffee, rice, wheat &c.)                                  |                   | 11.7            | 16.8             | 23.8            |
| animal products (tanned hides, dried skins &c.)   |                   | 13.9            | 33.2             | 55.0            |
| ores  |                   | 2.4             | 5.6              | 6.8             |
| chemicals (vegetable & animal fats, dyes, colours & varnishes, potassium salts &c.)                 |                   | 1.0             | 2.4              | 2.8             |
| metals & metal products   |                   | 0.7             | 2.4              | 2.6             |
| machinery & apparatus   |                   | 17.5            | 34.5             | 57.0            |
| paper & paper wares   |                   | 3.5             | 8.9              | 10.9            |
| textiles & textile products   |                   | 12.7            | 25.3             | 30.9            |
| EXPORTS:  |                   | 2.5             | 6.0              | 7.8             |
| including:  |                   | 4.5             | 41.1             | 39.9            |
| foodstuffs (sugar, meat, eggs, forage, peas & beans, barley, hops &c.)                              |                   | 6.0             | 7.0              | 11.6            |
| live animals (in thousands of heads)  |                   | 3.4             | 2.6              | 3.9             |
| timber and wood ware (planks, deals & battens, pulpwood, pit props, round wood & logs, veneers &c.) |                   | 1.0             | 3.3              | 3.3             |
| plants & seeds  |                   | 1.3             | 4.7              | 4.9             |
| coal  |                   | 14.3            | 28.2             | 31.2            |
| petroleum products  | million           | 3.9             | 10.0             | 10.0            |
| iron and iron products  | gold £            | 109.2           | 118.7            | 114.8           |
| zinc  |                   | 1.197.8         | 2.043.5          | 1.900.4         |
| textiles and textile products   | and               | 44.8            | 38.1             | 30.9            |
| EXCESS OF EXPORTS   | thousand          | 184.9           | 120.3            | 96.2            |
| (EXCESS OF IMPORTS)   | tons              | 8.5             | 3.4              | 4.1             |
|   |                   | 132.4           | 124.5            | 71.5            |
|   |                   | 12.9            | 16.7             | 23.0            |
|   |                   | 303.1           | 406.9            | 474.1           |
|   |                   | 2.2             | 4.0              | 5.1             |
|   |                   | 5.9             | 8.2              | 9.2             |
|   |                   | 11.4            | 24.7             | 21.1            |
|   |                   | 625.4           | 1,371.2          | 1,183.9         |
|   |                   | 5.2             | 8.9              | 6.7             |
|   |                   | 32.7            | 45.3             | 36.7            |
|   |                   | 0.9             | 3.3              | 3.4             |
|   |                   | 2.9             | 13.5             | 14.4            |
|   |                   | 6.4             | 7.9              | 6.5             |
|   |                   | 7.7             | 9.9              | 8.2             |
|   |                   | 9.3             | 4.9              | 6.4             |
|   |                   | 3.4             | 3.3              | 3.8             |
|   |                   | 61.9            | 77.8             | 71.0            |



|                         |            |
|-------------------------|------------|
| POPULATION of Poland    | 29,249,000 |
| DENSITY (per 1 sq. km.) | 75.3       |
| <b>OCCUPATION:</b>      |            |
| agriculture             | 65 p. c.   |
| industry                | 14 p. c.   |
| commerce                | 8 p. c.    |
| various                 | 13 p. c.   |

|                                     |         |
|-------------------------------------|---------|
| AREA OF POLAND (in sq. km.)         | 388,279 |
| area UNDER CULTIVATION (in sq. km.) | 183,078 |
| area UNDER FORESTS (in sq. km.)     | 90,621  |

**POLAND'S CHIEF TOWNS**

|                   |         |             |          |         |
|-------------------|---------|-------------|----------|---------|
| Warszawa (Warsaw) | 936,713 | Częstochowa | 234,892  |         |
| Łódź              | 451,974 | Lublin      | 234,312  |         |
| Sosnowiec         | 386,452 | Lwów        | 219,388  |         |
| Luck              |         | 209,546     | Katowice | 184,609 |
| Białystok         |         | 186,754     | Kraków   | 183,706 |
| Poznań            |         | 184,756     | Wilno    | 128,954 |

|                                       | UNIT         | JANUARY<br>1926 | DECEMBER<br>1926 | JANUARY<br>1927 |
|---------------------------------------|--------------|-----------------|------------------|-----------------|
| <b>TRANSPORTS:</b>                    |              |                 |                  |                 |
| RAILWAY TRAFFIC                       | truck loaded | 295,058         | 492,249          | 451,298         |
| PORT TRAFFIC:                         | (15 tons)    |                 |                  |                 |
| Danzig                                | reg. ton     | 221,572         | 322,505          | 320,943         |
| Gdynia                                |              | 9,050           | 42,193           | 48,275          |
| <b>BUDGET:</b>                        |              |                 |                  |                 |
| RECEIPTS                              |              | 132.2           | 235.4            | 191.3           |
| including:                            |              |                 |                  |                 |
| taxes and public levies               |              | 70.7            | 123.3            | 100.4           |
| monopolies                            |              | 36.3            | 67.3             | 58.3            |
| State undertakings                    | million £    | 2.7             | 20.2             | 12.1            |
| EXPENDITURE                           |              | 153.3           | 224.1            | 172.4           |
| <b>MONEY CIRCULATION:</b>             |              |                 |                  |                 |
| BANK OF POLAND NOTES                  | million £    | 362.0           | 592.7            | 584.8           |
| COVER IN GOLD AND FOREIGN CURRENCIES  | % of         | 39.25           | 46.90            | 53.21           |
| TOKEN COINS                           | million £    | 419.0           | 428.4            | 409.3           |
| <b>CREDIT:</b>                        |              |                 |                  |                 |
| (Bank of Poland)                      |              |                 |                  |                 |
| BILLS DISCOUNTED                      | million £    | 284.6           | 321.5            | 319.2           |
| OFFICIAL DISCOUNT RATE                | % of         | 12.0            | 9.5              | 9.5             |
| <b>FOREIGN CURRENCIES:</b>            |              |                 |                  |                 |
| (Warsaw Stock Exchange average rates) |              |                 |                  |                 |
| U. S. A. DOLLAR                       |              | 7.55            | 9.00             | 8.99            |
| POUND STERLING                        |              | 36.71           | 43.73            | 43.75           |
| FRENCH FRANC                          | £            | 28.59           | 36.07            | 35.69           |
| SWISS FRANC                           |              | 145.88          | 174.31           | 173.81          |

**SUMMARY OF LAWS, ACTS AND EXECUTIVE DECREES**

published in the "Official Journal of Laws of the Republic of Poland" ("Dziennik Ustaw Rzeczypospolitej Polskiej") during January 1927

- 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 tea ("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).
- Export duty on rye and rye flour ("Dz. Ust. R. P." No. 4, item 22).
- The extension to the territory of the Free City of Danzig of the commercial treaty concluded by Poland with Italy ("Dz. Ust. R. P." No. 4, item 24).
- The establishment of the Ministry of Post and Telegraphs ("Dz. Ust. R. P." No. 5, item 26).
- The incorporation of the Chief Liquidation Office in the Ministry of Finance ("Dz. Ust. R. P." No. 5, item 27).
- Regulations providing for the supply of foodstuffs to towns ("Dz. Ust. R. P." No. 5, item 29).
- Promulgation of the commercial and navigation treaty between Poland and Bulgaria ("Dz. Ust. R. P." No. 6, items 32 and 33).
- Railway rebates on shipments of Polish coal to Austria ("Dz. Ust. R. P." No. 6, items 37 and 38).
- The writing off of unpaid direct taxes, stamp fees, inheritance taxes and gift taxes ("Dz. Ust. R. P." No. 7, item 39).
- The terms of payment of the first half-yearly instalment of the Land tax ("Dz. Ust. R. P." No. 7, item 40).
- Abatement of customs duty on rice ("Dz. Ust. R. P." No. 7, item 54).
- The establishment of direct railway goods traffic with Bulgaria ("Dz. Ust. R. P." No. 7, item 55).

<sup>1)</sup> See "The Polish Economist" No. 2, page 72. <sup>2)</sup> See "The Polish Economist" No. 3, page 113. <sup>3)</sup> See "The Polish Economist" No. 3, page 118. <sup>4)</sup> See "The Polish Economist" No. 4, page 142. <sup>5)</sup> See "The Polish Economist" No. 3, page 113

READ  
**THE POLISH ECONOMIST**  
A MONTHLY REVIEW OF TRADE,  
INDUSTRY AND ECONOMICS IN POLAND

THE LAST ISSUE FOR JANUARY (No. 3) contains the following leading articles: Review of the economic situation in Poland in January, Progress in the year 1926, Poland's share in the economic reconstruction of Europe. The significance of the stabilisation of currencies. The metal industry in Poland—and market reports covering grain, butter, timber, coal, petroleum, iron &c., as well as notes on the state of employment, movement of prices, foreign trade, openings for trade with Poland, railway, port and aeroplane traffic, State budget, Stock Exchange, Bank of Poland &c.

It includes advertisements of Polish firms.  
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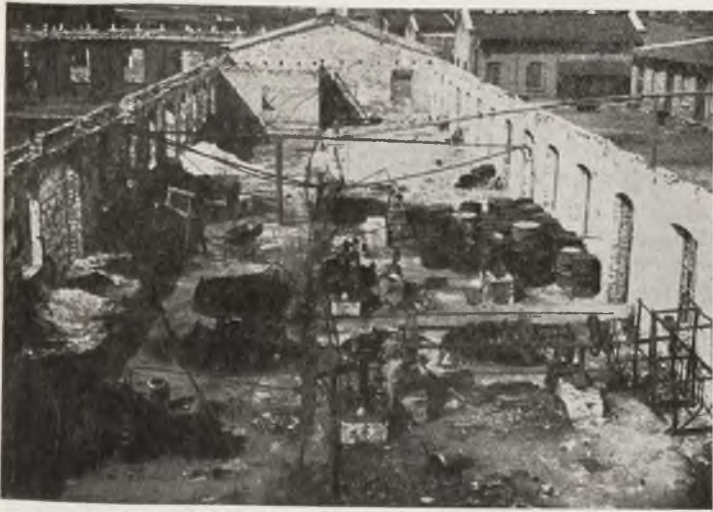


# WAR DESTRUCTIONS IN POLAND

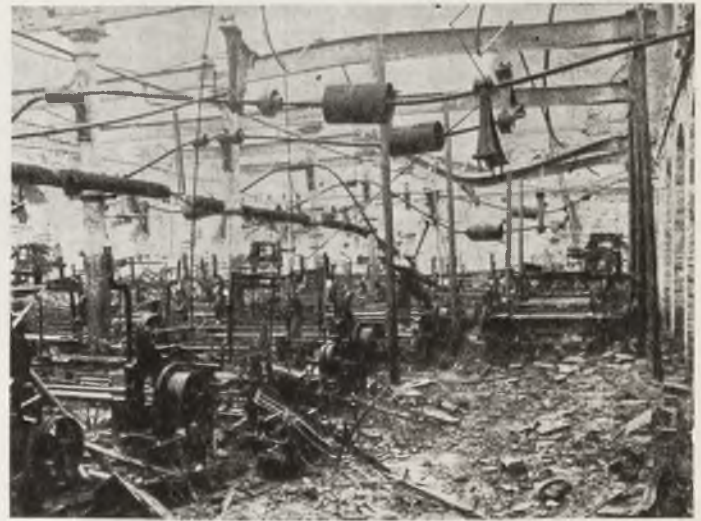
1914 — 1920

ILLUSTRATIONS TO THE ARTICLE: "POLAND'S SHARE IN THE ECONOMIC RECONSTRUCTION OF EUROPE"

THE POLISH ECONOMIST issue 3/1927, page 87 — 92



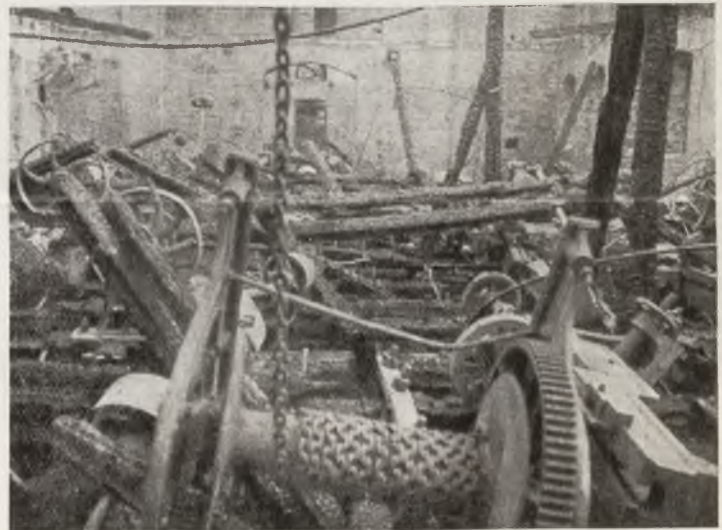
1. — THE ZGIERZ DYESTUFFS FACTORY BURNT IN 1915



4. — A RUINED TEXTILE MILL AT ŁÓDZ  
(300,000 tons of wool and cotton, 20 million metres of fabrics, 1,300 km. of belting, 1,375 tons of copper and brass parts of machinery, 1,000 electric motors — taken away from the Polish textile industry)



2. — THE ŻYRARDÓW TEXTILE MILLS NEAR WARSAW.  
BURNT DOWN



5. — THE "ORTHWEIN & KARASIŃSKI" ENGINEERING  
WORKS AT WARSAW — BLOWN UP IN 1915



3. — ELECTRICAL CABLES REQUISITIONED BY THE  
GERMANS  
(1,600 tons)



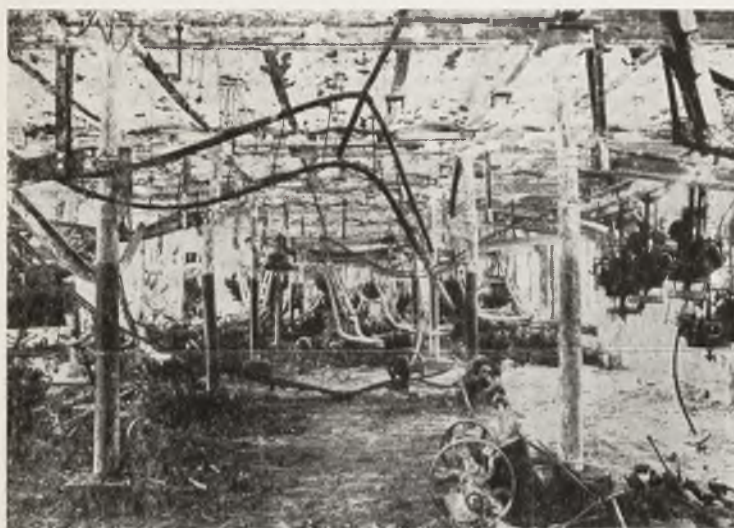
6. — MILITARY EXPLOITATION OF POLISH FORESTS  
BY THE GERMANS  
(timber cut — 130,000,000 cub. m.)



7. — RUINED TEXTILE MILLS



10. — REQUISITION OF METALS BY THE GERMANS  
(228,189 tons of iron, 28,441 tons of copper, 1,410 tons of zinc & lead)



8. — SEE PHOT. No. 7



11. — SEE PHOT. No. 10



9. — SEE PHOT. No. 7



12. — CHURCH BELLS REMOVED TO RUSSIA AND TO GERMANY  
(about 15,000)



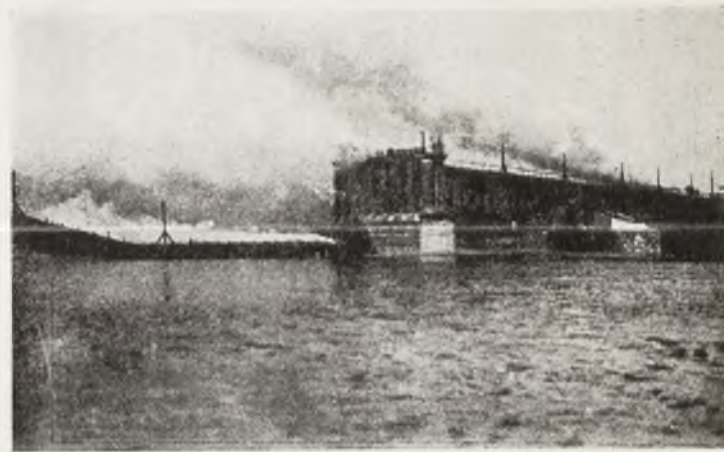
13. — SEE PHOT. No. 10



16. — A WATER TOWER IN SKIERNIEWICE  
(529 railway stations destroyed)



14. — DESTRUCTION OF A BRIDGE OVER THE SAN  
(2,461 bridges, of a combined length of 38,365 metres, blown up)



17. — ONE OF THE WARSAW BRIDGES IN FLAMES



15. — A RAILWAY VIADUCT NEAR SAMBOR



18. — A PORTION OF A BRIDGE DESTROYED BY THE  
AUSTRIANS





19. — REMAINS OF A LOCOMOTIVE SHED IN ŁÓDŹ  
(101 locomotive sheds and railway workshops ruined)



22. — SEE PHOT. No. 19



20. — RUINS AT KAZIMIERZ ON VISTULA  
(1,900,000 buildings burnt in Poland)



23. — SEE PHOT. No. 20



21. — STANISŁAWÓW (FORMER AUSTRIAN POLAND  
AFTER A BOMBARDMENT



24. — MAIN THOROUGHFARE AT KALISZ  
AFTER A BOMBARDMENT BY THE GERMANS



25. THE STANISŁAWÓW AFTER SHELL FIRE



21. THE SOCHACZEW MUNICIPAL SLAUGHTER HOUSE AFTER DESTRUCTION BY FIRE



26. A HISTORICAL BUILDING DESTROYED



27. - TROUPS BILLETED IN A CASTLE



29. - INTERIOR OF A HOME



30. — A COUNTRY HOUSE RASED TO THE GROUND



32. A CHURCH AT ZŁOCZÓW (FORMER AUSTRIAN POLAND) AFTER BOMBARDMENT  
(2,120 churches destroyed)



31. SEE PHOT. No. 29



33. — RUINS OF A CHURCH AT ROKITNO NEAR WARSAW



34. RUINS OF A VILLAGE CHURCH



36. A CHURCH DESTROYED BY SHELL FIRE

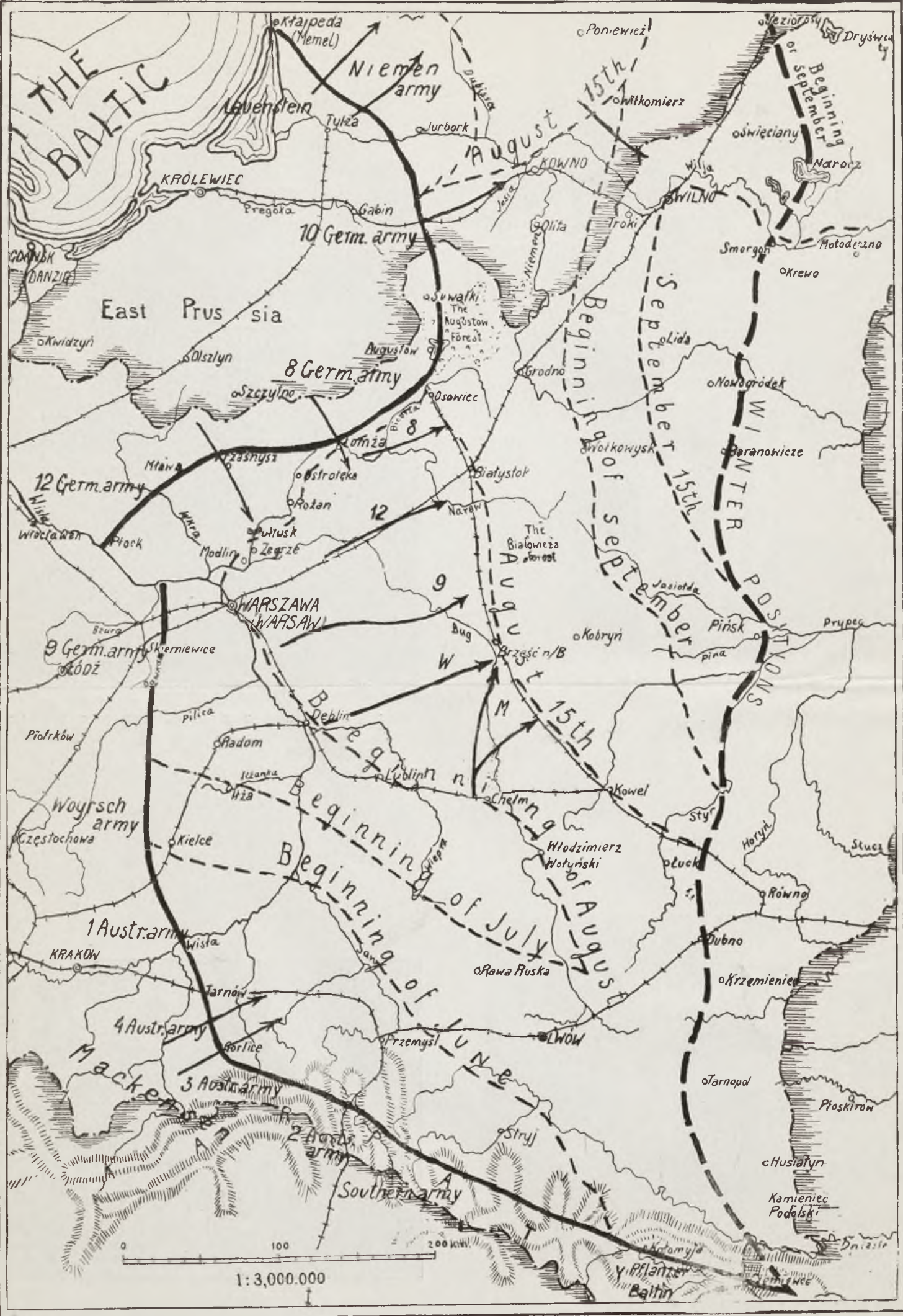


35. A FAMILY OF DEPORTEES  
(2,500,000 Polish people deported)



37. A DWELLING OF A DEPORTED FAMILY

# WAR OPERATIONS IN POLAND April - September 1915



# THE POLISH ECONOMIST

A MONTHLY REVIEW OF TRADE, INDUSTRY AND ECONOMICS IN POLAND

WARSAW — LONDON — NEW YORK

DATE OF THIS ISSUE: FEBRUARY 28, 1927

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JANUARY was the first month, in which the economic situation of Poland was less favourable than it has been of late. The outward signs of the decline of prosperity were the increase in the number of unemployed and the decline in exports. These two phenomena, however, are by no means alarming and are of a seasonal character which is confirmed by the fact that commercial and industrial circles in Poland look to the future with confidence, and take them to be a not unusual occurrence after a long spell of favourable conditions. Nevertheless it is felt that the general situation is not likely to be so favourable as it was in 1926.

In agriculture things are at a standstill as work will only begin in two months or so. At the present time, however, the sugar, distilling and potatoe products industries, are about to terminate the seasonal period of production.

Industry was busy. Despite the decline in the exports, the output of coal rose owing to the increased demand on the home market. The petroleum and the textile industries showed signs of slight depression. On the contrary, the situation of the iron improved. The increase in the number of people out of work in January was not the outcome of the slowing down in industrial activity, but was simply due to the seasonal suspension of the work on the land and to a decrease in the emigration of labour.

Prices remained unchanged.

The foreign trade balance for January was favourable, but the excess of exports, which fell, over imports, which rose, as compared with the preceding month, was insignificant.

The Bank of Poland developed an exceptionally brisk activity in connection with a whole range of big transactions which had been concluded in the

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Złoty was stable in January and even gained a few points.

The revenue of the Treasury was considerable and covered the expenditure with a surplus to the good. Consequently, the budget this month also was well balanced.

REVIEW OF THE GENERAL ECONOMIC SITUATION IN POLAND  
JANUARY 1927

|   | UNIT                                    | JANUARY<br>1926 | DECEMBER<br>1926*) | JANUARY<br>1927 |
|---|---|-----------------|--------------------|-----------------|
| <b>STATE OF EMPLOYMENT:</b>   |   |                 |                    |                 |
| UNEMPLOYED . . . . .  |   | 359.810         | 236.057            | 251.702         |
| <b>PRODUCTION:</b>  |   |                 |                    |                 |
| COAL . . . . .  | } thousand<br>tons                      | 2.456.3         | 3.598.0            | 3.697.0         |
| OIL . . . . .   |   | 68.8            | 61.3               | 60.0            |
| IRON . . . . .  |   | 26.3            | 39.9               | 42.4            |
| <b>AGRICULTURAL INDEXES:</b><br>(CROP PROSPECTS)                    |   |                 |                    |                 |
| RYE . . . . .   | } (5 points<br>system)                  | 3.3             | 3.7                | 3.6             |
| WHEAT . . . . .   |   | 3.3             | 3.6                | 3.5             |
| BARLEY . . . . .  |   | —               | 3.6                | —               |
| <b>PRICES:</b>  |   |                 |                    |                 |
| WHOLESALE PRICE INDEX . . . . .                                     | } (1914 = 100)                          | 153.5           | 194.5              | 195.2           |
| INDEX OF COST OF LIVING IN WAR-<br>SAW . . . . .                    |   | 170.0           | 199.2              | 201.8           |
| <b>FOREIGN TRADE:</b>   |   |                 |                    |                 |
| IMPORTS . . . . .   | } million zł                            | 68.9            | 157.9              | 187.0           |
| EXPORTS . . . . .   |   | 159.1           | 206.2              | 199.2           |
| EXCESS OF EXPORTS (+) OR IM-<br>PORTS (-) . . . . .                 |   | +90.2           | +48.3              | +12.3           |
| <b>TRANSPORTS:</b>  |   |                 |                    |                 |
| RAILWAY TRAFFIC . . . . .   | } truck loaded<br>(15 tons)<br>reg. ton | 295.058         | 492.249            | 451.298         |
| PORT TRAFFIC (DANZIG AND GDYNIA)                                    |   | 230.622         | 364.698            | 370.218         |
| <b>BUDGET:</b>  |   |                 |                    |                 |
| RECEIPTS . . . . .  | } million zł                            | 132.2           | 235.4              | 191.3           |
| EXPENDITURE . . . . .   |   | 153.3           | 224.1              | 172.4           |
| <b>MONEY CIRCULATION:</b>   |   |                 |                    |                 |
| BANK OF POLAND NOTES . . . . .                                      | million zł                              | 362.0           | 592.7              | 584.8           |
| COVER IN GOLD AND FOREIGN CUR-<br>RENCIES . . . . .                 | % %                                     | 39.25           | 46.90              | 53.21           |
| TOKEN COINS . . . . .   | million zł                              | 419.0           | 428.4              | 409.3           |
| <b>CREDIT:</b><br>(BANK OF POLAND)                                  |   |                 |                    |                 |
| BILLS DISCOUNTED . . . . .  | million zł                              | 284.6           | 321.5              | 319.2           |
| OFFICIAL DISCOUNT RATE . . . . .                                    | % %                                     | 12.0            | 9.5                | 9.5             |
| <b>FOREIGN CURRENCIES:</b><br>(WARSAW STOCK EXCHANGE-AVERAGE RATES) |   |                 |                    |                 |
| U. S. A. DOLLAR . . . . .   | } zł                                    | 7.55            | 9.00               | 8.99            |
| POUND STERLING . . . . .  |   | 36.71           | 43.73              | 43.75           |

REMARK: — Figures appearing in the above table are intended exclusively to characterise the economic situation in January 1927; 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".

## PROGRESS IN THE YEAR 1926

THE MOST characteristic signs of economic development indicate that the year 1926 was for Poland a period of an all round improvement, which, in some cases, was indeed remarkable. During the year the number of unemployed declined from 311.090 to 236.057, or by 24 per cent; the output of coal,

iron, zinc, potassium salts, textiles, chemicals, foodstuffs &c., rose materially; the favourable foreign trade balance amounted to gold zł 409.8 million, the foreign currency reserves at the Bank of Poland advanced from gold zł 18.8 to 125.4 million; the fiscal year was closed with an excess of revenue

\*) Corrected figures.

over expenditure amounting to  $\text{Z} 53.6$  million; the movement on the railways and in the ports was intensified, finally — the Złoty remained firm.

The year 1925 and the beginning of 1926 formed a period of an acute economic crisis in Poland, and for this reason the improvement in the latter half of 1926 was all the more gratifying. It may therefore be stated that if Poland has not succeeded in entirely overcoming its economic difficulties, it is certain that the most critical moments are over.

What were the factors which contributed towards such a marked improvement in Poland's situation, and what are the prospects for the near future?

Poland realises that the progress achieved in 1926, in the development of the country, was only partly

which in turn gave a stimulus to industrial activities.

Further, the second favourable factor, contributing to the restoration of more or less normal conditions in Poland, also independent of the country itself, was the good crop in 1925 and 1926, though in the former year it was more plentiful than in the latter. For an agricultural country like Poland, the earnings of its 80 per cent of local consumers are in every respect of great importance; they have a direct bearing on industry, commerce and the paying capacity of the tax-payer, &c.

Finally, a much appreciated factor, conducive to the good results obtained in 1926, was the possibility



FIR FOREST NEAR THE CARPATHIAN MOUNTAINS (PHOT. S. PLATER)

previously have obtained. Foreign trade revived, due to its own efforts and is alive to the fact that these efforts coincided with a whole range of favourable circumstances.

The first and foremost exterior factor is undoubtedly the general betterment of the conditions obtaining on the world markets, which had also a beneficial influence on the situation in Poland. In this period of a noticeable all round improvement which is a usual occurrence after a protracted crisis — Polish exporters were more easily in a position to place their products abroad, and also to obtain much higher prices than those they could

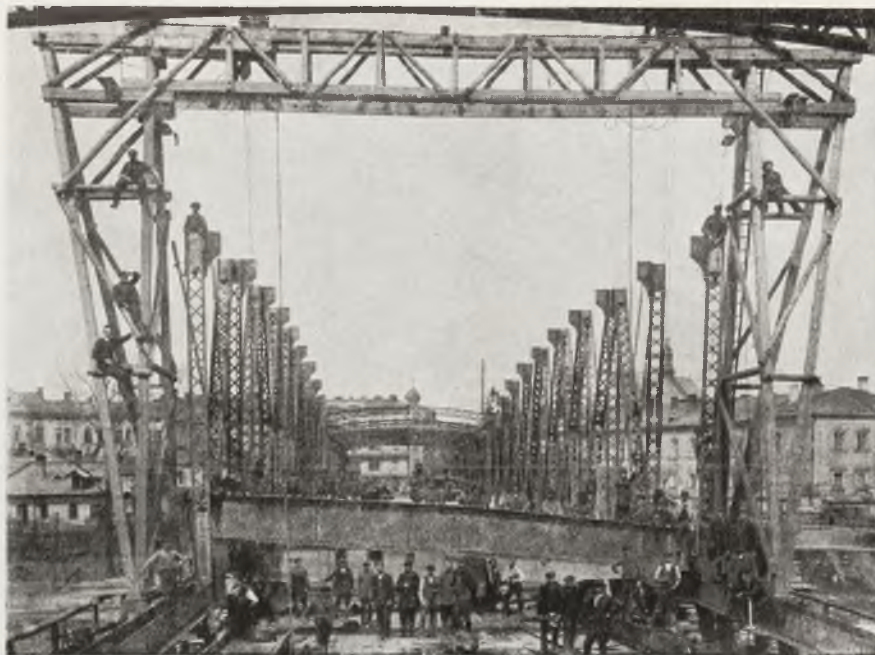
of taking advantage of the favourable conjunctures brought about by the coal dispute in England. This circumstance enabled Poland to send abroad several million tons of coal more than it would have done under normal conditions; of course, this resulted in increased activity of the collieries; in the giving of work to some thousands of men; in increased railway operations; in the gaining of new permanent outlets on which Polish coal was previously unknown. Nevertheless, the opinion, circulating in certain circles abroad, and even expressed now and then in Poland, whereby the rôle of the coal dispute in England in the economic



recovery of Poland is overestimated, must be regarded as absolutely erroneous. The bonus, which accrued to Poland owing to the coal stoppage in England, in relation to the total coal exports, represents 25 per cent, and only 15 per cent in relation to the total output of coal, while in relation to the total Polish exports of all classes of goods, it stands at 5 per cent. It is obvious, therefore, that this increase was not of a nature to exert a decisive influence on the foreign trade balance, on production, on the state of employment. But the indirect effect of the coal strike in England was a hundredfold more beneficial: it was one of the main stimuli, which

which was England. New suppliers of goods and new consumers of Polish products will, no doubt, continue to cultivate these relations in the future. This evolution is of inestimable value to Poland. Nevertheless, all things considered, the state of affairs created by the continuance of the customs war with Germany, despite its indirect advantages, cannot be considered as normal, and although as the experience gained in 1926 showed, it is more prejudicial to Germany than to Poland, it constitutes a serious negative factor in the economic life of Central Europe.

Under such conditions did the economic situation



THE CONSTRUCTION OF A BRIDGE AT PRZEMYŚL

contributed towards the taking up of trade organisation in Poland. We shall deal with this matter separately, at some future date.

There is still another factor, which influenced the shaping of conditions in Poland in 1926, and this was the German-Polish customs war, which commenced in the summer of 1925. This was naturally not a factor facilitating a normal development of trade in Poland: the commerce with its largest neighbour, whose share in Polish foreign trade had, in the past, amounted to 50 per cent, was — as is usually the case when two countries are at customs war — artificially hampered. As stated in these columns on previous occasions\*), the effects in many cases were the reverse of prejudicial: during the period of compulsory isolation certain branches of Polish trade and production, succeeded in freeing themselves from the excessive German influence, by entering into relations with a number of new and less known, to Poland, markets, the most important of

in Poland develop in 1926. As we have seen, they were mostly favourable, and thanks to them Poland was able to repair and overhaul its economic machinery.

And yet there are a number of signs indicating that the work performed by the community and the Polish Government towards the gratifying change in the situation of the country, was one of the best remedies.

Consequently, an increase in the absolute figures of production does not always give a clear view of the progress of work itself, as it may be the outcome of external causes; but increase in productivity is an admitted sign of progress. The results obtained in this respect in 1926 are not insignificant: in the textile industry the endeavours to work more looms than before with a single operative were crowned with success; the output of iron rose by 30 per cent, though the number of workmen employed in this period only showed a small increase; new methods of the organisation of work were introduced in several branches of the chemical

\*) See "The Polish Economist" No. 1/1926, page 8: "German-Polish trade relations".

industry. The most spectacular results were, however, obtained in the coal mining industry: prior to the war the average daily productivity per team was 1.148 kg., after the war, as everywhere, this figure fell and as late as 1925 it was 938 kg.; in 1926 it reached 1.192 kg., and in the Upper Silesian basin even 1.256 kg. per team per day were recorded.

At the same time industry made big strides in the direction of technical improvements, the number of special machines and apparatus bought abroad having been on the increase throughout the year.

Further evidence of industrial progress reflecting on the farsightedness and energy of its leaders, is to be found in the internal organisation of production and its consolidation into Syndicates. The solution of this problem involves in Poland exceptional difficulties, as, owing to the country having been divided into three different parts, before the war, there are varying regional interests, which are sometimes difficult to reconcile. For this reason the progress achieved in this direction in 1926 acquires a special significance. The coalmining interests have so far not reached a general understanding — each of the coal basins having their own local organisation; but the casual understanding between the latter arrived at in connection with the situation created by the local dispute in England, has resulted in a close cooperation whenever the interests of the coal masters as a whole are involved. This cooperation gives good practical results. The Iron and Steel Syndicate improved its organisation and made an all round progress in the course of the year. On the other hand, there is a crisis in the petroleum industry: the Petroleum Syndicate was broken up, the form of its organisation being defective; negotiations are, however, being conducted with the view to finding a solution likely to satisfy all the interests concerned. Exactly the same evolution, from a break up to the creation of a new and better form of organisation, was shown by the cement industry in 1926. The Polish sugar industry has at its disposal a financially strong institution, working on rational lines, of long standing, which, in 1926, successfully battled against the evils of the then prevailing world-wide sugar crisis.

The various factors passed under review, amply prove that the favourable situation was conducive to the achievement of progress in the sphere of business organisation, and that the results obtained were also largely due to the initiative and the energy of the Polish community. These factors are not isolated; they should be supplemented with others — namely: increased efficiency of the newly created Polish export bodies, which was evidenced in the obtaining of better prices, even on those markets where prices hardly fluctuated; further extension of the means of communication (Kalety-Podzameze Railway, Bydgoszcz-Gdynia Railway, Port of Gdynia, Government Steamship Company), finally — intensive work performed by the Government in the province of industrial and commercial legislation.

What are the prospects for the year 1927?

In matters economic, forecasting is a dangerous ground: there are too many factors, which frequently escape even the most searching eye, and which

exert potential influence on the shaping of conditions. If, however, an opinion is to be advanced on this subject to-day — the general characteristic of 1927 may be briefly given as follows: one can hardly think that the pre-eminently favourable situation of last year will repeat itself, so that the external factors will, probably, be less favourable to Poland than they were in 1926; on the other hand, the internal power of resistance and the level of organisation of the economic life will respectively be much stronger and higher than in 1926; it is an established fact that the existing carry-over from 1926 (cash in the vaults of the Treasury, foreign currencies at the Bank of Poland, unexecuted orders of the factories) forms a valuable asset to go on with.

## POLAND'S SHARE IN THE ECONOMIC RECONSTRUCTION OF EUROPE

WESTERN EUROPEAN politicians and economists have respect not for the mere figures of population, nor for physical power represented by thousands of warriors driven to the battle field, but for the civilisation of nations and the abilities which they display in competition with each other.

The difficulties, which Poland has encountered in connection with the adjustment of commercial relations with some of her neighbours, as well as in connection with discussions bearing on the subject of credits, are a sufficient proof of the fact that a large number of economists and financiers do not as yet fully realise that Poland is an independent factor from the point of view of husbandry and civilisation, that it has passed through most trying war periods, and that the liquidation of the effects of the war alone is a convincing proof of the existence in the country of large reserves of energy and potential material wealth.

The object of this article is to remind readers of the pitiful effects of the war and post-war periods in Poland: in other countries it was possible to combat the evil results of the war by the employment of their large material reserves and the use of the organisation of the State, which having precedents to work upon, were able to operate with speed and efficiency, while in Poland these factors had to be attacked by the inadequate resources, by the efforts of the population, which was ruined by the war, and the state machinery, which was new, and therefore not organised.

Notwithstanding these conditions, Poland with her own resources succeeded in performing a giant, though perhaps not universally recognised, task in stabilising the conditions in that part of Europe, in which the Great War had dealt what were probably the most severe blows.

\* \* \*

Poland, or rather the Polish nation, at the outbreak of the war had neither an administration of her own, nor any financial reserves and, what was more, it was without any military force. At this

critical moment there was not a single officially recognised organisation which could efficiently deal with and alleviate the hardships, which the Great War was to bring, a war which was waged on the Polish territories by armies who were neither linked materially with the population nor with the country as a whole. For the military leaders and their staffs, Poland was but a map, a surface more or less convenient for war operations and the distribution of troops, while the population was regarded as an inexhaustible source of supply of labour and of remounts, a prolific store of forage and foodstuffs, a complement of means of communication; to the staff — the houses of the Polish citizens were gratuitous billets, and the furniture — equipment for trench warfare.

surprising therefore that the areas adjoining such stations gradually changed into vast cemeteries and that cholera destroyed tens of thousands of human beings.

The evacuation of the population in June 1915 was carried out under the order of the Russian General Staff, without consulting either the Railway or the Civil Authorities, and without any supervision at all. Thousands and thousands of people missed their relatives before they got to the railway, families were split up, and frequently many years elapsed before parents were able to find their children, and wives their husbands.

The Polish community started to organise relief work as soon as the severe military laws permitted it: 1-o, each group of deportees was given an



VIEW OF ONE OF THE ŁÓDŹ TEXTILE FACTORIES BURNT DURING THE GREAT WAR

Nevertheless, Poland did not surrender to the war difficulties, or renounce the right to its own private and public property, neither did it cede the right to organise its own public life — on the contrary, it took an active interest in every domain whether political, economic or social welfare.

Attention should first of all be drawn to certain factors, which Europe has either forgotten or does not appreciate — of the driving of the population from their own fire-sides, a movement such as has not been known ever since the migration of nations and which is without parallel in the history of the world.

Over three million people were deported from Poland; some had to walk, others were transported by carts, all destined for the East. The outraged population had to camp on their way, and to spend the nights in forests. The railways, not having been organised to deal with such an enormous traffic, refused to accept either these people nor their effects. It was not an unfrequent occurrence that some small railway stations, which could hardly deal with military transport, were transformed into camps of some 10 to 15 thousand desperate peasants eating up their small savings. It is not

educated leader, whose duty was to give information as to the whereabouts of his group. To give an idea of the then prevailing situation, it is sufficient to state that over three thousand of such groups were organised;

2-o, Relief Committees were formed in all the more important towns in Russia; the members of these committees were Poles, who had settled there prior to the war; the aim was to stop railway transports and to take all Polish speaking travellers off the trains, in order to arrest the exodus to the East. Despite these measures, and in particular at the beginning of the war, many thousands of Poles were sent beyond the Wolga, to the Caucasus, to the Turkestan and Asia Minor. But ultimately even there help was given, at first in the way of organisation, later on — of financial assistance, and finally — moral care and support.

Thus the work comprised: the registration of persons and their whereabouts; the organisation of an address bureau supported by an intelligence service for the finding of lost members of families; the organisation of: mess-rooms and the supply of foodstuffs; living rooms; schools and homes for children; workshops for male youth; popular uni-

versities; lecture tours; inspections of camps and the far away Siberian villages; secondary schools; the printing of books for the schools, and literature and newspapers in Polish for the up-grown.

This work was organised thanks to the financial help rendered by the Poles residing in Russia, by the Committee of the Grand Dutchess Tatianna, and by the relief funds collected in England, France, the United States and other countries.

A service for the exchange of letters between Poland and Russia was also provided.

Polish-borne prisoners of war, originating from the Austrian and German armies, were looked after.

A special organisation was called into being for the transfer of the Polish emigrants from Chiva, Buchara, Turkestan and Siberia, to the Ural and on to the Wolga and Central Russia, to the ultimate destination — the Dniepr area, where, owing to the large number of estates owned by Poles, in the vicinity of Dźwińsk, Berzyna and Dniepr, it was possible to place many families. The distribution of Polish population in Russia, in the middle of 1916, was as follows: 20 per cent in the areas close by to the front, 60 per cent in Central Russia, and 20 per cent in Asia, the Caucasus and East of the Wolga. Much energy on the part of private persons and various organisations was required to maintain this state of affairs, which, no doubt, was not in conformity with the initial plans of the Russian Government.

A special Committee was organised for the improvement of the terrible sanitary conditions among the expelled. Between the departure of the deportees from the villages and small towns in Poland, up to the time of their arrival at the place of settlement, there was a space of 3 weeks to 3 months, so that they reached their destinations about November 1915. This journey costed the lives of tens of thousands people, mainly children of over five years of age, and up-grown people over 50. Medical men, mid wives, travelling pharmacies, and disinfectors were sent to their assistance; moreover, a special Polish Red-Cross, called the Polish Sanitary Committee was called into being in order that it might organise Polish hospitals, nursing homes and medical services in general.

The balance-sheet of activity of the Polish community among the deportees in Russia should be mentioned here as an undeniable proof of the ability of the Polish nation, which labouring under hopeless conditions was able to accomplish the following work within one-and-a-half year:

a) 200.000 of the refugee children were taught in the 17 secondary schools, over 600 primary schools, 700 orphanages &c., organised by Polish Committees;

b) for these children a staff of teachers, nurses &c. was organised, over one-and-a-half million of the school books had to be translated and published in Polish;

c) medical assistance was organised with a staff of 210 doctors, 35 assistants and 30 permanent ambulances;

d) although the large portion of the deportees consisted of children under 14 years of age (about

40 per cent), owing to large death rate among the grown up, and also owing to the recruiting for the army, labour exchanges and workshops were organised on a large scale: in 1916 work was found for 42.000 persons, and in addition young lads were given the opportunity of learning a trade in 161 training shoos teaching shoe-making, tailoring &c.

The Russian revolution in 1917 did not disorganise the work, and it is only the abolition by the Bolsheviks of the shoos, printing works, libraries, workshops and orphanages, that put an end to it.

At the beginning of 1918 the expelled began to return to the mother country despite the chicanary of the Russian revolutionary authorities and the difficulties imposed by the German and Austrian outposts, which, in the first half of 1918, advanced almost into the heart of Russia.

The hardships, through which had to pass the Polish population which remained in her mother country, although of a different nature, were not less trying, though hereto they required a great deal of firmness of spirit on the part of the Poles. It would be a mistake to consider the evils from a purely local point of view. Poland was no small a theatre of war, and this despite the fact that history ordered the main actors to play their tragic rôles on the Western Front.

There is no exaggeration in saying that the more men and material were squeezed out from the Vistula and San areas—the more opportunity there was for the shedding of blood in the West.

Millions of men were called to the colours and had to be fed and supplied with as large a number of shells as possible. In order to ensure a successful conclusion of the war, the main object of the general staffs and their armies was, so to say, an economic one, namely—the capture of the territories rich in the necessary raw materials and foodstuffs. As time went on, it became clear that the war would be won by the side which successfully solved the economic problems, which it brought with it. Some months before the outbreak of the war, the Russian, German and Austrian banks of issue began to withdraw gold from the respective Polish provinces, which in practice meant to Poland the suspension of payments in gold. Only a small fraction of this returned to the population after the war, and then after a lengthy, complicated and usually disagreeable international negotiations.

In accordance with military customs, the fighting forces carried out a whole range of requisitions, on a large scale, which in the majority of cases were not paid for, or paid with vouchers, which were subsequently not honoured. It is true that during the German occupation, there was the so-called "Reichsentschädigungskommission" (compensations commission), but: 1<sup>o</sup>, its activity only provided for the compensation of the damages sustained by Poles in the small number of cases, when requisition was recognised, 2<sup>o</sup>, the findings of the Commission were recognised as executive mandates, which were used: a) for the redemption of the liabilities of the Poles towards the subject of the German Empire, b) for the payment of the

taxes due, and *c)* for the redemption of various municipal and communal loans, which had to be contracted in order to satisfy the various demands for articles of the first necessity, ordered by the German military authorities.

Consequently, the Polish claimants usually received only from 20 to 25 per cent of the amount they were allowed by the Commission. It should be mentioned also that in cases, when payment was made for effects requisitioned in smaller district places, this was done by means of coupons of the Russian State interest-bearing bonds.

The Russian authorities also very rarely paid either for their purchases or for the services rendered by civilians, and, in a large majority of

hanging thousands of people, wrought destruction in the Lublin, Chełm, Równe and Kowel districts. The German armies bombarded Kalisz, blew up the coal mines in the Dąbrowa basin, devastated the immediate neighbourhood of Sochaczew, Łódź, Bolimów, Warsaw and the Narew river valley, destroyed workshops and the railway lines (1914).

This state of affairs, in the years 1914 and 1915, reigned during nine months over the surface of 340.000 square klm. of Poland.

After the battle of Gorlice all the armies, numbering over 3 million men, both conquered and conquerors, formed a devastating plague of guns, rifles, horses and men, which passed over Poland commencing in September 1915, and expelled over 3 million



A BRIDGE NEAR CZĘSTOCHOWA  
DESTROYED DURING THE GREAT WAR

cases, the right of compensation was questioned by the military, or else the payments were to be effected by cash offices located far away from the place of requisition, so that the money could frequently not be collected, if only owing to the retreat of the Russian armies.

In this manner the interests of the Poles were utterly neglected by the three partitioning powers, while at the same time in those countries economic activity was developed to the highest degree, millions of money were in circulation, gold reserves were accumulated, industry was reorganised on up-to-date lines, improvements and extensions were the order of the day. Simultaneously, foodstuffs and raw materials were crusted out of the already impoverished and blood stained Polish territories.

Independently from requisitions, lawful and unlawful, which began on the first day of the war, the Polish territories became the field of war operations\*). The Russian armies ruined the Southern parts of Poland, besieged Lwów and Przemyśl, forced the river San and the Carpathian mountains, and burnt the petroleum wells. The Austrian armies,

civilians, rased to the ground 1,900.000 buildings\*), with numerous branches of production, such as the textile, chemical and metal &c. industries, ruined thousands of kilometres of railways, including bridges and railway stations.

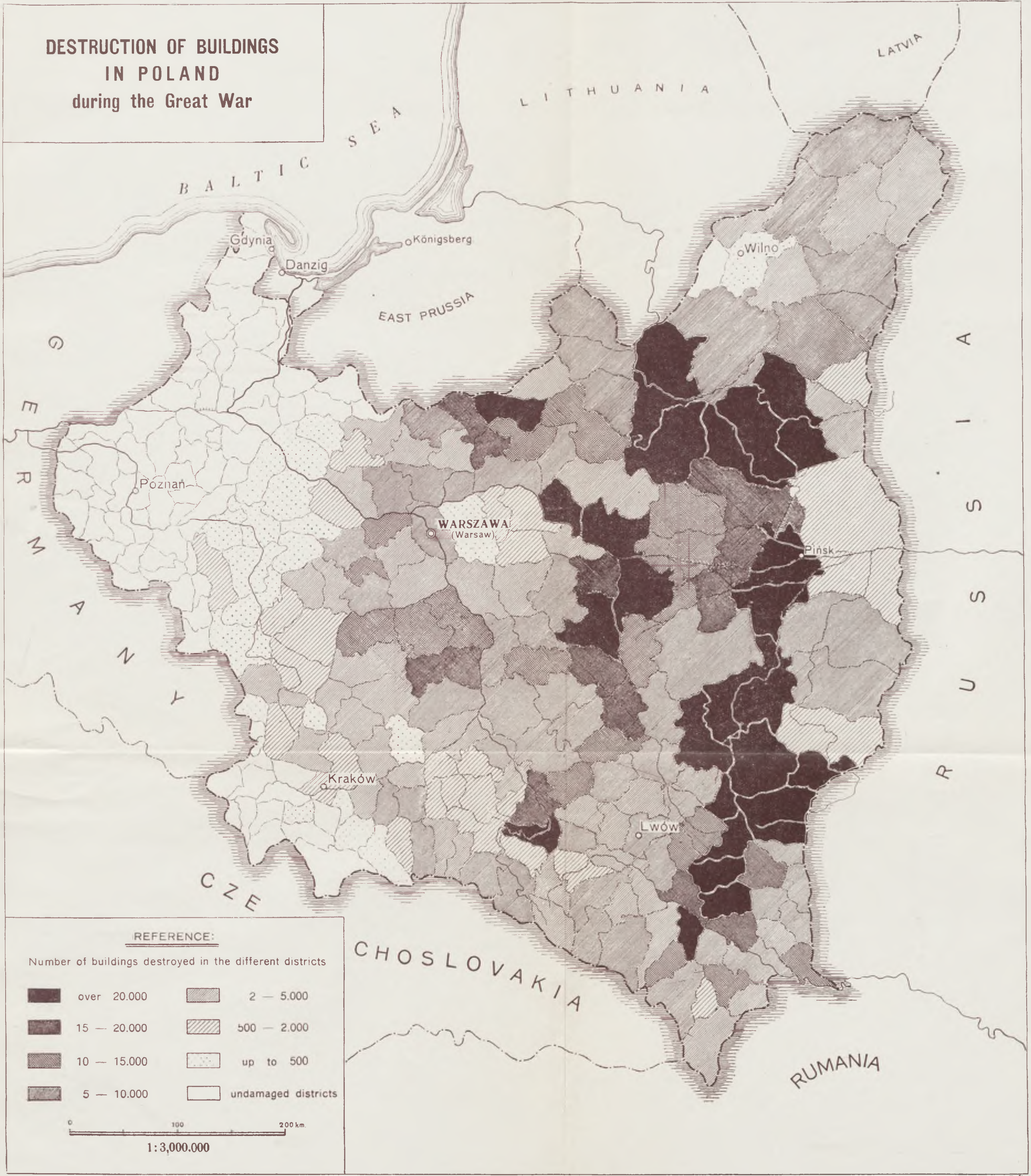
The beginning of 1916 marked the period of trench warfare. The economic life on the already ruined Polish territories was adapted to the new situation. Requisitions by the military were again started; they assumed a new form, and consisted in a methodical withdrawal from Poland of all valuable effects without exception: machinery plants and railway equipment were requisitioned in the first place, iron girders were torn out of buildings, stocks of ready-made underwear, raw materials and semi-finished articles — all were sent to Germany.

A German military writer, E. O. Volkmann stated: "There is no doubt that, had it not been for the adequate supplies drawn from Poland, the supplying of the German army during the war would have been a matter of grave concern. At the beginning the sequestration and the dispatch to the mother-country, were carried on in a somewhat irregular

\*) See the map attached to this issue.









\*) See another map annexed to this issue.

**DESTRUCTION OF BUILDINGS  
IN POLAND  
during the Great War**



**REFERENCE:**

Number of buildings destroyed in the different districts

|  |             |   |                     |
|--|-------------|---|---------------------|
|  | over 20.000 |  | 2 — 5.000           |
|  | 15 — 20.000 |  | 500 — 2.000         |
|  | 10 — 15.000 |  | up to 500           |
|  | 5 — 10.000  |  | undamaged districts |

0 100 200 km.

1:3,000,000



manner; later on, the department of war raw materials, in conjunction with the district inspectors (on the occupied Polish territories) formed a regular and appropriate organisation. The production and trade were also organised and adjusted to the German requirements, though on a commercial basis".

"Owing to the necessity of restricting private initiative in the sphere of economic activity, it was also found advisable", says Volkmann, "that the different branches of industry should participate in the husbandry of raw materials and be made responsible for them".

The German author gives calculations showing that, owing to the blockade, the quantity of foodstuffs

compared with 1914, despite a marked decline in the population.

The war between Germany and the Western Powers necessitated the withdrawal of the lost human reserves from the German factories and mines, and the making up of the deficiency by the employment of Poles, who were out of work owing to the inactivity, on account of requisitions and the shortage of working capital, in the industry.

The Germans therefore started the recruiting of Polish labour for the mines, landed estates and factories, and, when this method proved insufficient, the system of labour requisition to the so-called labour battalions was resorted to. It may be recalled that even prior to the application of these methods, the



TOWN HALL AND MARKET SQUARE IN KALISZ  
BURNT BY THE GERMAN ARMY

in Germany declined sharply, and that in 1918 the population lived on only 1,000 calories per day, while the corresponding pre-war figure was 2,280 calories; he also adds that according to the German Health Administration Bureau, the blockade resulted in the death of 762,796 persons. If such were the effects of the blockade in Germany, it is not difficult to imagine, what they were in Poland, which was also subject to it, in addition to being exploited by an enemy State; and being also the scene of war operations, it had no influence whatsoever on the policy pursued by the occupants.

The fatal policy in regard to prices for foodstuffs, which proved a failure in Germany, the ruin of the stock-breeding industry, the ruin of towns, the lack of artificial manures &c., all these causes contributed towards utter devastation of agriculture in Poland. During the years 1917—1918 over 3½ million hectares of soil were uncultivated, while at the same time the urban population was starving.

The sanitary conditions are proved by the death-rate in Warsaw, which, among the consumptive, showed in 1917 an increase of 260 per cent as

Russian military authorities organised labour units, which were mainly composed of agricultural workers.

The fighting armies requisitioned also over one million carts with horses, and not unfrequently, with the drivers themselves. There were cases, when the drivers, which were forcibly taken in Warsaw in October 1914, returned on foot from Hungary, after some four to five months, having been set free when their horses died.

It is not, by any means, the object of this article to give a detailed picture of the martyrdom of the Polish population, or to give a description of the economic life during the war. The object pursued is to indicate that the liquidation of the effects of the war was for Poland an exceptionally complicated problem.

Three million people including prisoners of war and soldiers, who had served in the Russian Army, returned to Poland between 1918 and the end of 1922. The prisoners of war and the former soldiers of the German and Austrian armies who had also passed through a difficult ordeal both physical and moral, returned at the same time to Poland. All of them saw the ruin, the fall of military discipline and



ensuing political disintegration of the three Empires. At home, instead of the long anticipated peace, they found 2 million ruined homes, towns destroyed, factories burnt, 3½ million hectares of uncultivated soil and a shortage of about one million head of stock, not counting sheep, pigs and fowl, and finally, the total absence of implements and household effects, which had been requisitioned. And it is precisely here that it should be stated that, despite the bitter disillusionment, despite their utter exhaustion, despite even the feeling that could be carried away — this population proved an excellent foundation for the organisation of the grandiose task of the reconstruction of economic life in their own country.

Despite errors in organisation which are rightly indicated by foreign experts, 70 per cent of the destroyed schools, 80 per cent of the dwelling houses, 60 per cent of the churches, about 38 klm. of bridges were built up, while the railways (apart from the requisitions by the Central Powers, 60 per cent of the rolling stock was evacuated by the Russians) were set in working order; sanitary conditions, which were catastrophical in particular in the middle of 1918, were improved; the monetary system, though with great difficulties, was successfully built up, and finally — the punctual payment of liabilities to foreign countries was commenced.

All these efforts indicate that Poland is a country which is sparing no efforts in order to free itself from the heavy burden, which the 120 year long occupation and the years of war have laid on it and which have kept it in an impoverished state. Moreover, it has accomplished this by its own means, without any outside assistance.

The Polish nation, utterly exhausted by the hardships endured during the war, has given proof that it cherishes its right to existence as an independent state.

The post-war years have also shown the great importance of the possibility of free economic development. The protracted conflict with neighbouring States in connection with commercial treaties, should be regarded as an incident in the progress made by Poland, towards the complete economic freedom and independence. At the same time the prolongation of the conflict is a proof that certain European countries cannot or will not reconcile themselves to Poland's right to independence and its privilege to have the same share as other countries in the great task of the restoration of normal economic conditions in Europe.

## THE BREAKING OFF OF THE GERMAN-POLISH COMMERCIAL TREATY NEGOTIATIONS

ON FEBRUARY 12th, about one hour before the opening of the ordinary sitting of the Polish and German delegations, which have been negotiating for a commercial treaty, the representative of

the German Government, Dr. Lewald, revoked the session and subsequently addressed a letter to the representative of the Polish Government, Dr. Prażdyński, informing him of the decision of his Government in regard to the breaking off of the negotiations. Whilst duly noting the contents of the letter, the Polish delegate confirmed the fact that the German delegation broke off the negotiations, and expressed then regrets at the discontinuance — for reasons which had nothing in common with it — of the work, which had been carried on for the last two years and which had reached an advanced stage.

It may be recalled that the negotiations were conducted by two Committees\*): one dealing with customs tariffs, and the second with persons physical and legal. The German delegation submitted to the Customs Tariff Committee 740 claims for customs duty reductions, while the number of Polish claims to that effect was 207. In the opening stages of negotiations, the differences of opinion between the two delegations were fairly wide, but these having been gradually levelled by means of mutual concessions, it was hoped that a complete agreement would have been reached in the near future.

In the Committee of persons physical and legal, the reconciliation of the divergent views of the contracting parties was more difficult. This was largely due to the excessive demands of the German representatives concerning the entry, sojourn and settlement of the citizens of one country on the territory of the other. But here again the Polish delegation expressed its willingness to agree to far-reaching concessions, and this by the granting of the most favoured nation treatment clause, in addition to certain special privileges in favour of persons desirous of establishing themselves in Poland for business purposes.

Under such conditions, the construction of the treaty, though slow and frequently suspended, made progress, even despite the fact that the German delegation had the habit of raising political questions on any and every occasion, the settlement of which was frequently made a condition of their agreement to certain Polish demands of a purely economic character.

Even now, in order to break off the negotiations, the German party brought forth a political reason. The trouble was that the Polish Government issued an order for the deportation of four German citizens for activities detrimental to the Polish State, and the German Government tried to make this question a diplomatic one, and declared that so long as Poland and Germany have not concluded a special treaty regulating the deportation of citizens from one country to the other, the negotiations for the commercial treaty cannot be continued. This demand is admittedly a political one, and has nothing in common with the negotiations in hand. This was the first and foremost reason for which the Polish Government could not agree to the German request; the Polish standpoint was and

\*) See "The Polish Economist" No. 3/1926, page 102, and No. 5/1926, page 183.

still is that in cases where two countries are engaged in the putting into order of their business affairs, the application of political pressure is inadmissible. Moreover, the Polish Government is of the opinion that the question of deportation as a whole cannot, in principle, be made the object of international negotiations, for the very simple reason that it constitutes an autonomous right of all states; it is one of the attributes of the supreme rights of state sovereignty. Poland has entered into

Polish territories, which previously formed part of the German Empire and which had nevertheless been thoroughly Polish from time immemorial, now shape their destinies themselves. This is the source of German antipathy to Poland, this is the source of its manifested tendency to view the question of trade relations between the two countries from a political standpoint, notwithstanding the circumstance that Poland has repeatedly accentuated its good will in the matter of maintenance of peaceful



LOADING OF TIMBER, FOR THE ENGLISH MARKET, IN THE PORT OF DANZIG  
(PHOT. S. FLATER)

no treaties in the matter of deportation, which would even suggest the existence of obligations of an international character. On the other hand, Poland has internal laws, regulating in a most liberal manner the rights of foreign nationals irrespective of the country from which they come.

German-Polish economic relations are hardly intelligible to foreign observer. It is true that they are abnormal. In order to understand them one should bear in mind that they are burdened with political grievances. After the break up of the Austrian and Russian Empires, Germany, the only survivor of the former three Polish alien rulers, still refuses to reconcile itself to the fact that the

relations with its Western neighbour. Of course, such a situation necessarily creates difficulties for Poland, especially when it is considered that of all states Germany is the one most intimately linked up economically with Poland.

The breaking off by Germany of the negotiations for the commercial treaty, as already stated, was dictated by political considerations. It was facilitated by the change of Government in Germany. The power is in the hands of the agrarian party — the only class of the German community, which may be interested in the non-existence of a commercial treaty with Poland, a pre-eminently agricultural country.

## THE SIGNIFICANCE OF THE STABILISATION OF CURRENCIES\*)

THE IMPORTANCE of the stabilisation of currency, to international trade has been particularly apparent in those countries which have first passed through a period of paper money inflation. In this connection the figures of German, Austrian and Hungarian imports before and after stabilisation are very interesting (in million of Marks, A. Shillings and gold Crowns resp.):

| German imports |          | Austrian imports |       | Hungarian imports |       |
|----------------|----------|------------------|-------|-------------------|-------|
| 1923           | 6.149·7  | 1922             | 2.529 | 1923              | 423·0 |
| 1924           | 9.082·8  | 1923             | 2.765 | 1924              | 702·8 |
| 1925           | 12.428·2 | 1924             | 3.448 | 1925              | 741·7 |

In Germany stabilisation was begun in November 1923, and the imports increased by 47·7 per cent in the following year. In Hungary stabilisation began in June 1924, in which year the imports for the first and second halves amounted to gold Cr. 298 million and to gold Cr. 404·8 million respectively, with the result that the import figures for 1924 showed an increase of 66·1 per cent as compared with those for 1923. In Austria the stabilisation of the currency was effected in November 1922, and the imports rose from Sh. 2.529 million in 1922 to Sh. 2.765 million in 1923, and to Sh. 3.448 in 1924, the latter figure representing an increase of 36·3 per cent in the course of two years. The sudden increase of imports after the stabilisation of the currency has been still more evident in those countries which not only passed through an acute period of inflation, but which also sustained damages through direct military operations. Under the stress of war their capital investments deteriorated, while under the strain of inflation their money reserves vanished. Consequently, a general famine for goods, and a higher rate of interest than anywhere else, must necessarily have occurred in such countries; and the presence of these two factors has created peculiar difficulties and dangers.

As long as a currency fluctuates and has a downward trend, imports are bound to be small. After stabilisation the reverse is the case as those requirements which were either unsatisfied, or else kept in check for a long time, seek for satisfaction. The imports become more voluminous, and foreign countries, taking advantage of lower rates of interest on their own money markets, are in a position to resort to dumping credits, and to facilitate the further flooding of the market with their products. To a large extent the same remarks apply to the need for capital investments. After having obtained cheap credit abroad, it pays to import foreign goods despite their being more expensive. On the other hand, exports cannot grow with the same rapidity, because production is still hampered by the shortage and the high cost of credit. There

arises therefore a big difference between the pace of growth of imports and that of exports. This deficit can only be covered by the use of the bullion and foreign currency reserve — and for adequate long term foreign credits. In the absence of cash reserves, and with an inadequate inflow of foreign capital, the above mentioned difference may cause the break down of any scheme of currency stabilisation, from which arises the immediate necessity for a more rigorous control of imports — of course, at the expense of the trade of other countries, and the crisis again becomes acute.

Poland is a classic example of a country of the type referred to, where 70 per cent of the country was the scene of war operations, whilst the war with Soviet Russia, which only ended in 1920, necessarily brought about an intense inflation of paper money, as this war was financed entirely by Poland without any external assistance. When in January 1924, the effects of the stabilisation of the currency gave satisfactory results, their beneficial influence on the foreign trade being instantly noticeable.

The imports into Poland were as follows (in millions of gold ₯):

|      |       |
|------|-------|
| 1922 | 845   |
| 1923 | 1.116 |
| 1924 | 1.478 |

It will be seen that in 1924 imports into Poland rose by 33 per cent as compared with the preceding year. At the same time there arose a difference between the pace of growth of imports, and that of exports, which factor was still more accentuated by the bad crops in the summer of 1924. The result was that, possessing neither adequate bullion and foreign valuta reserves, nor a sufficient influx of foreign capital, Poland could not succeed in maintaining her currency at a normal level. In July 1925 the Złoty fell, with the result that the ability of the country to import goods, again shrunk very considerably. Polish imports were (in millions of gold ₯):

|   |       |
|---|-------|
| for the period of stabilisation of the currency<br>(July 1924 to July 1925) | 1.897 |
| for the period of the fall of the Złoty<br>(July 1925 to July 1926)         | 784   |

These figures show that the imports were 41 per cent lower in the second period after the fall of the Złoty.

The currency disorganisation adversely affected the trade relations with foreign countries, in particular those with Austria and Germany. The exports from Austria into Poland were as follows (in millions of gold ₯):

|                   |       |
|-------------------|-------|
| January-June 1925 | 100·9 |
| " " 1926          | 22·7  |

In this case the drop was 78 per cent, though the trade relations between Poland and Austria were carried on in harmony with the interests of the two countries.

During the same period German exports to Poland were (in millions of gold ₯):

|                   |       |
|-------------------|-------|
| January-June 1925 | 352·1 |
| " " 1926          | 74·3  |

\*) This article is an extract from the recent work by M. F. Młynarski, the Vice-President of the Bank of Poland. It is written specially in connection with the International Economic Conference. The first part of this work was published in the last issue of "The Polish Economist" (issue 2/1927, page 48-50). Further extracts will appear in the following issues. The whole work will appear in the form of a pamphlet in May next, before the opening of the International Economic Conference.

Here too the exports fell by 78·8 per cent. The decline of German exports to Poland was not solely due to the fall of the Złoty, but also to the customs war which commenced on June 15th 1925.

This customs war, imposed on Poland by the German embargo on Polish coal and other products of the Upper Silesian industry, prejudiced the interests of Poland for some time by precipitating the fall of the Złoty. But in the long run, the customs war rather helped Poland by facilitating the reorganisation of her foreign trade, and by making it possible to turn the unfavourable trade balance into a favourable one. As the result of continual excesses of exports over imports, Poland has again been able to stabilise her currency by her own resources, and without the assistance of foreign capital.

The second stabilisation of the Złoty, which was achieved in July 1926, exercised a favourable influence on the increase of Polish imports, which rose by 45 per cent in the third quarter of 1926 as compared with the first and by 32 per cent as compared with the second quarter of that year.

Polish imports during that time were (in millions of gold ₴):

| During the period of fluctuation of the Złoty |            | During the period of the second stabilisation of the Złoty |            |
|---|------------|--|------------|
| IV quarter                                    | 1925 184·3 | III quarter  | 1926 243·4 |
| I "   | 1926 168·0 | October  | 1926 102·2 |
| II "  | 1926 184·1 |  |            |

These figures show clearly that the volume of imports depends in the first place on the existence of a stabilised currency, and not on the extent of the customs duties, for Poland did not alter her customs tariff and yet, despite the maintenance of the same duties, the volume of imports rose materially during the period of stabilisation of the Złoty, and fell again when the Złoty fluctuated. The point at issue, is not only whether and to what extent customs barriers affect trade, but also whether a country has the means to pay for what it is supposed to import.

It is immaterial for instance, whether Poland is in favour of liberalism in commerce, what matters is whether she is capable of maintaining it. It is not introduction, but its maintenance that is an essential factor of the economic life of Europe as a whole. What benefit would accrue for instance to Germany, if Poland were to repeal all her customs duties and trade regulations, and if this policy lead to the fall of the Złoty? German imports into Poland would fall automatically despite the absence of customs barriers.

A country deprived of adequate reserves and possessing no elastic credits abroad, ought to see that its citizens should not spend more abroad than it can at any time pay in gold on demand. Otherwise, the currency system will break down, and difficulties will occur in connection with foreign liabilities. Foreign creditors will then sustain financial losses, debtors will suffer morally, while the country will lose its reputation and credit in foreign countries.

A fall of a currency is nothing else than a fall in the paying ability in gold. Free trade cannot

be introduced at the expense of the currency, and still less can it be maintained. So long therefore as a number of European States do not have at their disposal sufficient reserves of gold, and so long as the absence of reserves is not adjusted by free circulation of credits on the international market, mercantilism for those countries is an absolute necessity, not because mercantilism, as such, is regarded by them as a higher and better economic theory than liberalism, but simply because the latter cannot possibly be practised under the present conditions.

Mercantilism is "*malum necessarium*" of modern post-war Europe. Considered from a historical point of view, it is as justified as that of the XVIIth century, when the modern centralised states which incorporated mediæval cities and feudal territories were being called into being. Mercantilism was, and is, an economic theory, peculiar to the periods which are characterised by the creation and consolidation of new political organs.

How frightfully superficial is the judgement of all those who regard the causes of mercantilism as lying exclusively in the calling into being of new states, and in the existence of fresh customs barriers!

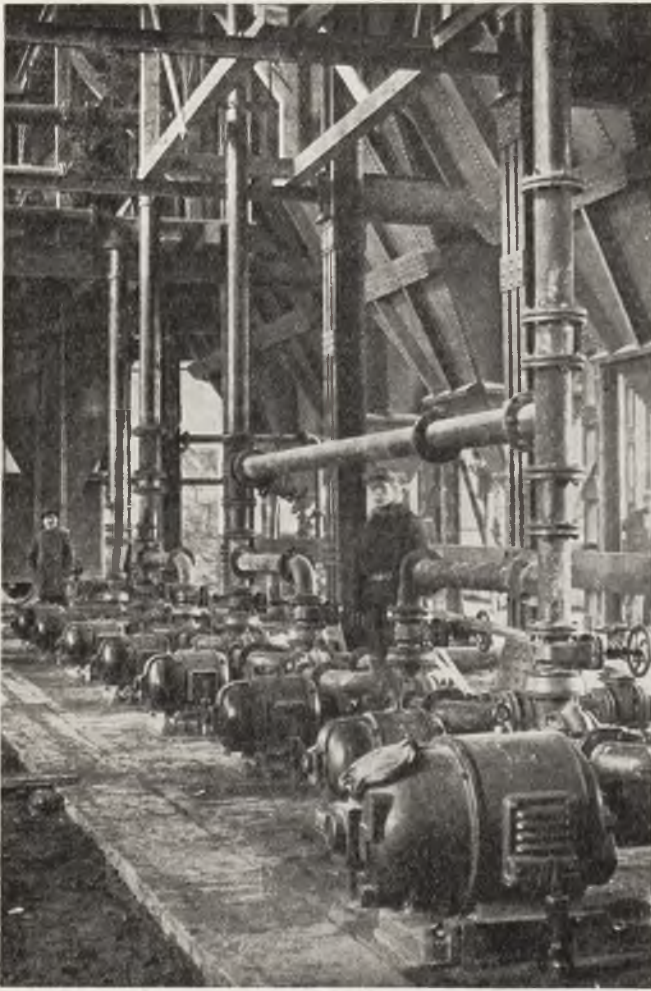
Compared with 1913, the import capacity of the Austro-Hungarian succession states rose in 1925 by 25·7 per cent, and as the import capacity of the states which were either created or restored, on the territories of the former Russian Empire has largely offset the loss of the Russian market, it is obvious that the import capacity of the Austro-Hungarian succession states is certainly not smaller than it was before the war\*).

It must also be stated that German exports to the succession states in 1925 were equal to the pre-war figure, while to the former Russian territories—they were only lower by 11·1 per cent. The total volume of German exports for 1925 would have been still larger, by at least RMk. 1 milliard, had it not been for the fact that those to England, France, Italy, Belgium and Portugal—fell by 43·7 per cent, and to Soviet Russia\*\*), within its present borders—by 56·9 per cent.

The losses in exports to the above mentioned Western countries and to Russia are enormous, whereas they are non-existent or very small as regards the new states. These are facts; the figures are not mathematically accurate but there is no doubt as to the tendency of the development of German export. This tendency asserts itself in that the largest losses sustained by German exports were by no means caused by the new states. This fact should be taken into consideration, if the propaganda for freedom of trade is to be fair and all the more so, as the pace of recovery of German imports, compared with 1913, is not quicker than that shown by the new states. The total German imports for the first three quarters of 1926 amounted to RMk. 7.206·1 million giving an average quarterly figure of RMk. 2.402 million. By adding this latter

\*) Higher approximately by 7 per cent.

\*\*) Without allowance for the German territorial losses.



INSTALLATION OF ELECTRIC MOTORS IN A NEW DEPARTMENT OF THE POTASSIUM ARTIFICIAL MANURE WORKS AT KALUSZ (PHOT. S. PLATER)

figure\*) to those for the first three quarters of the year 1926, it will be found that the value of imports for the whole year may be estimated at RMk. 9.608 million or less than the equivalent figure for 1913 which was RMk. 10.769.7 million. Consequently, Germany is not better off in this respect than her Eastern neighbour (+ 0), and her position is distinctly below that of the succession states (+ 25.7 per cent).

The picture becomes still more vivid, when it is taken into consideration that the influx of foreign capital to Germany in the course of the last three years has amounted to over RMk. 3½ milliard, while that to the succession States was much smaller, and to the new Eastern European States it was practically nil.

Complaints about new frontiers and new customs barriers are not justified when the pace of recovery of the German export trade is borne in mind. According to the returns of the State Department of Commerce (U. S. A.), the value of the German exports in 1925 was higher by  $\text{X}$  534 million than that in 1924. This represented 40.6 per cent of the total increase in the exports of 23 European

states, and 17.2 per cent of the total increase of the world's exports. In 1926 German exports showed a further increase. By taking the average of the first three quarters of the years 1924 and 1926, German export rose from RMk. 4.55 to 7.27 milliard, the gain being 59.6 per cent; these figures include manufacture or the so-called "Fertigwaren", the export of which alone rose from RMk. 3.65 to 5.25 milliard or by 47.2 per cent. Assuming that the last quarter of 1926 will not be less favourable than the first three (average—RMk. 2.402 million), German exports for the whole year 1926 may be safely estimated at RMk. 9.680 million.

On the strength of the coefficient of population and the degree of industrialisation of the territories taken over from Germany after the war (7,127,000 inhabitants), the loss thus occasioned to the German exports may be put at approximately RMk. 720 million. Deducting this sum from the value of exports for 1913, namely—RMk. 10.097.2 million, we arrive at the conclusion that German export in 1926 will, to all probability, exceed those of 1913 by RMk. 300 million.

This is the quickest pace of progress in Europe for the last three years; while other countries move at a snail pace, Germany goes ahead by leaps and bounds. Consequently, the new states obviously do not constitute any serious impediments as, despite their customs barriers, Germany has been able to rebuild her export trade within such a short time. And a still quicker pace of progress can hardly be expected after such a terrible war, after such a destruction of property and capital, and the territorial dislocation in production and in consumption which resulted from it. Such heavy wounds do not heal within a few years, and never has history known a more rapid pace of recovery than that now recorded.

This does not mean that German exports have reached the satisfactory stage; a large increase is a fact, but is also a fact that in proportion to the liabilities of that country, in connection with war reparations and the enormous loans contracted in the course of the last three years, a further and material increase of export is a necessity. Consequently, from a practical point of view, the problem arises as to where Germany is to find new outlets, in order to further increase her exports. Will the losses sustained in the Western European and Russian markets, be compensated for by new gains on these markets, or will the import capacity of the new states rise in a manner such as to offset the other losses?

German policy is to expand in the first place her exports in the territories of the new states. No wonder, for as we have seen, the ability of these territories to import has been restored, as far as Germany is concerned, in a far higher degree than that of Russia and the Western European states with which Germany was at war. The question arises, whether the new states, the succession states and the Eastern states, are in a position to increase their imports from Germany from their own resources. Is it not advisable to increase the inflow of foreign capital, in order that these new

\*) Written in November 1926.

states may perform this rôle in the interests of the whole world.

Since the great war the import of capital has been the unavoidable preamble to any material increase of imports of goods, and Germany affords the best example in this respect. Is it possible to expect the new states, which are by far weaker economically than Germany, to increase their imports, and at the same time to stabilise their currencies from their own resources? Such a demand would be unreasonable.

It is generally considered as equivalent to squaring a circle that Europe should pay interest and instalments in respect of debts to America amounting to \$ 20 milliard, and that at the same time it should not be able to send to that country either its surplus of labour, which is stopped by the immigration law, or even to substantially increase its exports of goods, which are hampered by the high American customs tariffs. There is in Central Europe another problem similar to that mentioned above: the new succession and Eastern states are supposed to increase their imports from Germany to such a degree as to make up German losses on the English, French, Italian, Belgian, Portugese and Russian markets, and this without adequate support from foreign capital. In regard to the first instance, it is difficult to increase export in order to pay debts, and in the second — the lack of capital precludes any increase of import. There is only one solution, namely — the arousing of the interest of American capitalists in the needs of the new states, and the decreasing of the influence of purely political considerations, in the international distribution of credits. The inflow of foreign credit is indispensable for the consolidation and the final stabilisation of new currencies, for an unstable currency automatically causes a shrinkage of imports, quite independently of the extent of the customs duties. Therefore it is not mercantilism that is the cause of instability of currency, but the reverse — in that the lack of stabilisation brings forth mercantilism.

The prospects for an improvement in the European situation are excellent, provided the present methods are altered. New states invariably show larger needs for imports, as they are in the state of organisation and as the pulse of their life beats stronger. Prof. Harms\*) was quite right saying at the Sociological Congress held in Vienna that the highest development of rational production is most desirable from the point of view of international economy. But the thing is that the new states should be in a position to satisfy their requirements without endangering the stability of their currencies.

Nationalistic principles are prematurely deprecated, while the principle of great political union is glorified. Of the European countries, the territory of which were involved in the Great War, the new states have better and more rapidly, in relation to 1913, rebuilt their import ability than

have the old ones. Consequently, it is not the frontiers that should be questioned, but the present credit methods on the world markets.

## THE METAL INDUSTRY IN POLAND

THE METAL INDUSTRY in Poland is a branch of production, which, possessing larger gaps than any other, leaves an extensive field of operation for foreign producers of machinery and metal wares. It is interesting to note that this state of affairs is solely due to the fact that influences of an external character, have hampered the development of this industry, though the natural resources were at all times favourable: the Polish soil is rich in iron, zinc and lead ores, has a well developed smelting industry working these ores, and in addition has abundant supplies of cheap coal. Thanks to these favourable natural conditions, Poland has had, since as far back as the XVIth century, numerous iron forges — which in fact were the forerunners of the present day heavy metal industry.

When, however, thanks to the inventions of James Watt, the iron epoch set in and when this metal began to steadily conquer the whole of the world — Poland lost at that time political independence and was prevented from exercising any influence on the course of its industrial development.

During the 120 years of foreign rule, the line of development of the metal industry deviated from its natural course. In the Austrian and German partitions, the alien Governments opposed and in fact, checked the establishment and progress of the metal industry. The Engineering Works of Messrs. "L. Zieleniewski Ltd." established in Kraków in 1804, the Engineering Workshops of Messrs. "H. Cegielski Ltd."\*) founded in Poznań in 1846, and a number of other metal working plants, attached to the Upper Silesian iron and steel foundries — owe their existence to the initiative of private individuals.

In former Russian Poland the position was different, but here, too, the alien rulers made it impossible to develop those sections of the metal industry, which usually receive government support in view of their being either intimately linked up with national defense or with big Government orders in connection with railway extensions, naval armaments &c. On the other hand, those branches, which catered for the private Russian market, and which supplied it with pipes, wire, nails, agricultural machinery, enamelled wares, silver and silver plated articles &c., made satisfactory progress. At the same time, having been protected against foreign competition by the Russian customs tariff, a number of undertakings, producing machinery and apparatus, were founded for the domestic requirements of the sugar, alcohol, milling &c. industries. These engineering concerns supplied machinery and installations to the similar branches of the Russian industry, almost the total requirements in this respect having been covered by products of Polish manufacture. Similarly the Polish constructional engineers "K. Rudzki & Co."

\*) "Neue Freie Presse" April 23, 1926.

\*) See advertisement in this issue, page 11.

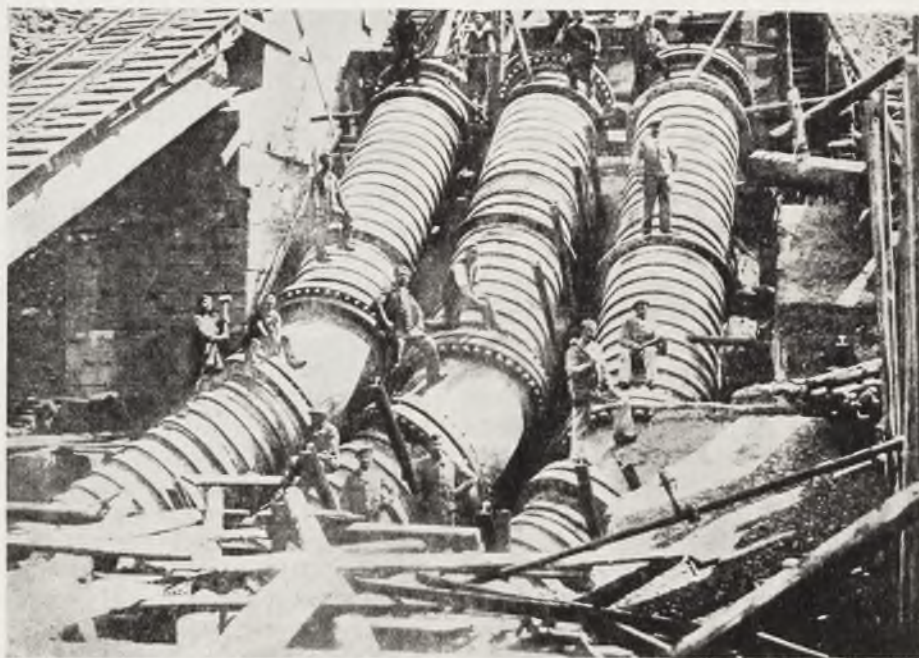
were the chief suppliers of iron and steel constructional work in the Russian Empire: most of the Russian bridges of importance were built by this firm\*).

Consequently, it was only in former Russian Poland that the metal industry could be established on a more or less large scale, though here, too, its progress, despite the existence of favourable natural conditions — was uneven, so much so that it was impossible prior to the war to develop the different branches along rational lines.

The Great War, and the subsequent totally different conditions prevailing on the Polish territories, have created quite new conditions for the Polish metal industry.

operation and run by the Government. The Polish Government was, at that time, faced with the necessity of evolving a general programme of reconstruction of the metal industry, which, apart from its being ruined, was insufficient, even when restored to its pre-war standard, to cover the needs of the country.

To begin with, it was found expedient to lay foundations for the arms and ammunition industry, which did not exist in Poland. In pursuance of this aim and according to a scheme elaborated in 1919, the Government called into being a number of factories and works, some of which are owned by them, the remainder being private establishments, owing their existence to the assistance from the State. Further, the Polish State Railways had



PIPE JOINTS AT THE "KINLOCH-LEVEN" HYDRO-ELECTRIC PLANT IN SCOTLAND, PRODUCED BY MESSRS. "FERRUM" LTD. (POLISH UPPER SILESIA)

In the first place, the metal industry of former Russian Poland was greatly damaged during the war, while retreating the Russian army, evacuated machinery and burnt down most of the factories. The bulk of this machinery was never returned. During this period, in Warsaw alone, the main centre of the metal industries, the well known extensive modern engineering works of Messrs. "Orthwein & Karasiński", as well as those of "Gerlach & Pulst" which enjoyed an excellent reputation in Europe for its metal working machinery, ceased to exist, to say nothing of other establishments which shared a similar fate.

The German occupation marked the final period of destruction of the Polish metal industry.

After the consolidation of the war, the state of things was so pitiful that certain factories, abandoned by their owners, had to be restored and set in

to be afforded the possibility of placing their orders with local firms — for prior to the war there were practically no such factories in Poland. The three newly erected locomotive works: in Warsaw, Poznań and near Kraków, and the seven waggon building factories, of which one, that of Messrs. "Lilpop, Rau and Loewenstein" was founded in Warsaw before the war, in 1818, by two Englishmen, the brothers Evans — are in a position to cover the requirements of the Polish Railways for rolling stock. The Danzig shipyards owned by the Polish Government and the free City of Danzig, which are leased to the International Shipbuilding and Engineering Company Ltd., together with the two private shipbuilding firms in Danzig (Messrs. "Schichau" and "Klawitter"), are capable of satisfying the present restricted needs of the Polish merchant fleet. The Polish air service has at its disposal three private factories and Governmental repair shops, while the "Ursus" factory, completed

\*) See "The Polish Economist" No. 2/1927, page 51; photograph.

recently near Warsaw, will supply the country with motor-lorries.

These were the indispensable branches of the metal industry, which did not exist in Poland in pre-war days, and which had to be established by or with the aid of the Government.

Apart from this, the adoption of a rational economic policy made it imperative for the Government to take care of those branches of the metal industry, which possessed valuable assets from before the war in the form of skilled labour, technical personnel, old established connections abroad &c. These branches of production, which had been mainly established for the Russian market, and which had been briefly referred to above, were the following:

agricultural machinery and implements; in this section there are \*) 54 active factories employing 5.751 workmen and producing: ploughs, rakes, trashing machines &c. Apart from the local market Polish agricultural machinery and implements are exported to the Baltic, Balkan, Persian and Russian markets;

pip ing; there are now being operated 22 works employing several thousand workmen producing welded and weldless iron and steel pipes, which are sold chiefly in the Balkans; the products of the Upper Silesian firm Messrs. "Ferrum Ltd."\*\*), which specialises in the production of high pressure piping for hydraulic power stations, enjoy unique position in the world in this line;

wire, nails, screws, rivets; there are about 20 factories, employing over 2.000 workmen; these establishments also have foreign connections of old standing and carry on an extensive export trade;

enamelled wares; this branch of the metal industry, though technically and commercially well organised, is now passing through a critical period, as it is still unable to bring its foreign trade to the pre-war level; its productive capacity is several times larger than the demand of the Polish market. The factories numbering six employing several thousands of hands, have founded a Syndicate, through the intermediary of which both foreign and domestic buyings are effected. The best customers are the Baltic, the Scandinavian, the Balkan and the Near Eastern markets. With this line of production is closely linked that of iron hollow ware;

silver plated wares; this industry comprising four factories, is in a similar position to that of the enamelled ware, for it supplied the same markets and worked mainly for export; it should be stated, however, that, owing the exceptional quality of Polish plate ("J. Fraget", "Norblin, Buch Bros. & T. Werner"), the recovery of the pre-war markets has not been quite so difficult; weighing appliances; this branch of production, which prior to the war worked mainly for the Russian market, comprises six works and may in a way also be regarded as a Polish speciality.

Above we have passed under review the main sections of the Polish metal industry. Of course,

there are many other Polish undertakings engaged in the production of iron castings, boilers, lathes, all kinds of machinery, yet despite the fact that some of them have reached a high standard from the technical view-point, and that others, owing to the quality of their products, enjoy even a unique position on the world market (for instance: "Perkun" engines, "Diesel-Ebermann" engines, "J. John" transmission equipment and Strebel-boilers, "Fitzner & Gamper" lathes and boilers, "Paschalski" cigarette making machinery, "Unia" woodworking machinery, "Borman-Szwede" sugar and distillery installations, "Josephy" textile machinery) — these basic branches of the metal industry are insufficiently developed. The same remark applies to the electric industry.

The whole metal industry in Poland, including small workshops, employed before the war about 170.000 workmen. At present this number has declined to 100.000. The large undertakings belong to the "Union of Metal Manufacturers"\*), the membership of which comprises 333 undertakings and over 50.000 workmen. Attached thereto is a separate organisation of a commercial character, named the "Union of Exporters of Metals Products" (Związek Eksportowy Przemysłu Metalowego).

The above mentioned data, concerning the metal industry in Poland, seem to indicate that its haphazard development before the war had subsequently, after its conclusion, to be advanced on rational lines. The work was commenced by the filling of the gaps, which actually meant the erection of new works. That there was absolute necessity for the taking of this course, is confirmed by the establishment after the war of about fifty new small specialised engineering works, which are developing satisfactorily, quite apart from the above mentioned large plants working for the needs of the State. A further convincing proof of this is the financial interest taken by foreign capitalists in the Polish metal industry ("Brown-Boveri", "John Cockerill" &c.).

None the less, the public at large in Poland fully realises that in many cases, it will be more advantageous to the country to import certain metal products than to create new branches of the industry, involving a large outlay of capital. The principle of rational division of labour between various States should be applied in this connection. For instance, Poland has no motor-car industry; apart from one factory to be worked for the needs of the Army, nothing is done in this direction. The same remark applies to such highly specialised production as typewriters, printing machines, and a large variety of special manufacturing machinery. A rational division of labour in this respect between Poland and foreign countries is not only possible but advisable from the Polish point of view. The attitude of the Polish Government in this respect is evident by the wide application of customs rebates on machinery not produced in Poland. In these cases the Polish Government renounces from supporting certain local branches of production and in particular of those which are not regarded as specialities of

\*) The above data are for January 1926.

\*\*\*) See advertisement in this issue, page X111.

\*) Warsaw, 4, Traugutta.



the Polish metal industry and which are not considered as necessary for the national defense, the railways, marine &c., and which finally are not indispensable to the industrial organisation of the metal industry as a whole.

There are good prospects in Poland for the importers of metal products, which are not being produced in Poland, and for foreign capital — in so far as the organisation of certain non-existent but indispensable branches of production is concerned.



DRAWING OFFICE AT THE "INTERNATIONAL SHIPBUILDING AND ENGINEERING CO. LTD.", DANZIG, WHERE THE HUGE DESIGNS ARE PREPARED IN NATURAL SIZES

**POLISH DELEGATION TO THE INTERNATIONAL ECONOMIC CONFERENCE** has been appointed. The Delegation will be headed by: M. H. Gliwic, the former Minister of Industry and Commerce — Chairman, and M. F. Doleżal, the present Vice-Minister of Industry and

Commerce — Deputy Chairman. It will comprise as Members MM.: F. Młynarski, Vice-President of the Bank of Poland, F. Sokal, Polish Delegate to the League of Nations, and J. Stecki, President of the Union of Land Owners in Poland.

## SUMMARY OF LAWS, ACTS AND EXECUTIVE DECREES

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

**Export duty on rye and rye flour** <sup>1)</sup> ("Dz. Ust. R. P." No. 4, item 22).

**The extension to the territory of the Free City of Danzig of the commercial treaty concluded by**

**Poland with Italy** ("Dz. Ust. R. P." No. 4, item 24).

**The establishment of the Ministry of Post and Telegraphs** <sup>1)</sup> ("Dz. Ust. R. P." No. 5, item 26).

**The incorporation of the Chief Liquidation Office in the Ministry of Finance** ("Dz. Ust. R. P." No. 5, item 27).

**Regulations providing for the supply of foodstuffs to towns** ("Dz. Ust. R. P." No. 5, item 29).

<sup>1)</sup> See page 113.

<sup>1)</sup> See page 116.

**Promulgation of the commercial and navigation treaty between Poland and Bulgaria**<sup>1)</sup> ("Dz. Ust. R. P." No. 6, items 32 and 33).

**Railway rebates on shipments of Polish coal to Austria** ("Dz. Ust. R. P." No. 6, items 37 and 38).

**The writing off of unpaid direct taxes, stamp fees, inheritance taxes and gift taxes** ("Dz. Ust. R. P." No. 7, item 39).

**The term of payment of the first half-yearly instalment of the Land tax** ("Dz. Ust. R. P." No. 7, item 40).

**Abatement of customs duty on rice**<sup>1)</sup> ("Dz. Ust. R. P." No. 7, item 54).

**The establishment of direct railway goods traffic with Bulgaria** ("Dz. Ust. R. P." No. 7, item 55).

**The competence of the Industrial Investigation Committee** (set up to enquire into the conditions of labour and costs of production) ("Dz. Ust. R. P." No. 8, item 61).

**Amendments to the foreign currency Law**<sup>2)</sup> ("Dz. Ust. R. P." No. 8, item 67).

**Abatement of customs duty on the seeds of coniferous trees**<sup>1)</sup> ("Dz. Ust. R. P." No. 8, item 68).

**Regulations providing for the preparation of statistical records of the natural movement of the population** ("Dz. Ust. R. P." No. 10, item 76).

**Official bills of exchange forms** ("Dz. Ust. R. P." No. 10, item 84).

**The regulation of temporary goods traffic on the Kalety-Podzamcze Railway** ("Dz. Ust. R. P." No. 11, item 90).

**The abatement of customs duty on unleavened bread**<sup>1)</sup> ("Dz. Ust. R. P." No. 11, item 93).

# PRODUCTION AND TRADE

**STATE OF EMPLOYMENT.**—During the four weeks ending January 29th 1927 the total number of unemployed in Poland rose to 251,702, the increase over the preceding month being 15,645 or 6.6 per cent. Compared with the figures for the end of January 1926, when the unemployment in Poland reached the highest level, there was a decrease of 108,108, or 30 per cent, but, commencing at the end of October last, the number of people out of work has steadily increased, the advance since the latter date having been 55,116 or 28 per cent.

The increase of unemployment in January is to be ascribed to the causes, which have already characterised the past few months: in the first place the reduction of employment in agriculture, land melioration operations &c., as well as the stoppage in the building trade and the industries connected therewith. On the other hand, the decline in the number of hands engaged in other branches of industry, was of comparatively small proportions, and did not materially affect the unemployment figures.

The conclusion to be drawn from this is that the unfavourable situation obtaining in January should be almost entirely put down to the close of the agricultural season, and certain branches of the seasonal industry. Similarly, as in the previous months, there was no outlet for the surplus of labour. It is true that the emigration of farm hands to Canada has revived, but the emigration of workmen to the European countries, which is infinitely more important, was maintained at a very low

level, owing to unfavourable conditions ruling on the European labour market.

There is good reason to believe that the process of adjustment to the requirements of the winter season is nearing its end. This is evidenced in the weakening of the pace of growth of unemployment, for in December last the rate was 7.098 per week as against 3.911 in January.

The number of unemployed according to trades is shown below:

|           | December<br>1926 | January<br>1927 | + Increase<br>— decrease |
|-----------|------------------|-----------------|--------------------------|
| mining    | 18,558           | 18,616          | + 58                     |
| foundries | 5,956            | 5,699           | — 257                    |
| metal     | 17,204           | 17,594          | + 390                    |
| textile   | 24,858           | 26,404          | + 1,546                  |
| building  | 17,638           | 21,983          | + 4,345                  |
| clerical  | 23,134           | 22,399          | — 735                    |
| various   | 128,709          | 139,007         | +10,298                  |
| Total:    | 236,057          | 251,702         | +15,645                  |

In mining the situation remained practically unchanged, the number of hands dismissed being 58. The output of coal was maintained on practically the same level as heretofore, for despite the almost total suspension of coal exports to England, the volume of exports to other countries showed a considerable increase, so that the situation remained unchanged. At the same time home consumption increased materially.

The position in the petroleum industry improved, and although no drilling activities were undertaken on a large scale, yet, owing to the deepening of a number of wells and the obtaining of gases, it is almost certain that extensive drilling operations will be undertaken in the near future.

In the ore mining industry, the situation is satisfactory. In relation to the

total number of workmen employed in industry, the number of those out of work represented about 12 per cent

Signs of improvement were noticeable in the metal founding industry, the number of unemployed workmen having declined by 150.

The same remark applies to the glass industry, where 170 persons were taken on during the period under review.

The number of unemployed in the metal industry rose slightly as compared with December, but, on the whole, the position is more or less satisfactory; the waggon building, boiler and welded pipe works are in a similar position. Increased activity prevailed in the agricultural implement industry: the prospects for the near future were and still are excellent. Unemployed in this section represented 26 per cent of those having work.

The unemployment situation in the textile industry was less favourable than in December last, owing to the seasonal standstill, which mostly affected Białystok and also to a less extent Łódź. The number of unemployed in this industry rose by 1,546. The Łódź cotton mills expect an improvement in the approaching summer season, the volume of textile exports from this manufacturing centre being larger than in December. In the Biała district all the mills worked double shifts to cope with the increased demand on the part of home buyers, while in November and December last they worked almost entirely for foreign markets. A big advance in the unemployment figures—

<sup>1)</sup> See "The Polish Economist" No. 4, page 142.

<sup>2)</sup> See page 121.

<sup>1)</sup> See page 113.

—4.345 (in December—6.030), was shown by the building trade and that of "various" — by 10.298 (in December — 28.895). To this end contributed the dead season in the building trade and agriculture, and the emigration restrictions.

The total number of part time employed in January was 34.177 (35.094 in December), of which 16 persons worked 1 day, 419 — 2 days, 5.779 — 3 days, 12.964 — 4 days, and 14.999 — 5 days per week. Those working part time were engaged on the average 4.2 days per week as against 4.3 per week in December last.

## G R A I N

— The exports of the four chief Polish cereals in January, as compared with December last and the corresponding period of last year, were the following (in tons):

|        | January<br>1926 | December<br>1926 | January<br>1927 |
|--------|-----------------|------------------|-----------------|
| wheat  | 26.158          | 790              | 533             |
| rye    | 29.897          | 3.092            | 1.303           |
| barley | 16.446          | 6.988            | 9.075           |
| oats   | 10.561          | 371              | 772             |

The total value of the corn exports in January was  $\text{zł}$  4,842.979 as against  $\text{zł}$  4,433.905 in December. The principal recipients of each of the four main cereals included: wheat: Germany —

62.5 per cent, Estonia — 37.6 per cent; rye: Germany — 66.9 per cent, Belgium—30.7 per cent; barley: Belgium—46.8 per cent, Holland — 25.7 per cent; Germany—21.8 per cent; oats: Belgium — 71.6 per cent, Germany — 28.4 per cent.

The volume of the imports of the different classes of grain, with the exception of barley, exceeded that of the exports and was as follows: wheat — 7.329 tons, rye — 6.071 tons, barley — 63 tons, oats — 1.569 tons, total valued at  $\text{zł}$  6,850.084. These cereals were mainly supplied by Russia, Hungary and Rumania.

|                         | Jan. 1st—15th |       | Jan. 16th—31st |        | Febr. 1st—15th |        | Percentages<br>of difference |        |
|-------------------------|---------------|-------|----------------|--------|----------------|--------|------------------------------|--------|
|                         | zł            | \$    | zł             | \$     | zł             | \$     | zł                           | \$     |
| <b>W H E A T :</b>      |               |       |                |        |                |        |                              |        |
| Warsaw ... ..           | 51.52         | 5.88½ | 53.37          | 5.95   | 52.67          | 5.90½  | — 1.31                       | — 0.76 |
| Poznań ... ..           | 49.32         | 5.48  | 50.09          | 5.58   | 50.00          | 5.60½  | — 0.18                       | + 0.45 |
| Lwów ... ..             | 51.10         | 5.68  | 53.68          | 5.98   | 53.07          | 5.95   | — 1.14                       | — 0.50 |
| Average price . . . . . | 50.98         | 5.66½ | 52.38          | 5.84   | 51.91          | 5.82   | — 0.90                       | — 0.34 |
| Chicago ... ..          | —             | 5.05  | —              | 5.14   | —              | 5.17½  | —                            | + 0.68 |
| Berlin RMk. ... ..      | 26.56         | 6.32½ | 26.69          | 6.35½  | 26.79          | 6.38   | + 0.37                       | + 0.39 |
| <b>R Y E :</b>          |               |       |                |        |                |        |                              |        |
| Warsaw ... ..           | 40.41         | 4.49  | 41.12          | 4.58   | 39.91          | 4.47   | — 2.94                       | — 2.40 |
| Poznań ... ..           | 40.00         | 4.44½ | 40.14          | 4.47½  | 39.91          | 4.47   | — 0.57                       | — 0.11 |
| Lwów . . . . .          | 37.30         | 4.14½ | 38.61          | 4.30   | 38.20          | 4.28   | — 1.06                       | — 0.47 |
| Average price . . . . . | 39.24         | 4.36  | 39.96          | 4.45½  | 39.34          | 4.41   | — 1.55                       | — 1.01 |
| Chicago ... ..          | —             | 3.93  | —              | 4.13   | —              | 4.19   | —                            | + 1.45 |
| Berlin RMk. ... ..      | 23.94         | 5.70  | 24.97          | 5.94½  | 25.05          | 5.96½  | + 0.32                       | + 0.34 |
| <b>B A R L E Y :</b>    |               |       |                |        |                |        |                              |        |
| a) Brewing:             |               |       |                |        |                |        |                              |        |
| Warsaw ... ..           | 35.64         | 3.96  | 36.41          | 4.06   | 36.75          | 4.12   | + 0.93                       | + 1.48 |
| Poznań ... ..           | 34.92         | 3.88  | 35.25          | 3.93   | 34.96          | 3.92   | — 0.82                       | — 0.25 |
| Average price . . . . . | 35.28         | 3.92  | 35.83          | 3.99   | 35.85          | 4.02   | + 0.06                       | + 0.75 |
| Berlin RMk. ... ..      | 23.10         | 5.50  | 23.10          | 5.50   | 23.01½         | 5.48   | — 0.37                       | — 0.36 |
| b) Feeding:             |               |       |                |        |                |        |                              |        |
| Poznań ... ..           | 30.24         | 3.36  | 30.40          | 3.39   | 31.21          | 3.50   | + 2.66                       | + 3.24 |
| Lwów ... ..             | 27.27         | 3.03  | not            | quoted | not            | quoted | —                            | —      |
| Average price . . . . . | 28.75         | 3.19½ | —              | —      | —              | —      | —                            | —      |
| Chicago ... ..          | —             | 3.14  | —              | 3.21   | —              | 3.32½  | —                            | + 3.58 |
| Berlin RMk. .. . . .    | 19.88½        | 4.73½ | 20.03          | 4.77   | 21.03          | 4.77   | + 4.99                       | 0.0    |
| <b>O A T S :</b>        |               |       |                |        |                |        |                              |        |
| Warsaw ... ..           | 31.54         | 3.50½ | 32.42          | 3.61   | 31.40          | 3.52   | — 3.15                       | — 2.49 |
| Poznań ... ..           | 29.88         | 3.32  | 29.82          | 3.32   | 29.74          | 3.33   | — 0.27                       | + 0.30 |
| Lwów ... ..             | 29.16         | 3.24  | 29.51          | 3.29   | 29.83          | 3.34   | + 1.08                       | + 1.52 |
| Average price . . . . . | 30.19         | 3.35½ | 30.58          | 3.41   | 30.32          | 3.40   | — 0.85                       | — 0.29 |
| Chicago ... ..          | —             | 3.37  | —              | 3.30   | —              | 3.20   | —                            | — 3.03 |
| Berlin RMk. ... ..      | 18.31         | 4.36  | 18.93½         | 4.51   | 19.48½         | 4.64   | + 2.90                       | + 2.88 |

For the first time since the last harvest an equilibrium between the supply and demand has been noticeable on the internal market, which is explained by the fact that agriculturists have covered the needs of the home market, while millers were unable to buy on a large scale, owing to shortage of ready money. In addition, millers could obtain rye of Russian origin without any difficulty at prices not higher than those ruling on the home market, and as it was unnecessary to accumulate stocks for the coming spring, a rise in prices did not take place.

Under such conditions the introduction of an export duty on rye has not affected prices.

The latter half of January saw a slight upward tendency in prices; the increases converted into U. S. Dollars were as follows: wheat — 3.1 per cent, rye — 2.2 per cent, barley — 1.8 per cent, and oats — 1.6 per cent. The business done in cattle barley was small, no price quotations being made. On the other hand, the quotations for the latter showed a slight decrease, which expressed in Dollars was as follows: wheat — 0.34 per cent, rye — 1.01 per cent, oats — 0.29 per cent, malting barley — 0.25 per cent — on the Poznań market, while on the Warsaw market a small rise of 1.48 per cent was noted (see the above table).

According to the latest returns of the Chief Statistical Bureau, the state of the sowings calculated on the 5 points system is as follows:

|        | January<br>1926 | December<br>1926 | January<br>1927 |
|--------|-----------------|------------------|-----------------|
| wheat  | 3.3             | 3.7              | 3.6             |
| rye    | 3.2             | 3.6              | 3.5             |
| barley | —               | —                | —               |

The plantations were in a good condition before the snow fell, and they should not suffer from the prevailing cold weather as they are well protected by a thick layer of snow.

The average daily temperature maintained in Poland in January was above the average of the last few years; this statement, however, does not apply to the North-Eastern districts, where cold and dry weather prevailed throughout the month. The amount of moisture from rain and snow falls in the West and South of Poland was on the whole above the usual, though in some cases places in Eastern areas received by far an inadequate amount of moisture.

**OPINION OF EXPERTS ON THE ERECTION OF GRAIN ELEVATORS IN POLAND.** — In pursuance of the decision of the Council of Ministers taken on September 7th 1926, a Commission of Experts was duly appointed to deal with elevator scheme.

The Commission has already examined statistical data relating to agriculture, and has carried out numerous investigations of the economic problems bearing on the subject, which work has led to the drafting of an extensive scheme for the construction of grain elevators, the distribution and the type of which are adapted to the requirements of the country.

In view of the insignificance of the exports of grain, as compared with its movement in Poland, the Commission of Experts has come to the conclusion that the number of elevators for export, import and transit purposes, should be confined to a minimum. On the other hand, special attention has been drawn to the necessity for the building of corn and flour dépôts in large consumption areas, as well as granaries in the main corn raising districts. The latter, it was stated, were needed most. In the opinion of the Commission, the storage accommodation should be of the following three types: 1) granaries, small in size, of simple construction to be located within an easy reach of the producing centres, 2) corn dépôts of medium size, well equipped from a technical point of view, for comparatively small corn raising districts, 3) elevators for extensive agricultural areas; these would be required to perform special functions, such as the conditioning of corn &c.

According to the calculations of the Commission of Experts, the aggregate storage capacity of all the corn dépôts in Poland should amount to about 300,000 tons. Bearing in mind, however, that the existing elevators and corn dépôts (mainly situated in the Western Voievodships) have a storage capacity of 150,000 tons, it will be seen that the buildings to be erected would only be required to provide storage facilities for an equal amount. The cost of erection is estimated at approximately  $\text{£}$  60 million.

The Commission proposed the erection in the port of Gdynia of an export elevator, to be placed at the sole disposal of the export trade; its function would be the provision of transshipment facilities. The storage capacity of this elevator was estimated at 5,000 tons; it is to be designed in such a manner as to permit of the carrying out of extensions without difficulty. Later on, a smaller elevator, of 2,000 tons capacity, might also be erected in the river port of Tczew near the estuary of the Vistula.

In the hinterland of the export elevators, in the big corn raising area of Toruń, which is also an important railway and canal junction, a large elevator of some 10,000 tons capacity would also be built to begin with. This elevator would be called upon to serve both the domestic and the export trade by the standardisation and the transshipment of corn destined for foreign markets.

A special barley store as well as a corn conditioning dépôt with a seed selection department, will also be constructed in Toruń.

Finally, an elevator of 3,000 tons capacity will be built in Oświęcim, near Kraków, which would be a dépôt for the export of grain to Czechoslovakia,

to the coal basin, and to the Western Carpathians.

Of the grain warehouses to be built for domestic purposes, 30 will be of a local district character, with 1,000 tons capacity each, to begin with, and should be constructed without undue delay, as, in the opinion of the Commission, the need is one calling for immediate attention. When planning the situation of these latter stores, attention will be paid to the rail and water communications, as well as to the steps to be taken with the view to instructing the local community to take advantage of the new facilities, in order that they should prove a success.

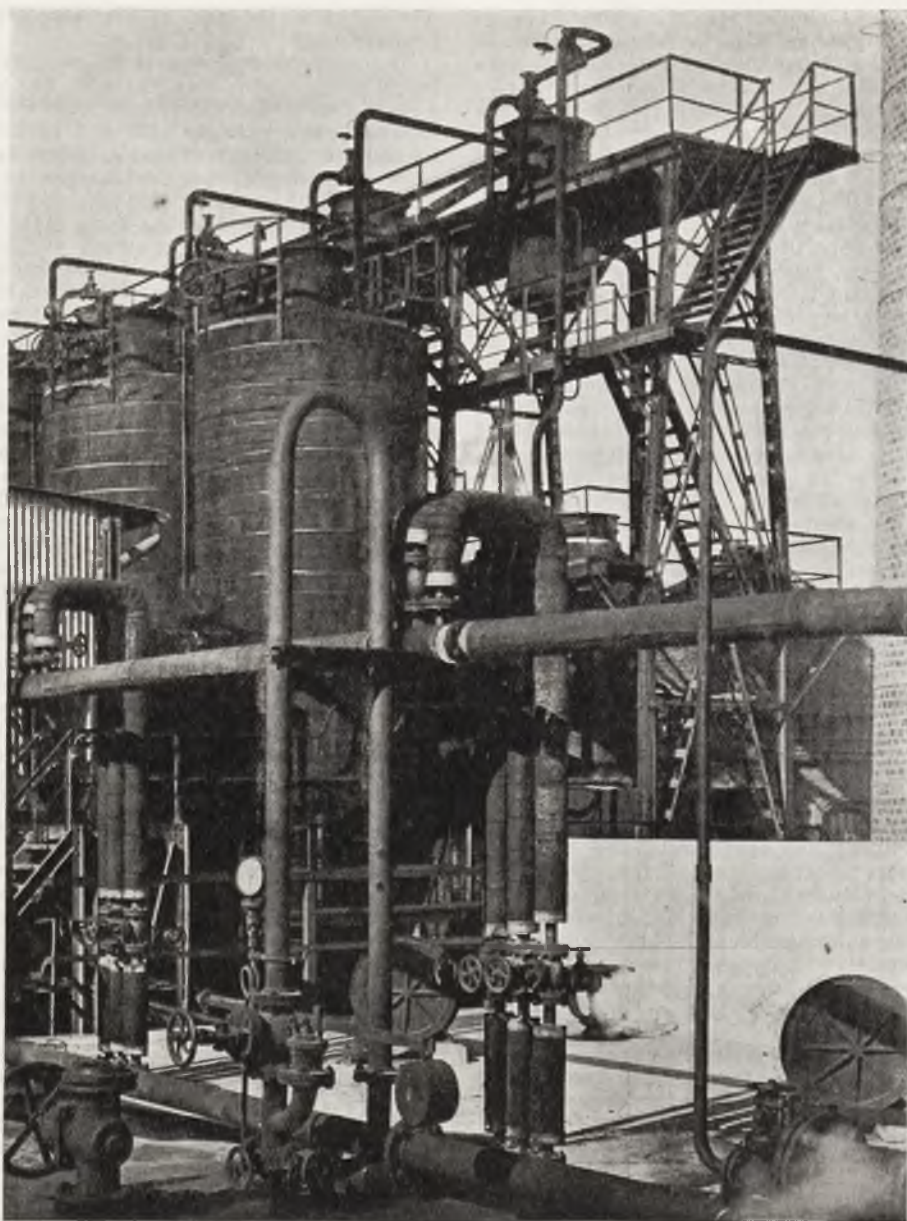
In the early stages of the realisation of this scheme for the provision of granaries of the latter type, former German Poland, which already has a large number of such stores, needs not to be considered. The same policy will be pursued in regard to the Eastern Voievodships, where, as is well known, the corn trade is little developed. Preference will be given to the most productive areas of the remaining parts of Poland. As the most appropriate sites for the erection of local granaries, the Commission of Experts has proposed the following places: Tarnopol or Buczacz, Zamość, Jędrzejów and Biała Podlaska. Attention will also be paid to the erection of local granaries with 1,000 to 2,000 tons capacity in Kutno and Krużewica.

In the vicinity of each of the above, that is in the small towns, preferably in those possessing railway connections, 3 to 4 small-sized granaries will also be provided according to requirements.

In principle, flour dépôts and not elevators, should be erected in the large consuming centres. For this reason it will not be necessary to erect an elevator at Łódź, but at Kalisz, the milling industry of which provides the former with flour. Warsaw and Lublin should have elevators; however, having regard to the fact that these cities already possess extensive military elevators, it is suggested that these might also be made available for civilian use, both for the local producers in the adjoining areas, as well as for the consumers. In Lwów, on the contrary, the erection of a store for the consumption purposes, is recommended.

Independently of the export elevators referred to, it is thought that it will be necessary to erect in the future a large elevator for some 10,000 tons in Poznań, which would be used for the storage of grain originating in former German Poland, destined for home consumption, and in part, for the German market. Further, a grain dépôt would be built at Leszno or at Ostrów, near the German-Polish frontier; this latter would hold 1,000 tons, so as to satisfy the requirements of the export trade in pod seeds to Silesia. In addition, it would be advisable to have an elevator at Mława or Działdowo (near the East Prussian frontier) of a capacity of 2,000 tons, which would stock export grain destined for East Prussia.

The Grodno — Suwałki — Wołkowysk area, which is a large producer of rye, should also be provided with an elevator



VACUUM DISTILLING PLANT AT THE STATE PETROLEUM REFINERY

of 3,000 tons at Grodno on the Niemen; for the time being this would serve local interests and later on, prove a valuable asset in the corn trade with Lithuania and Memel. An elevator (about 2,000 tons) constructed at Wilno would be of great assistance to the local trade, and would stimulate grain exports to Russia and the Baltic States.

Last but not least, the question of the erection of elevators for transit and import has also received due attention; and it was considered that it would be advisable to erect two such elevators, one in the vicinity of the Polish-Russian frontier, at Równo, and the other near the Polish-Rumanian frontier.

In accordance with the recommendations of the Commission, the cost of the elevators to be erected at Gdynia, Toruń and Oświęcim should be borne by the State.

On the other hand, the building of

district dépôts, in the large grain raising areas, should be carried out by agricultural organisations, the corn trade interests, agricultural Chambers of Commerce, and district authorities. The erection of grain stores for consumption purposes should be undertaken by the municipalities of large cities, the appropriate military authorities, and consumers' cooperative societies. The State Railways may also be invited to erect small granaries.

In view of these institutions not possessing the necessary funds, the State would grant assistance in the form of credit facilities, and even subsidies and legal privileges. The State-owned dépôts and granaries, as well as these belonging to local governments, should, according to the opinion of experts, be leased to specially organised consumers' or producers' societies, run on commercial lines.

The Commission also discussed the question of issuance of warrant certificates, which might be discounted by the depositors of grain, and which might also be sold to third parties. The warrant certificates were recognised as the chief advantage of the grain dépôts.

The detailed report of the Commission of Experts was submitted to the Minister of Agriculture and State Lands with the reservation that it might be revised and completed on the return of the delegates who went abroad to investigate this problem. Thus the Commission will have the opportunity to introduce amendments if necessary.

## E G G S

— The egg market in the latter half of January was characterised by a downward tendency. Owing to increased supplies of fresh eggs, pickled eggs were little in demand, with the result that prices for the latter declined sharply. Even the sugar industry, which is a large buyer of pickled eggs, showed a preference for fresh goods.

Owing to cold weather at the end of the month under record, the supplies from the South-Eastern regions, where the prices reached \$ 28 to 29 1/2 per case, were not available. However, in the first half of February, the home prices fell still further, from  $\text{z}$  300 — 305 per case to  $\text{z}$  260, a reduction of about 15 per cent. The attempt of wholesale dealers to realise large profits from the exports of eggs failed, owing to the simultaneous decline in prices on the main markets, namely — Germany and England.

Most of the business done was in fresh eggs, the pickled ones being little in demand on account of the high prices amounting to  $\text{z}$  245 per case (1,440 eggs), as compared with fresh eggs.

The prices for fresh eggs during the period under review were as follows (in  $\text{z}$  per case):

|           | January<br>15th—31st | February<br>1st—15th |
|-----------|----------------------|----------------------|
| Warsaw    | 300 to 325           | 250 to 260           |
| Lublin    | 320 " 340            | 170 " 185            |
| Sosnowiec | 280 " 310            | 230                  |

A further fall in prices is anticipated.

Polish egg exports in January amounted to 1,430 tons valued at  $\text{z}$  3,571,734 and were mainly directed to Germany, which took over 82 per cent of the total; the remainder was placed on the English, Austrian and Italian markets, and small consignments were sent to Switzerland, Czechoslovakia and Latvia.

**BUTTER**

The upward tendency reported in all the large Polish butter markets continued up to January 15th. The placing of larger lots of butter was difficult and offers were made at much lower figures in order to dispose of the stocks on hand. A change set in only at the end of the month, when adverse weather conditions had a bad influence on supplies. In the earlier part of February the tone of the market became very firm.

Exports, which were rather dull in December, revived suddenly at the beginning of the current year, the quantity of butter sent abroad in January being 376 tons as against 150 in the preceding month. The cause of this sudden jump is attributable to increased production. Almost 94 per cent of the exports of butter were absorbed by Germany, and the remainder mainly by Austria. The total value of exports was  $\text{Z} 1,440,057$ .

The purchase of butter on a large scale for export purposes resulted in a shortage of supplies on the domestic market, and an increase in prices. At the present moment exports have again declined, but a firm tone continues to be evident. It is, however, safe to assume that the present upward tendency of exports will soon vanish owing to the small production at this time of the year. In view of the small stocks available the purchases of butter for the accumulation of reserves are not large. The wholesale prices for butter of first quality in the first half of February were the following as compared with the latter half of January (per kg.):

|           | Jan.<br>15th-31st |             | Febr.<br>1st-15th |             | Percentages<br>of difference |             |
|-----------|-------------------|-------------|-------------------|-------------|------------------------------|-------------|
|           | $\text{Z}$        | $\text{\$}$ | $\text{Z}$        | $\text{\$}$ | $\text{Z}$                   | $\text{\$}$ |
| Warsaw    | 6.60              | 0.74        | 7.50              | 0.84        | + 13.6                       | + 13.6      |
| Wilno     | 7.00              | 0.78        | 7.80              | 0.87        | + 11.4                       | + 11.5      |
| Sosnowiec | 6.70              | 0.75        | 7.50              | 0.84        | + 11.9                       | + 12.0      |

**SEEDS**

The final returns relating to the crop of sugar beet seed for 1926/7 season are not yet available; but it is safe to assume that, including about 1,000 tons of seeds produced by German seed farms working in Poland, the crop will not exceed 8,500 tons. Bearing in mind that the local requirements are estimated at 5,700 tons counting 190,000 hectares at the rate of 30 kg. per hectare, and taking into account the existing seed reserves, there will be a surplus of

2,500 tons available for export. It should be recalled that last year the Polish exports of sugar beet seed were approximately the same and were directed as follows: France—770 tons, United States of America — 750 tons, the remainder being sold in small lots to Holland, Italy, the Balkans (mainly Bulgaria and Rumania).

The French returns embracing imports of seeds show that of the total imports of sugar beet seeds to France, Poland supplied 60.3 per cent, Czechoslovakia—17.3 per cent, Holland — 16 per cent, Germany — 5 per cent, and other countries — 2 per cent.

**TIMBER**

In the timber trade the winter months have a decisive influence on the shaping of the conditions during the ensuing year. They are the season of preparation of timber in the forest and the getting in of supplies by industrial establishments, and, in addition, the period in the course of which prices for round wood and sawn materials are fixed. The situation was described in detail in the article which appeared in the last issue.

As regards January, the period under review, there is no change to record, with the exception of the prices for round wood and sawn timber, which were influenced by totally different factors. The local industry takes as a basis the prices on the English

market, which in turn vary according to the fluctuations in value of the timber of Finnish origin.

As for round timber, the decisive factor is the situation on the German market, the quotations of which, as is well known, are above those ruling in England, and in particular, this is the case at present, when as a result of the customs war with Poland, Germany is beginning to suffer from a shortage of timber. Consequently, to-day, the Polish industrialist, when buying raw materials, has to work on the basis of the prices, which are paid by German buyers of round timber, and the position is aggravated by the circumstance that the finished materials cannot be sold in the German market on account of the customs war but have to be directed to other Western markets, where prices are lower.

To obviate these difficulties, the traders have found it to be more advantageous to sell the best assortments of round wood in Germany, and to cover in this way the losses resulting from the sales made in other foreign markets. The present situation is compelling the industry to embark upon a policy of rationalisation of production, with a view to reducing the costs of operation, as being the only way out of the present situation. Large firms employ foreign timber experts, whose main task is to introduce up-to-date methods of production, for it is only by increased efficiency that the present crisis may be overcome.



ROUND TIMBER ON ROUTE FOR SAW MILLS (PHOT. S. PLATER)

A certain relief is to be found in the change of the German policy, for, in view of the shortage of timber in that country, the contingent of Polish sawn material will have to be increased. Though these contingents are granted in the first place to the Danzig trade or to German firms working in Poland, yet they are now helpful to the Polish timber trade as a whole. It appears as though the highest level of timber prices has been reached. The difference between the prices ruling in December and January is insignificant, and slight decreases are even shown here and there.

The upward tendency is noticeable in Western Poland, where, owing to the exhaustion of timber affected by the "panolis flammae", the supply is restricted, while the demand continues to be considerable. It should be mentioned that the forests now designated for cutting are quite sound and, as the cutting operations have returned to the normal, which means that the quantity of timber available for marketing will be reduced, this is an additional factor, responsible for the rapid rise in prices on the market.

The movement of prices for round timber is illustrated by the following statement (in  $\text{Z}$ ):

|  |             | Dec.  | Jan.  |
|--|-------------|-------|-------|
| pine logs for saw mills<br>(per cubic m.)            | Warsaw      | 50.45 | 51.29 |
|  | Radom       | 35.00 | 35.00 |
|  | Siedlce     | 36.00 | 38.00 |
|  | Wilno       | 31.00 | 36.50 |
|  | Białowieża  | 38.00 | 38.00 |
|  | Poznań*)    | 17.55 | 46.76 |
|  | Bydgoszcz*) | 35.96 | 38.48 |
|  | Toruń*)     | 51.10 | 53.00 |
| pine logs for building<br>purposes<br>(per cubic m.) | Siedlce     | 32.00 | 34.00 |
|  | Białowieża  | 30.00 | 30.00 |
|  | Wilno       | 22.00 | 24.20 |
| pine pit props<br>(per cubic m.)                     | Warsaw      | 35.46 | 35.75 |
|  | Radom       | 24.00 | 24.00 |
|  | Siedlce     | 18.00 | 18.00 |
|  | Poznań*)    | 12.50 | 20.00 |
|  | Bydgoszcz*) | 20.74 | 27.68 |
|  | Toruń*)     | 23.20 | 24.80 |
| spruce logs for saw mills<br>(per cubic m.)          | Siedlce     | 36.00 | 30.00 |
|  | Lwów        | 24.13 | 26.36 |
| oak logs for joinery<br>(per cubic m.)               | Białowieża  | 85.00 | 85.00 |
|  | Luck        | 67.50 | 87.50 |
| pulpwood<br>(per stacked cub. m.)                    | Siedlce     | 23.00 | 23.00 |
|  | Wilno       | 22.50 | 22.50 |
|  | Białowieża  | 22.50 | 23.00 |
| pine fire wood<br>(per stacked cub. m.)              | Warsaw      | —     | 15.00 |
|  | Radom       | 11.00 | 11.00 |
|  | Siedlce     | 8.00  | 8.00  |
|  | Wilno       | 6.50  | 6.50  |
|  | Białowieża  | 11.75 | 11.00 |
|  | Poznań*)    | 8.31  | 8.36  |
|  | Bydgoszcz*) | 2.79  | 10.46 |
|  | Toruń*)     | 7.05  | 7.65  |
| spruce fire wood<br>(per stacked cub. m.)            | Lwów        | 7.79  | 7.36  |
| beech fire wood<br>(per stacked cub. m.)             | Lwów        | 10.88 | 11.30 |

\*) T. O. B. for timber, affected by the "panolis flammae".

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

|                      |             |       |    |       |
|----------------------|-------------|-------|----|-------|
| pine logs            | per cub. m. | 43/-  | to | 50/-  |
| pine telegraph poles | "           | 21/-  | "  | 22/-  |
| pine pit props       | "           | 13/-  | "  | 14/-  |
| oak logs 40—50 cm.   | "           | 80/-  | "  | 90/-  |
| " over 50 cm.        | "           | 140/- | "  | 180/- |
| pine sleepers        | per piece   | 5/10  | "  | 6/-   |
| " railway sleepers   | "           | 3/3   | "  | 6/-   |
| oak                  | "           | 200/- | to | 205/- |
| pine English deals   | per stand.  | 200/- | to | 205/- |
| spruce               | "           | 201/- | "  | 215/- |

It will be seen that, compared with the preceding month, nearly all items increased. For the most important assortment, namely — English deals, the price in December was £ 9.15.0 to £ 10.0.0, which represents an increase of 5/- per standard; similarly, an increase of 10/- per standard was observed c.i.f. East coast of England quotations for unsorted timber, delivery March or April, the new price being £ 14.16.0.

The exports of timber in December 1926 and January 1927 were as follows. (in tons):

|                        | December | January |
|------------------------|----------|---------|
| pulpwood               | 112.649  | 115.568 |
| pit props              | 91.739   | 92.008  |
| logs, stems            | 44.641   | 67.525  |
| telegraph poles        | 7.242    | 3.422   |
| deals, boards, battens | 106.266  | 155.863 |
| railway sleepers       | 15.813   | 15.396  |
| coopers material       | 4.330    | 4.197   |

Most of the assortments, as may be seen by the above figures, were maintained at the December level. The rise in the exports of round wood for sawing purposes by 50 per cent, is compensated by an anological increase in the exports of sawn wood. This gives ground for the hope that even under the present distinctly unfavourable conditions, the exports of sawn timber, which is the most important item of all the classes of timber exports, will not lose in intensity.

**REVENUE FROM STATE FORESTS IN 1926.** — The Minister of Agriculture and State Lands has transferred to the Treasury the sum of  $\text{Z}$  73,400.423.12 representing the net profit for 1926.

Compared with the sum of  $\text{Z}$  36,157.231.30 paid in in 1925, the revenue rose by 103 per cent, and, compared with the estimated revenue of  $\text{Z}$  38,024.538 for the Ministry of Agriculture and State Lands for 1926, the increase represents 93 per cent.

## COAL

— The position of the coal industry in January is illustrated by the following provisional figures (in tons):

| Coal mining districts              | Extraction | Home consumption | Exports   | Stocks at pit heads |
|------------------------------------|------------|------------------|-----------|---------------------|
| Upper Silesia                      | 2,648.000  | 1,401.000        | 1,001.000 | 736.000             |
| Dąbrowa                            | 777.000    | 497.000          | 163.000   | 273.000             |
| Kraków                             | 272.000    | 220.000          | 1.000     | 82.000              |
| Total for January :                | 3,697.000  | 2,118.000        | 1,165.000 | 1,092.000           |
| Total for December <sup>1)</sup> : | 3,598.000  | 2,000.000        | 1,303.000 | 1,112.000           |
| + in relation to Dec. :            | + 99.000   | + 118.000        | - 138.000 | 20.000              |

As may be seen from the above table, the output of coal rose slightly in January, the increase over the December figures being 99.000 tons or 2.75 per cent. On the other hand stocks at the collieries declined by 20.000 tons or by 1.80 per cent; home consumption rose by 118.000 tons or by 5.90 per cent, and the exports fell by 138.000 tons or by 10.59 per cent. The increase in the output and in the sales of coal for domestic purposes were proportional in the three coal basins. This seems to indicate that the situation of the coal export trade is gradually becoming less favourable owing to the termination of the English coal strike. Additional evidence of this is also afforded by the movement of prices, which fell sharply with the reappearance of English coal on the world markets. Polish coal exports were also adversely affected by transport difficulties and the shortage of trucks, although the supply of the latter improved greatly as compared with December last.

As already stated, the total volume of the sales of coal for local consumption was larger in January than in December. The increase in the demand was to be ascribed to rumours circulated by the press to the effect that the prices, now prevailing on the home market, would be raised; these rumours resulted in heavy purchases on the part of large consumers, who considered it advisable to accumulate reserves. Of course, the cold weather, obtaining in Poland in January had also an influence on the volume of the sales.

As regards Polish coal exports in January, the figure fell, but not much, because the collieries were kept busy with the execution of old contracts, which were on more favourable terms, than those that can now be secured. The exports of coal in January amounted to 1,165.000 tons and were less by 138.000 tons or by 10.59 per cent, than in the preceding month.

The distribution of Polish exports was as follows (in thousands of tons):

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

| Destination                         | 1925:                      | 1926:                      |                        | 1927:        |
|-------------------------------------|----------------------------|----------------------------|------------------------|--------------|
|                                     | 1st sem. (monthly average) | 1st sem. (monthly average) | Dec. (monthly average) | January      |
| Austria                             | 194                        | 214                        | 292                    | 251          |
| Hungary                             | 36                         | 42                         | 75                     | 52           |
| Sweden                              | —                          | 144                        | 194                    | 215          |
| Denmark                             | 2                          | 72                         | 101                    | 82           |
| Czechoslovakia                      | 47                         | 41                         | 65                     | 69           |
| Danzig                              | 26                         | 37                         | 34                     | 36           |
| Latvia                              | 1                          | 18                         | 26                     | 37           |
| Yugoslavia                          | 8                          | 14                         | 14                     | 12           |
| Switzerland                         | 2                          | 10                         | 59                     | 25           |
| Italy                               | 1                          | 49                         | 175                    | 186          |
| Rumania                             | 6                          | 8                          | 14                     | 12           |
| Lithuania                           | 1                          | 3                          | 5                      | 14           |
| Memel                               | 1                          | 3                          | 7                      | 1            |
| Holland                             | —                          | 2 <sup>2)</sup>            | —                      | —            |
| Finland                             | —                          | 11 <sup>3)</sup>           | 43                     | 4            |
| France                              | —                          | 23                         | 14                     | 17           |
| Norway                              | —                          | 10 <sup>4)</sup>           | 11                     | 2            |
| England                             | —                          | — <sup>5)</sup>            | 115                    | 1            |
| Germany                             | 451                        | 1                          | 6                      | 1            |
| Belgium                             | —                          | —                          | —                      | —            |
| Russia                              | —                          | —                          | 36                     | 72           |
| Other countries                     | —                          | 1                          | —                      | —            |
| <b>Total:</b>                       | <b>776</b>                 | <b>734</b>                 | <b>1.286</b>           | <b>1.159</b> |
| Bunker coal                         | —                          | 38                         | 17                     | 6            |
| <b>Grand total:</b>                 | <b>776</b>                 | <b>772</b>                 | <b>1.303</b>           | <b>1.165</b> |
| <b>Export, Germany not included</b> | <b>325</b>                 | <b>771</b>                 | <b>1.297</b>           | <b>1.164</b> |
| <b>Shipped through:</b>             |                            |                            |                        |              |
| Danzig                              | 29                         | 225                        | 276                    | 290          |
| Gdynia <sup>6)</sup>                | —                          | 30                         | 35                     | 38           |
| Tczew <sup>7)</sup>                 | —                          | 8 <sup>8)</sup>            | 29                     | 2            |

It will be seen by these figures that the volume of exports to England experienced the largest decline, namely—to 1.000 tons as against 115.000 tons in December last. The reasons for this are obvious.

Declines, though to a lesser degree, were also observed in the exports of coal to Finland (by 39.000 tons) and to Switzerland (by 34.000 tons). Denmark, Russia, Norway, Yugoslavia and Rumania took about the same quantities as in the previous month. It is gratifying, however, to be able to report that gains were made in other markets. Thus, compared with December last, Austria took 45.000 tons more, Sweden—21.000 tons, Italy—11.000 tons. Definite, though small increases were observed in the exports of coal to Czechoslovakia, Danzig and France.

The average daily shipments of coal to foreign countries in January (24 working days) amounted to 48.542 tons, the decline, as compared with the preceding month (also 24 working days) being 5.750 tons or 10.59 per cent.

Of the total quantity of coal exported during January, 290.000 tons were shipped via Danzig, this figure being 14.000 tons or 5.07 per cent less than in December, 38.000 tons via Gdynia — an increase of 3.000 tons or 8.57 per cent, and only 2.000 tons via Tczew, the de-



THE RIVER PORT OF TORUŃ ON THE VISTULA (PHOT. S. PLATER)

cline in this case being 27.000 tons. The volume of coal exports through these ports in January fell therefore by 10.000 tons, or by 2.94 per cent, and represented 28.33 per cent of the total quantity sent abroad as against 26.09 per cent in December.

As a result of the almost complete suspension of coal exports to England, the quantities shipped through German ports declined very considerably. Another reason for this lies in the cost of transport, which is too high in relation to the prices ruling at present on the world coal markets. Compared with December (155.000 tons) the exports through German ports and chiefly through Stettin (22.000 tons) amounted to 23.000 tons, the drop being 132.000 tons or 85.16 per cent. The above mentioned transport difficulties were responsible for the introduction at the collieries of idle days, and as the number of these was smaller in January than in the preceding month, the productivity for the whole of Poland rose to 1.175 kg. per day and team (in December 1.162 kg.).

The number of workmen employed at the collieries in January declined by 439, those dismissed being mainly temporary workers.

Simultaneously with the dismissal of colliery workers, the number of unemployed in the mining group rose slightly from 18.558 in December 1926 to 18.616 in January 1927. The wages remained the same as in December.

Prices on the home markets remained unchanged, and so were the convention prices for coal sent to Austria, Czechoslovakia and Hungary. On the other

hand, quotations fob Danzig for Upper Silesian large coal declined from 18/6 per ton at the beginning of January to 16/6—16/- at the end of the month and for that produced by the Dąbrowa district, the demand for which diminished — from 17/6—18/- to 15/-—15/6. The tendency continues to be downward, and foreign importers are for the time being refraining from buying on a larger scale.

The situation in the brown coal industry in January last was less favourable than in December 1926, the output amounting to 8.019 tons was less by 850 tons; stocks at the collieries at the end of the month were 269 tons or less by 117 tons. The number of workmen engaged declined from 417 to 393.

**ACTIVITY OF THE COAL COMMISSIONER\*).** — This is characterised by the following figures showing the average daily coal-loadings at the mines in November (in 15 ton trucks):

|              | For home requirements | For export | Total |
|--------------|-----------------------|------------|-------|
| October 1926 | 3.233                 | 3.069      | 6.304 |
| November "   | 3.878                 | 3.667      | 7.545 |
| December "   | 4.475                 | 3.347      | 7.822 |

At the beginning of January 1926 the average daily car-loadings were 8.392 trucks including 4.939 for home requirements and 3.453 for export.

It may be stated for the sake of comparison that the average daily car-loadings of coal for home consumption in the summer months in 1925 and 1926 were 2.466 and 2.365 respectively. The largest consignments destined for home consumption in 1925 were in September, the average daily figure being 3.359 trucks as against 3.114 in 1926. These figures indicate that

\* See "The Polish Economist" No. 6/1926 page 216.

1) Corrected figures.

2) Average for 2 months.

3) Average for 5 months.

4) Average for 4 months.

5) The exports date since June, in which they amounted to 221.000 tons.

6) Since September 1925.

7) Since March 1925.

8) Average quantity for 4 months.



the activity of the Commission has contributed towards the increase in the volume of coal dispatched. Compared with October 1926, the loadings increased steadily exceeding the highest figures for the last quarters, despite the termination of the coal strike in England. These regulations which aim at the improvement of coal supplies to local

consumers proved a success as this matter was settled in a manner satisfactory to all sections of coal consumers. The Ministry of Communication has suspended as from February 1, 1927, the fixing in detail of the order of preference and the regulating of the loading operations of coal, coke and briquettes, according to groups of con-

sumers, which had been practised up to that date in pursuance of the Presidential decree dated November 4, 1926. Special control, however, in regard to coal consignments, destined for important consumers, industrial centres, as well as to the sea and river ports, will still be maintained for some time.



PETROLEUM REFINERY BELONGING TO MESSRS. "STANDARD-NOBEL"

## PETROLEUM

— The general situation of the petroleum industry in Poland in January was somewhat depressed. The output of crude oil continued to fall: the decline, in the Borysław area, which produces about 80 per cent of the Polish crude oil output, amounted to about 1,000 tons. This resulted in a rise of the prices of crude petroleum to \$ 2.30 per 100 kg, loco Borysław, and had it not been for the circumstance that there was a falling off in the demand on the part of the refiners, it would have reached a still higher level.

In view of the remunerative prices now ruling for crude oil, there is a feeling that drilling activity should gain in intensity in 1927, all the more as the Government has announced its intention to grant a whole range of special facilities, the object of which will be to promote the development of the petroleum mining industry. It may be stated on good authority that the contemplated scheme will include the following points: the promulgation of

a law providing for assistance to be given in connection with prospecting and the drilling of wells on new oil-bearing territories; an amendment of the laws applicable to the petroleum industry; a revision of taxes imposed on this industry as a whole; the granting of easy terms to leaseholders of State-owned oil-bearing plots. It should be mentioned that the increasingly keen interest in Polish oil-bearing territories displayed by domestic and foreign capitalists has had its source in these plans.

The refiners held several meetings during the month with the object of calling a new trade organisation into being; these resulted in the foundation of a sales office, which, for the time being, will effect sales of paraffine wax, both at home and abroad. In accordance with the decision, taken at the International Oil Drilling Congress in Bucarest, the Polish Petroleum Association at Lwów called a meeting of the Polish Oil Drilling Committee, in the course of which it was decided to establish the following: Geological Committee, Oil Drilling Committee, Plant

and Tool Committee and Exhibition Committee. The Exhibition Committee has already taken up the question of Polish participation in the International Oil Exhibition to be held in London in the near future.

The refining industry experienced a certain contraction in January, which is usual at this time of the year, both exports and home consumption showing a decline.

Stocks of crude oil at the beginning of January amounted to 93,146 tons, including 48,150 tons at the wells and with the store companies, and 44,996 tons at the refineries. Compared with the preceding month they were lower by 12,874 tons.

According to final returns, the output of crude oil in December was 61,342 tons, the falling off, as compared with November last, being 8,570 tons. The average price for Borysław crude was  $\text{X}$  20.15 or \$ 2.24 per 100 kg, loco Borysław. The throughput of crude oil at the refineries was 51,995 tons in December, the drop as compared with November being 16,553 tons.

The output, home consumption and exports of petroleum products in December last are shown below (in tons):

|                        | Output        | Local consumption | Exports       |
|------------------------|---------------|-------------------|---------------|
| benzine                | 4,877         | 500               | 6,756         |
| petroleum              | 17,208        | 15,586            | 8,116         |
| gas oil                | 9,284         | 1,942             | 8,373         |
| lubricating oil        | 10,897        | 5,910             | 3,522         |
| paraffine wax          | 3,100         | 732               | 2,466         |
| candles                | 47            | 49                | 30            |
| vaseline               | 6             | 18                | —             |
| asphalt                | 1,200         | 790               | 3,830         |
| coke                   | 597           | 274               | 710           |
| semi-finished products | —             | 3,566             | 1,515         |
| solid lubricants       | 268           | 232               | 5             |
| <b>Total:</b>          | <b>47,484</b> | <b>29,599</b>     | <b>35,323</b> |

The output of petroleum products fell by 13,853 tons as compared with November.

The home consumption of petroleum products amounted to 29,599 tons and was 7,055 tons less than in November. Decreases were recorded in all classes of oil products, but the largest decline was shown in the consumption of kerosene, which fell by 4,000 tons.

Exports of petroleum products in December amounted to 35,323 tons and were less by 1,331 tons than in the preceding month. The position in the foreign markets continued to be favourable. The distribution of the exports of petroleum products is indicated below (in tons):

|                |               |
|----------------|---------------|
| Czechoslovakia | 14,147        |
| Austria        | 4,409         |
| Germany        | 4,268         |
| Danzig         | 4,156         |
| Switzerland    | 3,786         |
| Hungary        | 787           |
| France         | 634           |
| Russia         | 604           |
| Latvia         | 578           |
| Sweden         | 522           |
| Lithuania      | 394           |
| Italy          | 353           |
| Denmark        | 245           |
| Rumania        | 188           |
| Yugoslavia     | 179           |
| England        | 30            |
| Holland        | 30            |
| Belgium        | 15            |
| <b>Total:</b>  | <b>35,323</b> |

It should be mentioned that the volume of exports shipped through Danzig in December continued to decline; on the other hand that, which passed through land frontier points, continued to augment; the same phenomenon was observed in November last.

The production of gasoline from natural gas in December amounted to 2,028 tons, of which 1,861 tons were consumed locally and 84 tons sold abroad. It will be observed that the total consumption of gasoline (derived from crude oil and natural gas) in December last was 2,361 tons.

"FANTO" LTD. — This company has recently increased its capital by £ 2,979,261 to £ 4,000,000. This concern, which is one of the largest of oil producing companies in Poland not engaged in petroleum refining, has its head office in Lwów.

## IRON

— The situation in the foundry industry in January continued to show material signs of improvement. The output of iron ores, iron and steel in the foundries of Upper Silesia and of former Russian Poland surpassed all the post-war records. Despite the winter season imports of scrap iron during January (35,470 tons) were practically the same as in December (37,425 tons) and were actually 80 per cent higher than the quantity, which it was agreed to import (20,000 tons per month) from Germany by virtue of the Polish-German agreement signed at Geneva on May 15th 1922. The heavy buying of scrap in foreign markets was accounted for by the increased production of steel in Poland, and also by the difficulties anticipated in getting this material after the expiry of art. 227 of the above mentioned convention (June 15, 1927); the policy pursued in regard to Poland by the present German Government, which, as is well known, has been responsible for the breaking of the negotiations for the commercial treaty, has also exercised a certain influence in this respect.

For these reasons, the output of pig iron has of late risen considerably, and there are indications that this tendency will become permanent. The number of workmen employed by the foundries increased steadily during the month, the advance over December being 1,000.

The general situation in the iron and steel industry in January is illustrated by the following table (in tons):

| Iron ores |      | Extraction           | Imports | Number of workmen employed |
|-----------|------|----------------------|---------|----------------------------|
| December  | 1926 | 32,413 <sup>1)</sup> | 23,998  | 5,268                      |
| January   | 1927 | 32,248 <sup>2)</sup> | 44,922  | 5,632 <sup>2)</sup>        |
|           | 1926 | 17,348               | 13,155  | 2,303                      |

|          | Iron foundries | Pig iron             | Steel ingots         | Rolled material      | Number of workmen employed | Exports: |       |          | Imports: |       |          |
|----------|----------------|----------------------|----------------------|----------------------|----------------------------|----------|-------|----------|----------|-------|----------|
|          |                |                      |                      |                      |                            | total    | pipes | ply iron | total    | pipes | ply iron |
| December | 1926           | 39,899 <sup>1)</sup> | 87,209 <sup>1)</sup> | 64,071 <sup>1)</sup> | 39,376 <sup>1)</sup>       | 12,915   | 2,862 | 975      | 1,998    | 348   | 433      |
| January  | 1927           | 42,412 <sup>2)</sup> | 98,434 <sup>2)</sup> | 68,656 <sup>2)</sup> | 40,497 <sup>2)</sup>       | 14,376   | 3,277 | 2,147    | 2,243    | 232   | 360      |
|          | 1926           | 26,318               | 44,787               | 28,072               | 32,081                     | 2,883    | 1,655 | 488      | 1,620    | 570   | 173      |

It will be seen that the absorptive capacity of the home market is constant despite the seasonal inactivity of the building trade and almost entire absence of large capital investments, which in the ordinary course of events would have had a favourable influence.

The reports of the Syndicate of Polish foundries are encouraging. All the

foundries were busy and the rolling mills were operated in accordance with the general plan laid down some time ago by the iron masters. In addition to its current requirements, the Ministry of Communication placed an order for 20,000 tons of heavy rails, which contract is very likely to be repeated at no distant date. The demand for commercial iron on the home market and on the part of wholesale trade was firm. This is to be attributed to the efforts made by the Syndicate to reorganise the wholesale trade in Poland. On the other hand, wholesalers were and are still doing their utmost to increase their stocks, and incidentally their sales, to the pre-war level.

Foreign orders, which were in execution in January, dated back to the time of the English coal strike, the termination of which had an adverse influence on the international iron market, the prices for iron rods having fallen from £ 5.18.0 to 4.16.0 per ton f.o.b. Antwerp. Notwithstanding this, numerous foreign contracts for pipes, Monier iron, constructional iron, pig iron and iron sheets were secured in the course of January.

This month saw an important step forward in the organisation of the Polish iron and steel industry: at meetings held in Warsaw on January 26 and 27, the iron masters of Upper Silesia and of former Russian Poland decided to amalgamate the two existing unions of iron foundries into one for the whole of Poland.

The exports in January of pig iron, iron and steel of all denominations, rails, iron and steel plates, and pipes showed a considerable improvement on the figures for the preceding month; those of the rolled products were maintained at their former level.

This is confirmed by the following statement (in tons):

|          |      | Exports: |       |          | Imports: |       |          |
|----------|------|----------|-------|----------|----------|-------|----------|
|          |      | total    | pipes | ply iron | total    | pipes | ply iron |
| December | 1926 | 12,915   | 2,862 | 975      | 1,998    | 348   | 433      |
| January  | 1927 | 14,376   | 3,277 | 2,147    | 2,243    | 232   | 360      |
|          | 1926 | 2,883    | 1,655 | 488      | 1,620    | 570   | 173      |

Prices for foundry products have remained unaltered for some considerable time. The quotation of the Syndicate of Polish Iron Foundries for commercial iron was £ 325 per ton franco Chebzie.

## ZINC AND LEAD

— The output of zinc and lead ores in January 1927 was maintained at the same level as in the preceding month;

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

<sup>2)</sup> Provisional figures.

the net production after handselecting, the imports of foreign ores as well as the number of workmen employed in the zinc and lead mining industry, are shown below (in tons):

|               | Extraction Imports <sup>1)</sup> |        | Number of workmen employed |  |
|---------------|----------------------------------|--------|----------------------------|--|
| December 1926 | 84,729 <sup>2)</sup>             | 10,557 | 8,359 <sup>2)</sup>        |  |
| January 1927  | 83,480 <sup>1)</sup>             | 12,050 | 8,122 <sup>2)</sup>        |  |
| 1926          | 101,347                          | 4,145  | 9,493                      |  |

The decline in the output is accounted for by improvements, which were being undertaken at the "Szarlej Biały" mines in Upper Silesia in January, with a view to modernising the methods of increasing the contents of metal in the ores. The Jaworzno zinc and lead mine situated in former Austrian Poland, which possesses up-to-date facilities for the enriching of the ores, started operation in January. The Matilda mine, which is situated in the same area, will very probably in the near future become one of the most important producers of zinc ore in Poland;

<sup>1)</sup> Enriched ores.

it disposes of three large pumps for drawing the water from the workings.

Despite the unprecedented fall in prices on the London market, the output of zinc and lead in January last were practically the same as in the preceding month, which may be seen by the following figures (in tons):

|           | Output:              |                     | Exports: |             |              |                      | Number of workmen employed |
|-----------|----------------------|---------------------|----------|-------------|--------------|----------------------|----------------------------|
|           | raw zinc             | raw lead            | raw zinc | zinc sheets | refined lead |                      |                            |
| Dec. 1926 | 11,275 <sup>2)</sup> | 2,411 <sup>2)</sup> | 9,096    | 769         | 729          | 12,146 <sup>2)</sup> |                            |
| Jan. 1927 | 11,484 <sup>2)</sup> | 2,696 <sup>2)</sup> | 7,342    | 828         | 1,029        | 12,173 <sup>2)</sup> |                            |
| " 1926    | 10,007               | 2,326               | 7,341    | 358         | 849          | 11,283               |                            |

Owing to the depressed state of the zinc market, the volume of zinc exports diminished greatly during the month under review. It is to be hoped that with the revival of the building season and the consequent decline of competition on the part of America, prices will

<sup>2)</sup> Corrected figures.

<sup>3)</sup> Provisional figures.

improve and the Polish foundries will again resume their normal operations.

Despite the decline in prices for lead, exports of this commodity in January were maintained at a satisfactory level.

A certain improvement was reported in the volume of business in zinc sheets, which, with the advent of the spring season, will have to look for new outlets, chiefly overseas, owing to the continuance of the Polish-German customs war, and the exorbitant import duty imposed on this article by Germany.

Of late prices for zinc sheets have shown an upward tendency.

## VARIOUS

**"FR. FUCHS & SONS" LTD.** — This old established and well known Warsaw firm manufacturing sweets, chocolate and biscuits, has increased its capital by £ 800,000 to £ 2,400,000 by the issue of 1,600 new shares at £ 500 each.

**"COMPAGNIE INTERNATIONALE DES WAGONS-LITS ET DES GRANDS EXPRESS EUROPEËNS"**, Brussels, has increased the working capital of its Polish branch by 1,500,000 Belgian Francs, to 4,500,000 Belgian Francs.

**MOVEMENT OF PRICES.**—The prices were stable, the upward tendency being insignificant; the index of wholesale prices rose from 194·5\* in December to 195·2 in January, an increase of 0·4 per cent; during the same period the index of retail prices increased from 254·4 to 255·8 or by 0·6 per cent, while the index of the cost of living went up from 199·2 to 122·8 or by 1·3 per cent. The index of prices calculated on a gold basis experienced a somewhat larger increase owing to the appreciation of the Złoty; thus, wholesale prices rose from 112·0 to 112·8 or by 0·7 per cent, retail prices from 146·5 to 147·8, or by 0·9 per cent, and the cost of living from 114·7 to 116·6 or by 1·6 per cent.

The increase in wholesale prices in January — which set in after a considerable time — was brought about by the rise in value of manufactured products, the price index for which rose from 181·4 in December to 184·8 in Ja-

nuary; during the same period the prices for agricultural products, which had been increasing since July 1926, declined from 218·2 in December to 214·4 in January, a drop of 1·7 per cent.

As regards the decline in the level of prices for home raised agricultural products, it should be mentioned that it was not universal: those for grain and in general for vegetable foodstuffs had a steady upward tendency up to the last week of January, when some prices (oats, rye and barley) eased; a decided rise in prices for foodstuffs of animal origin and in particular those of butter, eggs and porc, took place at the end of the month. The increase in the prices for manufactured goods is to be ascribed to the rise of about 1·6 per cent in the prices for timber. This latter increase chiefly concerned unwrought timber, and was due to heavy buying by German importers; it should, however, be mentioned that the quotations for sawn timber, which is mainly directed to the United Kingdom, remained almost unchanged. The remaining articles of this category showed certain fluctuations: as a result of increase in prices for raw materials — cotton and wool — textiles rose by 1·6 per cent; prices for coal remained unchanged; metals declined by 1·5 per cent owing to the appreciation

of the Złoty; the last sub-group comprising all the remaining manufactures, experienced a rise by 1·4 per cent, which was brought about by the increase in value of hides, rosin and certain chemicals, the production of which is based on wood.

The prices for groceries, which are not included in any of the above mentioned groups, rose by 0·7 per cent in relation to those ruling in December owing to the increase of the prices for tea.

Details relating to the movement of prices (in Złoty), indexes of groups and sub-groups, are given in the following table:

(table see next page)

When taking as a basis of calculation the average prices of the earlier half of 1925, that is a period of partial stabilisation, immediately preceding the fall of the Złoty, it will be found that the general indexes of wholesale prices in Złoty in January amounted to 142·7, for the agricultural group — 141·8, and for manufactures — 142·6. The corresponding gold indexes were: general — 82·5; agricultural products—81·9; manufactures — 82·4; these figures indicate that prices in Poland have declined very materially within the last few years.

\* ) Commencing with January last the Chief Statistical Bureau of the Republic of Poland modified the methods employed in the calculation of the index of wholesale prices: the index is calculated on the basis of the average prices for 73 commodities which ruled in the different parts of Poland in January 1914; prior to January 1st 1927 it was calculated on the basis of the average prices for 57 commodities ruling in former Russian Poland in 1914. The new index is approximately 10 per cent higher than the old one.

FAIRS AND EXHIBITIONS

**THE SEVENTH POZNAŃ FAIR**, which will be held this year from May 1st to 8th, is an annual institution, which, together with the autumn fair in Lwów (Eastern Fair), constitute the largest fairs in Poland. In view of the prolonged conflict with Germany, the Fair Committee attaches great importance to the participation of other foreign countries. It is stated that a large number of foreign exhibitors have already applied for space, and definite arrangements have been made for the showing of grouped products of the following countries: Austria, France, Belgium, Switzerland, Greece, Persia, and Brazil. Italian, Rumanian, Turkish, Palestine, Chinese, Latvian and Esthonian &c. business circles have already announced their intention of organising excursions to the Poznań Fair.

**POLAND'S PARTICIPATION IN THE MILAN FAIR.** — The Fair organised each year in Milan, which is the largest in Italy, will be held this year from April 12th to 27th. Poland will be officially represented at this fair. The erection of the Polish pavilion is already in progress, while the Polish-Italian Chamber of Commerce in Warsaw is sparing no efforts to make the Polish section of the fair a success. A number of important Polish commercial and industrial undertakings have promised to take an active part in this section.

**INTERNATIONAL CINEMATOGRAPHIC EXHIBITION** will be held in Warsaw from March to April next and will embody the following sections: film production, technical processes, apparatus and accessories, lanterns projections, decoration, musical illustrations, electrical fittings and signs, fire extinguishers, air purifiers, film publicity, home and school cinemas, the cinema press and literature.

This exhibition which is organised under the auspices of the Ministry of Industry and Commerce and the Polish Association of Producers, Renters and Exhibitors, also includes on its Committee a number of heads of foreign diplomatic missions in Poland, as well as the delegates of the ministries and business circles.

FOREIGN TRADE

— According to the provisional returns of the Chief Statistical Bureau, the value of Polish imports in January 1927 was  $\text{₹}$  187,030.000 (or gold  $\text{₹}$  107,700.000) and that of exports —  $\text{₹}$  199,348.000 (gold  $\text{₹}$  114,793.000); compared with December 1926 there was an increase of  $\text{₹}$  29,133.000 (gold  $\text{₹}$  16,774.000) in imports and a decrease of  $\text{₹}$  6,864.000 (gold  $\text{₹}$  3,953.000) in exports. It will be seen that the

|   | December 1926<br>price index | January 1927<br>price index |
|---|------------------------------|-----------------------------|
| GENERAL INDEX . . . . .                                       | 194.5                        | 195.2                       |
| Agricultural products . . . . .                               | 218.2                        | 214.4                       |
| including:  |                              |                             |
| rye <sup>1)</sup> . . . . .                                   | 40.55                        | 41.35                       |
| wheat <sup>1)</sup> . . . . .                                 | 52.40                        | 53.45                       |
| malting barley <sup>1)</sup> . . . . .                        | 35.55                        | 36.75                       |
| oats <sup>1)</sup> . . . . .                                  | 31.05                        | 32.05                       |
| wheat flour 65 per cent <sup>1)</sup> . . . . .               | 71.75                        | 73.00                       |
| rye " 70 " " " <sup>1)</sup> . . . . .                        | 55.75                        | 57.75                       |
| sugar crystals <sup>1)</sup> . . . . .                        | 120.50                       | 120.50                      |
| oxen (live weight) <sup>2)</sup> . . . . .                    | 1.38                         | 1.30                        |
| pigs " " " <sup>3)</sup> . . . . .                            | 2.73                         | 2.45                        |
| butter <sup>4)</sup> . . . . .                                | 7.60                         | 6.70                        |
| eggs <sup>5)</sup> . . . . .                                  | 295.00                       | 305.00                      |
| Manufactured articles . . . . .                               | 181.4                        | 184.8                       |
| including:  |                              |                             |
| pine stems <sup>1)</sup> . . . . .                            | 40.00                        | 50.00                       |
| " planks for joinery <sup>1)</sup> . . . . .                  | 120.00                       | 125.00                      |
| American cotton <sup>2)</sup> . . . . .                       | 3.40                         | 3.49                        |
| wool merino, clean <sup>2)</sup> . . . . .                    | 19.47                        | 19.60                       |
| cotton yarns 1/32 <sup>2)</sup> . . . . .                     | 6.21                         | 6.64                        |
| madapolam <sup>3)</sup> . . . . .                             | 1.71                         | 1.67                        |
| Upper Silesian coal (for large lumps) <sup>6)</sup> . . . . . | 32.60                        | 32.60                       |
| coke <sup>6)</sup> . . . . .                                  | 39.80                        | 39.80                       |
| pig iron No. 1 <sup>6)</sup> . . . . .                        | 200.00                       | 200.00                      |
| hoops <sup>6)</sup> . . . . .                                 | 325.00                       | 325.00                      |
| rolled wire <sup>6)</sup> . . . . .                           | 375.00                       | 375.00                      |
| iron sheets 0.5 mm. <sup>6)</sup> . . . . .                   | 440.00                       | 440.00                      |
| raw zinc <sup>1)</sup> . . . . .                              | 143.90                       | 135.30                      |
| raw hides <sup>1)</sup> . . . . .                             | 2.15                         | 2.35                        |
| " calf skins <sup>2)</sup> . . . . .                          | 3.20                         | 3.45                        |
| superphosphates <sup>2)</sup> . . . . .                       | 1.00                         | 1.00                        |

As already mentioned, retail prices rose in January but slightly (by 0.6 per cent); prices for agricultural products experienced an increase of 1.8 per cent, while those for manufactured products showed a decrease of 0.4 per cent; it will be noticed here that the tendency was just the reverse of that observed in the case of wholesale prices. This is explained by the fact that the adjustment of retail prices to wholesale prices is usually delayed. It is clear, therefore, that the movement of prices in January was the result of the earlier increase and decrease for agricultural products and manufactures respectively.

The following comparative statement contains gold indexes of wholesale prices in Poland and abroad in January 1927:

|                       | Poland | Germany | France | England |
|-----------------------|--------|---------|--------|---------|
| General index         | 112.0  | 131.1   | 131.5  | 145.4   |
| Agricultural products | 125.6  | —       | 122.5  | 146.1   |
| Industrial articles   | 104.5  | —       | 139.3  | 144.7   |

<sup>1)</sup> For 100 kg.  
<sup>2)</sup> For 1 kg.  
<sup>3)</sup> For 1 case (1,440 eggs).  
<sup>4)</sup> For 1 cubic metre.  
<sup>5)</sup> For 1 metre.  
<sup>6)</sup> For 1 ton.



A FOREST ROAD IN THE VALLEY OF THE NIEMAN

balance, though favourable, declined to zł 12,318.000 (gold zł 7,093.000) from zł 48,315.000 (gold zł 27,820.000) in December 1926. The more important classes of goods are shown in the following table:

## I M P O R T S

## E X P O R T S

| G O O D S  | January          |                | January                         |               | G O O D S  | January          |                  | January                         |                |
|--|------------------|----------------|---------------------------------|---------------|--|------------------|------------------|---------------------------------|----------------|
|  | 1927             | 1926           | 1927                            | 1926          |  | 1927             | 1926             | 1927                            | 1926           |
|  | Volume — in tons |                | Value — in thousands of gold zł |               |  | Volume — in tons |                  | Value — in thousands of gold zł |                |
| <b>TOTAL</b>   | <b>309.092</b>   | <b>109.358</b> | <b>107.700</b>                  | <b>47.265</b> | <b>TOTAL</b>   | <b>1,900.418</b> | <b>1,197.839</b> | <b>114.793</b>                  | <b>109.190</b> |
| <b>Foodstuffs</b>  | <b>55.085</b>    | <b>13.853</b>  | <b>23.798</b>                   | <b>11.701</b> | <b>Foodstuffs</b>  | <b>96.233</b>    | <b>184.879</b>   | <b>30.919</b>                   | <b>44.797</b>  |
| including:   |                  |                |                                 |               | including:   |                  |                  |                                 |                |
| wheat  | 7.329            | 67             | 2.226                           | 16            | wheat  | 533              | 26,158           | 158                             | 6,750          |
| rye  | 6.071            | 387            | 1.418                           | 61            | rye  | 1.303            | 29,897           | 331                             | 4,853          |
| barley, oats and maize                                     | 5,513            | 739            | 941                             | 137           | barley   | 9,057            | 16,446           | 2,146                           | 2,905          |
| rice   | 2,725            | 812            | 1,198                           | 323           | oats   | 772              | 10,561           | 154                             | 1,734          |
| lemons and oranges   | 3,492            | 1,153          | 1,503                           | 494           | peas and beans   | 2,320            | 5,397            | 707                             | 1,418          |
| tea  | 185              | 124            | 951                             | 561           | potatoe products   | 652              | 3,595            | 192                             | 986            |
| cocoa  | 254              | 146            | 435                             | 299           | sugar  | 44,058           | 47,678           | 17,016                          | 13,528         |
| coffee   | 514              | 564            | 1,375                           | 1,552         | meat   | 2,084            | 3,363            | 2,409                           | 3,999          |
| fish and herrings  | 9,012            | 3,570          | 3,145                           | 1,553         | butter   | 376              | 83               | 829                             | 228            |
| edible fats of animal origin                               | 1,277            | 180            | 2,062                           | 303           | eggs   | 1,430            | 2,057            | 2,057                           | 2,709          |
| edible fats of vegetable origin                            | 806              | 803            | 1,001                           | 979           | forage   | 27,208           | 29,099           | 2,288                           | 2,596          |
| tobacco  | 1,659            | 2,235          | 1,915                           | 3,551         | <b>Live animals (head)</b>                                 | <b>71.548</b>    | <b>132.980</b>   | <b>4.125</b>                    | <b>8.524</b>   |
| forage   | 9,402            | 525            | 1,396                           | 96            | including:   |                  |                  |                                 |                |
| <b>Live animals (head)</b>                                 | <b>15.937</b>    | <b>378</b>     | <b>131</b>                      | <b>4</b>      | pigs   | 36,188           | 90,022           | 3,438                           | 6,173          |
| <b>Animal products</b>                                     | <b>2,802</b>     | <b>1,000</b>   | <b>6,806</b>                    | <b>2,396</b>  | <b>Animal products</b>                                     | <b>1,476</b>     | <b>2,220</b>     | <b>1,888</b>                    | <b>2,316</b>   |
| including:   |                  |                |                                 |               | <b>Timber and wood ware</b>                                | <b>474.132</b>   | <b>303.059</b>   | <b>23.000</b>                   | <b>12.900</b>  |
| dried skins  | 1,423            | 247            | 2,127                           | 411           | including:   |                  |                  |                                 |                |
| tanned hides   | 454              | 273            | 3,060                           | 1,350         | pulpwood   | 115,568          | 76,528           | 3,287                           | 1,762          |
| <b>Timber and wood ware</b>                                | <b>1,711</b>     | <b>1,826</b>   | <b>484</b>                      | <b>232</b>    | pit props  | 92,008           | 52,601           | 2,150                           | 1,168          |
| <b>Plants and seeds</b>                                    | <b>2,591</b>     | <b>1,005</b>   | <b>1,465</b>                    | <b>463</b>    | round wood and logs  | 67,525           | 44,861           | 2,815                           | 1,789          |
| <b>Building materials and ceramic prod.; glass</b>         | <b>88.559</b>    | <b>41.038</b>  | <b>2.260</b>                    | <b>1.089</b>  | planks, deals, battens                                     | 155,863          | 77,596           | 11,451                          | 4,726          |
| <b>Fuel and petroleum products</b>                         | <b>11.425</b>    | <b>7.115</b>   | <b>499</b>                      | <b>270</b>    | railway sleepers   | 15,396           | 34,796           | 754                             | 1,557          |
| <b>Chemicals</b>   | <b>30.869</b>    | <b>12.690</b>  | <b>10.894</b>                   | <b>3.500</b>  | veneers  | 1,723            | 1,261            | 682                             | 395            |
| including:   |                  |                |                                 |               | <b>Plants and seeds</b>                                    | <b>9.232</b>     | <b>5.900</b>     | <b>5.060</b>                    | <b>2.197</b>   |
| chilian saltpetre  | 4,549            | 185            | 1,318                           | 58            | including:   |                  |                  |                                 |                |
| vegetable fats   | 2,129            | 809            | 2,047                           | 849           | fodder seeds   | 5,926            | 3,150            | 3,755                           | 1,212          |
| animal fats  | 939              | 533            | 908                             | 412           | <b>Building materials and ceramic prod.; glass</b>         | <b>49.915</b>    | <b>10.786</b>    | <b>995</b>                      | <b>336</b>     |
| <b>Ores, metals and metal products</b>                     | <b>96.910</b>    | <b>21.945</b>  | <b>10.422</b>                   | <b>3.188</b>  | <b>Coal, coke and briquettes</b>                           | <b>1,183.866</b> | <b>625.358</b>   | <b>21.101</b>                   | <b>11.405</b>  |
| including:   |                  |                |                                 |               | <b>Petroleum products</b>                                  | <b>36.666</b>    | <b>32.675</b>    | <b>6.684</b>                    | <b>5.227</b>   |
| iron ores  | 44,922           | 13,155         | 6,4                             | 244           | including:   |                  |                  |                                 |                |
| zinc "   | 11,646           | 4,317          | 1,791                           | 419           | petroleum  | 6,922            | 10,301           | 1,093                           | 941            |
| scrap iron   | 35,470           | 1,422          | 2,066                           | 58            | motor and lubricating oils                                 | 13,497           | 14,459           | 1,473                           | 1,357          |
| <b>Machinery, electrical wares, means of communication</b> | <b>3.865</b>     | <b>3.386</b>   | <b>11.618</b>                   | <b>6.021</b>  | benzine  | 8,867            | 3,733            | 2,386                           | 1,169          |
| including:   |                  |                |                                 |               | paraffine wax  | 1,842            | 2,248            | 1,247                           | 1,542          |
| electrical machinery                                       | 192              | 193            | 1,195                           | 438           | <b>Chemicals</b>   | <b>10.734</b>    | <b>10.200</b>    | <b>1.846</b>                    | <b>1.973</b>   |
| iron and wood working machinery                            | 374              | 140            | 1,403                           | 408           | <b>Ores, metals and metal products</b>                     | <b>31.937</b>    | <b>17.364</b>    | <b>11.356</b>                   | <b>8.568</b>   |
| textile machinery  | 250              | 91             | 977                             | 204           | including:   |                  |                  |                                 |                |
| electrical appliances                                      | 1,196            | 988            | 3,488                           | 1,556         | iron ores  | 7,110            | 5,405            | 85                              | 92             |
| means of communication                                     | 567              | 437            | 1,149                           | 1,272         | " and steel; rails   | 4,662            | 376              | 797                             | 64             |
| <b>Paper, books, and pictures</b>                          | <b>4.942</b>     | <b>1.303</b>   | <b>3.341</b>                    | <b>1.040</b>  | " " steel sheets   | 4,290            | 364              | 1,204                           | 166            |
| including:   |                  |                |                                 |               | pipes  | 3,277            | 1,655            | 1,127                           | 572            |
| waste and rags   | 2,355            | 540            | 1,396                           | 73            | zinc and zinc dust   | 7,342            | 7,341            | 5,782                           | 6,106          |
| paper and paper wares                                      | 1,761            | 601            | 1,258                           | 480           | " sheets   | 828              | 358              | 762                             | 320            |
| <b>Textiles and textile products</b>                       | <b>9.955</b>     | <b>3.927</b>   | <b>31.154</b>                   | <b>14.317</b> | <b>Machinery, electrical wares, means of communication</b> | <b>609</b>       | <b>359</b>       | <b>580</b>                      | <b>523</b>     |
| including:   |                  |                |                                 |               | <b>Paper, books and pictures</b>                           | <b>1.813</b>     | <b>1.551</b>     | <b>536</b>                      | <b>524</b>     |
| jute   | 1,600            | 642            | 1,265                           | 876           | <b>Textiles and textile products</b>                       | <b>3.772</b>     | <b>3.434</b>     | <b>6.350</b>                    | <b>9.270</b>   |
| cotton   | 5,595            | 2,248          | 11,402                          | 5,745         | including:   |                  |                  |                                 |                |
| cotton yarns   | 251              | 50             | 1,768                           | 380           | flax and hemp  | 2,567            | 2,106            | 1,044                           | 1,518          |
| " fabrics  | 83               | 80             | 1,141                           | 828           | cotton yarns   | 153              | 332              | 484                             | 1,552          |
| wool (combed incl.)  | 1,825            | 703            | 9,809                           | 3,826         | " fabrics  | 476              | 374              | 2,404                           | 2,942          |
| " yarns  | 172              | 33             | 2,426                           | 349           | wool yarns   | 109              | 128              | 1,135                           | 1,617          |
| silk fabrics   | 14               | 16             | 1,583                           | 1,418         | " fabrics  | 33               | 41               | 480                             | 600            |
| <b>Clothing and fancy wares</b>                            | <b>66</b>        | <b>67</b>      | <b>1.272</b>                    | <b>1.201</b>  | <b>Clothing and fancy wares</b>                            | <b>25</b>        | <b>25</b>        | <b>284</b>                      | <b>451</b>     |
| <b>Various</b>   | <b>362</b>       | <b>203</b>     | <b>3.556</b>                    | <b>1.948</b>  | <b>Various</b>   | <b>8</b>         | <b>29</b>        | <b>112</b>                      | <b>173</b>     |

The table includes, for the sake of comparison, the statistical data for 1926; as, however, numerous changes in the economic life of Poland took place in the course of that year, reference in these

notes will also be made to the figures for last December.

The largest increase in the value of imports in January, as compared with the preceding month, was shown in the

group of foodstuffs — namely: gold zł 7,000.000; of the various components of this group—grain, lemons and oranges, tobacco and forage, occupy the most prominent place.

Though small quantitatively, but very important owing to its value, being the highest among the imported goods, the textile group, showed an advance of gold  $\text{zł}$  3,000,000. In this group imports of jute and raw cotton fell, while those of wool rose by gold  $\text{zł}$  2,300,000 as compared with December 1926.

Imports of wool and cotton yarns also rose. A slight increase was observed in respect of fabrics; on the other hand the clothing, underclothing and fancy goods group showed a decline.

The quantity of iron and zinc ores, compared with December last, rose very considerably. Metals and metal products also showed a certain increase, the largest being in respect of copper and copper alloys and their products, and small tools. Thanks to increased imports of artificial manures, the group of chemicals showed an increase of about gold  $\text{zł}$  2,000,000. This should be regarded as a comparatively encouraging phenomenon, in view of the fact that the imports of artificial fertilizers were small in 1926.

Imports of animal products rose by about gold  $\text{zł}$  1,250,000, which was chiefly due to increased imports of hides, in spite of a simultaneous, though slight decline in the imports of furs.

Finally, the imports of machinery and of electrical appliances and materials showed increases, while those of means of communication remained on the previous level.

On the export side, the largest decline of over gold  $\text{zł}$  7,100,000 was shown by the foodstuffs group. A similar decline of over gold  $\text{zł}$  5,800,000 took place in the fuel and petroleum products groups. As the more important articles of the former group are dealt with separately (see grain, butter, eggs, coal, petroleum &c.), it should be only observed that the volume of sugar exports declined markedly. The decline in the exports of the two above groups, amounting to about gold  $\text{zł}$  13,000,000 as compared with the corresponding figure for December, was to a large extent compensated by the increases in the exports of goods of other groups.

Exports of timber in January rose by over  $\text{zł}$  6,250,000 (this question is dealt with separately on page 105—106). In the textiles and textile products group, showing the largest increase of over gold  $\text{zł}$  1,400,000, the most important rises were in the exports of cotton fabrics.

The live stock, plant and seeds and other groups also showed increases.

A detailed analysis of the changes which took place in the business transactions made in January, reveals a whole range of favourable factors, such as: increases, as compared with December, in the imports of wool, artificial fertilizers, machinery &c., and increases in the exports of fabrics, and sawn timber in particular. On the other hand, the increase in the import of foodstuffs and the simultaneous decline in their export should be regarded as an adverse feature.

The favourable foreign trade balance for January last is of paramount importance, in so far as the immediate outlook is concerned. On the whole, the foreign trade in January was dealt with by the Government in a very liberal manner, and it is owing to this circumstance that the imports effected in this month were maintained at practically the same level as in the corresponding month of last year, which, it may be recalled, was the largest between August 1925, when the Polish Government embarked upon the policy of trade restrictions, and the end of 1926.

It is safe therefore to assume that imports in January have approached the point of saturation; on the other hand, the volume of exports for the month under review was smaller than it was expected.

## 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. 59:** Polish timber exporters are desirous of entering into relations with foreign buyers.

**Ref. No. 60:** Polish wholesale dealers in mushrooms seek foreign outlets for this commodity.

**Ref. No. 61:** Polish exporters of bristles and brushes are desirous of extending their foreign connections.

**Ref. No. 62:** Polish firm offers flax waste.

**Ref. No. 63:** Polish firm dealing in seeds is desirous of entering into relations with foreign importers.

## CUSTOMS DUTIES AND FOREIGN TRADE REGULATIONS

**THE INTRODUCTION OF AN EXPORT DUTY ON RYE AND RYE FLOUR.** — The "Dz. Ust. R. P." No. 4 1927 contains a decree of the Ministers of Finance, Industry and Commerce, and Agriculture and State Lands dated January 15th 1927, whereby an export duty of  $\text{zł}$  15 per 100 kg. will be imposed on rye and rye flour. Consignments of rye and rye flour destined for foreign countries, which had been loaded into trucks on the day preceding the coming into force of these regulations, and in respect of which the necessary currency certificates had been obtained, are free from export duty during the ensuing period of 20 days, counting from the date of operation of the decree. These regulations, which were made operative as from January 20th 1927, will be maintained until March 1st next.

The Government contemplated the introduction of a sliding scale, but has abandoned the project, mainly because the regulations dealing with export duties are of a temporary character, as they aim only at the reduction of prices for rye, and the storage for export, until it becomes clear, whether the reserves of rye now in Poland are large enough to cover the requirements of the home market, until the new crops are available.

**NEW AUTONOMOUS RATES OF THE CUSTOMS DUTIES.** — The executive decrees dated January 20th and 26th and February 5th ("Dz. Ust. R. P." No. 7, item 54; No. 8, item 68; No. 11, item 93) provide for the following rebates:

- 1) husked rice, for the production of polished rice (Customs Tariff, Art. 2, item 4), with the permission of the Minister of Finance, will pay a reduced rate of 20 per cent of the normal duty;
- 2) seeds of coniferous trees (Customs Tariff, Art. 62, item 9a), with the permission of the Minister of Finance, will pay a reduced rate of 20 per cent of the nominal duty;
- 3) unleavened bread originating in Palestine — certificate of origin indispensable (Customs Tariff, Art. 24, item 9) — will pay 40 per cent of the nominal duty.

**DISPATCH TO FOREIGN COUNTRIES OF PARCELS CONTAINING GOODS, THE EXPORT OF WHICH IS EITHER PROHIBITED EXCEPT UNDER LICENCE, OR SUBJECT TO DUTIES.** — The regulations in force do not provide for the absolute prohibition of the sending of such goods abroad. It should, however, be remarked that there are two classes of goods, one, those requiring export licences, and two, those subject to export duty. Both classes of goods may be sent abroad by parcel post, but only through those postal offices which are attached to customs offices at Bielsko 1, Bydgoszcz 2, Cieszyn, Chojnice 2, Grajewo, Katowice 1, Kraków 2, Leszno 2, Lwów 1, Lwów 2, Łódź 1, Poznań 3, Przemyśl 1, Stanisła-

wów 2, Tarnów 2, Tezew 2, Warszawa 1, Wilno 2, and Zdobunów.

The parcels with the necessary postal documents duly filled and signed should be delivered to the customs office in an unclosed state. Postal employees, dealing with parcels destined for abroad, are instructed to examine them, and to refuse their acceptance if they contain articles on the prohibited list or if the senders fail to comply with customs regulations.

**CONVENTION RATE IN REGARD TO SPADES AND HOES.** — In accordance with the final protocol to the Polish - Czechoslovakian Commercial Treaty, a convention rebate was granted in respect of the above mentioned agricultural implements, the new rate being  $\text{zł}$  25 per 100 kg. This rate is to be considered as a temporary one, and will be maintained to December 5, 1927.

## TRANSPORTS

### RAILWAY TRAFFIC IN JANUARY.—

The average daily car-loadings on the Polish State Railways during January were 12,988, of which 9,508 were dispatched to home stations, and

3,480 to foreign countries. Compared with the preceding month, the average daily loadings of all classes of goods declined by 1,353, and compared with the corresponding period of last year — by 3,470.

The decline in the railway traffic in January was due to two causes: firstly, to the termination of the period of intensive transports of agricultural produce, the average daily dispatch of which in November last was 3,274, in December 1,591, while in January only 748 trucks, and secondly, to the decline in the demand for Polish coal on foreign markets. The average daily car-loadings of coal in January were 2,290 as against 2,635 and 3,056 in December and November of 1926 respectively.

A revival in the economic life of the country is reflected by the increased activity of the State Railways compared with the same period a year ago. Even when the increased volume of coal exports is left out of account, the number of car-loadings of the remaining categories of merchandise were larger than in the corresponding month of 1926; it will be seen from the table that the average

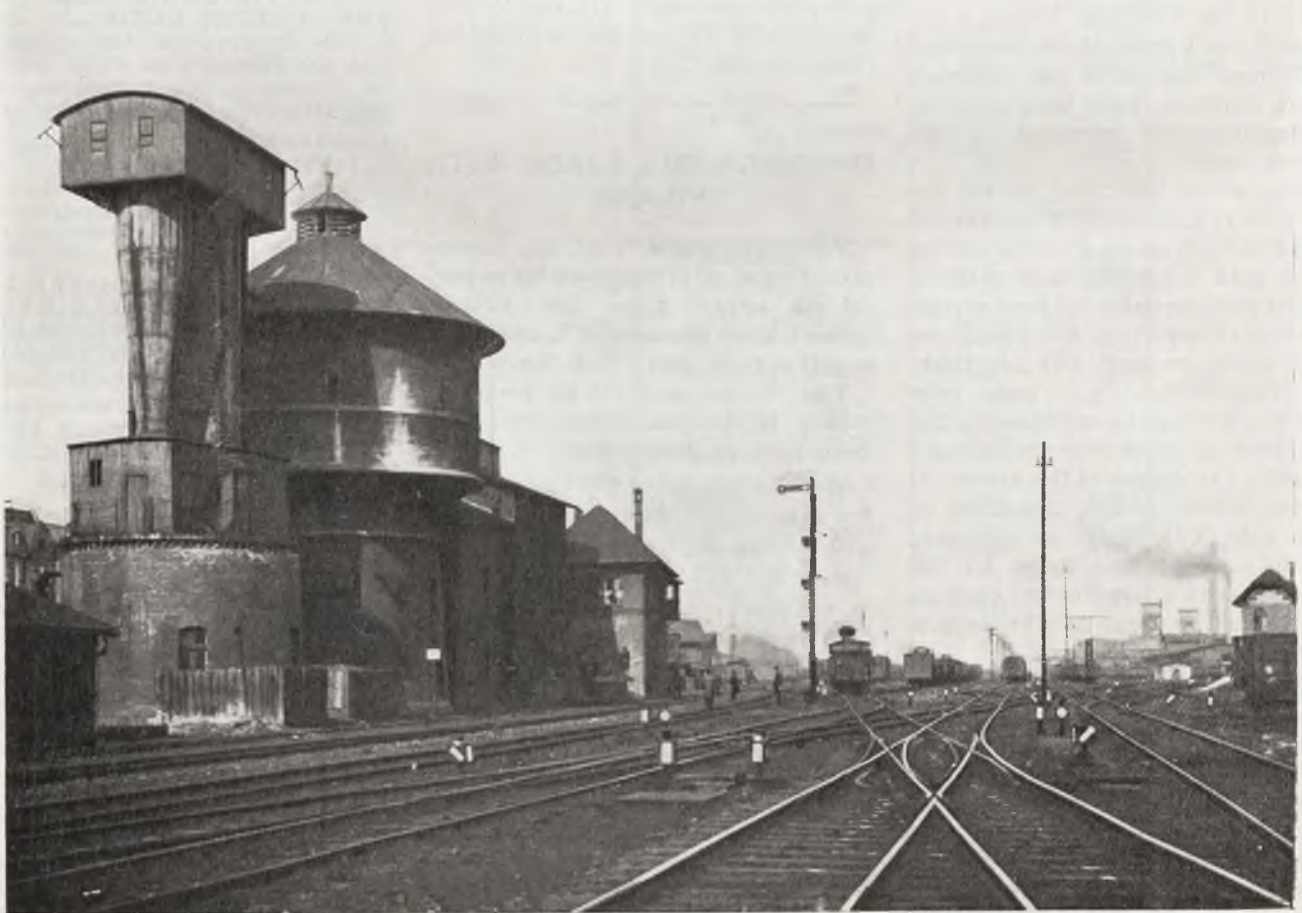
daily loadings of the remaining classes of goods was larger by 1,391 than in January last year.

The following statement illustrates the average daily loadings of the different groups of merchandise dispatched to domestic stations (in 15 ton trucks):

|                                       | Dec.<br>1926  | Jan.<br>1927 |
|---------------------------------------|---------------|--------------|
| coal, coke and briquettes             | 3,314         | 3,707        |
| crude oil and petroleum products      | 150           | 177          |
| timber                                | 915           | 894          |
| agricultural products                 | 1,591         | 748          |
| raw materials and industrial products | 1,560         | 1,504        |
| miscellaneous                         | 2,339         | 2,478        |
| <b>Total:</b>                         | <b>10,469</b> | <b>9,508</b> |

During the period under review, the average daily loadings destined for home consumption decreased, as already stated, by 961; this decline was the result of the decrease in the daily shipments of agricultural products by about 843 trucks. In this group the average daily car-loadings of sugar beet dropped from 768 in December to 40 in January, owing to the close of the season.

A decline of 21 trucks per day was also noticeable in the volume of timber transports and of 56 per day in respect of raw materials and manufactures. The



VIEW OF THE RAILWAY JUNCTION AT KATOWICE (UP. SILESIA)

suspension of building operations resulted in a decrease in the volume of transport of building material by 66 trucks per day.

At the same time there was an increase of 393 in the average daily loading of coal destined for home consumption. This phenomenon is closely linked up with the coal shortage prevailing on the home market during the past few months despite the fact that the requirements were only on the normal level for this time of the year. The increased purchases on the part of wholesalers, who bought large stocks of coal in the expectation that the prices will be still more remunerative, also formed a contributory cause of the shortage.

The following statement gives the average daily car-loadings of goods dispatched to foreign countries (in 15 ton truck):

|                                  | December<br>1926 | January<br>1927 |
|----------------------------------|------------------|-----------------|
| coal, coke and briquettes        | 2,635            | 2,290           |
| crude oil and petroleum products | 80               | 69              |
| timber                           | 816              | 849             |
| grain                            | 33               | 47              |
| miscellaneous                    | 308              | 225             |
| Total:                           | 3,872            | 3,480           |

Compared with December last, the average daily loadings of goods sent abroad declined in January by 392

trucks; it should be stated that the number of loadings of coal declined by 345, various — by 83 waggons, and crude oil and petroleum products — by 11. On the other hand, the average daily loadings of timber and grain rose by 53 and 14 respectively.

The average daily number of truck-loads of goods received from abroad in January 1927, was 626 as against 618 in December, and 494 in January of last year. These figures indicate that the volume of imports to Poland is steadily increasing.

The total average daily work performed by goods waggons declined from

15,879 waggons in December 1926, to 14,558 in January; compared with the corresponding figure for January 1926, this represents an average decrease of 3,916 waggons.

Transit traffic through Poland also showed a slight improvement being 944 trucks per day in January as against 920 in the preceding month, and 630 in January 1926.

**RAILWAY TRAFFIC IN 1926.** — The average daily car-loadings on the Polish State Railways compared with the corresponding figures for 1925 were as follows:

|   | 1926  | 1925  |
|---|-------|-------|
| Small consignments:   | 1,153 | 1,045 |
| express consignments  | 41    | 200   |
| } whole trucks  | 139   |       |
| } small consignments  | 103   | 139   |
| military  | 611   | 712   |
| service   |       |       |
| Agricultural consignments and foodstuffs:                     |       |       |
| live stock  | 169   | 165   |
| poultry   | 7     | 8     |
| grain   | 253   | 282   |
| potatoes  | 133   | 115   |
| sugar beet  | 391   | 384   |
| cooking salt  | 65    | 60    |
| sugar loaded at sugar factories for home consumption          | 69    |       |
| } abroad  | 17    | 226   |
| various "foodstuffs"  | 290   |       |
| artificial fertilizers, agricultural machinery and implements | 187   | 161   |



A NEWLY ERECTED RAILWAY STATION NEAR WARSAW



|   | 1926                         | 1925    |
|---|------------------------------|---------|
| Coal, coke and briquettes:  |                              |         |
| from the Upper Silesian basin   | { for home consumption 1,511 | { 1,506 |
|   | { „ abroad 2,056             | { 1,321 |
| „ „ Dąbrowa   | { „ home consumption 711     | { 779   |
|   | { „ abroad 359               | { 74    |
| „ „ Kraków  | { „ home consumption 266     | { 230   |
|   | { „ abroad 68                | { 11    |
| „ „ Teschen   | { „ home consumption 23      | { 37    |
|   | { „ abroad                   |         |
| Timber:   |                              |         |
| pit props   | 94                           | 51      |
| sawn timber   | 181                          | 330     |
| unprepared fuel   | 277                          |         |
| fire wood   | 263                          | 237     |
| Crude oil and petroleum products:   |                              |         |
| in tanks  | { for home consumption 156   | { 134   |
|   | { „ abroad 71                | { 54    |
| in ordinary trucks  | { for home consumption 17    | { —     |
|   | { „ abroad 10                | { —     |
| Industrial raw materials (timber not including)                             | 199                          | 1,033   |
| Manufactured goods  | 839                          |         |
| Building materials (timber not included)                                    | 196                          | 158     |
| All other classes of goods transported in whole truck-loads                 | 499                          | 626     |
| Exports:  |                              |         |
| via Danzig:   |                              |         |
| a) grain  | 39                           | 30      |
| b) timber   | 271                          | 132     |
| c) other classes of goods (with the exception of coal, sugar and petroleum) | 40                           | 25      |
| via other points:   |                              |         |
| a) grain  | 46                           | 33      |
| b) timber   | 517                          | 306     |
| c) other classes of goods (with the exception of coal, sugar and petroleum) | 178                          | 150     |
| Trucks loaded received from abroad  | 461                          | 932     |
| Car-loadings within the area of the Free City of Danzig                     | 250                          |         |
| Transit via Poland  | 855                          | 715     |
| Total work performed by freight trucks:                                     | 14,081                       | 12,402  |

The above figures indicate that the traffic in 1926 was larger than in the preceding year, increases being noticeable in both the inland and outward traffic; the number of trucks received from abroad showed a considerable decline.

**CONTRACT FOR REFRIGERATOR WAGGONS.** — In connection with the increased traffic of butter, eggs, fish, meat and other perishable products on the Polish Railways, the railway administration has increased the number of refrigerator waggons. At the present time there are 150 such waggons in operation, and a new contract has been placed with a Polish firm for the construction and delivery of a further 120 of the same type.

**PORT TRAFFIC IN JANUARY.** — The first month of the year did not witness any material changes in the activity of the Polish ports. Despite moderate fluctuations, the traffic continued to be large, though December, January and February usually form the

least favourable period for navigation on the Baltic, owing to cold, bad weather conditions and floating ice, the latter being a frequent occurrence.

In Danzig, the number of arrivals and departures declined considerably in January, although, the falling off in the aggregate tonnage was comparatively small, the figures being as follows: arrivals 452 totalling 299,805 reg. tons, and departures 476 aggregating 320,943 reg. tons. The corresponding figures for December last were: arrivals—510 with 312,671 reg. tons and departures—525 with 322,505 reg. tons. The figures for January 1926 were the following: arrivals 354 with 204,559 reg. tons, and departures—367 with 221,572 reg. tons; it will be seen that the port traffic in the port increased by about 50 per cent in twelve months.

Coal consignments sent through Danzig in January amounted to 283,306 tons and were directed as follows (in tons):

|          |         |
|----------|---------|
| Sweden   | 151,363 |
| Denmark  | 68,468  |
| Italy    | 23,306  |
| France   | 8,777   |
| Latvia   | 14,501  |
| Finland  | 9,584   |
| Norway   | 2,505   |
| Russia   | 2,200   |
| Germany  | 829     |
| Esthonia | 1,773   |
| Total:   | 283,306 |

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

|                 | Arrivals:<br>shlps reg. tons | Departures:<br>shlps reg. tons |
|-----------------|------------------------------|--------------------------------|
| Poland & Danzig | 38 19,967                    | 43 20,360                      |
| Germany         | 172 86,107                   | 169 83,785                     |
| Finland         | 6 9,304                      | 4 7,915                        |
| Esthonia        | 3 1,578                      | 2 2,832                        |
| Latvia          | 11 8,385                     | 11 8,062                       |
| Lithuania       | 1 437                        | 1 437                          |
| Sweden          | 119 68,883                   | 128 72,704                     |
| Norway          | 12 7,875                     | 19 14,068                      |
| Denmark         | 58 55,406                    | 64 60,881                      |
| England         | 22 33,502                    | 23 41,605                      |
| Holland         | 2 668                        | 3 774                          |
| Belgium         | 1 74                         | 1 74                           |
| France          | 7 7,619                      | 6 5,331                        |
| Greece          | — —                          | 1 1,855                        |
| Austria         | — —                          | 1 260                          |
| Total:          | 452 299,805                  | 476 320,943                    |

In the port of Gdynia the movement of ships during the period under review was: arrivals 29 with 17,127 reg. tons as against 28 with 15,800 reg. tons in December last, the departures being 28 aggregating 16,894 reg. tons, which took 36,824 tons of coal (in December 37,876 tons). The number of passengers taken at Gdynia was 455.

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

|                 | Arrivals | Departures |
|-----------------|----------|------------|
| Poland & Danzig | 1        | 1          |
| Sweden          | 10       | 10         |
| Germany         | 9        | 9          |
| Denmark         | 5        | 4          |
| France          | 2        | 2          |
| Norway          | 1        | 1          |
| Esthonia        | 1        | 1          |
| Total:          | 29       | 28         |

**AERIAL COMMUNICATION IN JANUARY.** — Despite the fact that as in December last out of 8 air lines only 5 were operated, the number of flights made was larger than in that month and in January last year, the total being 221 (in December last 123, in January 1926—134) covering 52,370 klm. (in December 32,935 klm., in January 1926—37,997 klm.). The goods transported amounted to 9,602 kg. (in December—2,721 kg., in January 1926—4,964 kg.), and the postal bag—to 29 kg. (in December—24 kg.).

**REORGANISATION OF THE POST OFFICE.** — The administration of the Post, Telegraph and Telephones has been reorganised. Initially, the three services were controlled by a separate Ministry; subsequently, in accordance with the law of January 18, 1924, the three services were incorporated in the Ministry of Industry and Commerce as an autonomous Department. In the autumn of 1926, a new decree\* was issued,

\* See "The Polish Economist" No. 5/1926, page 184.

whereby the Department was transferred to the Ministry of Communication.

These arrangements, having proved defective, it has now been decided to

return to the original organisation. In accordance with the Presidential order, dated January 19, 1926 ("Dz. Ust. R. P." No. 5, item 26), the Posts and Telegraphs

are once again organised as a separate Ministry. M. Miedziński, Member of the Sejm, was appointed Minister of the Post.

## FINANCE AND BANKING

**FINANCIAL COUNCIL OF THE MINISTER OF FINANCE.** — In pursuance of a decision taken by the Council of Ministers, the President of the Republic has appointed to the Financial Council the following persons as Members: M. M. T. Epstein, President of the Chamber of Commerce and Industry at Kraków; Dr. W. Fajans, Manager of the Powszechny Bank Związkowy; Dr. D. Gross, lawyer; J. Hołyński, Sub-Manager of the Central Union of Polish Industry, Commerce, Mining and Finance; W. Jeziński, for-

mer Manager, Russian-Asiatic Bank, Schanghai; A. Krzyżanowski, Professor of the Kraków University; W. Łypacewicz, Member of the Sejm; J. Michalski, Member of the Sejm; Dr. F. Młynarski, Vice-President of the Bank of Poland, and J. Stecki, Member of the Senate.

**STATE REVENUE AND EXPENDITURE** in the month of January 1927 was the following (in millions of  $\text{zł}$ ):

|                                    | Revenue | Expenditure |
|------------------------------------|---------|-------------|
| A) Civil service ... ..            | 120.9   | 171.7       |
| The President of the Republic ...  | —       | 0.3         |
| The Parliament... ..               | —       | 0.8         |
| State Control ... ..               | 0.1     | 0.3         |
| Council of Ministers . . . . .     | —       | 0.1         |
| Ministry of Foreign Affairs ... .. | 1.3     | 4.5         |
| " " War ... ..                     | 1.4     | 53.5        |
| " " the Interior ... ..            | 1.1     | 18.7        |
| " " Finance ... ..                 | 106.8   | 7.5         |
| " " Justice ... ..                 | 3.1     | 9.1         |
| " " Industry and Commerce.         | 0.5     | 4.9         |
| " " Transport ... ..               | —       | 0.3         |
| " " Agriculture ... ..             | 1.6     | 3.3         |
| " " Religious Cults and Edu-       |         |             |
| cation . . . . .                   | 0.5     | 25.5        |
| " " Public Works . . . . .         | 3.2     | 4.2         |
| " " Labour and Social Pro-         |         |             |
| tection ... ..                     | 0.1     | 5.4         |
| " " Land Reform . . . . .          | —       | 2.6         |
| Pensions ... ..                    | 1.2     | 4.9         |
| Grants to Invalids ... ..          | —       | 9.2         |
| State liabilities ... ..           | —       | 16.6        |
| B) State Enterprises ... ..        | 12.1    | 0.7         |
| C) Monopolies ... ..               | 58.3    | —           |
| Total A + B + C:                   | 191.3   | 172.4       |

It will be seen from the table that, similarly to the last few months, January gave encouraging results, showing an excess of revenue over expenditure of  $\text{zł}$  18.9 million or over \$ 2 million. This is all the more gratifying as the extraordinary expenditures which had to be made during January amounted to close on  $\text{zł}$  20 million; this figure included a whole range of capital in-

vestments, which the Treasury can suspend in the event of its situation becoming less favourable. Thus, the ordinary expenditure amounted only to  $\text{zł}$  152 million; it may be added for the sake of comparison that the corresponding figure for January 1926 was  $\text{zł}$  175.4 million. The revenue for January, which was collected in accordance with budget estimates, amounted to  $\text{zł}$  191.3

million as compared with  $\text{zł}$  132.2 and  $\text{zł}$  130.5 million for the corresponding periods of the past two years. It is safe to say, therefore, that there is a steady increase in the State revenue.

Among the revenues from the State undertakings those derived from forests and from the Post and Telegraphs, amounting to  $\text{zł}$  6.8 and  $\text{zł}$  3.3 million are noteworthy.

The State Railways gave comparatively less, namely:  $\text{zł}$  1.8 million.

Thanks to the general improvement of the State revenue as from July 1926, Poland has a fairly large budgetary surpluses; and the existing cash reserves enable one to look forward with confidence to the next few months, which are usually lean, owing to the fact that no important revenues fall due during that period.

**APPROVAL OF THE BUDGET BY THE SEJM.** — As already announced in these columns\*), the budget year will now commence on the first of April. The project of the budget law for the year 1927/8 was submitted by the Government to the Parliament on October 1926; subsequently, it was considered by the Budget Committee of the Sejm, and finally, at the end of January last, and at the beginning of February, it was discussed in the Sejm. The deliberation was completed, and after the 3rd reading the budget law was passed on February 14th.

The slight amendments introduced were partly proposed by the Members of the Sejm itself, and partly by the Government. It may be recalled that the original preliminary budget, at the time of its submission to the Sejm, provided for an expenditure of  $\text{zł}$  1,898.7 million and a revenue of  $\text{zł}$  1,899.3 million. The final figures, as approved of by the Sejm, were  $\text{zł}$  1,982.1 million and  $\text{zł}$  1,986.0 million respectively. The last mentioned figure includes the following revenue: State administration, including taxes — 1,232.9 million; State Undertakings —  $\text{zł}$  106.6 million; State Monopolies —  $\text{zł}$  646.5 million.

It may be of interest to add that, in accordance with the Polish Constitution, after the budget is approved by the Sejm, it passes to the Upper House, the Senate, whence it is returned to the Sejm, if the Senate disapproves the de-

\*) See "The Polish Economist", No. 5/1926, page 188.



WATER SUPPLY OF THE ELECTRICAL POWER STATION AT GRODEK (POMERANIA)

cision of the Sejm. In such cases a second decision of the Sejm is final.

**TAXES IN JANUARY.** — As regards the revenue from taxation, the figures in January are usually among the lowest. In the current year, however, the receipts are exceptionally large, in fact much larger than the average monthly figures for last year.

A comparison of the receipts from taxation with those of the past two years is worthy of note: for January 1925 they were  $\text{zł}$  106.8 million, for January 1926— $\text{zł}$  111.4 million, while for the corresponding month of the current year, as may be seen by the table, they were  $\text{zł}$  158.8 million.

Compared with the last year, there is, in the first place, an increase of  $\text{zł}$  41.0 million in the revenue from direct taxation. This is largely due to increased revenues from the industrial and the income taxes, the figures showing an excess of  $\text{zł}$  4.4 million and  $\text{zł}$  3.0 million respectively over last year. It is certain that this improvement is the outcome of the better economic conditions prevailing in the country; the circumstance that the population of certain parts of the country, in which the income tax was unknown, is now more accustomed to it, also contributed towards this end.

Direct taxes showed a substantial advance over the preceding month and the corresponding period of last year. The most important item in this group was the tax on sugar, which brought in nearly  $\text{zł}$  10 million. Customs duties gave more than in January last year, but less than in December last. This indicates that the volume of imports diminished during the period under review.

Finally, the revenue from stamp fees showed a slight increase as compared with the preceding month, but a large one as compared with the corresponding period of 1926.

The situation is analogical in regard to extraordinary revenue. The property tax gave more than in January 1926, but less than in the latter months of the same year. The 10 per cent extraordinary supplementary tax, introduced in July last, being intimately bound up with all other taxes, also showed a decline. The State Monopolies, too, brought in less than in December last, but the revenue was above the monthly average for 1926. It should be mentioned here that the State Spirit Monopoly, after its extension to the whole of Poland as from January 1st, broke all its previous records, the net profit paid in to the Treasury amounting to  $\text{zł}$  31.2 million.

In view of the fact that Poland has only a provisional budget for the first quarter of this year, items showing  $\frac{1}{12}$ th of the budget estimate are included in the table below (in millions of  $\text{zł}$ ):

|  | Actual revenue:<br>December: |       | $\frac{1}{12}$ of the<br>yearly<br>budget |       |
|--|------------------------------|-------|---|-------|
|  | 1926                         | 1927  | 1926                                      |       |
| Direct taxes                           | 32.6                         | 41.1  | 60.4                                      | 27.7  |
| Indirect taxes                         | 12.5                         | 14.7  | 13.4                                      | 9.1   |
| Customs duties                         | 12.0                         | 19.2  | 21.1                                      | 16.7  |
| Stamp fees                             | 9.2                          | 13.3  | 12.7                                      | 9.2   |
| Total of the ordinary public revenues: | 66.3                         | 88.3  | 107.6                                     | 62.7  |
| Property tax                           | 4.4                          | 5.9   | 8.3                                       | 5.0   |
| 10 per cent extraordinary tax          | —                            | 6.3   | 7.4                                       | —     |
| Monopolies                             | 40.7                         | 58.3  | 67.3                                      | 37.9  |
| Total of public levies and monopolies: | 111.4                        | 158.8 | 190.6                                     | 105.6 |

**POLISH TOBACCO MONOPOLY IN JANUARY.** — During the month under review the total sales of tobacco products amounted to  $\text{zł}$  40.7 million. For the sake of comparison it should be mentioned that the average monthly sales during the last five months of 1924 (in the course of which the State Monopoly had operated) amounted to  $\text{zł}$  21.6 million, in 1925 — to  $\text{zł}$  30.9 million, and in 1926 — to  $\text{zł}$  39.6 million. The average for the 3rd and 4th quarters of last year during which the present prices were in force, was  $\text{zł}$  44.1 million and  $\text{zł}$  43.7 million respectively. This indicates that the lower grades of tobacco

were more in favour in January than in the previous month.

The net revenue accruing to the Treasury from the Monopoly amounted in January to  $\text{zł}$  24 million. The average monthly figure for the last five months of 1924 was  $\text{zł}$  13.2 while for the years 1925 and 1926 it was  $\text{zł}$  15.2 million and  $\text{zł}$  22.5 million respectively. The revenue from this source was estimated in the budget for the next year (April 1, 1927—March 31, 1928) at  $\text{zł}$  270 million, which sum represents the actual net profit derived from the State Tobacco Monopoly in the year 1926.

## STOCK EXCHANGE

### FOREIGN CURRENCIES

The characteristic feature of the year was the appreciation of the Złoty on both the home and on the foreign money markets. The month of January may in a sense be considered as a turning point for the Polish currency. The volume of the foreign currency reserves at the Bank of Poland has increased from day

to day, and at the end of January the Bank was besieged with sellers of foreign paper money, the daily purchases amounting on the average to about \$ 1 million. The demand for Dollars on the official Stock Exchange was small. Banking institutions confined their purchases to a bare minimum and employed their reserves. The requirements of trade and industry also declined as compared with the preceding month. Business circles which usually look to the banks for their supplies of foreign currencies in connection with foreign payments, availed themselves less of these services, as, in view of the appreciation of the Złoty, it was not considered advisable to increase cash reserves kept in foreign valuta. The result was that the volume of business in foreign currencies transacted on the Warsaw Stock Exchange in January declined by 20 per cent as compared with the preceding month, the figures for the two months being \$ 9 and \$ 7 million respectively.

As may be seen from the appended statement, the quotation of the Dollar,

which had remained unchanged for a considerable time, declined in January by 6 grosz, other strong currencies experiencing a similar reduction. Of the fluctuating currencies the French Franc has of late shown some measure of stability as compared with the preceding month, while the Italian Lira, in conformity with foreign stock exchange quotations, depreciated by about 10 per cent. The Złoty also improved on the foreign stock exchanges. The offers of foreign currencies, and of Dollars in particular, assumed such large proportions on the Warsaw private market that it was difficult to negotiate large transactions, without a serious loss on the exchange. The rate of exchange of the Dollar on the private market at the end of January was much below of that ruling on the official Stock Exchange, and at the end of the month in question the difference between the official and unofficial quotations was 10 grosz. A similar position is reported to obtain on the provincial money market in Poland.

|                          |             | 31.12<br>(1926) | 3—8.1  | 10—15.1 | 17—22.1 | 24—29.1 | 31.1   | par value |
|--------------------------|-------------|-----------------|--------|---------|---------|---------|--------|-----------|
| <b>Warsaw Exchange</b>   |             |                 |        |         |         |         |        |           |
| London                   | £ 1         | 43.79           | 43.77  | 43.77   | 43.77   | 43.59   | 43.43  | 25.22     |
| New York                 | \$ 1        | 9—              | 9—     | 9—      | 9—      | 8.97    | 8.94   | 5.19      |
| Paris                    | Fr. Fr. 100 | 35.65           | 35.66  | 35.82   | 35.83   | 35.50   | 35.30  | 100.—     |
| Brussels                 | Belg. 100   | 125.55          | 125.54 | 125.44  | 125.39  | 124.78  | 124.25 | 100.—     |
| Zurich                   | Sw. Fr. 100 | 174.30          | 174.18 | 173.90  | 173.70  | 173.05  | 172.34 | 100.—     |
| Milan                    | Lir. 100    | 40.80           | 40.29  | 39.08   | 39.05   | 38.73   | 38.45  | 100.—     |
| Amsterdam                | Fl. 100     | 361.10          | 361.06 | 360.86  | 360.77  | 359.46  | 357.95 | 208.32    |
| Vienna                   | Sh. 100     | 127.35          | 127.19 | 127.07  | 127.08  | 126.86  | 126.38 | 72.93     |
| Prague                   | Kcz. 100    | 26.72           | 26.72  | 26.72   | 26.72   | 26.63   | 26.54  | 105.01    |
| Stockholm                | Kr. 100     | 241.25          | 241.25 | 241.10  | —       | 240.25  | —      | 138.89    |
| <b>Foreign Exchanges</b> |             |                 |        |         |         |         |        |           |
| London                   | £ 1         | 43.50           | 43.50  | 43.50   | 43.50   | 43.50   | 43.50  | 25.50     |
| New York                 | zł 100      | 11.75           | 11.75  | 11.54   | 11.58   | 11.58   | 11.50  | 11.75     |
| Zurich                   | zł 100      | 57.50           | 57.50  | 57.50   | 57.42   | 58.50   | 58.50  | 100.—     |
| Vienna                   | zł 100      | 78.51           | 78.60  | 78.70   | 78.68   | 79.03   | 79.40  | 137.13    |
| Prague                   | zł 100      | 375.75          | 373.45 | 374.31  | 374.92  | 376.85  | 379.—  | 651.—     |
| Berlin                   | zł 100      | 46.43           | 46.59  | 46.62   | 46.70   | 46.97   | 47.25  | 81.—      |
| Danzig                   | zł 100      | 56.99           | 57.13  | 57.24   | 57.27   | 57.61   | 58.05  | 99.108    |

### SHARES

The share market was very brisk during the period under review. Both on the Stock Exchange and on the private market the volume of transactions was exceptionally large. The difference between the two consisted in that the transactions on the Stock Exchange

were effected for cash, while outside the business was mainly done for future delivery. A number of banks were busy buying shares for foreign buyers, who displayed a particularly keen interest in Polish industrial securities. The demand for the Bank of Poland stock continued to be strong, while the supplies

available are shrinking; these shares are hoarded by capitalists, as a sure and profitable investment, and are being gradually withdrawn from circulation. The shares of banking institutions which are usually dull, were in demand, though it is true that other shares were also in favour. The quotations for the Bank



year instalments destined for amortisation. Besides the 5 per cent and 4½ per cent bonds, the appended table gives the 8 per cent bonds of this Society, which have now made their appearance on the Stock Exchange.

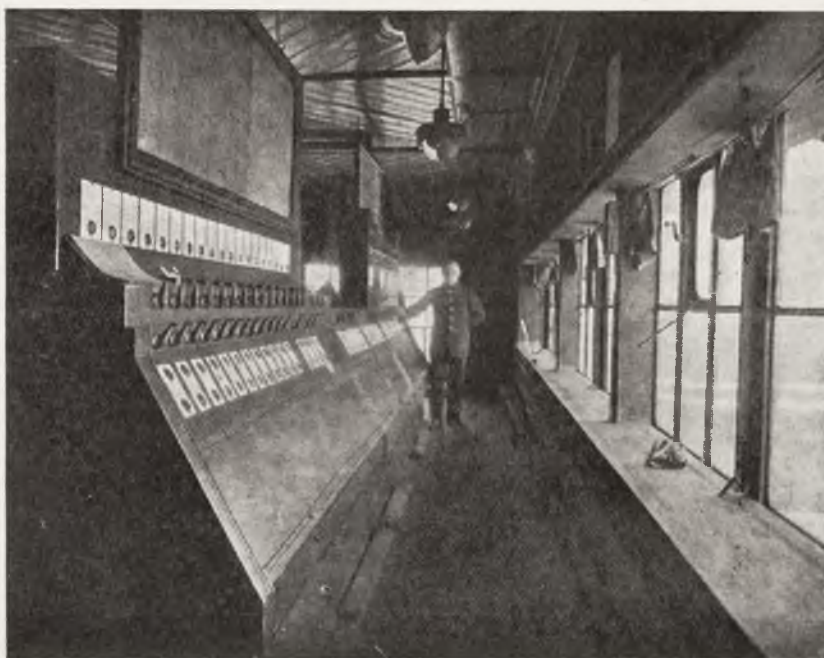
**THE REDUCTION OF THE RATE OF DISCOUNT BY THE BANK OF POLAND.** — In pursuance of the decision of the Council of the Bank taken on February 10th last, the Bank of Poland reduced the official discount rate on February 11th from 9½ to 9 per cent, and the rate of interest on term loans and open credit — from 11 to 10½ per cent.

This is the third reduction of the official rate of interest within the last few months. The first reduction was on July 7th 1926\*), when the discount rate was reduced from 12 to 10 per cent, and the rate of interest on loans and open credit from 14 to 12 per cent; the second was on December 13th last\*\*), the rates of interest and of discount being reduced from 10 to 9½ per cent and from 12 to 11 per cent respectively.

The decline of the official rate is due to the progress in the stabilisation of the Zloty and the improvement of the conditions ruling on the short-term credit market. The volume of credits seeking employment are on the increase, thereby causing a reduction of the rate of interest. On the other hand, the demand for credit originating in the Bank of Poland steadily decreases, which is illustrated by the fact that the volume of discount credit rose from  $\text{z} 345$  million at the end of May to  $\text{z} 454$  million at the end of January, while the credit actually employed during the same period rose from  $\text{z} 303$  million to  $\text{z} 319$  million.

**AMENDMENTS TO THE FOREIGN CURRENCY REGULATIONS\*\*\*).** — The "Dz. Ust. R. P." No. 8, item 67, contains a decree, introducing certain changes to the regulations now in force, dated August 15th 1926, dealing with the movement of foreign currencies as well as the circulation of funds between Poland and foreign countries ("Dz. Ust. R. P." No. 85, item 482). These amendments mainly concern the movement of foreign currencies derived from exports and also the collection of bills and cheques payable in Poland on behalf of foreign firms and persons. The prescriptions relative to currencies derived from exports contained in §§ 20 to 29 of the regulation dated August 15th 1926, now in force, have been modified as follows:

1. — The term of validity of currency certificates (white and pink) is limited to three months from the date of issue without the privilege of prolongation (§ 21, item 4, and § 24, item 2). However, certificates, which have not been



INTERIOR OF A RAILWAY SIGNAL BOX

made use of within three months, may be exchanged against new ones for a similar period. The object of this restriction is to render it more difficult to avoid the existing prohibition regulating the transfer of these certificates to third parties, and to stop unlawful dealing in them.

2. — The amendments provide for the obligation to submit the currency certificates to the railway authorities at the time of dispatch of the goods and for the exemption from the operations of the order of the following: a) consignments dispatched by the representatives of foreign states, b) official parcels, c) travellers effects and household furniture, d) effects used for packing purposes and furniture carts, e) samples, f) goods in small quantities leaving the country in the frontier belt, g) foreign goods to be returned to the country of origin or goods to be subject to a process of manufacture or for repairs, h) transit consignments (§ 21a).

As a matter of fact, the above regulations do not constitute any novelty, as they are almost an exact copy of those contained in § 8, 11, and 12 of the order published in the "Monitor Polski" No. 437/1924, item 745.

3. — As regards currencies obtained for the exports of goods enumerated in art. 23 and 26 (timber, certain agricultural, chemical, mining and foundry products), instead of the former obligation to send to the Bank of Poland a certain proportion of these currencies, the exporter must now remit the total proceeds from the export, with the exception of certain sums indispensable to him for economically justified purposes, and which were duly proved at the time of the sale to the Bank. Foreign currencies, which are not subject to the above regulations, will be placed by the Bank of Poland at the

free disposal of the exporter. If prior to the expiry of the term of payment (§ 25) or the term of transfer to the Bank of Poland of currencies from the above mentioned exports, the exporter submits to the Bank of Poland documents justifying payments effected by him, the sum of payment or transfer to the Bank of Poland will be reduced accordingly.

In connection with the amendments to the paragraph mentioned above, the wording of art. 23, 27 and 28, and 22, item 2, has been modified. In this way the adoption of the compulsory sale to the Bank of Poland of the total receipts for exports effected on the strength of pink and green currency certificates, has the advantage of reserving the same treatment to all exporters; for, those of the latter whose payments abroad did not absorb the surpluses, over the amounts which they were compelled to sell to the Bank of Poland, were until now in a somewhat privileged position.

4. — The terms of payment for the collection of foreign currencies for the export of the products enumerated in art. 23 and 26 are to be fixed in each particular case individually; for certain products these terms were shortened. The art. 25 and 29 (with a revised wording) provide for the following terms:

a) for the payment of currencies derived from timber exports — 3 months; for petroleum products — 2 months; for grain (rye, wheat, oats and barley) as well as for eggs and pigs — 1 month; for all other products enumerated in art. 23 — 3 months;

b) for the collection of foreign currencies derived from the export of coal, coke and briquettes — 2 months; for all the remaining products enumerated in art. 26 — 3 months.

The shortening of the above mentioned

\*) See "The Polish Economist" No. 2/1926, page 74.

\*\*) See "The Polish Economist" No. 1/1927, page 40.

\*\*\*) See "The Polish Economist" No. 4/1926, page 149.

terms has been effected in accordance with the experience of the Bank of Poland, as is was observed that the export transactions in these articles, are usually completed within the stipulated periods.

5. — Art. 46 was supplemented with an additional provision (§ 2) concerning the powers of the Treasury to control the exporters as stated in art. 43.

6. — By a supplementary provision to art. 48 it was recognised that the Bank of Poland has the privilege of prolonging the terms of payment and of collection of foreign currencies derived from exports effected on the strength of the foreign currency certificates issued by the Bank. The Bank of Poland is not required to refer these matters to the Treasury (§ 2). The last named provision is an extension of the stipulations contained in art. 14 of the above mentioned instructions (*"Monitor Polski"* No. 437/1924).

The stipulations of the decree dated August 15th 1926, now in force, concerning payments on foreign account, or the transfer of money to foreign countries, resulting from the collection of bills payable in Poland of behalf of firms and individuals residing abroad (art 39)—are extended to cheques sent from abroad but which had been issued and are made payable in Poland, as well as to all bills and cheques payable in Poland but which had been issued by Polish citizens abroad (§§ 4 and 5). In this connection, by means of the issue of supplementary stipulations contained in art. 12 and 15, the prohibition of dispatch of cheques to foreign countries without a permit from the Treasury was also instituted; the cheques are to be stamped, in the same manner as bills of exchange, before they can legally be sent to a foreign country.

**IMPROVEMENT IN THE QUOTATIONS OF POLISH STATE LOANS ON THE NEW YORK EXCHANGE IN 1926.** — Polish foreign loans floated on the American market improved considerably in 1926. Compared with January 1926, the quotations at the beginning of 1927 showed considerable increases. Thus the 6 per cent Dollar Loan 1920, rose by 22 per cent, and the 8 per cent Dollar Loan 1925 — by 8 per cent, the last quotations for these two loans being 68.05 and 88.66 respectively.

Up to April 1926 the quotations were maintained at practically the same level, in May and June they averaged 63.08 and 84.21 respectively; an improvement set in in July and they reached 70.70 and 88.91 in October, 73.46 and 91.17 in November, and 75.75 and 92.90 in December.

In January 1927 the 6 per cent Dollar Loan was quoted at 83, 84 and 85, on which rate it still stands, while the 8 per cent Dollar Loan 1925 is stabilised at the level of 95<sup>1</sup>/<sub>2</sub>, 95<sup>1</sup>/<sub>4</sub>, 95<sup>1</sup>/<sub>2</sub>, which is over the issue price of 95.

Parallel with the increase in quotation, the volume of transactions also rose, the largest turnover being in December 1926, when it was \$ 406,000 for the 6 per cent Dollar Loan 1920, and \$ 2,941,000 for the 8 per cent Dollar Loan 1925. Large

deals were also completed in May, amounting to \$ 166,000 and \$ 2,557,000 respectively, the corresponding figures for November being \$ 169,000 and \$ 2,385,000.

The total volume of transactions in 1926 was:

|                                     |              |
|-------------------------------------|--------------|
| for the 6 per cent Dollar Loan 1920 | \$ 1,596,000 |
| .. .. 8 .. .. .. 1925               | 17,262,000   |

**CREDIT FACILITIES IN CONNECTION WITH THE LAND REFORM.** — In order to facilitate the parcellation of large landed estates among small agriculturalists, which is being carried out in accordance with the Land Reform Law — the Government has issued new regulations providing for the granting of special credit facilities. This assistance is given by the State Agricultural Bank in the form of 8 per cent bonds, expressed in gold. The loans are granted to the owners of divided estates; they extend over long periods (10, 20 or 30 years) and may not exceed 50 per cent of the estimated value of the property. Detailed regulations are published in the *"Monitor Polski"* No. 243/1926.

## BANK OF POLAND

— During January the bullion and foreign currency reserves of the Bank of Poland experienced a further increase, while the volume of bank notes in circulation, and credits, which had both showed a large advance at the end of last year, diminished slightly. The increase of the bullion reserve by gold  $\text{zł}$  5.3 million is to be ascribed to new purchases of bar gold in New York amounting to \$ 1 million. The stock of silver increased in January by gold  $\text{zł}$  0.2 million. The volume of foreign currencies rose by gold  $\text{zł}$  8.3 million, and that of foreign drafts, including sums due to the Bank by foreign correspondents, advanced by gold  $\text{zł}$  18.0 million. The volume of foreign currency reserves increased by gold  $\text{zł}$  26.3 million. This advance was due to increased purchases of foreign currencies, which amounted to gold  $\text{zł}$  89.7 million, of which gold  $\text{zł}$  19.7 million for the requirements of governmental institutions. The purchases were particularly large at the end of the month, in connection with the appreciation of the  $\text{zł}$ oty, which rose from  $\text{zł}$  9.00 to  $\text{zł}$  8.95 to the Dollar. The total of foreign currency purchased includes the sum of gold  $\text{zł}$  1.1 million derived from the export of goods\*).

The bullion and foreign currency reserves on January 31, 1926 as compared with the preceding month, are shown below (in millions of gold  $\text{zł}$ ):

|                    | December<br>31st 1926 | January<br>31st 1927 |
|--------------------|-----------------------|----------------------|
| gold               | 138.2                 | 143.5                |
| silver             | 0.6                   | 0.8                  |
| foreign currencies | 18.4                  | 26.8                 |
| exchange           | 107.0                 | 124.9                |
| Total:             | 264.2                 | 296.0                |

The bullion and foreign currency cover of the bank notes in circulation rose by gold  $\text{zł}$  31.8 million, and as at the same time the volume of the latter declined from  $\text{zł}$  592.7 to  $\text{zł}$  584.8 million, the percentage of the cover rose in proportion and was 53.21 per cent on January 31 1927, as compared with 46.90 per cent on December 31, 1926. Thus, on converting the cover (expressed in gold  $\text{zł}$ ) and the volume of bank notes in circulation into Dollars, it will be seen that the respective amounts are: \$ 57.1 million and \$ 64.0 million, which means that at the present rate of exchange of the  $\text{zł}$ oty the cover of bullion and foreign currency in relation to the bank notes in circulation is 89.3 per cent.

The bank cover of the money in circulation was considerably reduced during January, as is shown by the following statement (in millions of  $\text{zł}$ ):

|   | December 31st<br>1926 | January 31st<br>1927 |
|---|-----------------------|----------------------|
| bills, warrants, with-<br>drawn securities<br>with coupons                            | 338.0                 | 319.4                |
| Polish silver coins<br>and token money  | 29.1                  | 0.2                  |
| loans against securities  | 9.4                   | 10.0                 |
| interest-bearing securities,<br>the property of the Bank<br>liability of the Treasury | 2.2                   | 2.4                  |
|   | 25.0                  | 25.0                 |
| Total:  | 403.6                 | 357.0                |

The volume of bills in portfolio declined from  $\text{zł}$  321.3 million in December to  $\text{zł}$  319.2 million in January, while that of credits granted rose from  $\text{zł}$  449 to 454 million; the difference between the volume of credits granted and those actually employed was more marked than in the preceding month, while the utilisation of credits fell from 71½ per cent to 70 per cent. The official discount rate of the Bank was reduced from 9½ to 9 per cent on February 11th.

The volume of interest-bearing securities discounted by the Bank declined from  $\text{zł}$  16.6 million at the end of December to  $\text{zł}$  0.2 million at the end of January. Loans against securities rose from  $\text{zł}$  9.4 to  $\text{zł}$  10.0 million; on the other hand, advances in connection with report transactions declined from  $\text{zł}$  29.3 to  $\text{zł}$  28.5 million.

The balance sheet of the Bank on January 10th revealed considerable decreases under "various liabilities" and "various assets", which is directly bound

\*) Besides this the transfers for exports effected in  $\text{zł}$  amounted during January to  $\text{zł}$  3.5 million.

|  | DECEMBER 31st  |                | JANUARY 10th   |                | JANUARY 20th   |                | JANUARY 31st   |                |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <b>Assets:</b>                                 |                |                |                |                |                |                |                |                |
| <b>Bullion:</b>                                |                |                |                |                |                |                |                |                |
| Gold in bars and cash                          | 588,221,775.74 |                | 138,246,910.70 |                | 138,280,056.47 |                | 143,518,502.97 |                |
| Silver " " " "                                 | 578,193.90     | 138,809,969.64 | 614,785.94     | 138,861,696.64 | 672,422.26     | 138,952,478.73 | 802,559.91     | 144,321,062.88 |
| Foreign balances                               |                | 164,946,069.87 |                | 166,549,341.46 |                | 171,198,252.39 |                | 187,180,032.44 |
| Exchange difference on currency a/c.           |                | 119,595,642.19 |                | 110,315,613.76 |                | 114,853,049.93 |                | 132,750,622.77 |
| Silver and token coins                         |                | 29,054,007.37  |                | 27,039,590.34  |                | 23,471,340.94  |                | 196,214.51     |
| Bills of exchange                              |                | 321,330,147.71 |                | 311,442,624.78 |                | 315,536,071.40 |                | 319,236,953.55 |
| Loans against securities - Report              |                | 9,359,216.72   |                | 9,707,477.68   |                | 10,121,004.25  |                | 10,046,090.—   |
|  |                | 29,275,366.—   |                | 29,275,366.—   |                | 28,437,366.—   |                | 28,526,466.—   |
| Interest-bearing securities discounted         |                | 16,642,351.01  |                | 7,006,672.47   |                | 634,027.51     |                | 197,965.98     |
| Interest-bearing securities bought             |                | 2,167,356.56   |                | 2,129,252.32   |                | 2,169,721.55   |                | 2,367,478.91   |
| Loans to Government                            |                | 25,000,000.—   |                | 25,000,000.—   |                | 25,000,000.—   |                | 25,000,000.—   |
| Property and fittings                          |                | 33,534,088.36  |                | 36,282,185.25  |                | 36,282,182.25  |                | 36,282,185.25  |
| Other assets                                   |                | 55,237,498.63  |                | 28,780,872.63  |                | 28,077,280.06  |                | 26,282,330.66  |
|  |                | 944,951,714.06 |                | 892,390,693.33 |                | 894,732,778.01 |                | 912,387,402.95 |
| <b>Liabilities:</b>                            |                |                |                |                |                |                |                |                |
| Capital  |                | 100,000,000.—  |                | 100,000,000.—  |                | 100,000,000.—  |                | 100,000,000.—  |
| Reserve fund                                   |                | 2,907,870.—    |                | 3,283,548.59   |                | 3,283,548.59   |                | 3,283,548.59   |
| Notes in circulation                           |                | 592,657,030.—  |                | 551,620,010.—  |                | 539,309,790.—  |                | 584,805,170.—  |
| <b>Current accounts and other liabilities:</b> |                |                |                |                |                |                |                |                |
| Government Institutions                        |                | 9,380,506.40   |                | 19,355,658.47  |                | 39,613,387.18  |                | 28,611,393.84  |
| Outstanding balances - Various                 |                | 125,029,224.64 |                | 132,218,607.53 |                | 132,145,257.74 |                | 120,566,602.31 |
|  |                | 8,486,321.16   |                | 8,144,833.43   |                | 7,423,469.36   |                | 7,417,084.13   |
| Liabilities in foreign currencies              |                |                |                | 159,719,129.48 |                | 178,162,114.28 |                | 156,595,060.28 |
| Liabilities on report transactions             |                |                |                | 17,339,339.53  |                | 17,743,586.39  |                | 13,979,859.75  |
| Other liabilities                              |                |                |                | 22,411,827.10  |                | 21,526,507.96  |                | 21,516,369.68  |
|  |                | 66,739,595.23  |                | 32,964,201.28  |                | 34,687,230.79  |                | 32,206,774.65  |
|  |                | 944,951,714.06 |                | 892,390,693.33 |                | 894,732,778.01 |                | 912,387,402.95 |

up with the preparation of the balance sheet for 1926; these operations also brought about an increase in the reserve fund from  $\text{z} 2.9$  to  $\text{z} 3.3$  million, owing to the inclusion of revenue brought in by the securities composing this fund.

Of the other liabilities an increase from  $\text{z} 134.4$  to  $\text{z} 149.2$  million in the balance of the guarantee account is worthy of note. Thus the balance of the Treasury Cash Offices advanced from  $\text{z} 9.4$  million to  $\text{z} 28.6$  million, whereas that of other accounts decreased from  $\text{z} 125.0$  to  $120.6$  million. The liabilities in foreign currencies fell from gold  $\text{z} 39.7$  to gold  $\text{z} 35.5$  million. As already mentioned, the volume of bank notes, as at January 31, 1927, declined to  $\text{z} 584.8$  million.

**GENERAL MEETING OF SHAREHOLDERS OF THE BANK OF POLAND.** — As is known, the Bank of Poland is a Joint Stock Company with a capital of  $\text{z} 100,000,000$ , which is in the hands of 156,500 shareholders. It may be of interest to know that the distribution of the shareholders among the different classes of the Polish community is actually as follows: Polish industry — 35.5 per cent; civil servants and liberal professions — 23.1 per cent; banks — 11.1 per cent, commerce — 9.8 per cent; agriculture — 7.0 per cent;

savings banks — 6.8 per cent; cooperative societies — 2.1 per cent; towns and village authorities — 1.7 per cent; State Treasury — 1.1 per cent; various — 1.3 per cent.

On February 10th was held the

annual general meeting of the shareholders of the Bank. The meeting approved of the report, the balance sheet, the profit and loss account, the appropriation of the profits for 1926, and elected five Members of the Council,



ERECTION OF HOUSES IN THE NEW SUBURBS OF WARSAW (PHOT. S. PLATER)





NEW COTTON WEAVING SHED AT THE WIDZEW COTTON MILLS (ŁÓDŹ)

three Deputy Members, and all the Members of the Commission of the Control.

The following were elected to the Council of the Bank: M. M. B. Herse, St. Przanowski, J. Zychliński, M. Ra-

packi and St. Karłowski, and as Deputy Members: M.M. P. Geisenheimer, Z. Służkiewicz and W. Seydlitz; to the Commission of Control were reelected: M.M. T. Kociatkiewicz, St. Laurysiewicz, St. Lipiński, L. Skulski and Z. Szcza-

wiński, and as Deputy Members of this Commission: M.M. A. Rząd, S. Samulski and A. Sturm.

A detailed report on the activities of the Bank of Poland for 1926 will appear in our next issue.

## LATEST NEWS

### WARSAW EXCHANGE:

|        | 10.2.27 | 20.2.27  |
|--------|---------|----------|
| \$ 1 = | zł 8.95 | zł 8.95  |
| £ 1 =  | „ 43.52 | „ 43.51½ |

### BANK OF POLAND:

| ASSETS:   | 10.2.27           | 20.2.27           |
|---|-------------------|-------------------|
| Gold and silver reserve .                                 | zł 146,464.576.71 | zł 146,548.987.61 |
| Foreign balances ... „                                    | 200,070.920.52    | „ 211,786.155.88  |
| Bills of exchange ... „                                   | 320,237.259.95    | „ 327,972.491.67  |
| Loans against securities „                                | 10,068.030.—      | „ 10,454.858.02   |
| <b>LIABILITIES:</b>                                       |                   |                   |
| Notes in circulation ... „                                | 585,530.600.—     | „ 583,485.440.—   |
| Current accounts ... „                                    | 190,526.635.24    | „ 221,904.269.57  |
| <b>BANK NOTES COVER</b><br>(bullion & foreign currencies) | 55.88%            | 58.30%            |

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| Sugar Industry Bank Ltd., Poznań . . . . .           | VIII | The Silesian United Royal & Laura Foundries, Up. Silesia . . . . . | X    |

### BANKS

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| Sugar Industry Bank Ltd., Poznań . . . . . | VIII |  |   |

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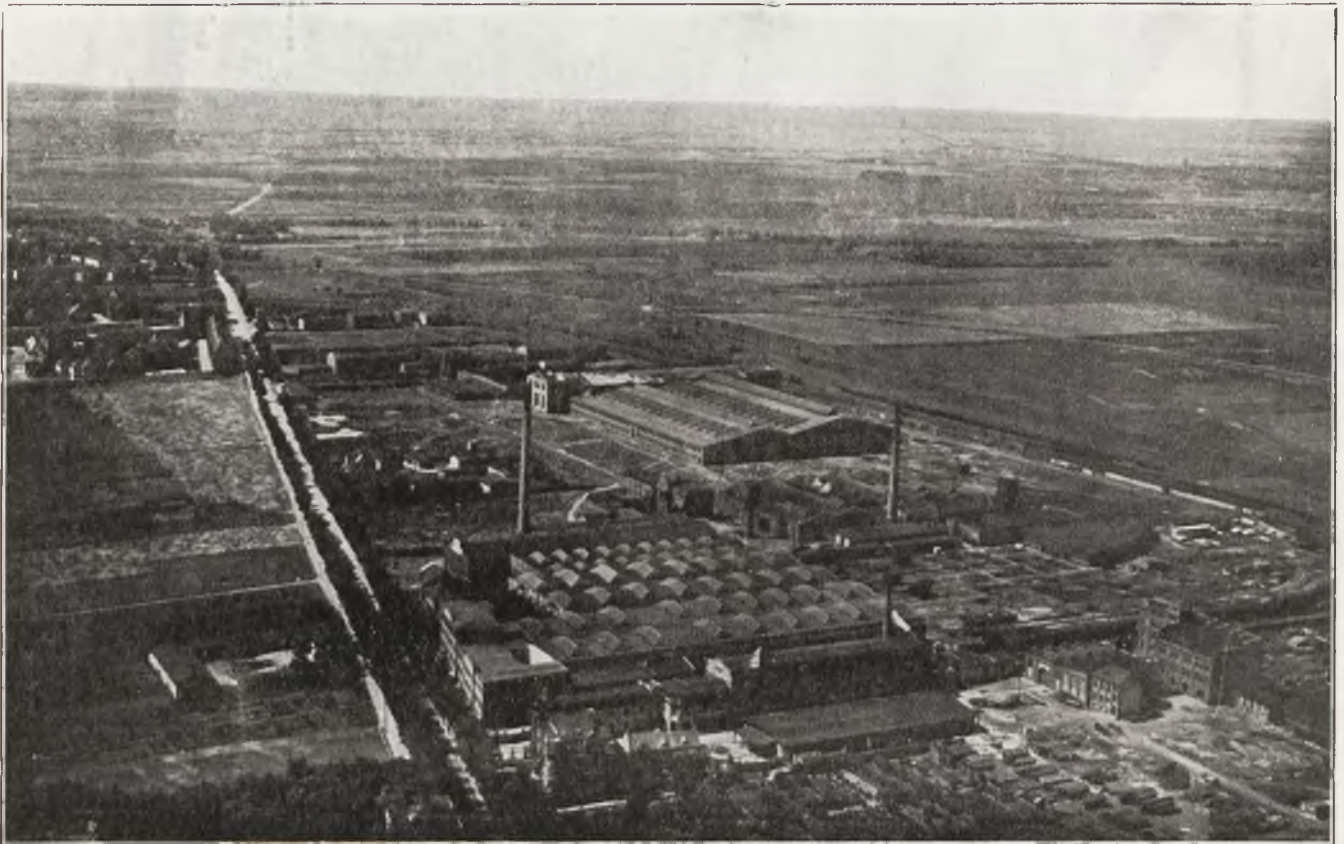
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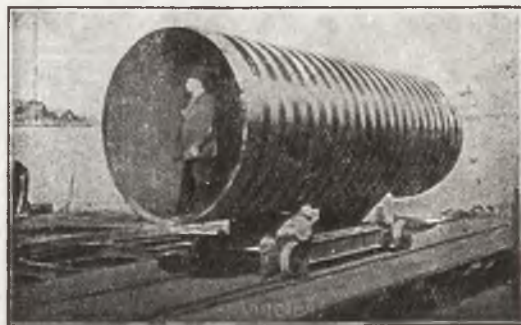
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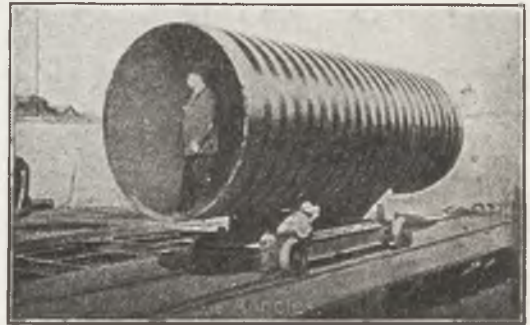
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