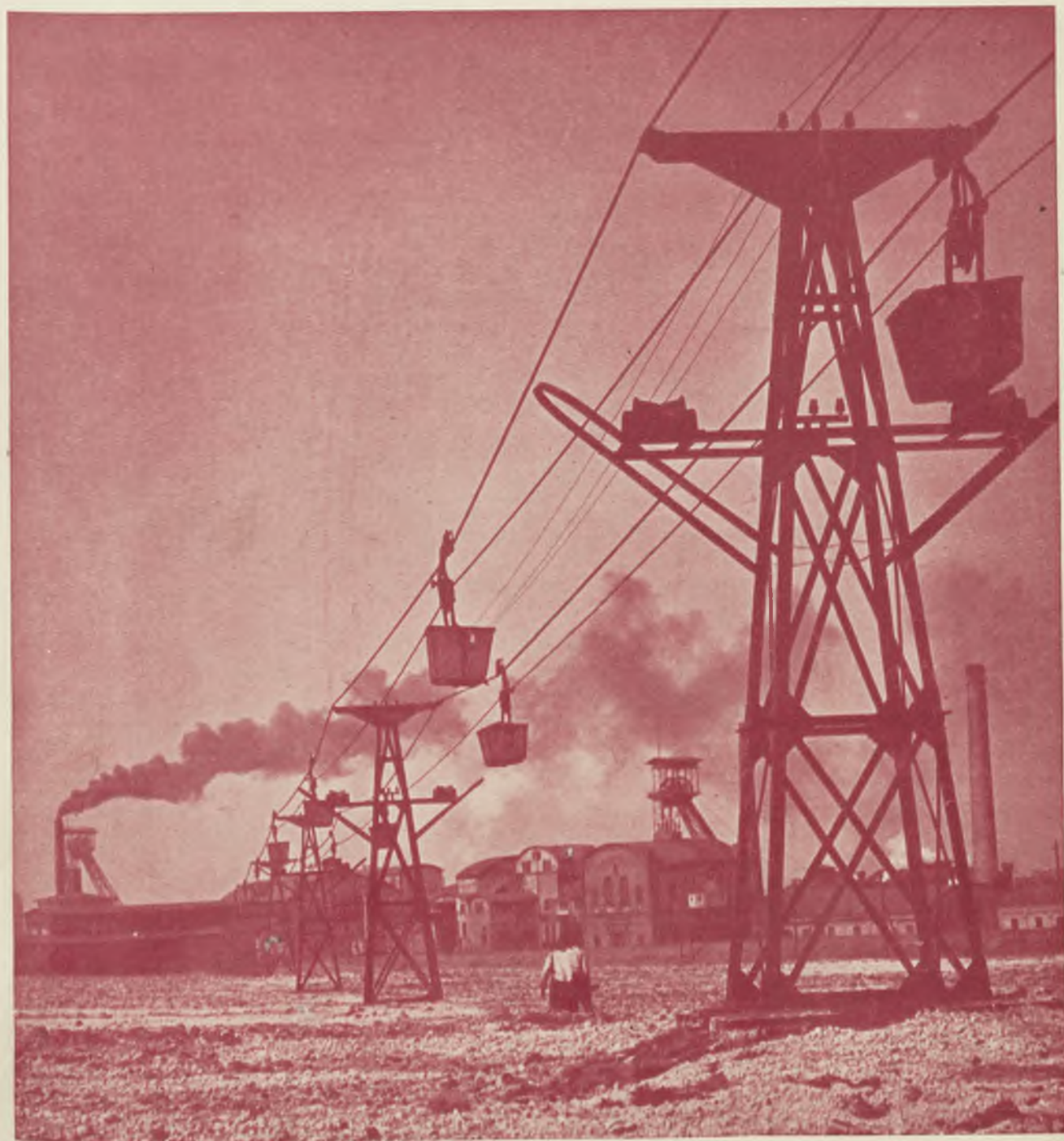


THE POLISH ECONOMIST



LOOK AT THIS MAP BEFORE GOING ANY FURTHER



IN AUGUST the characteristic feature of the month was the continuance of intense activity in all branches of the economic life of the country. Both the good crops and the general stabilisation of conditions contributed towards the favourable situation in all domains, which has been evident during the past few months.

In agriculture the realisation of the crops was begun; prices of grain continued to shape themselves favourably for the farmers, which factor tended towards an increase of the purchasing capacity of this most numerous section of the Polish community.

In industry, owing to the preparations for the autumn and winter seasons, the operations were very brisk, which was reflected in a considerable decrease in the number of unemployed, in increased production and in further development of freight traffic, although the seasonal transport of agricultural products, such as sugar beet and potatoes, had not then commenced.

In commerce the turnover augmented, although it was still in the phase of active preparations for the forthcoming season. Wholesale prices were influenced by the crops; the absorbing capacity of the market as well as the level of prices will, however, only be ascertained in the course of the next few weeks, as the sales of crops in August were effected on a comparatively small scale, due to the non-completion of threshing.

The foreign trade balance was closed with a much smaller excess of imports over exports than in the preceding month, thanks to the decrease of imports of grain and a general increase in exports.

The State revenue showed a further improvement, the excess of revenue over expenditure increasing as compared with July, and amounting to about 15 per cent of the total revenue.

The currency conditions were favourable, as was reflected by a large increase of the foreign currency reserves at the Bank of Poland. Owing to increased seasonal requirements for ready money on the part of the agricultural community and of industry, there was a marked shortage of money, which resulted in the increase in the interest rates but, towards the end of the month, conditions on the money market became easier.

	UNIT	AUGUST 1926	JULY 1927*)	AUGUST 1927
STATE OF EMPLOYMENT :				
UNEMPLOYED		244,522	173,445	156,701
PART TIME WORKERS		36,619	32,205	25,290
PRODUCTION :				
COAL	thousand tons	3,688—	3,077—	3,207—
OIL		67.3	62.9	60.5
STEEL		75.7	111.2	115.0
IRON		29.0	51.4	56.0
ZINC		10.5	12.7	12.9
AGRICULTURE :				
(estimated crops)				
RYE	thousand tons	5,010		5,980 **)
WHEAT		1,280		1,480 **)
BARLEY		1,550		1,630 **)
OATS		3,050		3,420 **)
PRICES :				
WHOLESALE PRICE INDEX	1914=100	188.2	209.7	207.1
INDEX OF COST OF LIVING IN WARSAW		181.9	198.6	200.5
FOREIGN TRADE :				
IMPORTS :		92.1	136.2	129.9
including:		272.7	423.2	418.5
foodstuffs (edible fats, fish & herring, coffee, rice, wheat &c.)		12.1	27.6	18.3
animal products (tanned hides, dried skins &c.)		20.3	73.7	38.1
ores		7.6	10.7	10.5
chemicals (vegetable & animal fats, dyes, colours & varnishes, potassium salts &c.)		2.9	3.5	3.3
metals & metal products		3.0	5.3	5.3
machinery & apparatus		52.6	99.9	95.4
paper & paper wares		9.9	12.2	14.7
textiles & textile products		38.3	56.6	76.8
EXPORTS :		4.6	10.5	10.9
including:		17.4	58.5	55.7
foodstuffs (sugar, meat, eggs, forage, peas & beans, barley, hops &c.)		9.8	20.5	19.7
live animals — in thousands of heads		3.2	5.2	4.6
timber and wood ware (planks, deals & battens, pulpwood, pit props, round wood & logs, veneers &c.)		4.0	8.0	7.4
plants & seeds		3.2	8.7	7.6
coal and coke		32.7	33.3	33.4
petroleum products		10.6	11.0	10.3
iron and iron products		128.6	113.9	120.6
zinc		2,935.2	1,738.1	1,891.6
textiles and textile products		26.2	20.1	20.8
EXCESS OF EXPORTS (+) OR IMPORTS (—)		366.3	210.8	244.9
		18.0	34.8	35.1
		498.6	622.7	644.7
		1.6	0.8	1.9
		4.1	3.4	5.9
		38.7	17.5	18.1
		2,192.9	948.0	1,036.4
		10.1	3.8	4.7
		56.8	18.4	24.6
		2.3	3.7	3.7
		8.8	11.6	13.7
		8.2	7.8	10.7
		11.5	11.3	13.5
		8.4	8.2	8.3
		2.6	2.2	2.3
		36.5	22.3	9.3

*) Corrected figures.

**) Corrected figures, but these data do not take into account damages made by hail and flood.



POPULATION of Poland		29,249,000
DENSITY (per 1 sq. km.)		75.3
OCCUPATION:		
agriculture		65 p. c.
industry		14 p. c.
commerce		8 p. c.
various		13 p. c.
POLAND'S LARGEST TOWNS		
Warszawa (Warsaw)	1,015,420	Poznań 181,756
Łódź 451,974	Kraków 183,706	Katowice 104,868
Lwów 219,388	Wilno 128,954	Lublin 94,412
		Bydgoszcz 87,643
		Sosnowiec 86,432
		Częstochowa 80,473
		Białystok 76,792

THE POLISH ECONOMIST
A MONTHLY REVIEW OF TRADE, INDUSTRY AND ECONOMICS IN POLAND
THE CURRENT ISSUE No. 10 of "The Polish Economist" contains the following leading articles: "Review of the Economic Situation in August", "The Balance Sheet of the Production of Grain for the Year 1926/7", "The Polish Balance of Payments", "The Polish Cement Industry", "Dairying in Poland", "The Tax on Property". As usual, there are also many reports covering grain, butter, eggs, timber, coal, petroleum, iron, zinc and lead, as well as notes on the state of employment, movement of Polish and Danzig firms.
The number also includes advertisements.
ANNUAL SUBSCRIPTION: 10/-, \$ 2.00 OR £ 20/-
WARSAW, 2, ELEKTORALNA

	UNIT	AUGUST 1926	JULY 1927	AUGUST 1927
TRANSPORTS:				
RAILWAY TRAFFIC	truck loaded	485,918	506,447	511,569
PORT TRAFFIC:	(15 tons)			
Danzig	reg. ton	336,776	342,223	348,686
Gdynia		21,407	39,813	38,467
BUDGET:				
RECEIPTS		166.2	203.7	192.3
including:				
taxes and public levies		84.7	110.1	94.1
monopolies		48.0	59.6	60.4
State undertakings		20.6	17.7	22.6
EXPENDITURE		149.3	177.1	164.3
MONEY CIRCULATION:				
BANK OF POLAND NOTES	million £	560.2	744.9	783.8
COVER IN GOLD AND FOREIGN CURRENCIES	%	40.37	50.25	50.34
TOKEN COINS	million £	447.1	384.4	397.1
CREDIT:				
(Bank of Poland)				
BILLS DISCOUNTED	million £	306.7	406.1	407.9
OFFICIAL DISCOUNT RATE	%	10.0	8.0	8.0
FOREIGN CURRENCIES:				
(Warsaw Stock Exchange average rates)				
U. S. A. DOLLAR		9.06	8.93	8.63
POUND STERLING		44.10	43.43	43.48
FRENCH FRANC		0.26	0.35	0.35
SWISS FRANC		1.75	1.72	1.72

SUMMARY OF LAWS, ACTS AND EXECUTIVE DECREES

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

Supplement to the law regarding the powers of the Minister of Land Reform ("Dz. Ust. R. P." No. 68, item 598).

Partial amendment of the railway freight tariff ("Dz. Ust. R. P." No. 68, item 602).

The authorisation of the ratification of the following International Conventions: The transport of goods by rail, The international relations between railways, and The transport of persons and luggage by rail ("Dz. Ust. R. P." No. 69, items 605, 606 and 608).

The establishment of bonded salt warehouses ("Dz. Ust. R. P." No. 69, item 938).

The granting of a supplementary allowance to state employees ("Dz. Ust. R. P." No. 73, item 632).

Amendment of art. 120 of the industrial tax law ("Dz. Ust. R. P." No. 74, item 643).

State guarantee for liabilities in connection with foreign trade ("Dz. Ust. R. P." No. 74, item 644).

Amendment of the taxation on ships¹⁾ ("Dz. Ust. R. P." No. 74, item 647).

Customs rebates on ships¹⁾ ("Dz. Ust. R. P." No. 74, item 748).

Export duty on timber originating in the Czeremosz valley ("Dz. Ust. R. P." No. 74, item 649).

Reimbursement of import duties on the export of hats and hat shapes ("Dz. Ust. R. P." No. 74, item 650).

Maximal customs export duties²⁾ ("Dz. Ust. R. P." No. 74, item 651).

Export duty on bran³⁾ ("Dz. Ust. R. P." No. 74, item and No. 77: item 675).

Export duty on rye and rye flour⁴⁾ ("Dz. Ust. R. P." No. 74, item 653).

Customs facilities in the matter of protection of inventions, samples and trade marks in connection with the Lwów Eastern Fair ("Dz. Ust. R. P." No. 74, item 654).

Ratification of the international convention against the smuggling of alcohol ("Dz. Ust. R. P." No. 75, item 656/7).

The payment of excise charges on tobacco products imported by private persons⁵⁾ ("Dz. Ust. R. P." No. 75, item 658).

The promotion of stock breeding ("Dz. Ust. R. P." No. 76, item 668).

Provisional contingents of sugar for the period from August 1st to September 30th 1927 ("Dz. Ust. R. P." No. 76, item 670).

Amendments of the railway freight tariff ("Dz. Ust. R. P." No. 76, item 671).

Reduction of the railway tariff in respect of coal sent to Italy (Tarvisio) via Czechoslovakia and Austria ("Dz. Ust. R. P." No. 76, item 672).

¹⁾ See "The Polish Economist" No. 9/1927, page 372. ²⁾ See "The Polish Economist" No. 10/1927, page 412. ³⁾ See "The Polish Economist" No. 9/1927, page 185. ⁴⁾ See "The Polish Economist" No. 10/1927, page 413.

THE POLISH ECONOMIST

A MONTHLY REVIEW OF TRADE, INDUSTRY AND ECONOMICS IN POLAND

WARSAW — LONDON — NEW YORK

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C O N T E N T S

COVER ILLUSTRATION: AERIAL TRANSPORTER OF THE
ELECTRO CO. LTD., ŁAZISKA GÓRNE, POLAND (PHOT. S. PLATER)
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* * *

IN AUGUST, the characteristic feature of the month was the continuance of intense activity in all branches of the economic life of the country. Both the good crops and the general stabilisation of conditions contributed towards the favourable situation in all domains, which has been evident during the past few months.

In agriculture the realisation of the crops was begun; prices of grain continued to shape themselves favourably for the farmers, which factor tended towards an increase of the purchasing capacity of this most numerous section of the Polish community.

In industry, owing to the preparations for the autumn and winter seasons, the operations were very brisk, which was reflected in a considerable decrease in the number of unemployed, in increased production and in further development of freight traffic, although the seasonal transport of agricultural products, such as sugar beet and potatoes, had not then commenced.

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industry, there was a marked shortage of money which resulted in the increase in the interest rates, but, towards the end of the month, conditions on the money market became easier.

REVIEW OF THE GENERAL ECONOMIC SITUATION IN POLAND

AUGUST 1927

	UNIT	AUGUST 1926	JULY 1927*)	AUGUST 1927
STATE OF EMPLOYMENT:				
UNEMPLOYED		244.522	173.445	156.701
PRODUCTION:				
COAL	thousand tons	3.688'	3.077'	3.204
OIL		67.3	62.9	60.5
IRON		29.0	51.4	56.6
AGRICULTURAL INDEXES:				
(CROP ESTIMATES)				
RYE	thousand tons	5.010	—	5.980**)
WHEAT		1.280	—	1.480**)
BARLEY		1.550	—	1.630**)
OATS		3.050	—	3.420**)
PRICES:				
WHOLESALE PRICE INDEX	(1914 = 100)	188.2	209.7	207.1
INDEX OF COST OF LIVING IN WAR- SAW		181.9	198.6	200.5
FOREIGN TRADE:				
IMPORTS	million gold ₧	92.1	136.2	129.9
EXPORTS		128.6	113.9	120.6
EXCESS OF EXPORTS (+) OR IM- PORTS (—)		+ 36.5	— 22.3	— 9.3
TRANSPORTS:				
RAILWAY TRAFFIC	truck loaded (15 tons)	485.918	506.447	511.593
PORT TRAFFIC (DANZIG AND GDYNIA)	reg. ton	358.183	382.036	388.153
BUDGET:				
RECEIPTS	million ₧	166.2	203.7	192.3
EXPENDITURE		149.3	177.1	164.3
MONEY CIRCULATION:				
BANK OF POLAND NOTES	million ₧	560.2	744.9	793.8
COVER IN GOLD AND FOREIGN CUR- RENCIES	% %	40.37	50.25	50.34
TOKEN COINS	million ₧	447.1	384.4	397.1
CREDIT:				
(BANK OF POLAND)				
BILLS DISCOUNTED	million ₧	306.7	406.1	407.9
OFFICIAL DISCOUNT RATE	% %	10.0	8.0	8.0
FOREIGN CURRENCIES:				
(WARSAW STOCK EXCHANGE-AVERAGE RATES)				
U. S. A. DOLLAR	₧	9.06	8.93	8.93
POUND STERLING		44.10	43.43	43.48

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

*) Corrected figures.

**) These data do not take into account damages made by hail and flood.

THE BALANCE SHEET OF THE PRODUCTION OF GRAIN FOR THE YEAR 1926/7

THE THEORETICAL calculations of Polish grain export possibilities for the year 1926/7, which were made in the autumn of last year, as soon as the necessary figures were available, indicated that exports of grain could not reach larger proportions during the year under review, owing to the considerable decline in the crops, a decrease which exceeded that of the previous year. The forecast

The available quantity of grain was increased by the balance remaining from the previous year, which was estimated as follows: wheat—30.000 tons, rye—360.000 tons, barley—15.000 tons and oats—50.000 tons.

A comparatively small yield of grain, together with poor crops of potatoes and the general bad prospects on the world market, brought about an upward tendency at the beginning of the agricultural year. Thus, at the end of October, the prices of wheat and rye on the local market were higher than those in Chicago; the difference increased steadily and reached its peak in April and May



TYPICAL SCENERY IN WESTERN POLAND (PHOT. J. BUŁHAK)

was accurate, for, with the exception of barley, the exports of which exceeded the imports, the Polish grain balance for 1926/7 was adverse.

The harvest in the year 1926 was, on the whole, medium: wheat and rye crops were below the pre-war average, while those of barley and oats were somewhat larger. Compared with the averages since the war, the crops of all varieties of grain, with the exception of rye, were slightly above the usual, and were as follows, in relation to the average crops for the years 1921/1925 (in per cents):

wheat . . .	106·9
rye . . .	97·8
barley . . .	109·6
oats . . .	109·0

The following comparative table shows the yields of 1925/6, and the averages for the years 1909/13 and 1921/25 (in thousands of tons):

	1925/6 crops in percentages to those for:					
	1909/13	1921/25	1925/26	1909/13	1921/25	
wheat . . .	1.678 3	1.199·1	1.281·3	76·3	106·9	
rye . . .	5.711·2	5.121·8	5.011·4	87·7	97·8	
barley . . .	1.489·0	1.419·0	1.554·6	104·4	109·6	
oats . . .	2.814·3	2.798·9	3.049·8	108·4	109·0	

1927, when it amounted to 30 per cent. Prices of barley, which showed a steady upward tendency, were maintained below the prices ruling on the world market, while those of oats were below those ruling in Chicago from December 1926 to March 1927.

The prices of grain in Poland experienced a certain drop at the end of November 1926, but from February to May they rose again. The high level of prices had, as a direct effect, a decrease of exports, and a considerable increase of imports.

Monthly returns, relative to grain movement, covering the period from August 1st 1926 to July 31st 1926, together with the relevant surpluses, are given below (in tons):

(table—see next page)

From this table it will be seen that there was for barley an excess of exports over imports amounting to 90.276 tons valued at gold ₹ 18,950.000; the exports of wheat were larger than imports only during the first three months, i. e., August, September and November, while the figures for the whole year show an excess of imports amounting to 210.027 tons, representing a value of gold ₹ 65,240.000.

The movement of rye showed a favourable balance up to the end of 1926, but afterwards the

imports began to increase and actually exceeded the exports, the total excess for the whole year being 42,495 tons, valued at gold ₹ 14,786,000.

Exports of oats exceeded imports during the period from August to November, with a sharp decline starting in October, and, after having shown a small favourable balance in the month of February, the yearly balance was closed with an excess of imports over exports, amounting to 36,009 tons, representing a value of gold ₹ 7,560,000.

Exports of grain were the largest during the first three months of the economic year, falling gradually, commencing with October.

Imports of grain on a large scale began in September 1926, and reached the highest level in May and June 1927. The final result of the movement of grain between Poland and abroad was adverse in the year 1926/7 and the year was closed with an adverse balance of 198,255 tons, representing a value of gold ₹ 68,636,000.

In view of the high level of prices of rye, the Government decided to restrict its exportation, and on January 15th 1927 an order was issued, whereby an export duty on rye and rye flour, amounting to ₹ 15 per 100 kg., was introduced. This order was originally introduced for $1\frac{1}{2}$ months, but was subsequently prolonged till the end of the agricultural year. Increased import of wheat, and the damage which it caused to the foreign trade balance, were responsible for the Government restricting grain imports. On the strength of an order of June 17th 1927, imports of wheat and wheat flour were stopped, with the result that the volume of wheat imports, which amounted to 61,399 tons in June, declined to 10,185 tons in July. On the other hand, the export of barley was encouraged by means of a reduction of the railway rates.

During the year in question the largest quantity of Polish wheat was placed on the German market, which absorbed 44.4 per cent of the total exports, and it is worthy to note that, since February, wheat has been solely directed to that country. Belgium was the second largest consumer absorbing 27.6 per cent of the total. Smaller quantities were

sent to France, England, Esthonia, Holland, Czechoslovakia, Lithuania, Finland, Sweden, Latvia, the United States of America, Austria, Denmark and Hungary.

The largest purchaser of rye was Finland, which took 23.3 per cent of the total exports. Germany ranked second, with 19.5 per cent, exports having continued throughout the year, whereas to other countries it had already stopped in January. Belgium, Denmark, and Esthonia absorbed each about 11 per cent, while smaller quantities (7.5 per cent) were placed on the French and Latvian markets. Exports were also directed to Sweden, Holland, Czechoslovakia, the United States of America, Norway, Lithuania, Austria, England, Hungary, Italy and Russia.

The chief importers of Polish barley were: Germany — 32.7 per cent, Belgium — 25.5 per cent, Denmark — 12.3 per cent, and Holland — 11.2 per cent. The exports to Denmark and Germany were continued throughout the whole year. During the first four months Germany was the chief buyer and subsequently, from January to April, large quantities were dispatched to Belgium; from that time on Denmark became the largest consumer. In addition to the above mentioned countries, barley was also exported to Czechoslovakia, Norway, Latvia, England, Switzerland, Finland, the United States of America, Esthonia, Sweden, France and Lithuania.

Oats were chiefly purchased by Germany (64.7 per cent), while smaller quantities were absorbed by the Belgian, Latvian, Swiss, Danish, Esthonian, English, Finnish, Dutch, Czechoslovak, Russian, Swedish and Austrian markets.

As regards imports, Russia was the chief supplier of wheat, purchases from that country amounting to 26.9 per cent of the total imports. Transactions on a large scale began in January 1927; of other sellers, Germany supplied 19.2 per cent, Hungary — 17.5 per cent, of which about one half was imported in June last. Smaller quantities were received from Australia, the Argentine, Sweden, Denmark, the United States of America, Rumania, Canada,

MONTHS	EXPORT				IMPORT				Surplus of export (+) or of import (—)			
	Wheat	Rye	Barley	Oats	Wheat	Rye	Barley	Oats	Wheat	Rye	Barley	Oats
August	6.614	23.902	9.922	2.113	6	276	32	—	+ 6.608	+23.626	+ 9.890	+ 2.113
September	3.014	24.392	19.370	1.073	1.281	2.937	47	1	+ 1.733	+21.455	+19.323	+ 1.072
October	1.971	19.234	14.581	248	2.725	2.296	91	81	— 754	+16.938	+14.490	+ 167
November	2.458	6.663	8.945	265	1.511	979	73	1.417	+ 947	+ 5.684	+ 8.872	— 1.152
December	790	3.092	6.989	371	3.296	580	58	1.237	— 2.506	+ 2.512	+ 6.931	— 866
January	533	1.303	9.057	772	7.329	6.071	63	1.569	— 6.796	— 4.768	+ 8.994	— 797
February	169	496	8.829	1.291	10.029	18.035	65	1.037	— 9.860	—17.539	+ 8.764	+ 254
March	325	575	7.348	670	19.789	13.040	73	2.173	— 19.464	—12.465	+ 7.275	— 1.503
April	406	546	5.118	649	45.071	5.424	193	5.662	— 44.665	— 4.878	+ 4.925	— 5.013
May	284	447	2.543	426	64.424	31.298	570	15.913	— 64.140	—30.851	+ 1.973	—15.487
June	219	532	423	289	61.399	26.060	1.159	11.532	— 61.180	—25.528	— 736	—11.243
July	235	304	245	317	10.185	16.985	670	3.871	— 9.950	—16.681	— 425	— 3.554
Yearly total:	17.018	81.486	93.370	8.484	227.045	123.981	3.094	44.493	—210.027	—42.495	+90.276	—36.009
Value in thousands of gold ₹ :	4.853	16.175	19.689	1.665	70.093	30.961	739	9.225	— 65.240	—14.786	+18.950	— 7.560



THRESHING OPERATIONS AT A FARM NEAR WARSAW

and Holland. During the first few months, wheat was mainly imported from Hungary. Since January 1927 Russia has ranked as the largest wheat supplier.

Rye was obtained from Russia (35·7 per cent), Germany (25·8 per cent), and Hungary (10·7 per cent). At the beginning of the season Hungary supplied the largest quantity. Imports from Russia began in January, whereas in May, Germany came to the fore; in July Australia supplied 45 per cent of the total imports.

Commencing with October, barley was almost exclusively imported from Rumania (67·8 per cent) and from Germany (14·0 per cent).

The import of oats began in October and was mostly from Russia (41·4 per cent), which commenced to export to Poland in April last. In addition, supplies were received from Germany—32·5 per cent, Rumania—21 per cent, while smaller quantities were received from Czechoslovakia, Sweden, Latvia, Hungary and England.

Summing up, it should be stated that the chief purchasers of Polish grain during the year 1926/7, were Germany and Belgium, while the chief suppliers were—Russia, Rumania, Germany and Hungary.

In order to give a complete picture of the movement of grain between Poland and abroad, attention should be given to the import and export of flour, groats, and bran, which are illustrated by the following statement for the year 1926/7 (in tons):

(see table at bottom)

It will be seen by this table that rye flour and bran were the only articles to show an excess of exports over imports, the surplus for the latter amounting to gold zł 26.913.000. Although the volume of bran exports exceeds that of bran imports, and offsets by about 40 per cent the adverse balance of grain, it should, nevertheless, be regarded as a highly detrimental factor from the point of view of the interests of

	EXPORTS		IMPORTS		Surplus of exports + „ „ imports —	
	tons	thousands of gold zł	tons	thousands of gold zł	tons	thousands of gold zł
Wheat flour	1.445	623	8.209	3.865	— 6.764	— 3.242
Rye flour	3.656	874	1.555	576	+ 2.101	+ 298
Barley flour	118	28	179	61	— 61	— 33
Oat flour	—	—	30	14	— 30	— 14
Wheat groats	10	3	604	308	— 594	— 305
Barley groats	12	4	1.560	621	— 1.548	— 617
Oat meal	—	—	566	350	— 566	— 350
Wheat bran	57.939	15.362	4.656	245	+ 53.283	+15.117
Rye bran	104.800	8.481	1.893	616	+102.907	+ 7.865
Barley bran	19.930	2.980	112	18	+ 19.818	+ 2.962
Other brans	12.492	1.601	4.223	632	+ 8.269	+ 969
Total:	200.402	29.956	23.587	7.307	+176.815	+22 650

the country as a whole. Poland, which is a country possessing a large number of farm labourers, should endeavour to develop stock-breeding; the surplus of feeding stuffs should be transformed into meat and allied products, and exported in this form.

Such a large export of bran seems to indicate

	Exports			Imports			Surplus of exports (+) or of imports (-)		
	1924/5	1925/6	1926/7	1924/5	1925/6	1926/7	1924/5	1925/6	1926/7
Grain	25.797	135.741	42.382	57.265	1.859	111.018	— 31.468	+133.882	— 68.636
Flour and groats	1.300	6.427	1.532	161.604	5.631	5.795	— 160.304	+ 796	— 4.263
Bran.	1.296	15.785	28.424	4.072	32	1.511	— 2.776	+ 15.753	+26.986
Total:	28.393	157.953	72.338	222.941	7.522	118.324	—194.548	150.431	—45.913

The above figures indicate that the balance for the year 1924/5 was unfavourable to Poland, which is attributable to the distinctly bad crops in the year 1924; the following year, 1925/6, which gave good results, showed a substantial excess of imports over exports under all headings. Finally the year 1926/7, in which the yield of crops was below the average, gave an adverse balance. The statement embodying grain movement for the past three years, was closed in the grain group with a favourable balance of gold ₹ 33,778,000, while in the group of grain and flours with an adverse balance, amounting to gold ₹ 90,103,000, which was caused by marked flour import in 1924/25. The above table also indicates that there are wide differences in both imports and exports of grain in the different years. It would be premature to draw general conclusions, as to the development of the movement of grain between Poland and other countries, but it is safe to say that barley shows continuous excesses of exports over imports. Rye also may be regarded as an export article; imports of wheat exceed the exports; and as to oats, local supplies nearly satisfy the requirements of the Polish market.

that the Polish farmers utilise but small quantities of good feeding stuffs.

The table below gives in detail the movement of grain between Poland and foreign countries for the last three agricultural years (in thousands of gold ₹):

THE POLISH BALANCE OF PAYMENTS

POLAND IS ONE of the few newly established countries which have drawn up a complete statement of its balance of payments. It was only some considerable time afterwards that statements of the balances of payments of Hungary, Latvia and Czechoslovakia were completed, while there are still many countries which have not as yet prepared a statement of their accounts. The calculations, relative to the first Polish balance of payments for 1923, were based on detailed and most conscientious inquiries, which in many cases have been taken as models by other European countries. From year to year, with the inclusion of new headings based on the newly available statistical data, and by means of special inquiries, the calculations of the balance of payments have become more and more exact, while the methods of estimation, in cases when this method cannot be avoided, have gained in accuracy.

We give below the balance of payments of Poland for the years 1923 to 1926, subdivided into two sections: 1^o, goods and services, and 2^o, movement of capital (in millions of gold ₹)¹⁾:

LIABILITIES:

Movement of goods and services rendered:

Import of goods:

	1923	1924	1925	1926
a) according to the statistical returns of foreign trade . .	1.114.7	1.478.2	1.601.8	894.7
b) not registered purchases effected by Government Departments, and token money	15.0	41.0	37.5	25.0
c) goods temporarily admitted for further process of manufacture		4.2	1.5	
d) bullion	28.9	16.0	47.2	4.0
Disbursements effected by Polish citizens:				
a) abroad	56.6	72.6	99.8	43.4
b) at Danzig	7.5	14.2	13.1	12.1
Money taken by persons proceeding abroad	24.2	20.9	41.1	24.9
Dividends paid abroad	7.5	20.0	10.0	10.0
Interest payable in respect of loans contracted:				
a) by the State	5.7	7.2	32.9	58.8
b) by Municipalities	0.0	1.5	1.5	1.5
c) by private interests	5.0	15.0	34.0	40.0
Payment of interest and banking commissions to foreign firms	4.2	7.6	8.1	10.0
Costs of issue of loans floated abroad	1.0	27.5	24.5	4.0
Reinsurance	2.3	8.1	0.1	—
Posts and telegraphs	2.0	5.1	1.3	1.9
Hire of railway trucks	2.5	0.6	—	4.6
Cinematograph film rentals	3.0	4.0	5.0	6.0
Disbursements of Polish Diplomatic Posts	10.2	11.0	11.2	11.0
Payments made to foreign Diplomatic Posts in Poland (passport visas, certificates of origin &c.)	4.2	3.5	4.0	2.5
Benevolent and charitable contributions to foreign recipients	—	2.0	5.0	4.0

Total: 1.294.5 1.760.2 1.979.6 1.158.4

¹⁾ The figures have been taken from the balance of payments for the years 1923/6 elaborated by the Economic Bureau of the Bank of Poland while at the same time due note has been taken of the calculation of the Chief Statistical Office of the Republic of Poland.

Movement of capital:	1923	1924	1925	1926
Polish investments placed abroad	—	—42·4	+ 4·5	+ 3·0
Credits granted to foreign countries in the form of goods:				
a) in connection with the export of goods	—	—20·9	— 7·7	+14·0
b) in connection with the "invisible" items	—	+22·7	—21·1	+ 2·6
Foreign currency liabilities of the Bank of Poland and of the joint stock banks	— 3·2	+195·1	—214·5	+146·0
Total:	— 3·2	+195·1	—238·8	+165·7
Allowance for errors and omissions (particularly in respect of the private movement of foreign currency)	+165·1	—156·1	—43·9	+159·5
Total liabilities:	1.456·4	1.759·2	1.696·9	1.483·6

ASSETS:**Movement of goods and services rendered:****Export of goods:**

a) according to the statistical returns of foreign trade . .	1.195·5	1.207·1	1.272·1	1.306·0
b) temporarily exported for a further process of manufacture	—	33·2	48·4	30·2
c) bullion	19·5	1·5	0·0	0·0
Disbursements of foreigners in Poland	37·7	36·0	50·0	31·5
Money transferred by Poles residing abroad:				
Transfers and money entering Poland from:				
a) The United States of America	122·8	117·2	97·9	86·0
b) France	4·0	8·0	10·5	10·3
c) Germany	6·0	13·0	16·5	14·5
d) other countries	1·0	1·0	1·0	1·0
Interest and banking commissions received	3·6	6·2	1·2	2·0
Railways (transit)	20·0	18·0	27·5	47·7
Posts and telegraphs	0·0	1·9	2·5	1·4
Hire of railway trucks	—	—	—	6·7
Revenue of the Polish Diplomatic Posts in foreign countries	9·8	7·5	7·7	7·0
Disbursements of foreign Diplomatic Posts in Poland	5·4	8·0	8·0	8·0
Contributions received from abroad by various public charities, benevolent societies, &c.	2·0	1·0	3·0	3·0
Total:	1.427·3	1.459·6	1.546·3	1.555·3

Movement of capital:

Foreign capitals in Poland				
a) investments	+15·0	+10·5	+35·0	+12·0
b) purchases of newly issued interest-bearing securities	+ 1·0	+ 2·0	+ 8·0	—
c) movement of interest-bearing securities (pre-war issues)	+ 8·0	+10·0	+10·0	+ 7·0
d) purchase of real property	+ 5·0	+ 2·0	+ 3·0	+ 3·0
Liquidation of real property belonging to former Russian, Austrian and German citizens	—10·0	—15·0	—20·0	—15·0
Credits granted by foreign countries in the form of goods:				
a) in connection with the import of goods	—	+153·7	+272·2	+ 4·4
b) in connection with the "invisible" items	—	+ 6·2	+81·8	—10·6
Credits obtained in cash by:				
a) the State	—	+93·3	+197·9	— 6·7
b) Municipalities	—	+ 0·3	+10·0	+14·0
c) Bank of Poland	+24·4	—17·6	+41·9	—35·9
d) private joint stock banks	—30·3	+40·6	+34·3	+31·1
e) private interests	+27·4	+28·9	+126·3	—112·4
Redemption of State loans owing to foreign countries	—11·4	—15·4	—28·0	—38·9
Total:	+29·1	+299·6	+150·6	—71·7
Total assets:	1.456·4	1.759·2	1.696·9	1·483·6

In principle, the above mentioned statement of Polish payments, which embodies the movement of goods and services rendered, as well as the movement of capital, should balance, as the economic exchange between Poland and foreign countries ought to be in a state of equilibrium, that is that the balance of the movement of goods and services rendered should show either a surplus or a deficit equal to the surplus or deficit of the statement of the exchange of capital. The fact that there is a balance which in some periods assumes large proportions, indicates that there are errors in the estimates of the different items in the balance sheet, or that certain items have been left out in the accounts.

Thus, in the first place, the above mentioned statement does not account for the movement of foreign currencies owned by private interests, the changes of which form a large portion of the balance shown. In any case, however, these balances cannot be identified with the movement of foreign currencies, as discrepancies in certain calculations, such as for instance credits in respect of goods, also play an important rôle.

As is well known, the Polish foreign trade balance has a decisive influence on the balance resulting from the exchange of goods and services, i. e., on the balance of payments, as understood by the English, Swiss and Finnish commercial and economic press (*Board of Trade Journal, Bulletin de la Société*

de Banque Suisse, &c.). The foreign trade balance is far from exercising a decisive influence on the final shaping of the account, especially when the latter is considered as a statement of sums paid to, or received from abroad, a balance which in this case represents the outflow or the inflow of the means of payment (the movement of bullion and foreign currency reserves).

The last few months afford an excellent example of the above. Despite a distinctly adverse, though seasonal, character of the foreign trade balance as from April last, the balance of foreign payments is favourable to Poland. This is indicated by a large increase of the bullion and foreign currency reserves of the Bank of Poland, the rise not being at the expense of the foreign currency reserves of the bank, or of private interests. It is obvious therefore that such a situation is the result of the movement of capital.

siderable decline, Polish capital investments abroad are very small, as is also the interest accruing from them. An increase on the export side of the "invisible" items may reasonably be expected thanks to the revenue from the merchant fleet, as well as from the transit of goods over the Polish railway system. On the other hand, as regards the "invisible" items on the import side, a large increase should be anticipated in view of the large payments being made in connection with foreign loans, as well as owing to the payments of commission, dividends, costs of emission of loans (this tendency is conspicuous in the statement covering the period from 1923 to 1926), moreover the improvement of the economic situation, coupled with the increase of number of persons going abroad, and their disbursements outside Poland.

As far as the balance sheet of the movement of capital is concerned, it is worthy of note that it



EXTERNAL VIEW OF A PORTION OF THE CHRZANÓW LOCOMOTIVE WORKS

The statement of "invisible" items, in contrast with other countries, has in Poland but a small influence on the shaping of the balance resulting from the exchange of goods and services with other countries. It should be stated that, on the import side, the volume of "invisible" items has, as from the year 1924, exceeded the equivalent item on the export side of the balance sheet, while the changes taking place in this respect, run parallel with the changes in the movement of goods. The balance of the "invisible" item will, most probably, continue to be adverse, so that the corresponding balance relative to the exchange of goods and services will only be attained when the movement of goods has given a surplus of several millions for some months. It is possible to anticipate an adverse balance in the "invisible" items, as invisible exports will not, in all likelihood, show any marked increase, for the influx of tourists to Poland is inconsiderable, the transfers from Polish emigrants have for some time past shown a con-

has a decidedly favourable tendency. As already stated, the export of Polish capital is on a small scale, as it is mostly in the form of credits in connection with the sales of goods and in the form of foreign currencies, which latter are mostly bank notes and cheques which are deposited with banks or firms and private interests, or which figure on "Nostro" or "Loro" accounts. Imports of capital, apart from credits granted in connection with sales of goods and short-term credits granted in cash are usually in the form of capital investments in real estate, securities and shares, or long-term credits granted in cash.

It is true that in view of the large outflow of cash credits in the first half of 1926, and the increase of the foreign currency reserve in the second part of that year, the statement of the movement of capital during that period was closed with an adverse balance, but it is certain that this phenomenon must be regarded as having been brought about by an accidental and passing factor,

namely the fall of the Złoty in the second half of 1925 and the first half of 1926 and its stabilisation in the latter half of the year.

The interdependence between the balance sheet of the movement of capital and that of the movement of the goods and services received and rendered, during the period 1923 to 1926, became evident in the following manner: in 1923 in connection with the outflow of capital to foreign countries, mostly for hoarding purposes, Poland had a favourable balance as far as the imports and exports of goods and services rendered were concerned, particularly as regards the foreign trade balance. In gold this balance became adverse in 1924 owing to the inflow of foreign capital, especially in the form of credits granted in respect of goods purchased and State loans. Further increase of these credits, and in the first place of those granted to the State (the Dillon, Read & Co. Loan) adversely influenced the foreign trade balance. In the second half of 1925 the latter became again favourable, thanks to the decline in credits granted in respect of goods. In 1926 the foreign trade balance continued to be favourable thanks to the decline in the volume of loans in cash in the first half of the year, and to the increase of foreign currency reserves in the second half.

THE POLISH CEMENT INDUSTRY

THE POLISH CEMENT industry was founded in 1857, when a cement works was erected at Grodziec, near Będzin in former Russian Poland. This was the first cement factory in the whole of the then Russian empire, which catered not only for the local but also for the vast Russian market.

The development of the cement industry was due in the first place to large reserves of high grade raw materials, rapidly growing requirements for cement for building purposes, and to the great possibilities of dispatching this article to the Russian markets. Towards the end of the 19th century, a whole range of cement works was founded with the help of foreign capital.

Nevertheless, in view of the growing development of cement production in Russia, the situation of the Polish cement industry, which was excellent at first, deteriorated gradually; a particularly heavy crisis was evident at the beginning of the 20th century, and a number of cement works had to close down. One of the chief reasons contributing towards this end was keen competition, so that in the end the interests concerned decided, in 1909, to organise a common sales office, in order to adapt their output to the actual needs of the country. With this aim in view, three works with obsolete equipment were closed, while at the same time a whole range of agreements with Russian and foreign establishments were arrived at, whereby a rational distribution of sales markets was effected.

Since that time, the situation of the industry has greatly improved, the output having risen from 183,000 tons in 1909, to 450,000 tons in 1913.

Simultaneously, the cement industry was developing in former Austrian Poland, where, commencing in 1884, four works provided with modern equipment were established. The average annual production of these works during the years 1911 to 1913 amounted to 247,500 tons, of which about 174,000 was locally consumed, about 50,000 was absorbed by the Austrian market, while the remainder of about 25,000 tons was exported; a large portion of the exports, it may be noted, were absorbed by Russian Poland. This industry suffered badly from German competition, and it had to seek new outlets abroad although the export activity was harassed by the high export tariff.

In former German Poland, the cement industry was little developed, partly due to competition on the part of German works, and also to the shortage of appropriate raw materials. There was only one small works at Wejherowo producing mostly for the local market.

Prior to the war, there were, on the Polish territories, in all thirteen cement works having an average annual production, in the years 1911 to 1913, of about 600,000 tons. During the war most of them were ruined. After its conclusion, the cement industry, as a whole, renewed its activity, which was encouraged by a rapidly growing demand for cement, in connection with the various schemes of reconstruction. Already in 1919 twelve works were carrying on extensive operations; nevertheless, the position of the cement industry continued to be difficult up to the conclusion of the war between Poland and Soviet Russia, the total sales of cement at that time amounting to about 30 per cent of the pre-war figure. It was only after the restoration of peace in 1920, that the situation gradually began to improve. The demand increased at a rapid pace, and reached in the years 1922 and 1923 respectively about 75 and 80 per cent of the pre-war figures. It is interesting to note that a comparatively large portion of the production was placed on foreign markets (in 1921, 22 per cent; in 1922, 18 per cent). The large export activity during this period was attributable to the low prices at which the Polish product was sold. This was made possible thanks to the then prevailing persistent fall of the Polish currency; but this favourable situation had a passing character, for, with the stabilisation of the Polish currency in 1924, the sales of cement declined very markedly, as is illustrated by the following figures.

	<i>Works in operation</i>	<i>Output (in thousands)</i>	<i>Sales of tons)</i>
1923	13	488.6	473.4
1924	14	349.6	408.8
1925	15	528.8	496.3
1926	15	557.1	618.7

On the other hand the introduction of a stable currency was conducive to the obtaining of long term credits, without which the development of the building industry, which is the largest consumer of cement—is unthinkable. In fact the beneficial effects were soon visible: in the year 1925 the

aggregate sales exceeded those effected in 1924, and created a post-war record figure of 496.300 tons; in 1926 this figure rose to 618.700 tons.

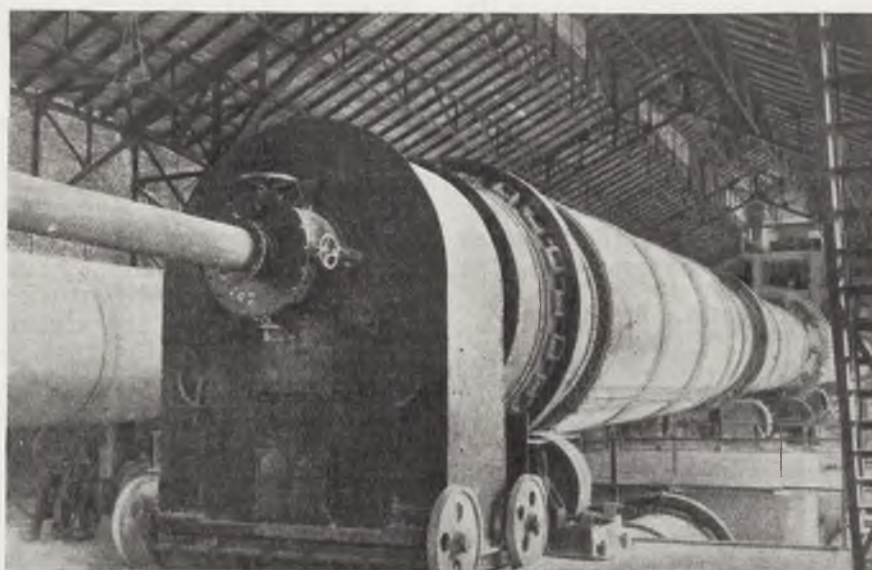
The fall of prices for this commodity, due to competition between the Polish cement works, exercised a considerable influence towards the increase of local sales. The cutting of prices was stopped towards the close of the year 1926, all local sales being effected as from January 1st 1927, at the central sales office named "Centro-Cement".

It should, however, be stated that despite marked expansion, the sales in 1926 did not exceed 45 per cent of the capacity of the Polish cement works. During the first few years after the war,

syndicates, as was and is the case in Sweden and Germany, which would have enabled them to fix low prices not covering the actual costs of production for cement destined for foreign markets, and to maintain higher prices on the local market*).

If the efforts of the different cement works were crowned with success, this was largely due to the high quality of the Polish article which exceeds the usual standard specification, and to lower cost of production than in other countries. These two factors are responsible for the fact that Polish cement works export at a profit.

The exports of cement to the different countries are given below (in thousands of tons):



REVOLVING KILNS AT THE "FIRLEY" CEMENT WORKS

the cement works were not only reconstructed to their pre-war standard, but large investments were made with the help of foreign capital. In this way a new works named "Firley" situated near Lublin was erected; simultaneously a number of old works were provided with revolving kilns, so that the total number of the latter rose to 26, and the total annual capacity of the Polish cement works was raised to 1,370.000 tons. Under these conditions they began to seek new outlets. As the home absorptive capacity was rather restricted, due to insufficiency of money for capital investments, efforts were made to increase the sales in foreign countries. This activity necessitated great energy, especially when it is borne in mind that Polish cement had to fight its way on the markets of the world known producers (Germany, Belgium, England and Sweden) which are in a much better situation, thanks to their geographical position, for it may be recalled that the various cement works in these countries are situated within easy reach of sea ports, and have at their disposal water transport facilities, which are as a rule very cheap. Moreover, Polish cement works were not organised into

Destination	1922	1923	1924	1925	1926	(Jan.—June) 1927
Argentina	—	—	—	—	—	1.6
Austria	16.2	9.3	20.0	3.6	1.4	1.2
Brazil	—	—	—	—	7.4	12.2
Czechoslovakia	12.3	3.7	5.1	3.1	2.5	2.0
British South	—	—	—	—	—	—
Africa	—	—	—	—	—	5.1
Lithuania	—	—	—	—	5.6	6.2
Latvia	—	—	—	—	3.2	4.8
Germany, Eastern Prussia incl.	42.5	4.8	1.1	2.2	1.7	7.2
Palestine	—	—	—	—	2.7	1.0
Rumania	—	—	3.9	1.3	3.2	2.8
United States of America	—	—	—	—	2.9	—
Syria	—	—	—	—	1.0	—
Sweden	—	—	—	0.1	5.5	10.1
Hungary	—	—	—	—	1.3	0.3
Other countries	10.3	2.3	—	1.1	2.8	5.0
Total:	81.3	20.1	30.1	11.4	41.1	59.4

*) Prices for cement on the local market, per 100 kg., in paper packing, were \$ 0.88 loco works, whereas in Germany the price was \$ 1.19 loco Oppeln, German Upper Silesia, the chief cement centre in Germany. A rebate of about 6 per cent is accorded on the above mentioned prices.

The volume of exports of cement, continues to be on a restricted scale, although a rapid growth is evident. The number of consumers is growing steadily, a particularly large improvement being registered in the case of the Baltic countries, which absorb about 35 per cent of the total exports; during the first 6 months of this year about 10,100 tons were directed to Sweden, which country itself exports. The disposal of large cement consignments on that market was partly due to the local syndicate having fixed high prices for the cement absorbed locally. Exports of Polish cement to overseas markets are also progressive; large quantities are sent to South America (23 per cent in the first half of 1927), Palestine, Syria, Turkey and to Greece. The attempts to sell Polish cement in the United States of America, one of the most important consumers of this article in the world, proved a failure, due to the imposition of import duties on cement.

The value of cement exports was gold zł 397,000 in 1925, gold zł 1,469,000 in 1926, and gold zł 2,453,000 in the first half of 1927. Rapid growth of Polish exports compelled foreign competitors to conclude agreements with Polish producers of this article, concerning the allocation of sales markets.

On the whole the situation of the Polish cement industry during the past few years was difficult, so that efforts had to be made in the direction of gaining new markets. For this reason large capital investments were made in order to increase the productive capacity of the works, new and up-to-date equipments were installed, with the result that, at present, about 89 per cent of the total production is manufactured in revolving kilns. Moreover, competition on the local market was totally done away with. At present negotiations are being conducted with a view to the foundation of an export sales office.

Further development of this branch of production depends solely on the expansion of sales. The conditions ruling on the world cement market may be regarded as quite favourable. The anticipated growth of building operations coupled with various government and municipal schemes will most probably lead to the increase in the local requirements for cement, while there is also a good reason for believing that export possibilities are near at hand.

DAIRYING IN POLAND

PRIOR TO THE WAR the development of the dairy industry on Polish territories was dependent entirely on the economic policy pursued by the alien governments. For this reason there are, even now, fairly wide differences in the state of this industry in the different provinces of Poland.

Comparatively speaking, this industry was perhaps best situated in former German Poland, that is, the present Poznań and Pomorze Voievodships, for it was protected by customs duties and various credit facilities. There were 364 dairy establishments which worked up about 230,000,000 litres of milk

per annum, or about 13 per cent of the total production of milk in these provinces.

In former Austrian Poland there were about 100 small manual dairies, and in former Russian Poland 194, which handled about 2.3 per cent of the total milk production. The least favourable conditions for the development of the dairy industry were in former Russian Poland, due to a specific tariff policy followed by the Russian government, thanks to which the Polish markets were flooded with cheap butter of Siberian origin.

The Great War and later on the regulation of the consumption and sales of dairy products, coupled with the currency inflation, resulted in the almost complete destruction of this industry.

It was only in the year 1924, when a stable currency was introduced, that a large number of dairies were reopened in the Western Voievodships; this factor enabled also the building up of the milk industry on co-operative lines in the Central and Eastern Voievodships. The undermentioned table illustrates the development of dairying in the Central Voievodships:

		<i>Number of dairies</i>
January 1st	1924	68
"	" 1925	151
"	" 1926	211
"	" 1927	358
July	" 1927	483

The throughput in the year 1925 amounted to 51,000,000 litres, in 1926 it was 105,000,000 litres, and during the current year it showed an upward tendency due to both the increase in the number of dairy establishments, as well as to the development of the co-operative societies, and the enrolment of new members. It may be mentioned that the increased production of milk also contributed towards this end.

On January 1st, 1927, there were 866 co-operative dairies in operation, the throughput of which amounted to 260,000,000 litres of milk per annum. They were distributed as follows: Central and Eastern Voievodships 358, Southern Voievodships 334, and Western Voievodships 174. All these dairies are operated with a view to obtaining butter, while the buttermilk is as a rule used for cattle feeding. In some cases, however, particularly when milk is furnished by large estates, the poorer grades of milk are utilised for the production of cheese.

In addition to dairies run on co-operative lines, there are in the Central Voievodships about 600 privately owned dairies, mostly manual, and about 170 steam operated dairies in the Pomorze and Poznań Voievodships.

Co-operative dairies in the Western Voievodships are almost exclusively operated by steam, while in other parts of the country the manually operated establishments predominate. Gradually with the development of the milk industry, and with the increase of milk supplies, hand equipment is being replaced by steam machinery and plants.

The organisation of the dairies is simple. They are supervised by a Board of Control composed of

from five to nine members; the Board appoints an executive committee composed of a chairman, a vice-chairman and a treasurer who is also entrusted with the keeping of the accounts. As a rule the books are kept by the person in charge of the dairy. Small dairies, in addition to an overseer, employ two to three persons, and steam dairies — four to seven persons. The premises of a typical dairy are composed from three to five rooms and an ice store.

The majority of milk co-operatives in Poland belong to the so-called Unions of Control, which act as supervisors of the methods of production, and are in charge of the control of the accounts of each of the members. The joining of the Union

is almost exclusively in the hands of private interests, although there is a central commercial organisation, a branch office of the Union of Milk and Egg Co-operative Societies of Warsaw, in addition to a branch office of the Union of Farmers Co-operative societies.

Parallel with the development of the milk industry and the increase of production of butter, the export trade has grown. Thus in 1925 exports of this commodity amounted to 541 tons, in 1926 — 5,548 tons, and it is not unlikely that in the current year the volume will exceed 10,000 tons.

The chief customer for Polish butter is Germany, which absorbs over 90 per cent of the total exports. Exports to England, although small so far, have



A COW OF THE POLISH READ BREED

is not compulsory, although it ensures to the members a whole range of advantages, such as a reduction of 75 per cent on the turnover tax and also fuller credit facilities.

In former Russian Poland there are two unions of this type with head offices at Warsaw. These unions embody all kinds of land co-operative societies with milk departments. In former Austrian Poland there are also two similar unions with head offices at Lwów. In former German Poland there is one union with head offices at Poznań.

Apart from being members of the boards of control, the dairies belong to commercial organisations engaged in the purchase and sale of butter, which, according to the quality, is sorted into four grades. In former Russian Poland there is a union of milk and egg co-operative societies, with its head offices in Warsaw; this union handles at present about 25 per cent of the total output of butter. The purchase and sale of butter produced by the dairies situated in former Austrian Poland is effected by the Lwów board of control styled "Masłosojuż" and the Kraków milk union which deals with about 30 per cent of the butter production of Southern Poland. In former German Poland the butter trade

risen considerably as compared with 1926; this is attributable to the work performed by the board of control and the business organisations of co-operative societies, which have succeeded in improving the quality of the Polish butter.

The dairy co-operative movement is protected by the State, and assistance is rendered by means of credits and subventions, which are granted through the intermediary of the State Agricultural Bank. The aggregate financial help may be placed at about £ 1,500,000 per annum. These credits bear an interest of 6 per cent, and are granted for periods of ten years in the case of steam dairies, and five years in the case of manually operated ones. Also credits up to ten years are granted for the erection of modern equipment. Moreover, the State has organised a cold storage railway service for the transport of butter.

There is no doubt that the assistance rendered to the dairy industry by the Ministry of Agriculture on the one hand, and the eagerness of the Polish farmers to build up this branch of production on the other, will result in the development of the co-operative movement and increase the output of butter as well as its quality. It is to be expected

that Poland will in the near future become one of the important butter exporting countries on the European continent.

At the present time there are in Poland about 6,000,000 milk cows, the production of which may be raised by at least 100 per cent, provided that rational methods of feeding are adopted. Energetic propaganda is carried on in this direction by various agricultural organisations.

In addition it should be stated that the sound movement of amalgamation of small dairies, their transformation into larger establishments provided with up-to-date equipment, will in the end lead to the production of the better grades of butter likely to satisfy the requirements of foreign markets. So far the chief exporters have been the Western Voievodships and certain parts of former Russian Poland. The introduction of modern equipment in other parts of the country will also exercise a favourable influence on the volume of butter exports.

THE PROPERTY TAX

THE FALL of the Polish Mark compelled the Polish Government, in the year 1923, to seek for preventive measures in order to improve the monetary condition of Poland. The plan had to be based on the country's own resources, as the obtaining of a foreign loan was at that time utterly impossible.

It was under these conditions that the law of August 11th, 1923 was promulgated, instituting a capital levy amounting to $\text{₹ } 1,000,000,000$.

The above mentioned sum was to be composed of $\text{₹ } 500,000,000$ from agriculture, $\text{₹ } 375,000,000$ from the large and medium sized commercial and industrial undertakings, and $\text{₹ } 125,000,000$ from other classes of national property. This capital levy was to be collected within three years, that is by the end of 1926.

Nevertheless, after the tax was imposed, it became obvious that this scheme was impracticable, and that its collection would have to be abandoned. At the time of discussion of the project of this law it was estimated that the national property amounted to about $\text{₹ } 88,000$ million but it became clear, after the tax was imposed, that the taxable property was only about $\text{₹ } 12,000$ million.

With the taking into account of the progression, forming part of art. 9 of the law, and upon the application of contingent increases, the tax in the first contingent group (agriculture) reached 60 per cent, in the second group—the large and medium sized industrial and commercial undertakings—17.8 per cent, and in the third contingent group—the remaining categories of property—28.6 per cent. Such a burden, even if the valuation of the property were lower than the actual value, could not be maintained, and the tax could not be collected in accordance with the legal prescriptions.

In order to adapt the law to the economic life of the country, and to remove its ill effects, the successive governments in power after that time

felt compelled to submit projects for its reform. The realisation of these projects was delayed for various reasons, and the present government has now elaborated a new one aiming at its repeal.

The new proposal is composed of two projects: 1) an amendment to the original law, and 2) a law for the institution of a permanent tax on property. These two projects, which deal with the subject in a more detailed manner, do not differ much from those which had been elaborated by the previous governments, but are more favourable to the taxpayer than the old one. The proposed amendment provides for the reduction of the general contingent to $\text{₹ } 407,000,000$, of which the tax-payers falling under the first contingent group would have to pay $\text{₹ } 150,000,000$, the second— $\text{₹ } 188,000,000$, and the third— $\text{₹ } 69,000,000$. The contingent in the first and third groups corresponds to the actual tax without contingent increase, whereas in the second group it represents one half of the original contingent ($\text{₹ } 375,000,000$).

In the anticipation that collection of the tax thus reduced may encounter difficulties, the project of the amendment provides for the granting by the Minister of Finance of facilities for the payment of the tax.

Up to the end of 1926 the tax collected under the original levy amounted to $\text{₹ } 310,000,000$, and the arrears to be collected in 1927, represented $\text{₹ } 97,000,000$. The above mentioned arrears after the consideration of petitions for reliefs, have fallen to $\text{₹ } 60$ million to be received. As this sum is insufficient to cover even the budgetary requirements for the year 1927/8, and as there arises the necessity for filling gaps in future budgets, which will assert itself after the repeal of the capital levy, the Government has made the projected repeal of the capital levy dependent on the introduction of a moderate but permanent tax on property, which, under the present proposal, will be collected as from January 1st 1928.

The tax will be imposed on the strength of valuations of property to be undertaken every three years. Triennial periods for valuation were adopted in order to reduce the work and expenditure of the tax services, in connection with the yearly valuation, and calculation of taxes to be levied.

Foreign capital, irrespective of form, is free of tax.

Among others, household furnishings and various things destined for personal use of the tax-payer are free from tax, provided they do not exceed $\text{₹ } 10,000$ in value.

In order to provide for an equitable and even distribution of the tax, the project includes the regulations as to the manner in which the different effects are to be valued. Further, in order to ensure the elaboration of equitable valuation rates, an advisory valuation committee will be appointed. The council will be composed of the representatives of the Ministries of Finance, Industry and Commerce, and Agriculture, as well as of the different categories of public property.

The property value, on which the tax is payable, is fixed at $\text{₹ } 6,000$ and over.

In view of the fact that the permanent property tax is destined to supplement revenue from other direct taxes, and is to be universal, the project of the law provides for comparatively low rates. It is worthy of note that the basic rate is fixed at $4\frac{0}{100}$ in the case of properties not exceeding zł 15,000, and for properties exceeding that sum a surtax amounting to $3\frac{0}{100}$ will be applicable.

The German tax law on capital provides also for digression, as the basic rate is $5\frac{0}{100}$; there is also a progression up to $7\frac{1}{2}\frac{0}{100}$.

The valuation of property for the levying of this tax, as well as the imposition of the tax itself, is to be performed by Treasury Offices of the 1st instance.

It should be mentioned that the law also contains stipulations, on the strength of which, the tax-payers may be totally or partially freed from the payment of tax, should they lose totally or partially the property during the valuation period.

The Minister of Finance is also to be empowered to grant credit facilities in respect of the taxes as well as to rescind those taxes, the collection of which is impossible. A stipulation of this kind is most commendable, for it may happen that a rigorous application of this law in the future might adversely affect the situation of the tax-payers as a whole,

which, of course, is not in the interests of the country.

It is to be anticipated that the annual revenue from the permanent property tax will be about zł 70.5 million, so that this tax, which is a moderate one, will not be as burdensome for the tax-payer as a whole, as was the one at present in force, which was based on the valuation performed four years ago.

The introduction of a permanent tax on property is all the more necessary as it is absolutely needed for the extension of the Polish system of direct taxes. In view of the universality of this tax, a large number of citizens who do not pay other taxes (income tax, industrial tax) although they possess extensive means, or who have paid them so far, but in too small a proportion, will, in order to ensure budgetary equilibrium, in the year 1927/8, have to pay during the current year an advance towards the new property tax, which is to be calculated on the basis of the valuation now in force.

Bearing in mind that the petitions for the reduction of the existing tax have already been dealt with, it appears to be certain that the collection of the advances will not involve any hardship for the tax-payer. The advance paid will be received as a part payment in respect of the permanent tax to be imposed in 1928.

SUMMARY OF LAWS, ACTS AND EXECUTIVE DECREES

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

The granting of a supplementary allowance to state employees ("Dz. Ust. R. P." No. 73, item 632).

Amendment of art. 120 of the industrial tax law ("Dz. Ust. R. P." No. 74, item 643).

State guarantee for liabilities in connection with foreign trade ("Dz. Ust. R. P." No. 74, item 644).

Amendment of the taxation on ships¹⁾ ("Dz. Ust. R. P." No. 74, item 647).

Customs rebates on ships¹⁾ ("Dz. Ust. R. P." No. 74, item 648).

Export duty on timber originating in the Czeremosz valley ("Dz. Ust. R. P." No. 74, item 649).

Reimbursement of import duties on the export of hats and hat shapes ("Dz. Ust. R. P." No. 74, item 650).

Maximal customs export duties²⁾ ("Dz. Ust. R. P." No. 74, item 651).

Export duty on bran³⁾ ("Dz. Ust. R. P." No. 74, item 652, and No. 77, item 675).

Prolongation of the export duty on rye and rye flour⁴⁾ ("Dz. Ust. R. P." No. 74, item 653).

Customs facilities in the matter of protection of inventions, samples and trade marks in connection with the Lwów Eastern Fair ("Dz. Ust. R. P." No. 74, item 654).

Ratification of the international convention against the smuggling of alcohol ("Dz. Ust. R. P." No. 75, item 656/7).

The payment of excise charges on tobacco products imported by private persons ("Dz. Ust. R. P." No. 75, item 658).

The promotion of stock-breeding ("Dz. Ust. R. P." No. 76, item 668).

Provisional contingents of sugar for the period from August 1st 1927 to September 30th 1928 ("Dz. Ust. R. P." No. 76, item 670).

Amendments of the railway freight tariff ("Dz. Ust. R. P." No. 76, item 671).

Reduction of the railway tariff in respect of coal sent to Italy (Tarvisio) via Czechoslovakia and Austria ("Dz. Ust. R. P." No. 76, item 672).

The combating of infectious animal diseases ("Dz. Ust. R. P." No. 77, item 673).

The responsibility of the Treasury for postal parcels, telegrams and telephone calls ("Dz. Ust. R. P." No. 78, item 679).

The reduction of export duties in respect of certain products originating in the free city of Danzig ("Dz. Ust. R. P." No. 78, item 682).

Standardisation of rye flour ("Dz. Ust. R. P." No. 78, item 683).

Slight amendment of the postal and telegraph tariffs ("Dz. Ust. R. P." No. 78, item 684).

Commission fees to be charged by customs agencies of the Polish State Railways ("Dz. Ust. R. P." No. 78, item 685).

Manipulation fees to be charged by customs agencies of the Polish State Railways ("Dz. Ust. R. P." No. 78, item 686).

The reduction of railway tariffs in respect of coal consignments sent to Italy (San Candido) via Czechoslovakia and Austria ("Dz. Ust. R. P." No. 79, item 691).

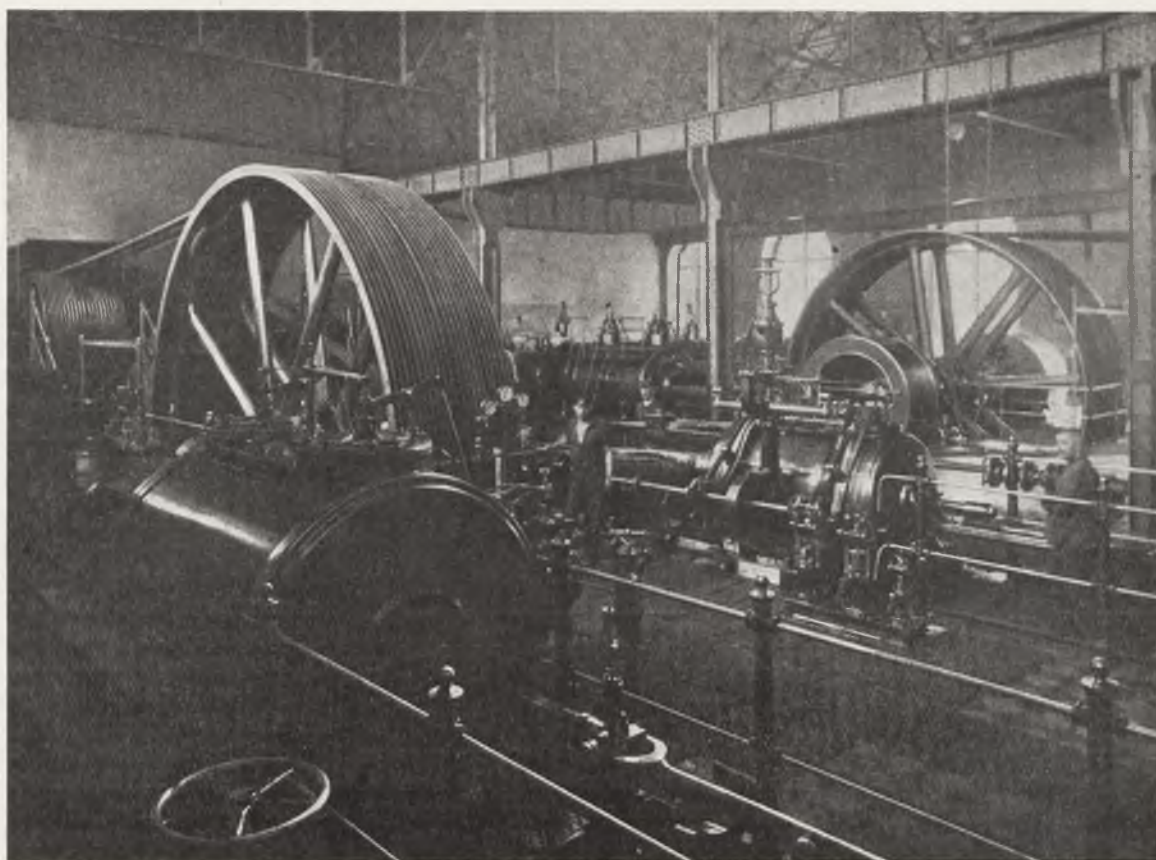
Amendments of the Polish-German railway goods tariff ("Dz. Ust. R. P." No. 79, item 693).

¹⁾ See "The Polish Economist" No. 9/1927, page 372.

²⁾ See page 412.

³⁾ See "The Polish Economist" No. 9/1926, page 185.

⁴⁾ See page 413.



MACHINE ROOM IN THE "C. G. SCHÖN" TEXTILE MILL, SOSNOWIEC

PRODUCTION AND TRADE

STATE OF EMPLOYMENT IN AUGUST. — The situation on the labour market in August showed a further improvement, the total number of unemployed in Poland, during the five weeks period from August 1st to September 3rd, having declined from 173,445 to 156,701, or by 16,744, i. e., 9.7 per cent. The unemployment figures for the various months of this year were as follows:

January	251,702
February	256,392
March	243,375
April	226,018
May	207,570
June	190,546
July	173,445
August	156,701

It will be seen that, compared with the figure for the month of February, that for the end of the month of August showed a decline of 99,691 or 38.9 per cent. The rate in the decline of unemployment was somewhat slower than in the past month; thus the average weekly decline in August was 3,348 as against 4,275 in July.

Compared with August of last year, the number of people out of work at the end of the month decreased by 87,851 or by 36.0 per cent. Similarly as in recent months, the improvement of the conditions on the labour market is partly attributable to heavy work in the fields in connection with the harvest, and partly to seasonal causes, such as building operations, which are now being carried on with great intensity, owing to the approach of the autumn. The taking on of hands by various branches of industry also had some influence in this respect. During the period under review, there was a shortage of labour in certain districts owing to industrial workers going to the country for the harvest. The emigration of workmen, as far as the labour market was concerned, played practically no rôle in August.

The improvement of the situation on the labour market was accompanied by an upward tendency of wages. Among others, foundry workers concluded with their employers a new agreement,

whereby the wages of those paid by the day were increased on the average by 8 per cent. Moreover, in numerous localities wages had to be increased. Thus, municipal workers at Łódź, those engaged in the timber and building industries at Kraków, Lwów and Bielsk, all benefited in this manner. Apart from local small conflicts between employers and employees, no strikes were reported during the month. The following statement shows the number of unemployed according to trades:

	August	September	Decrease
mining	24,803	23,290	1,513
foundries	4,562	4,209	353
metal	12,186	10,765	1,421
textile	19,179	17,804	1,375
building	7,300	5,809	1,491
clerical	19,577	19,097	480
various	85,838	75,727	10,111
Total:	173,445	156,701	16,744

In the coal mining industry, the number of workers increased in August, in connection with a further augmentation of output, for it may be mentioned that the volume of both home and foreign sales showed a marked increase. Also



THE CONSTRUCTION OF A PROVISIONAL TIMBER BRIDGE
OVER THE RIVER BUG

the prospects for the immediate future are good. In the petroleum industry the situation was unchanged. The extraction of crude oil, despite the comparatively small drilling activity, was maintained on about the same level as in July, and stocks of crude oil increased parallel with the downward movement of the prices. The number of unemployed miners in general as the result of the above mentioned increase taking place in coal mining, declined by 1,513, the number of unemployed being 16 per cent of those at work.

The conditions in the foundry industry continued to be good, the output of pig iron again showing a marked increase, while the demand for foundry products on the part of the trade declined, but in view of large purchases being made by the Treasury, the volume of sales in August was larger than in the preceding month. The volume of foreign orders, as well as the quantity of iron exported was also larger than in July.

In the zinc industry the position was unchanged. Despite the decline in prices export activity did not diminish, as compared with the past few months.

Unemployment figures in the foundries declined by 353, the number of unemployed, being 7 per cent of those employed.

Broadly speaking, the conditions prevailing in the metal industry were good. The best situation prevailed in the agricultural machinery and implements section, as owing to the approach of the autumn season manufacturers of these goods had to take on additional

workers and to work overtime in order to meet the requirements of the farmers. In the electrical machinery branch the state of employment also left nothing to be desired. Despite a certain improvement, builders of textile machinery in the Bielsk area, who work mainly for export, did not operate at full capacity. A comparatively better situation obtained in the Łódź area, which worked mainly for local needs, as in several works the number of hands employed exceeded the pre-war figure by 50 per cent. Manufacturers of wire and nails, as well as of pressed wares enjoyed a good trade; on the other hand industrial plants engaged in the production of iron and steel constructions, bridges &c., were short of orders. The number of unemployed metal workers declined in August by 1,421 and was 15 per cent of those at work.

In the textile industry a decided turn to the better was evident, the slack season being over, and active preparation for the forthcoming winter season being in full swing. In the Łódź area the state of employment improved considerably, particularly in the wool industry. The favourable situation in the Bielsk wool industry was maintained, and the shortage of qualified textile workers was still badly felt. The local market was active, particularly the heavy fabrics branch. The demand for semi-wool material on the part of foreign customers was particularly brisk. In the Białystok wool industry the state of employment did not show any fluctuations, although unfortunately the sales continued to be

on a small scale. In the flax and jute industries the situation was good. The number of unemployed textile workers declined by 1,375 persons, and stood at 17,804 representing 11 per cent of those at work.

In the building industry the situation improved, the number of unemployed declining by 1,491, as compared with July. The efforts to finish the work commenced before the setting in of cold weather, and brisk building activity was partly responsible for this.

As the result of the general improvement of the economic conditions of the country, the unemployment of clerical workers declined by 480.

The most marked improvement, similarly as in previous months, was recorded in the group of various workers (a decline of 10,111 persons, due to the above mentioned causes), and also to the taking on of additional workers, in connection with operations on the land, amelioration of fields, &c.

Part-time workers at the end of August were 35,913 persons as against 35,838 at the end of July. Of this number 206 persons worked 1 day per week, 471 — 2 days, 2,476 — 3 days, 8,506 — 4 days, and 14,094 — 5 days per week. On the average the part-time workers were employed in August 4.4 days per day, as against 4.5 in July.

STRIKES IN 1926. — The prevalence of strikes, which was very marked in 1923 — during the currency inflation — fell off in 1924, and was still less in 1925, owing to the critical economic situation in that year. The 1926 figures are not far removed from those for 1925. More and more numerous demands for increased wages, which remained unchanged since 1925 or 1924, in spite of a strong rise of the cost of living, did not meet with resistance on the part of the employers; this was due to awakened economic life, and demands for wage increases have, in general, been settled favourably.

The number of strikes during the years 1923/26 are illustrated by the following table:

Year	Strikes	Strikers	Work days lost
1923	1,263	849,051	6,378,680
1924	915	564,134	6,544,852
1925	532	148,527	1,284,553
1926	583	133,581	1,382,133

Year	Strikes won*) strikes	Strikes lost*) strikers	Strikes won*) strikes	Strikes lost*) strikers
1923	952	536,799	267	288,073
1924	586	209,796	295	336,067
1925	352	84,382	166	51,036
1926	395	83,993	175	48,175

Thus it is seen that, from year to year, the smallest decline is shown by the figures for the number of strikes,

*) Figures relating to strikes of uncertain outcome, are not included.

a larger decrease in the number of strikers, and a sudden drop in the number of days wasted (in 1924, in spite of a decline in the number of strikes and strikers, the number of days lost increased). The tendency is for strikes to embrace constantly decreasing numbers of workmen, and to last for shorter periods.

As regards the outcome, it can be stated, if the number of workmen striking is taken as a basis, that in the years 1923, 1925 and 1926 the ratio of strikes won to the total number of strikers was around 60 per cent. The year 1924 was an exception, the ratio being 37 per cent.

The greater part of the strikes were for increase of wages and other economic matters, i. e., payment of back wages, &c.; a part arose in connection with working hours and other labour conditions; other causes, such as demands that the number of workmen be not reduced, acknowledgement of professional union, re-engagement of discharged workmen, change of management (political and other manifestations), played no important part during the whole period 1923/1927.

The division of the strikes, according to the two more important causes, is given in the following statement:

Year	Total	
	strikes	strikers
1923	1,263	849,051
1924	915	564,134
1925	532	148,527
1926	583	143,581

Year	Demands concerning:			
	wages and other economic matters	hours and other working conditions	strikes	strikers
1923	1,106	785,489	24	17,357
1924	767	263,732	43	271,294
1925	445	97,742	26	31,501
1926	488	108,850	36	14,142

It is seen, when the number of workmen is considered, that in the years 1923 and 1926, demands concerning hours and working conditions were not important; they were of greater weight in the years 1924 and 1925.

Attention is drawn to the increase of group strikes in 1926, as compared with 1925; it is as follows:

	1925	1926
Total number of strikes	532	583
" " " group strikes	51	98
" " " separate strikes	481	485

Strike movement in 1926 was most intense in the months from May to October. In the first months of 1926, when the sharp economic crisis still existed, the activity was not great, and it likewise weakened at the end of 1926.

The most serious movement was experienced in the textile, machinery, mineral and mining industries; in other branches it was not strong. Figures relating to strikes in the various branches of industry, are given below:

	Strikes	Strikers	Days lost
Agriculture	35	1,464	5,738
Mining	35	19,819	51,696
Mineral industry	87	18,629	131,928
Foundry	9	4,997	14,508
Machine & electrical industry	75	15,428	102,280
Chemical industry	14	3,502	29,328
Textile	121	45,585	686,586
Paper	3	1,302	72,524
Leather	9	950	7,562
Timber	77	9,747	88,068
Foodstuffs	27	3,050	17,315
Clothing	37	7,413	73,751
Building	26	3,501	13,011
Polygraphic	7	207	1,759
Public utilities	6	9,171	56,692
Communication	3	1,304	4,845
Public and communal inst. clerks	3	265	9,217
Other branches	8	223	1,419
General strikes	1	2,024	13,906

In certain branches of labour, a serious or even decisive rôle was played by group strikes; but in the main the strikes were of an independent nature (88,373 strikers were included in unit strikes, and 55,208 in group strikes).

GRAIN

— The latest returns of the Chief Statistical Office, concerning the yield of this year's crops in Poland, do not differ much from the provisional estimates issued last month. The latest figures are as follows*) (in thousands of tons):

wheat	1,480
rye	5,980
barley	1,630
oats	3,420

Leaving out of account barley and oats, for which it is too early as yet to give figures as accurate as those for wheat and rye, it should be stated that the above figures are practically identical with the provisional ones, while those for wheat are slightly higher. In relation to last year crops, the above mentioned quantities represent: wheat 115.9 per cent, rye 119.4 per cent, barley 104.8 per cent and oats 112.1 per cent. These figures may be subject to certain modifications, for the actual yields can only be exactly calculated when the threshing operations are finished (November—December). Nevertheless it is safe to state that this year's yield will be above the average.

Prices of grain on the Polish market, after a momentary stabilisation, at the beginning of the harvest season, showed a slight upward tendency. This situation is attributable to the upward tendency obtained on the world grain markets. As regards the relation of prices of grain on Polish and world corn exchanges, it is interesting to note that those ruling in Poland are still higher than those

obtaining on the American markets, the difference reaching \$ 0.60 per quintal. The movement of prices during the period under review is given in the following table:

(table-see next page)

Compared with the first half of August prices for grain ruling in the first half of September showed the following differences: oats: decline of 14.7 per cent; rye and barley: increase of 2.5 per cent and 5.3 per cent respectively; wheat: no change.

The further movement of the stabilisation of the prices of grain in Poland will depend on the policy pursued by the Government in regard to grain supplies as well as on the shaping of prices on the world market. As regards the latter factor it may be stated that the prices are fairly steady, as they fluctuate within very narrow limits. The Government aims at the restriction of grain exports by means of an export duty and the building up of grain reserves in the country*). Nevertheless, despite the prolongation of the high export duty on grain till the end of the agricultural year (June 30th 1928), the prices of rye, as already mentioned, experienced a slight increase.

Exports of grain in August rose slightly, as compared with the preceding month, and were as follows (in tons):

	1927		1928
	July	August	August
wheat	235	2,074	6,614
rye	304	228	23,902
barley	245	1,402	9,922
oats	317	1,150	2,113

Of the total volume of wheat exports — 50 per cent were directed to Germany, and 47 per cent to Sweden. Small quantities of rye, which were exported in August, were exclusively directed to Germany. The chief buyers of barley were: Germany (39 per cent), Norway (30 per cent) and Denmark (23 per cent). Oats were absorbed by Germany (65 per cent) and England (35 per cent).

Imports of grain in August declined, as compared with the preceding month, as illustrated by the following figures (in tons):

	1927	
	July	August
wheat	10,185	3,219
rye	16,985	10,165
barley	670	86
oats	3,871	401

The chief suppliers of wheat were: Russia (59 per cent), the United States of America (13 per cent), Holland (13 per

*) These data do not take into account damages made by hail and flood.

*) See next page.

cent), Hungary (8 per cent), and Germany (7 per cent); rye was mainly imported from the United States of America (32

per cent), Germany (26 per cent), Italy (20 per cent), and Canada (13 per cent). Small quantities of barley were received

from Rumania and Hungary, and oats from Germany (61 per cent) and Russia (36 per cent).

	August 1st—15th		August 16th—31st		Sept. 1st—15th		Percentages of difference	
	£	\$	£	\$	£	\$	£	\$
W H E A T :								
Warsaw	53·20	5·96½	50·53	5·66½	50·17	5·62½	— 0·7	— 0·7
Poznań	48·97	5·49	48·48	5·43½	47·95	5·37½	— 1·1	— 1·1
Lwów	43·40	4·86½	44·95	5·04	47·45	5·32	+ 5·5	+ 5·5
Average price	48·52	5·44	47·99	5·38	48·53	5·44	+ 1·1	+ 1·1
Berlin RMk.	—	—	27·55	5·56	26·35	6·27½	— 4·4	— 4·4
Chicago	—	5·10½	—	5·03	—	4·81½	—	— 4·3
R Y E :								
Warsaw	39·11	4·38½	39·38	4·41½	39·28	4·40½	— 0·3	— 0·2
Poznań	37·28	4·18	38·17	4·28	38·98	4·37	+ 2·1	+ 2·1
Lwów	36·12	4·05	36·84	4·13	37·05	4·15½	+ 0·6	+ 0·6
Average price	37·50	4·20½	38·13	4·27½	38·44	4·31	+ 0·8	+ 0·8
Berlin RMk.	21·81½	5·19½	22·99½	5·47½	24·46	5·82½	+ 6·4	+ 6·4
Chicago	—	3·64	—	3·75	—	3·72	—	— 0·8
B A R L E Y :								
a) Brewing:								
Warsaw	—	—	43·03	4·60	44·06	4·94	+ 2·4	— 2·3
Poznań	—	—	40·05	4·49	40·40	4·53	+ 0·9	+ 0·9
Average price	—	—	41·54	4·54½	42·23	4·73½	+ 1·6	+ 1·6
Berlin RMk.	—	—	24·78	5·90	24·30	5·78½	— 2·0	— 2·0
b) Feeding:								
Warsaw	35·05	3·93	35·81	4·01½	38·17	4·28	+ 6·6	+ 6·6
Poznań	34·63	3·88	35·51	3·98	34·15	3·83	— 3·8	— 3·8
Lwów	32·55	3·65	34·25	3·84	34·30	3·84½	+ 0·1	+ 0·1
Average price	33·76	3·78½	35·19	3·94½	35·54	3·98½	+ 1·0	+ 1·0
Berlin RMk.	20·05	4·77½	20·55½	4·89	20·96	4·99	+ 2·0	+ 2·0
Chicago	—	3·46½	—	3·60	—	3·65	—	+ 1·3
O A T S :								
Warsaw	39·90	4·47½	36·30	4·07	33·77	3·78½	— 7·0	— 7·0
Poznań	38·80	4·35	32·51	3·64½	32·65	3·66	+ 0·4	+ 0·4
Lwów	32·74	3·67	30·32	3·40	28·59	3·20½	— 5·7	— 5·7
Average price	37·15	4·16	33·04	3·70½	31·67	3·55	— 4·2	— 4·2
Berlin RMk.	26·16	6·23	20·70	4·93	20·28	4·83	— 2·0	— 2·0
Chicago	—	3·18	—	3·22½	—	3·03	— 6·1	— 6·1

GOVERNMENT GRAIN RESERVES.—

The necessity for the accumulation of grain reserves, which would restrain the excessive fluctuation of grain prices, and which would ensure sufficient supplies of grain in cases of momentary shortage, has imposed itself on several occasions during the past few years. It may be recalled that there have been enormous decreases in prices of grain during the post harvest period, while, on the contrary, excessive rises, very frequently economically unjustified, have occurred during the period preceding the harvest. On several occasions a great shortage of grain has been recorded, owing to a lack of supplies, particularly at the time when heavy land operations

were in progress, or when the roads were in a bad condition. The fall in prices during the month following the harvest season, due to the lack of working capital of the Polish agricultural community, to defective organisation of agricultural credit and trade, insufficient storage accommodation, &c., exposes the agricultural community to losses which cannot be offset by the increase in prices observed towards the end of the agricultural season, for the profits are mainly made by business intermediaries.

There were fluctuations in prices, which amounted to about 80 per cent within one agricultural year. Thus, for instance, the price for rye in September 1923,

amounted to \$ 1·64 per 100 kg., while in April 1924 it was \$ 2·41; similarly, in 1924/5, the prices were from \$ 3·65 to \$ 6·57; and in 1926/7 from \$ 3·68 to \$ 5·04. These fluctuations are encountered only in those countries, in which the agricultural community, similarly as in Poland, has insufficient capital at its disposal. The occurrence of the above mentioned phenomena might be checked, firstly — by the improvement of the financial situation of the agricultural classes, secondly — by efficient organisation of agricultural credits, and in particular the introduction of a system of credits based on the employment of grain elevators, thirdly — the organisation of the corn trade, and four-

thly — the construction of grain elevators.

The above mentioned problems are linked up with the economical and financial policy pursued by Poland; their realisation must be distributed over a number of years, and depends, to a large extent, on the inflow of foreign currency to the country. Under these conditions the building up of grain reserves by the Government must be regarded as a half measure, which, nevertheless, should make good the ill effects which are noticeable in the Polish grain market.

The accumulation of grain reserves, which since a few years has been regarded as a State necessity, has, nevertheless, been paralysed by the stringency of capital. In the current year the Polish Government has, for the first time, decided to realise this scheme.

The grain reserve is to amount to 100,000 tons, the bulk of which will be composed of rye. The purchases will be effected by the State Agricultural Bank, through the intermediary of agricultural commercial enterprises, which will store the grain partly in their own, but chiefly in leased warehouses and mill stores. The purchases are to be made by the agricultural commercial organisation situated in the Western provinces. Moreover, the purchasing and warehousing are to be carried out on lines laid down by the Government, by the Union of Consumers' Co-operative Societies in Warsaw, and by the municipalities of Warsaw, Kraków, Lwów and Wilno. The above mentioned organisations are to take the purchasing in their hands, in conjunction with commercial agricultural bodies, other than those previously enumerated, i.e., in the Western provinces. The process of accumulation of grain reserves will be co-ordinated with the purchases of grain for the army, in order that the scheme may exercise a beneficial influence on the local grain market.

A committee composed of the representatives of the Ministries interested in this scheme, has been entrusted with its supervision and control. The chief object of the Government is to have an influence on the shaping of prices for grain in Poland, particularly of those for rye, and the organisation of a permanent means of supply for the more important industrial centres. Purchases are to be made in periods of low prices in order to prevent excessive fall of quotations, while sales will be effected in periods of high prices or when the shortage of grain on the market becomes more or less serious.

No purchases, have, however, so far been made, contrary to general anticipations, despite the fact that the yield of rye in the current year was larger by 19 per cent than in 1926, and despite the prolongation to the end of June 1928 of the regulation of the Ministries of Finance, Industry and Commerce, and Agriculture, relative to the export duty on rye. The latter amounts at present to £ 15 per 100 kg. and is prohibitive; the situation ruling on the foreign markets has no influence whatsoever on the shaping of prices in Poland, so that a fall of prices on the local

market is anticipated. Compared with the quotations reported by world corn exchanges, those ruling in Poland are higher than in the United States of America, but lower than those obtaining on the Western European markets. The present level of prices on the Polish markets must be regarded as high, especially when the economic conditions in Poland as a whole are taken into account.

This is attributable to the increase of prosperity among the agricultural community in Poland, as compared with the preceding year, due to the prevalence of good conditions on the agricultural products market in 1926, and to the delayed harvest, which prevented the completion of threshing before the commencement of the autumnal land operations. Such a situation is by no means unfavourable, nevertheless purchasing activity under such conditions would not be justified, for the grain purchased now at high prices would have to be sold in spring at still higher figures, or else the Treasury might be exposed to big losses. It is to be anticipated that the fall in prices of grain will take place at the end of September or at the beginning of October, when the purchases for the building up of grain reserves will be made under favourable conditions.

SOWING CREDITS. — This autumn the State Agricultural Bank has given a credit of £ 3 million for the purpose of furnishing farmers with high grade seeds. The credit will be granted to the full value of the market price of seed, by discounting the buyers' promissory notes after they have been endorsed by the seed raiser.

The term of repayment of the credit is fixed at March 31, 1928, but for parts of Poland which have suffered

from the recent floods, the time is extended until October 1, 1928.

Interest will be charged at 10 per cent per annum.

BUTTER

— In the second half of August prices of butter had an upward trend, due to increased demand on the part of exporters, and to limited supplies, brought about by augmented consumption by the rural population towards the end of the harvest season. In the first half of September the butter market was quiet, although the supplies to the more important markets were more abundant than in the second half of August. In the big commercial centres, from whence butter is dispatched to foreign countries, a shortage of first class export butter was noticeable.

The prices for first grade butter in the second half of August and the first half of September, on the main butter export markets, were as follows:

	August 15th-31st		September 1st-15th		Percentages of difference	
	£	\$	£	\$	£	\$
Bydgoszcz	6'70	0'75	7'00	+0'78	+ 4'5	+ 4'0
Lublin	6'30	0'69	6'40	+0'67	+ 3'2	+ 3'0
Poznań	7'00	0'78	6'90	+0'77	+ 1'4	+ 1'3
Sosnowiec	6'80	0'76	6'40	+0'71	+ 5'8	+ 5'3
Warsaw	6'20	0'69	6'40	+0'71	+ 2'2	+ 2'9

Exports of butter in August amounted to 788 tons valued at £ 4,458,000 as against 1,249 tons valued at £ 6,245,000 in the preceding month.



PLOUGHING FOR NEW CROPS (PHOT. J. BULHAK)

Of the total volume of export Germany received 80.6 per cent, Austria — 9 per cent and England — 8.5 per cent.

E G G S

— During August there was a strong tendency on the egg market; a certain easing in the situation, as well as the appearance of large supplies on the local market, was noticeable towards the end of the month, as the result of the increase in retail prices from £ 0.18 to £ 0.20 per piece and the weakening of export activity.

Prices per case of 1.440 eggs on the local wholesale market were as follows (in £):

	August 15th—31st	September 1st—15th
Warsaw	200.— to 220.—	220.— to 260.—
Lublin	180.— " 205.—	170.— " 240.—
Kraków	198.— " 207.—	220.— " 265.—
Sosnowiec	200.— " 210.—	215.— " —
Tarnów	207.— " 210.—	234.— " 265.—

Export of eggs in August amounted to 6.614 tons valued at £ 16,432.000 as against 5.950 tons valued at £ 14,112.000 in the preceding month.

Exports to Germany amounted to 69.5 per cent, to Austria — 11 per cent, to England—8 per cent, to Czechoslovakia—6 per cent, of the total exports.

TIMBER

— The characteristic feature of the round timber market was the earlier beginning of preparations for the forthcoming cutting season. The carry over from the last year was sold out, so that the obtaining of supplies, is, at the moment, bound up with difficulties. The shortage of timber is badly felt by sawmills. For this reason a slight upward tendency, which has been evident during the past few months, developed into an upward trend in prices in practically all centres, which situation will most probably remain during the forthcoming season. As an increase in prices would further deteriorate the situation in the timber industry, and prevent the export of wood products, it is the intention of the Government to take steps to prevent a further rise of round wood prices in the autumn and winter seasons.

The prices for round timber destined for foreign markets did not show any considerable fluctuations. In Danzig, there is even a slight downward

movement. A marked improvement was recorded on the sleeper market. On the whole, there are signs indicating that, in contrast with the past few years, there will be a brisk demand for sleepers

in the near future, both in Poland and abroad, particularly in Germany.

On the Danzig market the prices ruling for export timber in August were the following (in shillings):

	June	July—August
Pine logs	46/- to 55/-	46/- to 55/-
" telegraph poles	26/- " 25/-	24/- " 29/-
" pit props	12/6 " 13/-	13/- " 14/6
Oak logs 40—50 cm.	80/- " 90/-	80/- " 90/-
" " over 50 cm.	140/- " 160/-	150/- " 160/-
Pine sleepers I	6/- " 6/6	6/6 " 7/10
" " II	3/5 " 3/10	3/7 " 3/11
Oak " II	5/- " 5/6	5/5 " 6/-
Pine English deals	£ 11.0 " 12.0	£ 11.0 " 12.0

Wholesale prices franco truck, loading station, according to the returns published by the different Directorates of State Forests, were in July and August the following (in £ per cubic metre):

	July	August
pine logs for saw mills (per cubic m.)		
Warsaw	59.—	59.—
" " Radom	42.—	45.—
" " Siedlce	38.—	49.—
" " Wilno	38.—	37.—
" " Białowieża	40.—	40.50
" " Poznań ¹⁾	31.40	31.05
" " Bydgoszcz ¹⁾	40.71	40.91
" " Toruń ¹⁾	48.75	51.79
pine logs for building purposes (per cubic m.)		
Siedlce	30.—	41.—
" " Białowieża	32.—	32.50
" " Wilno	30.—	30.—
pine pit props (per cubic m.)		
Warsaw	32.—	32.—
" " Radom	25.—	25.—
" " Siedlce	20.—	26.—
" " Poznań ¹⁾	24.11	22.56
" " Bydgoszcz ¹⁾	24.06	21.90
" " Toruń ¹⁾	23.80	24.62
spruce logs for saw mills (per cubic m.)		
Siedlce	32.—	37.—
Lwów	30.38	31.55
oak logs for joinery (per cubic m.)		
Białowieża	85.—	85.—
" " Luck	110.—	130.—
pulpwood (per stacked cub. m.)		
Siedlce	25.—	28.—
" " Wilno	22.50	24.50
" " Białowieża	23.—	25.—

Exports of timber in August are given below (in tons):

	July	August
pulpwood	140.329	169.585
pit props	100.486	107.184
logs and stems	132.037	99.876
telegraph poles	8.876	10.554
deals, boards, battens	194.724	200.735
coopers' ware	26.514	28.050
sleepers	3.824	3.086

The volume of exports of pulpwood, which is usually on a small scale in the winter and the spring season, reached in August an unprecedented level. This is accounted for by the sales technique of this material which is usually exported during the summer months, that is when it is somewhat dried up. On the other hand, the exports of round wood destined for sawing have continued to decline since March, when they reached the highest figure this year, due to the seasonal exports of joinery material. The exports of sawn wood for the first time exceeded 200.000 tons. The exports of

sleepers reached a level which had not been recorded for some considerable time, while the price improved also. Broadly speaking, in point of quality, timber exports in August were quite satisfactory.

COAL

—The situation in the Polish coal mining industry, improved considerably, for thanks to a marked increase in the volume of exports, the total sales rose appreciably, and contributed materially towards the increase of output, with the result that the reserves of coal at pit heads were again reduced. Home sales did not increase due to the fact that the large dealers, fearing an increase in prices after the signature of the Polish coal convention, purchased large quantities in July. Nevertheless the present state of the Polish coal industry is far from being satisfactory, for, owing to competition on the European market, under the influence of which prices declined markedly, the profits derived from the export of coal are gradually diminishing. There are, however, signs indicating that prices of coal on the world market have reached their lowest level, and that a betterment will take place in the near future. In any case, the increase in the volume of coal exports from Poland should be regarded as a favourable phenomenon.

The state of the Polish coal industry in August in the three coal districts is illustrated by the following figures (in tons):

Coal mining districts	Extraction	Home consumption	Exports	Stocks at pit heads
Upper Silesia	2,377.000	1,323.000	896.000	2,020.000
Dąbrowa	636.000	393.000	152.000	415.000
Kraków	191.000	164.000	102	78.000
Total for August:	3,204.000	1,880.000	1,048.102	1,513.000
Total for July ¹⁾ :	3,077.000	1,875.000	927.000	1,541.000
in relation to July:	+ 127.000	+ 5.000	+ 121.000	—28.000

¹⁾ Prices for timber measured l. o. b.

²⁾ Corrected figures.



LOADING APPLIANCES AT A POLISH STATE-OWNED COAL MINE
(PHOT. S. PLATER)

It will be seen from the above data that the output of Polish coal rose from 3,077.000 tons in July to 3,204.000 in August, an increase of 127.000 tons or 4.13 per cent. The sales, which amounted to 2,802.000 tons in July, rose in August to 2,928.000 tons, an increase of 126.000 tons or 4.50 per cent. Stocks at pit heads declined during the month from 1,541.000 tons to 1,513.000 tons — by 28.000 tons or 1.82 per cent. Local consumption amounted to 1,880.000 tons, or 5.000 tons, i. e., 0.27 per cent more than in July (1,875.000 tons). Exports were 1,048.000 tons or 121.000 tons, i. e., 13.05 per cent more than in the preceding month (927.000 tons).

The exports in August reached the highest level attained since the end of the English strike. To form an idea of the increase of the volume of Polish coal exports, it is sufficient to compare the present totals with those which were recorded prior to the coal stoppage in England, in May 1926: the increase amounts to 344.000 tons or 48.86 per cent.

Exports of coal in August to the different markets are illustrated in the following table (in thousands of tons):

Destination	1925	1926	1927	1927	
	first semester ² (monthly averages)			July ¹	August
Austria	194	214	192	217	264
Hungary	36	42	48	57	65
Sweden	—	144	202	211	208
Denmark	2	72	97	126	150
Czechoslovakia	47	41	47	7	4
Latvia	1	18	29	19	21
Yugoslavia	8	14	22	43	46
Switzerland	2	10	19	13	12
Italy	1	49	126	99	95
Rumania	6	8	10	13	17
Lithuania	1	3	6	16	7
Memel	1	3	2	4	5
Holland	—	1	—	—	—
Finland	—	9	9	18	41
France	—	23	16	10	19
Norway	—	7	15	6	19
England	—	37	—	—	—
Germany	451	1	1	—	—
Belgium	—	—	12	5	13
Russia	—	—	6	—	—
Other countries	—	1	6	1	—
Total:	750	697	865	865	986
Danzig	26	37	27	42	42
Bunker coal	—	38	15	20	20
Total:	776	772	907	927	1,048
Export, Germany not included	325	771	906	927	1,048
Shipped through:					
Danzig	29	225	314	313	348
Gdynia	—	30	54	85	84
Tezew	—	5 ³⁾	11	20	17

¹⁾ Corrected figures.

²⁾ The monthly average figures for separate countries have been calculated by dividing the respective figures for the first semester by 6; but in fact, these figures were reached for the exports of coal to Holland—during 2 months, to Finland—during 5 months, to Norway during 4 months. The exports to England date since June, in which month they amounted 221.000 tons.

³⁾ Average quantity for 6 months; this figure has been calculated as explained in note No. 2; exports via Tezew lasted only 4 months.

The increased coal exports in August were mainly to Austria (by 47.000 tons or 21.66 per cent), Denmark (by 24.000 tons or 19.05 per cent), to Finland (by 23.000 tons or 127.78 per cent). Moreover, slight increases were recorded in the exports to Norway (by 13.000 tons), France (by 9.000 tons), Belgium and Hungary (by 8.000 tons each), and to Latvia, Yugoslavia and Memel. The volume of exports to other countries declined, the largest decreases being to Lithuania (by 9.000 tons), Sweden (by 3.000 tons), as well as to Czechoslovakia, Switzerland, Italy and Rumania.

Of the total amount of coal exports the Scandinavian and Baltic markets absorbed 451.000 tons (in July 400.000 tons), Austria, Hungary and Czechoslovakia taken together — 333.000 tons (in July 281.000 tons), and other countries 202.000 tons (184.000 tons in July).

The average daily dispatch of coal to foreign markets during the month (25 working days) amounted to 41.920 tons, an increase of 6.266 tons, i. e., 17.57 per cent as compared with July (26 working days).

Parallel with the increase in the volume of coal exports in August, the

shipments of coal through Polish ports rose to 449,000 tons, an increase, as compared with the month of July, of 31,000 tons or 7.42 per cent. The shipments through Danzig rose by 35,000 tons, i. e., 11.18 per cent to 348,000 tons, while those through Gdynia declined by 1,000 tons, i. e., 1.18 per cent, to 84,000 tons. The consignments dispatched through Tczew fell by 3,000 tons, i. e., 15.0 per cent, to 17,000 tons.

The volume of coal consignments directed through the three above mentioned Polish ports in August, represented 42.84 per cent of the total coal exports as against 45.09 per cent in July, which decline is attributable to the increase of exports by land routes.

Parallel with the improvement of the coal industry, the number of idle days declined, which is shown by the fall in the relation of their number to the total number of working days, the figure being 4 per cent. The number of workmen declined by 159, from 109,633 in July to 109,474 in August; notwithstanding this the output of coal rose slightly. The number of unemployed miners decreased, due to large numbers of men having found work in connection with the harvest, the figure according to statistical reports dropping from 24,803 on July 30th to 24,035 on August 27th, a decrease of 768. The average productivity per team per day for the whole of Poland was the same as in the preceding month, i. e., 1.190 tons.

Wages remained unchanged. The negotiations for an agreement between the employers and employees in the three coal basins are still in progress. The average earning of miners, together with various supplements, including those in kind, were from $\text{zł} 6.18$ to $\text{zł} 8.05$ per day.

The home and export prices to countries within the coal convention were the same as in July.

Railway tariffs in regard to consignment of coal, of 700 tons and upwards, destined to Italy via Candidio, were reduced as from September 1st, and vary from 3.11 to 3.51 Austrian Shillings per ton according to the quantity dispatched. Other railway rates and sea freights remained unchanged.

PETROLEUM

in the Drohobycz district	51,000
" " Jasło	6,000
" " Stanisławów	3,500
Total:	60,500

At Borysław, the most important petroleum basin, the extraction of crude oil was about 45,000 tons, a decrease of 1,600 tons as compared with July (46,000 tons). This decline was due to heavy floods on the 31st of August, which resulted in the loss of one day's output in this area. The floods have damaged the technical equipment of certain mines, especially those which are situated in low grounds, crude oil and gas pipe-lines and electrical cables having suffered the most.

The production in the Borysław area has stabilised in the course of the last few months, due to the completion of several wells in June and July; this point was dealt with at length in our last report.

In August no wells were completed. In the well "Łaszcz IV" at Pasieczna, in the Stanisławów district, which was completed at the end of July, the production of natural gas continues to be very large, being over 200 cubic metres per minute. Preparations for the absorption and utilisation of the gas have been in progress since the beginning of the month. The gases are subject to enormous pressure, and when the pipes are filled with ice and the diameter of the bore hole decreased, the pressure of the gas lifts the whole column 6 inch, in diameter, weighing about 55 tons.

Workmen's wages remained unchanged in August. No strikes or conflicts of any kind between the employers and employees were recorded during the period under review.

On the crude oil market the prices remained at the July level, and amounted at the end of August, from \$ 22 to \$ 23 per ton for Borysław standard crude, despite the increase of supplies.

On the petroleum products market the tendency was somewhat weak; local prices declined, in particular those for paraffine. The situation of the export market, due to the fall of quotations, which was brought about by over-production in America, was distinctly unfavourable.

In July the total production of crude oil in Poland amounted to 62,921 tons. In the Drohobycz area the extraction of Borysław standard crude was 46,600 tons, and of special grades 6,520 tons. Compared with June the production of Borysław standard crude rose by 1,350 tons, and that of special grades

rose by 70 tons. The average daily output in the Borysław area was 1,500 tons in July, as against 1,508 tons in June and 1,486 tons in May. Thus, there was a certain stabilisation in the production, due to the completion of several new wells ("Sieghard", "Sadler XII" in the Borysław area, and "Józef III" in the Mrażnica area).

The natural gas industry made further progress in July: the throughput of gasoline works amounted to 22,088,000 cubic metres of gas, as against 21,254,000 cubic metres in June. The output of gasoline amounted to 2,379 tons, as against 2,302 in June. Local sales of this product amounted to 2,133 tons, and exports were 134 tons. In all there were 18 works in operation (16 in Borysław and Drohobycz and 2 at Bitków) which employed 183 workmen.

The output of ozokerite of the two mines (at Borysław and Dzwiniacz) was 55 tons as against 60 tons in June, the decline accounted for by restricted operations caused by a lack of demand. The situation on the local and foreign markets being distinctly unfavourable, it is anticipated that a further reduction of workmen will take place. The number of workmen in this industry was 485 in July, as against 570 in June.

The situation in the refining industry in July is illustrated by the following figures (in tons):

throughput of oil	54,832
output of petroleum products	49,268
home consumption	23,333
exports	19,928
stocks on July 31st	178,890

The State Petroleum Refinery at Drohobycz, the largest in Europe, worked up 13,229 tons of crude oil. There were 25 private refineries in operation employing 5,057 workmen. Compared with the month of June (19,256 tons) and the corresponding period of July 1926 (20,480 tons) the quantity absorbed by the refining industry rose appreciably. The figure for consumption includes 6,610 tons of petroleum, 5,648 tons of lubricating oils, 4,720 tons of benzine and gasoline, and 3,061 tons of gas oil.

The exports of petroleum products in July were as follows (in tons):

benzine	5,023
petroleum	3,550
gas oil	4,131
lubricating oil	3,347
paraffine and candles	1,773
other products	2,104
Total:	19,928

The distribution of exports, according to their destination, was as follows (in tons):

— According to provisional data, the production of crude oil in Poland in August was (in tons):



A VIEW OF THE OIL-BEARING TERRITORIES IN THE BORYSŁAW AREA (PHOT. S. PLATER)

Czechoslovakia	6.774
Austria	1.443
Switzerland	1.349
Germany	1.253
Other countries	1.817
	12.636
Danzig	7.292
Total :	19.928

In July the volume of exports of petroleum products to Austria and Czechoslovakia declined considerably (in June 2.783 tons and 7.607 tons respectively), while exports to other countries and to Danzig, showed an increase.

SALT

— All the Polish salt producing enterprises, namely—three rock salt mines, eleven salt works, and two brine wells, worked at full capacity during the first half of 1927, and employed 3.667 workers.

The total output of salt amounted to 246.987 tons, showing an increase of 43.809 tons, or 21.5 per cent, over the corresponding period of 1926. Of the total amount, State-owned undertakings produced 132.956 tons, or 53.8 per cent, and private works 114.031 tons, or 46.2 per cent.

The above mentioned quantity included 101.129 tons (40.9 per cent) of rock salt, 65.321 tons (26.5 per cent) of evaporated salt, and 80.507 tons (32.6 per cent) of salt in the form of brine after conversion into dry salt, taking 30 kg. of salt as being equal to 1 hectolitre of brine. As regards the grades, 146.717 tons (59.7 per cent) was edible salt, 93.909 tons (37.8 per cent) industrial salt, 5.854 tons (2.3 per cent) cattle salt, and 507 tons (0.2 per cent) other kinds of salt.

The output of high class salt, the "Vacuum", produced by the Wieliczka

works, amounted to 14.742 tons, an increase of 4.795 tons, or 48.2 per cent, over the corresponding period of 1926. This increase is accounted for by larger demand, as well as by the reorganisation of the works. Compared with the period January-June 1926, the output of edible salts rose by 10.090 tons (7.3 per cent), and that of industrial and cattle salts by 31.162 tons (50 per cent) and by 2.634 tons (81 per cent) respectively. The above mentioned increases in the production of salt are most gratifying, and particularly those in respect of industrial and cattle salts, as an increased consumption of these minerals will ensure a steady development of the Polish salt industry, for it should be remembered that the consumption of edible salt will only augment with the increase of the population.

The general improvement in the economic situation of Poland contributed towards the increase of production and consumption of edible and industrial salts, whereas the increase in the demand for cattle salt was brought about by the repeal, in May last, of certain restrictions harassing the trade in this article.

During the first half of 1927 the sales of salt in Poland amounted to 237.925 tons, an increase of 38.921 tons, or about 20 per cent, as compared with the same period of 1926.

Local consumption amounted to 229.402 tons (96.4 per cent), the balance of 8.523 tons (3.6 per cent) being directed to foreign countries. Compared with the first six months of last year, the consumption, as already stated, increased by 38.449 tons or about 20 per cent, while the volume of exports rose only by 472 tons or 5.9 per cent.

The largest share in the export trade was held by the private undertaking owning the Wapno salt mines which sold abroad 5.120 tons (60 per cent), the balance being exported by State undertakings—those at Inowrocław and Wieliczka being responsible for 2.583 tons (30.4 per cent) and 820 tons (9.6 per cent) respectively.

The bulk of the export was edible salt (7.494 tons or 88.1 per cent), industrial consignments representing only 1.029 tons, or 11.9 per cent.

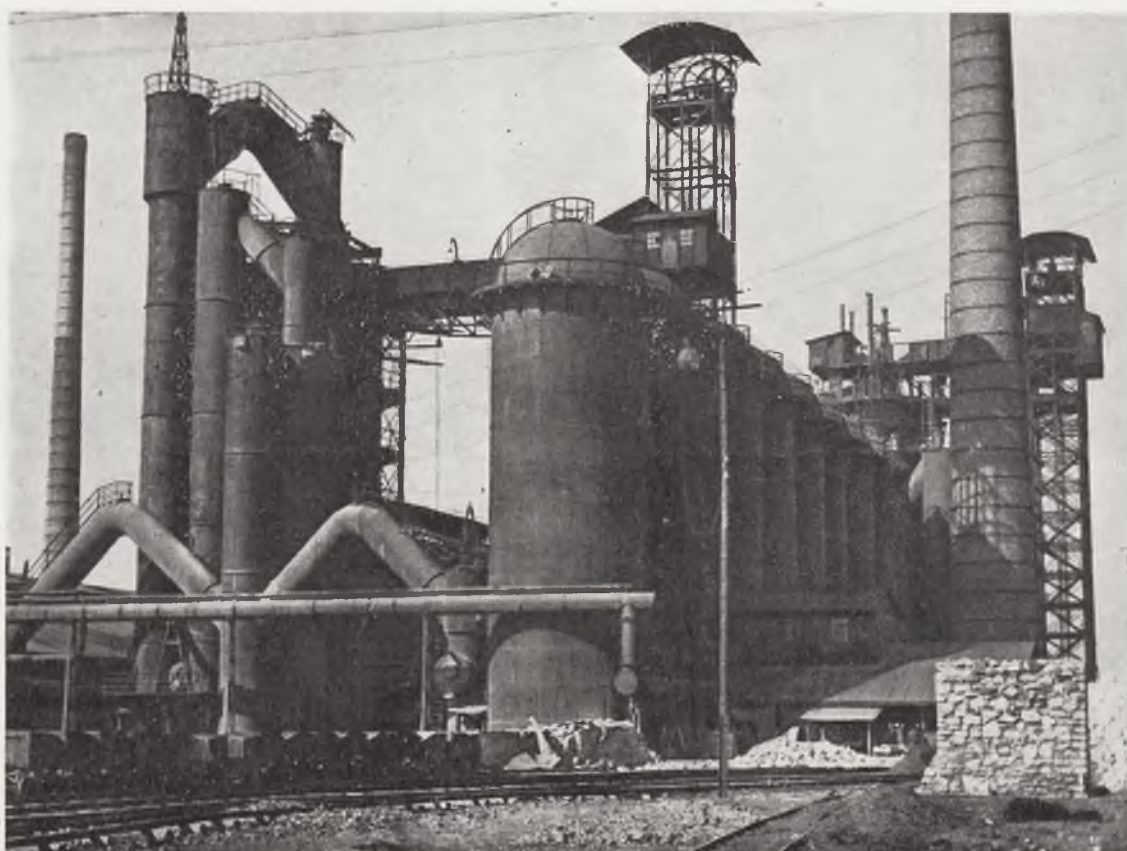
The best customers were the Baltic states, only 595 tons of industrial salt from the Wieliczka mine having been placed on the Czechoslovakian market.

These figures indicate that the salt export trade is still in its infancy. Poland is greatly interested in the development and in the building up of a large export trade, as the industry only works at about 60 per cent capacity, and in order to work economically, new outlets will have to be found. For this reason the Government has taken up this matter, as one requiring immediate attention. The prices charged by the State Salt Monopoly remained unchanged during the period under review.

In conclusion, a glance at the above statement will show that the results obtained in the first half of 1927 were favourable for the salt industry as regards output, sales and local consumption.

IRON

— The state of the iron founding industry in August was in the main the same as in the preceding month; the situation continued to be good, so that it was possible to increase the output, part



BLAST FURNACES NEAR CZĘSTOCHOWA (PHOT. S. PLATER)

cularly of pig iron. The question of the increase of output of pig iron has been considered for some time past, so that the foundries as well as the iron mines have made the requisite investments, while at the same time old equipment has been overhauled. Thanks to the demand for pig iron, the turnover for iron ores increased, which enabled the mines to work more intensively.

The extraction of iron ore and the import of rich foreign ores were as follows (in tons):

		Extraction	Imports	Number of workmen employed
July	1927	46,059 ¹⁾	65,808	6,388
August	1927	47,495 ²⁾	71,147	6,190
	1926	31,753	39,718	3,972

The output of ore rose in August, as compared with July last, by 1,436 tons, i. e., by 3.1 per cent, and as the number of working days was the same, and the number of workmen declined by 198, it is clear that the average productivity per workman, which was in June 6.38 and in July 7.24 tons, rose in August to 7.67 tons, the increases over June and July being 20 and 3 per cent respectively. In August there were two new mines

opened up, so that the total number of mines in operation was 26 as against 24 in July and 23 in June.

The number and volume of orders received by the foundries for articles dealt with by the Syndicate (pig iron and pipes excepted) were larger than in July, amounting to 54,000 tons, as against 49,600 in the preceding month. Similarly as in the month of June, Government orders, which amounted to 25,000 tons (46.3 per cent of the total volume of orders) as against 12,500 tons in July, played an important rôle in this respect. Orders received from the wholesale trade were 29,000 tons as against 37,000 tons in the preceding month.

The output of iron foundries in August and the corresponding period of last year is given below (in tons):

		Pig Iron	Steel Ingots	Rolled Products ¹⁾	Number of workmen employed
July	1927	51,388 ¹⁾	111,192 ¹⁾	80,977 ¹⁾	45,217 ¹⁾
August	1927	56,602 ²⁾	115,046 ²⁾	81,246 ²⁾	45,956 ²⁾
	1926	28,980	75,674	50,802	35,511

It is seen that there was an increase in all branches and particularly in that

of pig iron, where it amounted to 10 per cent. The production of steel works rose in a lesser degree, by 3.5 per cent, and that of rolling mills by only 0.35 per cent. There were 17 blast furnaces in operation. Compared with the output of last year, there were increases of 96 per cent for pig iron, 52 per cent for steel ingots, and 60 per cent for rolled products. The output of pipes is fairly large and comes to about 7,500 tons per month. In this branch of production the sales possibilities are not fully taken advantage of and the foundries are making efforts to improve and increase their outputs. Several foundries expanded their work in conjunction with foreign and particularly American capital. The inquiries and orders are so numerous that the investments made are fully justified.

The foundries did not experience any difficulty in obtaining the necessary raw materials. Iron ores arrived in sufficient quantity and with great regularity both from abroad (Sweden and Russia) as well as from the local mines. The output of coke works covers entirely the requirements of the foundries, and, thanks to new equipment, they will be in a position to increase it in the near

¹⁾ Corrected figures.
²⁾ Provisional figures.

¹⁾ Corrected figures.
²⁾ Provisional figures.
³⁾ Pipes not included.

future. Finally stocks of scrap iron are large enough to keep the foundries going for some considerable time. Thanks to the contracts placed abroad the supply of scrap is regular and permits the building up of certain reserves. The imports of scrap iron during the last few months were as follows: in August 51.153 tons, in July 50.913 tons, in June 52.241 tons and in May 50.912 tons.

Exports of Polish foundry products are increasing steadily, which is illustrated by the following figures (in tons):

	Exports:			Imports:		
	July 1927	August 1927	August 1926	July 1927	August 1927	August 1926
pig iron	873	1.121	1.390	1.007	615	685
rails, iron and steel articles	2.604	3.926	2.654	2.498	725	1.497
iron and steel sheets	3.879	4.561	2.343	872	849	643
pipes	4.224	4.130	2.385	189	393	574

These figures indicate that the volume of exports in August amounted to 13.740 tons as against 11.580 tons in July, an increase of 18.5 per cent.

Attention is drawn to a marked improvement in the export of pig iron and all kinds of commercial iron which had showed a certain falling off during the last few months. The increase of these articles, as compared with July, amounts to 29 per cent, for pig iron, and 50 per cent for iron of all other descriptions. Exports of pipes in August showed a certain weakening as compared with July, but the difference is so small that it can be regarded as a sign of normal fluctuation.

ZINC AND LEAD

—August did not see any considerable changes in the zinc and lead industry. The extraction of the mines improved considerably as compared with the previous months, although it did not reach the high level of March last. Imports of foreign ores were maintained at a normal level. It should be stated that the imported ores come almost exclusively from German Upper Silesia, and, as there are no foundries, all the output of ores is directed to Poland.

The extraction and imports of zinc and lead ores (in tons) as well as the number of workmen employed, are given in the following statement¹⁾:

		Extraction	Imports:		Number of workmen employed
			Zinc ores	Lead ores	
July	1927	82.064 ²⁾	20.276	1.765	7.667
August	1927	87.476 ³⁾	20.893	1.487	7.661
"	1926	103.064	16.568	1.580	9.910

¹⁾ Locally extracted ore is untreated, whereas foreign ore has been enriched.

²⁾ Corrected figures.

³⁾ Provisional figures.

Compared with last year the output of Polish zinc and lead ores is smaller, but it should, however, be observed that the two figures are calculated on a different basis; thus, last year a portion of the ores originating from the fields situated in German Upper Silesia, but actually raised on Polish territory, was accounted as being of Polish origin. At present this irregularity has been removed and ores coming from the fields situated in German Upper Silesia, are considered as being of foreign origin. This fact accounts for an increase of imported ore, as compared with that of last year.

The average monthly productivity per workman was in August 11.4 tons as against 10.7 in July. There were nine mines in operation, while in addition active prospecting and search for new beds were being carried on at one mine. There are in Poland two plants run parallel to mines for the production of zinc oxide from poor ores containing less than 10 per cent of metal. The zinc and lead foundries worked under normal conditions, and their outputs were maintained at the level of the previous month, as is illustrated below (in tons):

		Raw zinc	Zinc sheets	Raw lead	Number of workmen employed
July	1927	12.794 ¹⁾	1.310 ¹⁾	2.064 ¹⁾	12.930
August	1927	12.877 ²⁾	1.514 ²⁾	2.369 ²⁾	12.927
	1926	10.507	942	1.756	11.794

It will be seen by these figures that the output of zinc rose by 0.65 per cent, of zinc sheets by 15.5 per cent, and of lead by 14.7 per cent. Zinc sheets, similarly as all other zinc products, are mostly marketed abroad, which indicates that the Polish products find their way to foreign countries despite the German frontier being closed. This is of particular importance, especially when it is borne in mind that the bulk of Polish zinc and lead products, prior to the customs war, were absorbed by Germany. The sales of zinc and lead are linked up with certain difficulties due to the depression prevailing on the world market. Nevertheless, the Polish foundries enjoy a large foreign trade; in August the export of zinc even rose, which is seen from the undermentioned statement (in tons):

		Raw zinc, zinc dust incl.	Zinc sheets	Refined lead
July	1927	9.128	1.166	1.197
August	1927	13.434	1.026	911
	1926	10.481	978	3.046

¹⁾ Corrected figures.

²⁾ Provisional figures.

Exports of zinc rose by 47 per cent, while those of zinc sheets and lead fell by 12 per cent and 24 per cent respectively.

CHEMICAL INDUSTRY

THE INTERNATIONAL CHEMICAL CONFERENCE¹⁾.—From the 4th to the 13th of September was held in Warsaw the VIIIth Conference of the International Union of Pure and Applied Chemistry. 130 delegates participated in the Conference, representing 17 countries, in addition to 200 persons from Poland of which 13 were official delegates appointed by the Academy of Sciences.

The Conference proper was from the 4th to the 7th of September in Warsaw, in the form of general and commission meetings. The following commissions met at the Warsaw congress: Commission for the Reform of Inorganic Chemistry Nomenclature; Commission for the Reform of Organic Chemistry Nomenclature; Commission for the Reform of Biological Chemistry Nomenclature; Commission for Pure Experimental Products; Commission for Thermochemical Data; Commission for Solid Fuels; Commission for Liquid Fuels; Commission for Ceramical Products; Commission of Applied Industrial Science for Chemo-Physical data; Commission for the Tables of Constants; Bromatological Commission; Commission for Industrial Hygiene.

The commissions voted a number of resolutions, primarily of an organisatory order: discussion of reports sent out before them, determination of the programme of experiments to be followed by the laboratories subsidised by the Union, discussion concerning the questions dealt with during the year under review (1926/7), and lastly, the drafting of the plan for the work for the coming year.

Beside the official programme, the members of the congress took part in a number of ceremonies and excursions. In Warsaw was held, beside other events, a scientific meeting, at which two lectures were given: by Prof. Ernst J. Cohen, the President of the Union, and Prof. Wojciech Świętosławski, the President of the Organising Committee.

At the close of the Warsaw Conference, the members travelled to Łódź, to see the textile factories, and subsequently to Tomaszów, to visit the Tomaszów artificial silk factory.

On the 16th of September, the members arrived at Kraków, where, indepen-

¹⁾ See special chemical number, issued by "The Polish Economist" for this Conference.



FERRO-SILICATE PLANT AT ŁAZISKA GÓRNE, UP. SILESIA (PHOT. S. PLATER)

dently of sight-seeing, they took part in the memorial ceremony to one of the most illustrious Polish Chemists, Karol Olszewski. And in the same city,

at the University of Jagiełło, Prof. G. Bertrand, the noted French scientist, was accorded the honorary degree of Doctor. Next a series of excursions were

organised to Wieliczka, Sosnowiec, Szopienice, Katowice, and Chorzów, that the more important industrial works might be viewed.

MOVEMENT OF PRICES IN AUGUST. — During August the Polish market was under the influence of the harvest. This was evidenced in the first place by the usual fall of prices for agricultural products during the post harvest period, and by the simultaneous rise in prices of meat and allied products, which was, *inter alia*, due to the decline of supplies, usually occurring during periods of heavy work on the land. Moreover, in view of the brisk demand for money, on the part of agricultural circles, during the harvest, there was a stringency of cash, which checked the upward trend of prices of those manufactures for which there is a large demand:

	Wholesale price indexes: nominal gold		Retail price indexes: nominal gold		Cost of living indexes: nominal gold	
Jan.	195.2	112.8	255.8	147.8	201.8	116.6
Febr.	197.1	114.1	255.2	147.8	201.3	116.5
March	199.5	115.8	253.5	147.1	200.3	116.0
April	205.7	119.4	254.5	147.7	203.0	117.8
May	207.7	120.5	258.4	150.0	204.6	118.8
June	207.3	120.2	257.0	149.1	205.1	119.0
July	209.7	120.9	253.7	147.2	198.6	115.3
August	207.1	120.2	253.7	147.2	200.5	116.4

As a result of these factors a slight downward tendency set in, which was reflected in the index of wholesale prices, for the index of retail prices and that of cost of living even rose slightly.

During the period under review the indexes showed the following changes: wholesale — decline of 0.6 per cent, retail — no change, and cost of living — rise of 1.0 per cent. As the Złoty exchange was not subject to any fluctuations during this period, the alterations in the nominal and the gold indexes ran parallel.

The decline in the index of wholesale prices was accounted for by a decrease in the index of prices of agricultural products by 3.3 per cent, and in those of groceries by 4.7 per cent, and the simultaneous increase in the prices of manufactured products by 1.7 per cent.

However, as already stated, the downward tendency in the prices of agricultural products, was by no means general. It exclusively embraced vegetables and foodstuffs of local origin, the index of

which fell materially — by 10.8 per cent. This decline was brought about by the appearance of new crops on the market. On the other hand prices for foodstuffs of animal origin rose considerably, the index going up by 7.8 per cent. Such a marked increase was attributable to the rise in the prices of meat and meat cattle, and also pigs, the tendency for the latter continuing to be strong, and to the simultaneous rise in prices of farm products, due to the increase of supply, and a large demand on the part of both local and foreign markets. As regards industrial raw materials, the stoppage of the rise in prices for timber, which had been evident during the past few months, is worthy of note; during the period under review the prices for this article were maintained on the July level. A material increase — by 5.7 per cent, took place in the prices of textiles; this was caused by a further rise in the prices of cotton. It is significant that, owing to the prevailing shortage of money, the

increase in the prices of cotton fabrics could not keep pace with the increase of the prices of the raw material; during August American cotton appreciated by 13.1 per cent, whereas the prices for fabrics only rose by 6.9 per cent. Prices of coal remained unchanged, the index of prices of metals dropped by 0.3 per cent, due to a slight decline in prices of foundry lead and tin. The group of other industrial products showed a rise of 1.1 per cent, mainly on account of the increase in prices of raw and tanned hides. Finally, the above mentioned decline in the value of groceries (by 4.7 per cent) was provoked by the drop in prices of rice, coffee and tea.

The index of retail prices was the same as in July, yet the movement of prices in the two basic groups was in opposite directions, namely: prices for agricultural articles declined by about 2.7 per cent, whereas those for manufactured goods rose by 2.6 per cent.

The increase in the cost of living by 1.0 per cent was accounted for by the rise of foodstuffs — by 0.2 per cent, of clothing and footwear — by 5.0 per cent, the decline of fuel — by 0.5 per cent, and the remaining commodities — by 0.2 per cent (home rents remained unchanged).

FAIRS AND EXHIBITIONS

THE VIITH LWÓW EASTERN FAIR.

The VIIth Eastern Fair, which took place at Lwów from the 4th to the 15th September, showed, as foreseen in "The Polish Economist" No. 9/1927, a further step in the development of this institution, which is very important not only to Polish business but also to Eastern trade in general. The fair was first organised with the idea of making it possible for Central and Western Europe to come into contact and conclude business transactions with the East, especially Russia. But for reasons which were discussed in the above mentioned article, the Fair had to assume a rôle different from its original purpose, and became an annual display of Polish industry, where the foreign importer inspected Polish products, and the foreign exporter sought to come into touch with the Polish consumer.

The Fair is now beginning an evolution towards the completion of which the VIIth fair has taken a long stride: this is a change from pure display (though this will not be crossed out of the programme, since it is considered of importance) to assume the nature of a large world market in the way of a goods exchange.

The fundamental purpose, expansion of Polish production foremostly to the East, was also borne in mind this year during the organisation of the Fair. In the preceding year, and to a greater degree this year, the Fair laid emphasis not only on industrial but increasingly

on agricultural production, and took into account the markets of the Balkan States, the Near East, not neglecting, however, those of Western and Central Europe, and other continents. The results of the Fair prove that in this purpose a fair measure of success was achieved: important relations were entered into, and a number of transactions concluded.

As noted above, the VIIth fair developed the division of agriculture. It did this with the purpose of aiding the intensification of agriculture, intermediating between it and industrial products and bringing the agricultural producer nearer to the consumer.

The agricultural division of the Fair embraced the following departments: seeds, agricultural tools and machinery, and stock-breeding. The breeding department included: poultry, pigeons, cattle, swine, and horses. In the future it will be necessary to include in the agricultural division of the fair such branches as: fishery, garden-vegetable, and forest (represented rather feebly in this year's fair).

Of all the industrial and trade pavillions, attention was drawn to the pavillion of State Monopolies, showing the production and sale of alcohol, tobacco products and matches; the pavillion of the heavy Upper Silesian industry; the pavillion of peasant art industry, where were shown Polish rugs, kilims, wood and basket ware; the chemical building, which was well organised, especially in the perfume and cosmetic lines.

A large part of the fair was devoted to foreign exhibits, which were mostly put forth by Polish firms, and not by the producers themselves. The share of foreign exhibits in the fair remained on about the same level as in former years; in the case of Austria and Czechoslovakia, their share was greater.

Judging the VIIth fair as a whole, it can be said that it has not failed in its aim.

COMMUNICATION EXHIBITION.

On the occasion of the VIIth Lwów Eastern Fair a communication exhibition was organised. It was one of the chief points of interest as it was instrumental in enabling the public to form an opinion as to the progress achieved by Poland in this field. The most prominent place in the exhibition was occupied by the Polish State Railways; other sections, such as highways, waterways, port, and air communication, &c., although well arranged, were not so well represented. In the open there were specimens of railway stock, the bulk of which was manufactured locally; worthy of note were: the most powerful Polish passenger locomotive, the largest freight locomotive, passenger coach, railway platform, refrigerator waggons, waggons for poultry and cattle transport, Red Cross cars, sleeping cars.

In the pavillion a large number of most precisely executed models of railway equipment, apparatus and tools, which, together with photographs illustrating the present state and the development of the Polish railway system, gave a good picture of the investments and improvements made recently. In addition to models, there were in the pavillion a large number of tables, maps, diagrams, &c., which, elaborated in a comprehensive manner, were representative of the Polish railways and their rôle in the economic life of the country.

THE POZNAŃ HOTEL AND RESTAURANT SHOW. — From September 24th till October 9th, there will be a Hotel, Restaurant and Pastry Shop show in Poznań.

Two factors make this show of interest. Firstly, that it is the first such show organised in Poland; and secondly, that it will reflect the progress made in industry thereto connected. Thus, there will be exhibited the latest sanitary



COMMUNICATION PAVILLION AT THE VIITH LWÓW EASTERN FAIR
(PHOT. S. PLATER)

appliances, the production of the bent wood furniture industry, the manufactures of the foodstuff and spirit industries, the textile industry, and the rest of the numerous branches of production which go to equip a modern hotel and restaurant.

The show will be in Poznań, and organised by the fair committee of that city. The committee was entrusted with this care, owing to the confidence it engendered by its annual organisation of the Poznań Fair.

Hotel and restaurant circles in all Poland have become very much interested in this show, and it is worthy of note that similar circles abroad have also evinced a desire to participate. In particular, a number of firms catering for this trade, have reserved boxes wherein to exhibit their wares.

FOREIGN TRADE

— According to the data of the Chief Statistical Office, the imports in August were valued at gold ₹ 129,862,000, and the exports at gold ₹ 120,600,000. In comparison with July, imports dropped by gold ₹ 6,348,000 and exports rose by gold ₹ 6,689,000. Resulting from these changes, the unfavourable trade balance, which was in July gold ₹ 22,299,000, dropped by gold ₹ 13,037,000, to gold ₹ 9,262,000.

The improvement, as has been foreseen in these pages for the last few months, was mainly effected in the group of foodstuffs, the imports of which, compared with July, fell by gold ₹ 9,358,000, which figure was obtained as follows: wheat, gold ₹ 2,239,000; rye 2,132,000; barley, oats and maize 2,315,000. Together these four items almost exactly cover the general decrease of imports, while the further decreases were recorded for rice — gold ₹ 1,704,000, and for flour — gold ₹ 223,000.

The only other serious change in imports took place in the group of chemicals which increased by gold ₹ 2,480,000, caused, in the main, by greater purchases of foreign artificial fertilizers. Other groups of imports showed insignificant changes.

In exports there was a greater degree of change. The foodstuffs group, which in sum total changed hardly at all, showed a seasonal falling off in exports of meat by gold ₹ 1,645,000, and of butter and cheese by gold ₹ 1,192,000, while egg exports rose by gold ₹ 1,346,000, and fodder by the same amount; there appeared also an increase in exports of rye, which, owing to the export duty, was of insignificant dimensions, and was limited to frontier

trade. Plants and seeds augmented by gold ₹ 1,167,000, while domestic live stock declined by gold ₹ 973,000.

In the group, which is at present most significant from the point of view of value, that is timber, there was practically no change, although there was a decrease of round timber exports by gold ₹ 1,885,000, counterbalanced by an increase in pulpwood, sawn timber, furniture and veneers.

A large rise in coal exports, over 160,000 tons, caused a rise in the value of this group by gold ₹ 543,000; the smallness of this figure was due to the lowering of the export price. A certain insensible increase was shown in the petroleum products group.

Attention is also drawn to the augmentation of exports of zinc by gold ₹ 3,062,000, and of cotton fabrics by gold ₹ 1,063,000. In the remaining groups there was no change worth noting. The changes which have occurred in foreign trade during a period of eight months, when compared with the same period in 1926, are very considerable, especially on the import side. The reader interested in this matter will find no trouble in following up these changes, from the table given below; there will only, therefore, be marked the more characteristic points, in connection with the following discussion of the prospects of Polish trade development.

Under the conditions in which Poland finds itself at present, the question of the trade balance is one of primary importance. It is known that the cause of the fall of the ₹ łoty in 1925, lay in the unfavourable trade balances of 1924 and first half of 1925, which resulted in the decrease of the currency reserves of the Bank of Poland. Conversely, the foundation of economic improvement and stabilisation of the ₹ łoty, was made by the favourable trade balance, which allowed the augmentation of bullion cover and the gathering of currency reserves. From that time, the economic situation of the country has constantly improved. In order to well comprehend the extent of this improvement, it is sufficient to turn to the data, given under separate headings, for currency circulation, banking investments, State budget, production, unemployment &c., &c.

It is this very improvement, the confidence gained in the Polish Government through its clear policy which further commands considerable care in action, that will bring about final consolidation. This consolidation has been

so far effected, that Poland need no longer fear temporary unfavourable trade balances, which, as have been proved by the experience of the last several months, do not even cause a decline of foreign currency reserves in the Bank of Poland. Yet, Poland must, nevertheless, put great store by the importance of keeping up a favourable, or at least an equal balance of trade. Let the capability for restoration of such an equilibrium, undermined in the course of the past months, now be weighed.

In these pages it has been reiterated that the unfavourable character of the trade balance (since April 1927) was caused not by the diminution of exports but by overwhelming rise of imports. This rise during the last eight months, compared with the same period in 1926, was gold ₹ 576,238,000, or 113 per cent. In this increase, there is found a large augmentation of corn imports. Since Poland, during periods of normal crops, is a self-supporting country, and during years of good harvest can export grain, it is of interest to consider the position when the import of grain is eliminated. The following table is instructive in this respect (in millions of gold ₹):

		Imports of grain and flour	Imports (grain and flour excluded)	Total Imports
January	1927	6.0	101.6	107.6
February	"	9.4	102.6	112.0
March	"	11.8	116.4	128.2
April	"	21.2	127.0	148.2
May	"	41.1	122.7	163.8
June	"	40.6	119.4	160.0
July	"	15.5	120.7	136.2
August	"	6.9	123.0	129.9
Jan - Aug.	1927	152.4	933.6	1,086.0
"	1926	10.5	499.3	509.8

From the above statement two important deductions can be made: 1^o, that when imports of corn, and the rice and flour connected directly thereto, are taken away, the increase of the remaining imports becomes reduced to 87 per cent in relation to the eight months of 1926; and 2^o, that for the last four months imports into Poland, after the subtraction of corn, rice and flour imports, have become stabilised at figure not greatly exceeding gold ₹ 120,000,000 per month.

Even without corn, the augmentation of imports, in comparison with 1926, is exceptionally large. But it must be borne in mind that the first months of 1926 were yet in a period of deep depression, thanks to which imports were very inconsiderable; all the more so since the fall of the ₹ łoty, the decline of the value of which was not immediately followed by that of nominal

I M P O R T S

E X P O R T S

G O O D S	January-August			Jan. - August			G O O D S	January - August			Jan. - August			
	Aug. 1927	1927		Aug. 1927	1927			August 1927	1927		Aug. 1927	1927		
		Volume — in tons			Value — in thousands of gold ₯				Volume — in tons			Value — in thousands of gold ₯		
TOTAL:	418.452	3,397.471	1,425.5.6	129.862	1,086.010	509.772	TOTAL:	1,891.640	13413.299	13265.120	120.600	943.035	822.914	
Foodstuffs	38.055	762.783	142.148	18.284	276.229	91.705	Foodstuffs	41.034	552.552	925.271	20.771	222.241	245.442	
including:							including:							
wheat	3.219	221.445	582	1.019	68.474	168	wheat	2.074	4.245	44.777	647	1.357	11.795	
rye	10.165	127.078	1.573	2.639	32.224	236	rye	228	4.417	169.134	64	1.230	28.721	
barley, oats and maize	5.625	160.117	15.568	993	28.847	2,467	barley	1,402	34.965	88.127	336	8.355	15.314	
rice	3.924	45.133	19.113	1.661	18.223	7.559	oats	1.150	5.564	60.859	289	1.284	10.321	
wheat and rye flour	1.239	10.296	277	552	4.674	114	sugar	765	120.816	161.694	320	47.495	48.521	
tea	158	1.361	1.260	816	6.906	5,883	meat	835	21.115	26.296	1,069	28.579	24.903	
cocoa	509	3.329	2,031	929	6.134	3,184	butter and cheese	856	5.812	4.683	2,690	15.251	9.836	
coffee	582	4.436	4,308	1,447	11.801	11,734	eggs	6,614	51.319	44.118	9,536	69.923	55.453	
fish and herrings	4.044	49.248	34.990	1,511	17.910	11.990	forage	22.049	204.988	200.922	3,801	29.326	16.300	
edible fats of animal origin	1.202	9.178	3.486	1,853	14.286	6,028								
edible fats of vegetable origin	664	6.995	3,985	809	8.599	5,132	Live animals (head)	244.879	1115.508	1358.206	9.195	65.338	47.665	
tobacco	1.453	11.403	9.857	1,396	13.976	17.787	including:							
Live animals (head)	4.670	201.681	20.315	484	1.627	90	pigs	64.058	468.855	457.556	8,218	58.039	34.407	
Animal products	3.254	26.506	12.618	10.508	76.626	31.262								
including:							Animal products	1.265	9.457	15.171	1.555	14.738	14.896	
dried skins	1.934	15.250	4.556	3.323	24.379	5,314								
tanned hides	564	3.771	3.648	4,383	32.270	18.183	Timber and wood ware	644.739	4,423.244	3,285.549	35.072	241.581	135.582	
furs	25	138	56	1,113	5.793	1,431	including:							
Timber and wood ware	1.178	15.685	14.084	611	5.511	2.365	pulpwood	169.585	794.813	716.756	5,350	23.983	17.061	
Plants and seeds	1.935	25.212	13.724	1.001	13.021	7.654	pit props	107.184	751.490	545.432	2,833	19.125	10.907	
including:							round wood and logs	99.876	1,125.090	611.772	4,735	56.740	21.224	
oil seeds	1.322	18.917	7.833	521	7.021	3,036	planks, deals, battens	200.735	1,333.632	952.062	16,665	109.318	57.919	
Building materials, minerals, ceramic products; glass	93.660	679.950	499.890	3.164	20.580	9.351	railway sleepers and telegraph poles	38.604	202.671	305.923	2,173	11.171	13.498	
including:							furniture	597	3.752	3.739	1,026	4.387	4.034	
ceramic products	9.204	70.184	29.188	1,145	8.485	2,971	veneers, and coopers' ware	4.990	42.401	41.376	1,308	10.311	7.486	
Fuel and petroleum products	28.578	137.491	72.760	942	5.531	2.518	Plants and seeds	5.941	51.158	45.830	1.937	19.620	12.884	
Rubber and rubber products	359	2.205	823	2.463	13.334	6.171	Building materials, minerals, ceramic prod.; glass	72.807	460.190	146.291	1.213	7.910	2.762	
including:							Coal, coke, briquettes	1,036.994	7,300.362	8,206.277	18.089	136.179	142.260	
tubes and tyres for motor cars, &c.	142	856	261	1,161	5.897	1,950	Petroleum products	24.646	196.821	301.226	4.701	37.633	49.651	
Chemicals	76.843	496.921	205.881	14.687	102.601	58.581	including:							
including:							petroleum	6.683	32.523	67.130	998	5.028	7.466	
potassium salts	15,173	70.707	15,152	1,278	5.428	931	motor and lubricating oils	9,848	79,319	129.767	1,405	10.377	13.918	
chilian saltpetre	167	33.173	21,113	43	9.759	6,339	benzine	4,549	45.549	44.834	1,323	12.249	12.467	
Thomas slag	31,585	137.607	50,181	1,891	8.058	3,370	paraffine wax	1,356	11.246	18.226	758	7.027	12.104	
vegetable fats	1,799	15.283	10,468	1,709	15.152	10,424								
animal fats	1,482	10.901	8,265	1,329	10,204	7,905	Chemicals	14.758	85.626	89.731	2.357	15.655	15.567	
tanners	2,481	12.077	9,840	1,388	6.462	4,812	including							
dyes and colours	735	4.933	3,230	1,331	9.513	4,192	artificial fertilizers	8,621	33,039	38,540	918	3.284	3.770	
Ores, metals and metal products	151.092	1,062.909	361.895	16.260	107.935	41.657	Ores, metals and metal products	45.101	294.168	206.051	15.827	113.291	87.948	
including:							including:							
iron ores	71,147	455.120	153,907	1,620	8.386	3,707	iron and steel; rails	3,926	33.686	7,599	593	6,018	1,400	
zinc	20,893	136.223	57,891	3,093	20,869	8,741	" " steel sheets	4,561	33.407	11,792	1,315	10,682	3,266	
scrap iron	51,153	367.726	71,221	4,813	23,885	2,953	pipes	4,130	25.632	15,296	1,536	9,214	5,465	
Machinery, electrical wares, means of communication	7.436	45.431	26.282	19.692	127.270	60.171	zinc and zinc dust	13,434	83.644	74,789	9,821	63,328	56,564	
including:							" sheets	1,026	8.184	4,783	912	7,530	4,094	
motors	595	2,415	1,692	1,185	5,271	3,055	Machinery, electrical wares, means of communication	384	4.484	4.496	383	4.173	5.196	
textile machinery	913	4,696	1,137	2,375	15,080	3,501								
agricultural machinery	1,377	6,640	2,917	2,780	12,994	4,935	Paper, books and pictures	1.643	11.914	16.611	678	4.633	4.368	
boilers and heating appliances	503	2,547	2,080	1,264	6,677	3,583								
electrical appliances	1,382	9,178	6,420	3,121	26,193	14,977	Textiles and textile products	2.276	23.023	22.141	8.344	56.527	54.186	
motor cars	647	4,459	1,301	2,779	18,164	5,521	including:							
Paper, books, and pictures	7.592	51.591	20.551	4.597	32.337	13.057	cotton yarns	136	1,114	1,871	524	4,429	6,905	
including:							" fabrics	710	3,849	2,430	3,668	20,807	13,901	
waste and rags	3,157	23,315	11,054	1,765	12,742	4,480	wool yarns	125	970	1,016	1,662	11,675	10,641	
paper and paper wares	2,681	17,434	6,269	1,739	12,093	4,809	" fabrics	79	441	472	1,015	5,753	5,291	
Textiles and textile products	10.274	89.081	53.616	33.410	275.261	166.243	Clothing and fancy wares	45	216	204	389	2,319	3,021	
including:							Various	7	90	271	89	1,297	1,486	
jute	1,725	14,443	6,129	1,456	11,575	7,507								
cotton	6,325	51,387	36,110	13,526	101,500	88,823								
cotton yarns	242	2,173	843	2,086	17,083	7,376								
" fabrics	113	1,021	687	1,510	13,818	8,915								
wool (combed incl.)	940	13,754	6,675	7,022	77,303	32,960								
" yarns	304	1,615	387	3,902	21,155	4,790								
silk fabrics	8	119	63	959	12,373	5,856								
Clothing and fancy wares	71	577	654	1,448	12.121	11.943								
Various	185	1,136	621	2,311	16.129	7.004								



A VIEW FROM THE ŁÓDŹ INDUSTRIAL CENTRE (PHOT. S. PLATER)

prices, put a further obstacle to imports. Since about the middle of 1926 there has been observed a quick rise of imports; on one side, in proportion to the commencing activity in industry, the imports of raw materials and tools and machinery rose; on the other side, the augmenting purchasing ability of the people caused the increase of imports of articles of direct consumption. The data for the last month show that imports have reached the stage fitted naturally to the state of production, and the purchasing capacity of the nation. And the stabilisation of imports on this level is the result of cultural development, and not artificial limitation; because, although the regulation system is in force, the contingents granted were so extensive, that they were in great part not exhausted.

When it is taken into consideration that even in perfectly normal times, certain amounts of corn, rice and flour are imported, the import figures for the coming months can be put down at approximately gold zł 125 million a month. Will exports equal this sum?

During the past months exports have kept below this figure, showing consecutively (in millions of gold zł): in April 119.4, in May 114.2, in June 114.0, in July 113.9, and in August 120.6. The more important groups of exports showed

the following changes (in millions of gold zł):

		Foodstuffs	Timber	Coal, coke, briquettes	Metals and metal products ¹⁾	Textiles
January	1927	30.9	23.0	21.1	11.3	6.4
February	"	35.7	21.5	18.9	12.6	5.8
March	"	32.4	34.8	14.8	16.3	6.9
April	"	28.1	31.0	14.5	14.8	9.0
May	"	26.4	30.2	17.2	14.5	5.6
June	"	26.8	31.1	14.1	13.7	6.3
July	"	20.1	34.8	17.5	13.0	8.2
August	"	20.8	35.1	18.1	15.6	8.3

It is seen that the greatest instability was shown by the foodstuffs and timber groups. Therefore these groups must be more closely analysed.

In view of the total disappearance of corn exports during the last five months, the sum of exported foodstuffs is decided primarily by exports of eggs and sugar. The exports of sugar vary widely: from large amounts during the period from November to March, to small amounts during the rest of the year. In the last few months the exports of sugar were (in millions of gold zł): November 1926 20.6, December 19.7, January 1927 17.0, February 14.6, and from March on there was a sharp fall. Since

¹⁾ Ores not included.

in October and even in September, increase of export is marked on account of the disposal of live stock, it can be assumed, with fair certainty, that the group of foodstuffs will also rise.

The possibility of grain exports must also be considered. In spite of the favourable appraisal of this summer's crops, which undoubtedly will enable the export of certain amounts of corn, the Government, desiring to forestall the possibility of imports in the spring, has established a temporary prohibition of corn exports. It must be supposed that when the excess over local requirements is calculated, export contingents will be formulated. But since this cannot be accomplished before December, such possibilities cannot here be taken into account.

Timber exports have, in all probability, reached their highest level, and in the next months there will be a decrease. But the decline will be serious only in November, when the total exports will be upheld by augmented sugar exports.

The export of coal, in view of approaching winter, should remain on the present level, with a tendency towards augmentation. It is harder to foresee the shaping of metal and textile exports, but the possibility of extensive changes is improbable.

In addition to the above mentioned

items, there are a number of smaller groups, which, in general, show tendency to export increase. There is, at all events, little fear of decrease.

To sum up, exports during the next two months are expected to remain on the August level, with a slight tendency to rise. In November exports should begin to visibly increase.

It is still difficult to determine the time when the Polish balance of trade will become favourable. Everything points out that it will come about soon, and will remain so for a number of months.

THE POLISH EXPORT INSTITUTE.—In the "Dz. Ust. R. P." No. 83 item 739, was published a decree of the President of the Republic concerning the foundation of the State Export Institute. In this way the nucleus of the Institute, which has been in existence as one of the departments of the Ministry of Industry and Commerce, has received a well defined legal form. According to the decree, as an organ of the Ministry of Industry and Commerce the Institute is a Government department, in which, however, private economic interests will receive careful attention. This form was adopted, owing to the necessity both of the maintenance of close contact between the Institute and the Government, and the adaptation of the activity of this organisation to the varying requirements of the economic life of the country.

The aims of the Institute have been dealt with in detail in these columns in a special article*). According to the above mentioned decree the functions of this organisation are to be the following:

- a) the investigation of export possibilities and terms for the different Polish products and the furnishing of information to the interested parties;
- b) the initiation of export activity and co-operation in the matter of the foundation of an export organisation;
- c) initiation and proposing of forms in which export activity may be assisted by the State;
- d) the promotion of and collaboration in matters relating to the standardisation of export articles and the foundation of subsidiary export services;
- e) the giving of opinion, when requested by the Minister of Industry and Commerce, concerning the projects of laws and decrees in respect of foreign trade;
- f) the performance of any other function connected with foreign trade upon instructions given by the Minister of Industry and Commerce;
- g) the promotion of the production of export articles and the propaganda in foreign countries in favour of Polish trade.

The Institute is entrusted with the collection of reliable information and its utilisation for the benefit of Polish foreign trade. At the time of drafting the decree, efforts were made to give such powers to the Institute, as to enable it to deal with all matters connected with the promotion of exports, and the creation for the Polish export trade of better conditions both at home and abroad.

The Institute is headed by a Director, appointed by the Minister of Industry and Commerce; the former is entrusted with the management of the Institute, acts as its representative, and as such takes an active part in the meetings of the Council and the executive committee. The Council of the Polish Export Institute, consisting of 15 members, of which 6 are appointed by the Minister of Industry and Commerce, and 9 by business organisations, has full control over all matters dealt with by the Institute. Moreover, the Council is assisted in its work by delegates of the Ministries of Industry and Commerce, Foreign Affairs, Agriculture, and Transport, and, in special cases, it co-opts delegates from other Ministries, in an advisory capacity.

The competence of the Council includes the following:

- a) the working out of the programme of the activity of the Institute;
- b) control over the execution of the work, which will be exercised by the examination of periodical and annual reports of the Institute; as well as their submission to the Minister of Industry and Commerce;
- c) the drafting of annual budget estimates of the Institute, and their submission to the Minister of Industry and Commerce;
- d) the consideration of the proposal of the Director concerning the opening up or the closing down of the local branches of the Institute, as well as the nomination and dismissal of correspondents residing abroad;
- e) the expressing of its opinion on projects of laws and decrees relating to foreign trade, and the approval of the recommendations submitted by the Institute in this matter;
- f) the submission of reports on all other matters which have been submitted to the Council for consideration by the Minister of Industry and Commerce, or which were submitted by the Director of the Institute.

The composition of the Council, the majority of the members of which are the representatives of business organisation, gives a guarantee that it will have the possibility of exercising an influence on the activity of the Institute, and as the Council is the organ of initiative, it is obvious that the interested business circles will be in a position to direct the attention of the Institute to those matters which, in their opinion, should be attended to. The presence of the representatives of the different Ministries will be of great

assistance towards the centralisation in the Institute of the efforts of the Government in the matter of foreign trade promotion. Moreover, the plans of the different Ministries, bearing on foreign trade, will be co-ordinated at the meetings of the Council, in order to ensure harmonious collaboration between the Ministries concerned and the interested business circles. The executive committee will be composed of 5 members, of which 2, together with the Chairman of the Council, are appointed by the Council, and the remaining 2—by the Minister of Industry and Commerce.

The functions of the Executive Committee embody all those matters entrusted to it by the Council. The executive committee has the right to supervise the work of the Institute, and is empowered to submit recommendations to the Council. The appointment of the executive committee constitutes a further guarantee for the influence to be brought to bear by private business interests on the work of the Institute.

As the convening of frequent meetings of the Council would be difficult for technical reasons, a small body, chosen from among the members of the Council, and possessing the same powers as the latter, will be formed in order that it may be in constant and intimate touch with the executive committee of the Institute. It is certain that this arrangement will enable the Institute to keep in close contact with the needs of the industrial and business community engaged in foreign trade.

The Director of the Institute is also empowered, with the approval of the Council, to call into being committees of experts, from among persons engaged in special branches of commerce and production, in order to be able, through their intermediary, to entertain intimate contact with business circles interested in certain particular questions. In addition, the committee of experts will deal in detail with problems aiming at the rationalisation of business methods and the adaption of Polish production to the requirements of foreign markets. Further, with the approval of the Ministry of Industry and Commerce, the Polish Export Institute is empowered to open branches within Poland and also, in conjunction with the Ministry of Foreign Affairs, to appoint agents abroad.

REGULATED IMPORT OF GOODS FROM ENGLAND.

Many of the goods imported into Poland, as is known, can only be imported on the strength of import licences, issued by the Ministry of Industry and Commerce, within the limits of contingents determined by the Polish Government. The contingent system has been drafted in such a form, that beside the contingents designed solely in proportion to the needs of the internal market, there are special contingents arranged for countries having commercial treaties with Poland. Such a special contingent, which embraces 35 groups of goods, was lately granted to England, and the quantities specified assure importation

*) See "The Polish Economist" No. 2/1927, page 50.



GENERAL VIEW OF THE COAL MINE OWNED BY THE GIESCHE CONCERN

of English goods, well coordinated with the capacity of the Polish market.

The procedure to be followed for the obtaining of import licences was defined in "The Polish Economist" No. 1/1926, since when there has been no change. Thus, permits can be obtained solely by those firms registered on the territory of the Polish Republic (including the Free City of Danzig), which should make their requests for import permits through the competent Chambers of Commerce.

OPENINGS FOR TRADE AND BUSINESS 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. 95: Polish firm, manufacturing laces, curtains, and lace covers, seeks purchasers abroad.

Ref. No. 96: Polish undertaking, exporting dried mushrooms, wishes to enter into relations with foreign buyers.

Ref. No. 97: Ozokerite and railway greases offered by a Polish refinery.

Ref. No. 98: Polish concern, introduced on English markets, seeks buyers

of fruit juices (preserved with Formic Acid or in alcohol 14-15%).

Ref. No. 99: Polish undertaking, producing cerezine, potassium chlorate, potassium saltpetre, seeks purchasers.

CUSTOMS DUTIES AND FOREIGN TRADE REGULATIONS

MAXIMAL CUSTOMS TARIFF. —

By a decree of November 22, 1924, the Polish Government was authorised to impose maximal customs duties; but the time at which these increases should be enforced, was not specified. The Government, by a decree of August 11, 1927, changing the original decree in certain respects, has arranged to impose as from December 26, 1927, a maximal customs tariff 100 per cent higher than that hitherto in force.

The maximal import tariff rates are applied to goods coming from countries which have not concluded commercial treaties with Poland, or in cases when goods originating from Poland are treated, in respect of customs duties, worse than the goods of other countries, or in cases when the export of goods from the said countries to Poland is aided by means of export premium.

For goods free of duty, fresh import duties are determined, as given in the enclosure to the above decree.

Paragraph 2 of the decree of the Ministries of Finance, Industry and Commerce, and Agriculture, of November 22, 1924, concerning maximal duties ("Dz. Ust. R. P." No. 102, item 943), is annulled.

As already mentioned, the decree will

come into force four months after the date of its publication.

In the following is given the list of articles, formerly on the duty free list, which are now subjected to duties under the terms of this order:

Item of the customs tariff	Denomination	Duty per 100 kg. (in %)
1	Cereals in the grain and pulse:	
	1) Cereals in the grain:	
a)	rye, barley, oats	6
b)	wheat	15
c)	black wheat, buck wheat, millet, maize	4
d)	Indian corn	duty free
	2) pulse:	
a)	peas, lentils, beans, pelouche, vetch, ornithopus sativus, broad beans	4
b)	French beans	7
c)	lupine	duty free
5	Vegetables and pod herbs:	
	1) fresh:	
c)	headed cabbages	
II)	imported during the period from July 16th to May 31st	5
40	Animals, birds, insects and reptiles:	
	3) horned cattle:	
c)	calves, per head	15
5)	sheep and rams, per head	15

The above decree introduces duties 100 per cent higher than those previously designated in the Polish customs tariff, and imposes duties on certain goods which were formerly admitted free of duty, i. e.: grains, plants, cabbages, live stock, &c. These duties have been named "maximal duties" and will be applied to the goods of those countries which have not, or will not before December 26, 1927, conclude commercial treaties with Poland.

Thus the general tariff, beginning with the above data, will virtually incorporate two scales: the higher, for countries not having a commercial treaty with

Poland, and the lower comprising the present rates for other countries.

In addition, certain foreign countries will as heretofore have the privilege of obtaining from Poland conventional duties lower than the normal.

The Polish trade policy is therefore in no wise changed, but is only modified by higher rates for the countries which have not signed commercial treaties.

The period of four months after the publication of the new decree (that is, till December 26, 1927), gives sufficient time for any country to come to an understanding with Poland, or at least to decide on a fair basis of reciprocal trade.

This system of maximal tariffs is similar to the French two-column policy, and to the maximal tariffs applied by other countries to such as have no trade agreement.

ELABORATION OF THE NEW POLISH CUSTOMS TARIFF. — The Polish Government appointed in 1926 a commission for the drafting of a new revised customs tariff. The commission is composed of representatives of industrial, trade, and scientific circles, and is engaged in working out the details of the new tariff, and has organised a series of sub-commissions to assist it in its labours.

After a year's work, the commission submitted to the Government a draft of the future tariff nomenclature. In the draft was denominated a large series of new items, as the new tariff is to contain a greater number of items and rates than the old.

Below is given a comparison of the number of independent items in the future Polish tariff, with the tariffs of three other countries:

Customs tariff	Number of items
present Polish	1,850
future Polish	4,452
French	4,309
Italian	3,014
Belgian	3,018

The Polish tariff will have a greater differentiation of nomenclature, which will allow a better and often a more just application of duty to the different types of goods. It is true that the Polish project does not reach the degree of differentiation of the draft prepared by the French Government in the years 1923-1926, and submitted in 1927 to Parliament: for this plan itemizes 8,000 points.

At present the Polish commission has begun the work of assembling the material necessary for the preparation of tariff rates. The material will consist in the main of data concerning foreign and Polish production and statistics of prices of different goods in Poland and abroad.

The collection of the necessary material will occupy several months, and afterwards the commission will take up the task of fixing tariff rates. The final draft will probably not be ready before the end of 1929.

PROLONGATION OF EXPORT DUTY ON RYE AND RYE FLOUR. — By decree of the Ministries of Finance, Industry and Commerce, and Agriculture,

of August 22, 1927, the validity of the decree of January 15, 1927, relating to the export duty on rye and rye flour (Ł 15 per 100 kg.), was prolonged from September 1, 1927, to June 30, 1928.

TRANSPORTS

RAILWAY TRAFFIC IN AUGUST.

During August the work performed by the Polish State Railways increased. The average daily movement of 15 ton waggons augmented to 16,503 as against 16,337 in July, an increase of 1.0 per cent. This increase in the traffic was closely linked up with the seasonal activities and was accounted for by increased transport of coal dispatched to foreign markets, and agricultural products destined to home stations, in connection with the sales of this year's crops. The latter movement had then begun, but, with the development of this activity, and especially with the commencement of the transport of sugar beet to the factories, the railway traffic will become more intense.

In comparison with August 1926, the average daily number of 15 ton waggons in use rose by 659 or 4.2 per cent.

The average daily supplies of 15 ton waggons in August were as follows:

	July	August
loaded on the Polish State Railways:		
destined for local stations	11,101	11,210
destined for abroad	3,357	3,547
total:	14,458	14,757
received from abroad	691	606
transit via Poland	1,188	1,140
Total:	16,337	16,503

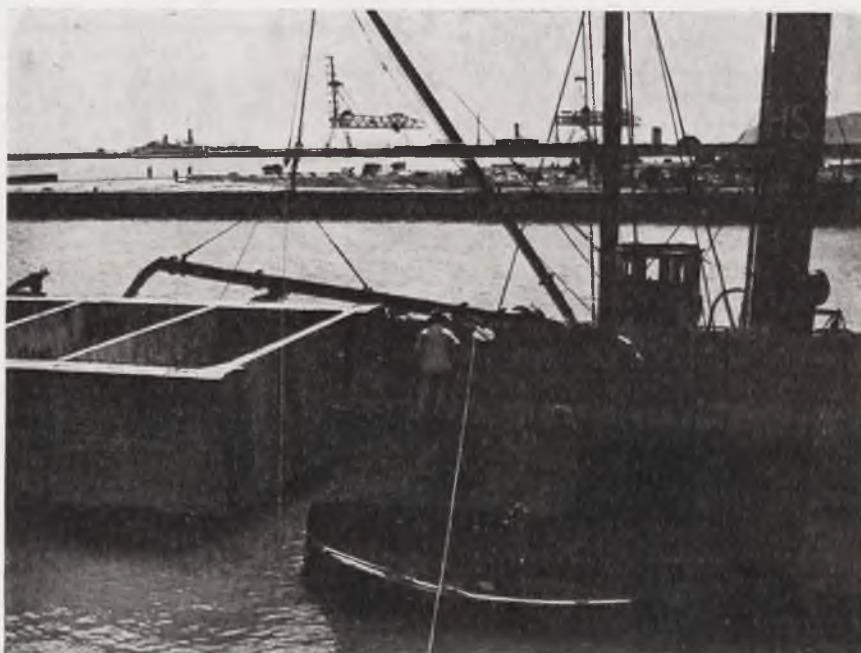
The increase by 166 of the average daily number of waggons in use is attributable to the rise in the average daily car-loadings by 299, the dispatch to local stations having risen by 109 and to foreign stations by 190 waggons. At the same time the average daily number of cars received from abroad declined by 85, and the average daily number of waggons in transit by 48.

The following statement illustrates the average daily car-loadings to local stations (in 15 ton waggons):

	July	August
coal, coke and briquettes	3,216	3,207
crude oil and petroleum products	153	171
timber	1,085	998
agricultural products	547	744
raw materials and industrial products	2,443	2,402
miscellaneous	3,657 ¹⁾	3,688 ¹⁾
Total:	11,101	11,210

In August, despite the approach of winter, coal consignments declined (by 9 waggons per day on the average) due to the circumstance that wholesale dealers, in anticipation of an increase of coal prices, had endeavoured, during the last few months, to accumulate as large reserves as possible. Moreover, the Polish State Railways have granted credit facilities for coal carrying, in order to reduce the excessive work of the railways when the seasonal transport of agricultural products will have to be dealt with. In addition, the transport of manufactured goods declined on the average by 41 waggons per day as

¹⁾ Together with loadings in Danzig.



CONSTRUCTION OF THE PORT OF GDYNIA (PHOT. S. PLATER)

a result of the decline in the movement of building materials.

The average daily car-loadings of agricultural products rose by 179, of crude oil and petroleum products by 18, and "various" by 31.

The following statement gives the average number of cars dispatched to foreign countries (in 15 ton waggons):

	July	August
coal, coke and briquettes	1.854	2.093
crude oil and petroleum products	44	50
timber	1.180	1.110
agricultural products	44	51
miscellaneous	235	243
Total:	3.357	3.547

The increase in the loading of goods dispatched to foreign countries was caused in the first place by increased export activity in the coal trade (on the average 239 waggons per day), the remaining categories of car-loadings showing slight alterations. A certain increase in the number of petroleum car-loadings, which have declined for some time, was also recorded.

DIRECT COMMUNICATION BETWEEN ENGLAND, FRANCE, BELGIUM AND POLAND, LITHUANIA, LATVIA, ESTHONIA. — Further to the parleys which took place as far back as 1924, a Conference will be held at Berlin on October 18th concerning the preparation of a tariff for the transport of passengers and baggage in direct communication between England, France and Belgium, on the one side, with transit through Germany.

When the joint commission finishes its work, the matter of ticket and baggage check printing will be attended to and likewise the tariff, which will come into force in the near future.

In this manner, passengers will be able to purchase direct tickets at all the stations, and dispatch baggage directly to the above mentioned countries.

POLISH-CZECHOSLOVAKIAN RAILWAY TARIFF. — On the 1st of September came into being the joint Czechoslovakian-Polish tariff, determining the transport rates for the main articles of trade between Poland and Czechoslovakia.

The Ministry of Communication will shortly get into touch with the Czechoslovakian railways, in the matter of settling joint direct rates for goods traffic between the two countries, which play a less important rôle.

PORT TRAFFIC IN AUGUST. — The increase of shipping activity recorded in July, for the two Polish ports, Danzig and Gdynia, developed further in August, in almost the same proportion.

This was especially the case in Danzig, where all available appliances were kept busy augmenting ore shipments. In this port, the incoming vessels were 744 (excluding sailing vessels and lighters) with an aggregate of 354.581 net reg. tons (in July 707 with 337.031). The outgoing vessels were 739, aggregating 349.686 net reg. tons (in July 699 with 342.223).

The following table gives an interesting comparison of the shipping statistics of the port of Danzig during the month of August in the years 1924 — 1927:

	Arrivals:		Departures:	
	ships	net reg. tons	ships	net reg. tons
1924	304	89.711	291	94.082
1925	499	174.213	491	178.904
1926	670	335.746	678	336.776
1927	744	354.581	739	349.686

The above data show an increase of traffic very unusual for a period of only four years. And it is also interesting to note that while the number of ships more than doubled, the net reg. tonnage more than trebled, which indicates that larger ships are now frequenting the port.

The number of passengers departing was 2,940, and arriving 1,235 (excluding shore traffic).

The nationality of the ships in August 1927, was the following:

	Arrivals:		Departures:	
	ships	net reg. tons	ships	net reg. tons
Poland & Danzig	220	37.511	215	36.776
Germany	180	75.170	182	73.552
Finland	5	4.465	6	4.855
Esthonia	1	207	2	210
Latvia	20	16.516	22	17.693
Lithuania	1	437	1	437
Sweden	115	55.303	115	58.461
Norway	38	25.765	34	19.649
Denmark	91	63.188	89	64.890
England	39	45.448	39	44.864
Holland	7	1.851	8	3.921
Belgium	5	421	5	421
France	13	18.506	13	16.941
Portugal	—	—	1	1.996
Italy	3	6.720	2	2.053
Greece	—	—	1	2.279
Austria	5	824	4	688
Yugoslavia	1	2,069	—	—
Total:	744	354.581	739	349.686

The development of the Polish merchant fleet is worth noting, especially from 1926/1927, as can be seen from the following table of incoming Polish ships into Danzig in August:

	ships	net reg. tons
1924	9	1.193
1925	5	2.483
1926	10	3.519
1927	58	19.784

To Gdynia, there arrived in August 47 ships with an aggregate of 35.851

net reg. tons (in July 44 with 42.994), and departed 49 ships with an aggregate of 38.467 net reg. tons (in July 43 with 39.813); there was a further augmentation of coal shipments, which were (together with bunker coal) 85.714 tons as against 80.395 tons in July. The number of passengers departing was 791, and arriving 24.

The August movement in the port, according to the nationality of the ships, is given below:

Departures:	
Poland & Danzig	8
England	2
Sweden	13
Denmark	7
Germany	8
France	2
Latvia	5
Norway	2
Austria	1
Holland	1
Total:	49

AERIAL COMMUNICATION IN AUGUST. — In August, there was a greater rise of air traffic intensity than in July. It was due in great measure to the exceptionally fine weather.

The number of flights (scheduled and extra) was 428, against 396 in July. The mileage was 139.225 (in July 119.515). The number of passengers carried was 1,062 (in July 966), and places had to be booked several days in advance. The freight transported was 27.710 kg., whereas in July it was 25.483 kg.; and 1.755 kg. of mail was carried, which was less than in July — 1.840 kg.

DEVELOPMENT OF TELEPHONE AND TELEGRAPH SERVICE. — During the period from May 1926 to May 1927, the following direct telephone and telegraph connections were constructed and put into commission:

A. — Telephone:

- 1) second trunk line Warsaw—Berlin,
- 2) connection Bydgoszcz—Berlin,
- 3) Wilno—Riga,
- 4) third trunk line Gdynia—Danzig,
- 5) connection Warsaw—Gdynia.

B. — Telegraph:

Gdynia—Danzig.

In addition, the question of a direct trunk line between Gdynia and Berlin, is receiving the consideration of the competent departments of the Governments of the respective countries.

FINANCE AND BANKING

STATE REVENUE AND EXPENDITURE IN AUGUST were as follows (in million zł):

It will be seen from the table below that the revenue in August was somewhat smaller than in the preceding

Commerce was the only department recording considerably increased expenditure, owing to disbursements in connection with the construction of the port of Gdynia.

A slight increase was also observed in the payment of the Ministry of Agriculture.

The total surplus of revenue over expenditure in August amounted to zł 28.0 million, as against zł 26.7 million in the preceding month.

The excess of revenue over expenditure in the current budgetary year, i. e., from April 1st, amounted to zł 130.0 million.

TAXES IN AUGUST. — The revenue from taxes and monopolies in August was somewhat smaller than in the previous months, with the exception of June, as is illustrated by the following figures (in million zł):

April	162.8
May	178.4
June	151.7
July	169.7
August	154.5

A decline in the revenue from taxes, as compared with July last, is to be observed in almost all groups, the largest decrease of about zł 8 million being in respect of customs duties. Compared with the corresponding period of last year, the revenue in August showed an increase amounting to well over zł 20 million.

Passing to a detailed analysis of the revenue from taxation, it should be stated that the collection of direct taxes decreased only by zł 0.4 million, as compared with July last, and was larger by zł 2.3 million as compared with August of last year. The revenues in this group were composed of the following: industrial tax — zł 23.8 million, income tax — zł 7.1 million, and property tax on rural and urban real estates — zł 3.6 million. The land tax brought in only zł 1.3 million, owing to intensive work being carried on on the land during the month.

Indirect taxes gave less than in July and in August of last year. A marked decrease was recorded in respect of the sugar tax, the collection of which amounted to zł 7.6 million. The taxes on beer and mineral oils brought in zł 1.3 and zł 1.6 million respectively. As a result of the close of the pre-harvest period, the revenue from customs

	Revenue		Expenditure	
	actual	estimated for 1927/8	actual	estimated for 1927/8
A) Civil service	109.3	1.234.8	163.6	1.973.5
The President of the Republic ...	—	0.2	0.2	2.6
The Parliament... ..	—	—	0.9	8.8
State Control	—	0.1	0.4	4.5
Council of Ministers	—	—	0.2	1.8
Ministry of Foreign Affairs	0.8	7.9	2.0	39.6
" War	1.0	10.3	55.0	610.8
" the Interior	1.2	13.0	14.9	184.7
" Finance	95.9	1.076.2	8.1	108.3
" Justice	3.1	34.8	8.0	97.2
" Industry and Commerce.	0.9	7.0	4.7	34.0
" Transport	—	0.3	0.3	3.3
" Agriculture	1.0	11.3	3.9	37.7
" Religious Cults and Education	0.1	8.3	25.2	329.3
" Public Works	2.7	36.1	8.8	87.5
" Labour and Social Protection	0.1	1.0	6.1	58.3
" Land Reform	0.2	1.5	2.9	36.5
Pensions	2.3	26.8	7.7	82.0
Grants to Invalids	—	—	12.7	101.5
State liabilities	—	—	1.5	145.1
B) State Enterprises	22.6	107.8	0.7	14.8
C) Monopolies	60.4	647.9	—	—
Total A + B + C:	192.3	1.990.5	164.3	1.988.3

month, being zł 192.3 million. This may be regarded as a normal phenomenon due to slight fluctuations in the revenue in the different periods of the year. Compared with last year, the revenue showed a considerable increase, for in August 1926 it only amounted to zł 149.9 million.

The decline in the revenue in August, as compared with July, was accounted for by a decline in tax collections. State undertakings, on the contrary, made larger profits and paid to the Treasury zł 22.6 million in August, as against zł 17.7 million in July. The bulk of this sum was received from the State railways and the State forests, which produced zł 11.0 and zł 11.4 million respectively. In addition, smaller sums were received from the State-owned coal mines and foundries, the "Monitor Polski" and the State printing works.

State monopolies produced zł 60.4 million, a slightly larger revenue than in July (zł 59.6 million).

The State expenditures declined considerably in August as compared with the preceding month, the figures being zł 164.3 and zł 177.0 million respectively, which seems to indicate that the Ministry of Finance, anticipating a decrease in the revenue, restricted expenditure in order to maintain the budgetary equilibrium.

Particularly large decreases of expenditure in August, as compared with July, were recorded by the Ministries of Foreign Affairs, War, Education and Public Works. The expenditure in connection with the redemption of foreign loans was inconsiderable, for no large payments fell due either in respect of foreign or internal loans.

The Ministry of Industry and

declined from zł 29.6 million in July to zł 21.9 million in August. This is indicative of the fact that the volume of imports into Poland decreased considerably. The monthly totals of revenue from this source during the past few months are given below (in million zł):

April	23.0
May	32.5
June	22.1
July	29.6
August	21.9

The revenue from stamp fees gave zł 12.3 million, as against zł 13.6 million in July — a decrease of zł 1.3 million. Due to the general decrease of State revenue, the 10 per cent extraordinary supplementary tax showed a corresponding decline. A marked decrease is also reported in the revenue from the property tax which gave only zł 2 million.

It will, therefore, be seen that only the monopolies gave a larger revenue, the figure being zł 60.3 million in August, as against zł 59.6 million in July. The revenue from this source was composed of the following items: State Tobacco Monopoly — zł 30.0 million, State Spirit Monopoly — zł 25.3 million, and State Salt Monopoly — zł 3.8 million.

A comparative table of revenue from taxes and monopolies is given below (in million zł):

	Actual revenue:		$\frac{1}{12}$ th of the yearly budget for	
	August 1926	July 1927	1927	1927/8
Direct taxes	37.5	39.9	40.3	36.5
Indirect taxes	12.5	11.8	16.6	10.9
Customs duties	15.9	21.9	29.6	15.2
Stamp fees	10.8	12.3	13.6	9.3
Total of the ordinary public levies:	76.7	85.9	100.1	71.9
Property tax	6.3	2.0	3.0	7.9
10 per cent extraordinary tax	1.5	6.3	7.0	5.2
Monopolies	47.9	60.3	59.6	54.0
Total of public levies and monopolies:	132.4	154.5	169.7	139.0

It will be seen that, compared with the State budget, all the groups of public levies and monopolies give larger sums than was anticipated, with the exception of the property tax, which gave less, due to the existence of a project to transform it into a new permanent tax, which would be smaller in extent.

In summing up, it should be stated that the revenue from public levies and monopolies during the five months of the current budget year amounted to zł 817.2 million, as against zł 166.8 million, the estimated amount for the whole budgetary year.

POLAND'S ATTITUDE TO THE PROPOSED INTERNATIONAL INSTITUTE OF AGRICULTURAL CREDIT*). — The Polish credit institutions have formulated, in collaboration with the Ministry of Agriculture, an answer to the questionnaire of the International Agricultural Institute in Rome, in respect of the formation of an international agricultural credit institute. The reply contains the following statements.

The formation of an international agricultural credit institute should be beneficial to the development of agriculture, tending to the improvement of general economic conditions, though it should in no way hamper independent internal credit action in the different countries.

As to the form of organisation, the most suitable would be the foundation of an international institution, which would issue its own obligations, backed by the ownership of mortgage bonds emitted by the institutions of the several countries. The agricultural credit institution might take on the form of an association or partnership of the different institutions, subject to the laws of the country where it had its seat, and it should be under the protection of the League of Nations. This form would be more suitable than that of a limited liability company, since it would not prevent the institution from raising capital by an issue of securities; and such an activity would be limited by the total of the mortgage bonds of the different countries. The institution should have its seat in London, on account of that city's significance on the world money market.

The international institute of agricultural credit should have for its sole aim the granting to the credit institu-

tions of the different countries [in Poland: 1) Państwowy Bank Rolny (State Agricultural Bank), 2) Bank Gospodarstwa Krajowego (The National Economic Bank), 3) Tow. Kredytowe Ziemiańskie w Warszawie (Land Credit Association of Warsaw), 4) Ziemstwo Kredytowe w Poznaniu (Land Credit Association of Poznań), 5) Tow. Kredytowe Ziemiańskie we Lwowie (Land Credit Association of Lwów), 6) Wileński Bank Ziemiański (Wilno Land Bank)] long-term credits with real security. The solution of the long term credit problem will in itself solve to a great degree the short-term credit question.

In respect of short-term credits, the Agricultural Credit Institute might beneficially act as an intermediary, or facilitate the obtaining by reliable member institutions, foremostly co-operatives, of short-term agricultural credits for two or three years based on acceptances, promissory notes &c. of these institutions, endorsed by the Treasury.

Obligations of the various institutions to the agricultural credit institute should be backed by their own mortgage bonds, which, besides mortgage security, would be guaranteed by their reserve funds, and by their whole assets, and lastly by a guarantee of the Treasury of the country concerned.

The rôle of the State should be limited to guaranteeing: 1) punctual payment of coupons and capital; 2) non-hindrance of purchase and delivery of the required amount of foreign currency; 3) the non-burdening of coupons of obligations of the agricultural credit institute with taxes on capital and interest.

Mortgage guarantees for obligations of State institutions in respect to the agricultural credit institute would be given by means of cessions by the State institutions of their mortgage bonds in favour of the international organisation.

As regards the right of control, on the part of the agricultural credit institute,

**) The organisation of the International Institute of agricultural credit, it may be recalled, was recommended by the International Economic Conference held in Geneva in May last; this matter was taken up on the initiative of the Polish Delegation.*



ONE OF THE OLDEST BREWERIES IN POLAND (PHOT. S. PLATER)

of the bases and methods of valuation of real estate employed by its members in the emission of mortgage bonds, to serve for cover of the issue of the agricultural credit institute, such a right of control seems to be necessary.

The costs of organisation of the agricultural credit institute should be covered by single payments of the associated institutions. Overhead charges should be covered by part of the fees charged by institutions of the countries to the persons who received credit.

The institutions of the member nations should leave to the disposition of the agricultural credit institute in its seat such an amount of amortisation funds, which would equal one half of the amortisation instalments on the amount of mortgage bonds issued by them, covering the emission of the agricultural credit institute.

Long-term credits granted by the agricultural credit institute should be amortised inside of 30—35 years, and be unredeemable during that time. Interest and amortisation plans should be identical for all countries. In this connection, there should be added to the above plan, the interest and amortisation clauses for mortgage bonds of the different countries.

The distribution of credits among the several countries should be made in proportion to real needs, which would be measured by the degree of the possibility of raising production and the amount of agricultural lands.

Mortgage bonds of the different countries, as cover for the issue of obligations of the agricultural credit institute, as well as these latter obligations, should be issued in stable currency.

AMERICAN LOAN TO THE DANZIG HARBOUR COUNCIL. — The Danzig Harbour Council has obtained a loan from an American group composed of Messrs. Blair & Company, and the Chase Securities Corporation, amounting to \$ 4,500,000, for the putting in order of the transshipment facilities at the port of Danzig, and the provision of new equipment for the handling of bulky consignments, as well as for the redemption of the loan which it had previously received from the municipality of the Free City of Danzig.

The terms on which the new loan was secured are favourable, especially when they are compared with those of the previous loan. The interest is lower by 0·22 per cent (8·93 per cent as against 9·15 per cent), while other conditions concerning commission, amortisation, &c., are much better.

It is worthy of note that the Harbour Council succeeded in obtaining various extra facilities, including the raising by 1½ per cent of the actual sale price, and by 1 per cent of the rate of emission, and a decrease of costs amounting to 60 per cent. Finally, the actual sales price was fixed at 84½ per cent and the rate of issue at 90.

The debt is to be redeemed in 25 years and the first two years are free from amortisation payments. The redemption is to be effected by progressive instalments in such a manner that the total amount of payments towards the amortisation of the principal and interest will be equal. The redemption will be effected by means of drawings. The Council of the Board is also empowered to remit the corresponding nominal amount of the obligations in lieu of payment or part-payment of a given instalment. After a year, counting from

the issue, either the whole or a part of the obligations may be bought up at 102 and after 5 years at 100 per cent.

The Chase National Bank acts as trustee and will have an agent at Danzig, who will be entrusted with the reserve fund. The funds will be deposited at the Bank of Danzig, which is authorised to deposit a portion of them with foreign banks.

STOCK EXCHANGE

FOREIGN CURRENCIES

— In August the rates quoted on the Warsaw Stock Exchange for certain foreign currencies deviated from those which had obtained in July. The Pound Sterling rose by ₹ 0·05, the Swiss Franc — by ₹ 0·22 (per 100), and the Austrian Shilling — by ₹ 0·16 (per 100). These slight differences were attributable to local conditions, although quotations on foreign stock exchanges also exercised a certain influence.

Drafts on New York were maintained at the same level as in previous months, while those on other places showed no particular fluctuations. The Italian Lira, which is usually subject to wide fluctuations, remained stable during the period under review. The total turnover on the Warsaw Stock Exchange in August declined by over 30 per cent, as compared with the preceding month.

		29.7	1—5.8	8—12.7	16—19.8	22—30.8	31.8	par value
Warsaw Exchange								
London	£ 1	43·44	43·45	43·48	43·49	43·49	43·49	25·22
New York	\$ 1	8·93	8·93	8·93	8·93	8·93	8·93	5·19
Paris	Fr. Fr. 100	35·—	35·05	35·06	35·07	35·07	35·07	100·—
Brussels	Belg. 100	—	124·45	124·47	124·51	124·52	124·50	100·—
Zurich	Sw. Fr. 100	172·25	172·37	172·44	172·47	172·48	172·47	100·—
Milan	Lir. 100	48·71	48·69	48·72	48·78	48·72	48·65	100·—
Amsterdam	Fl. 100	358·50	358·52	358·58	358·51	358·47	—	208·32
Vienna	Sh. 100	125·90	125·96	125·96	125·98	126·01	126·06	72·93
Prague	Kcz. 100	26·51	26·51	26·51	26·51	26·51	26·51	105·01
Stockholm	Kr. 100	—	239·70	239·95	—	—	—	138·89
Foreign Exchanges								
London	£ 1	43·50	43·50	43·50	43·50	43·50	43·50	25·50
New York	₹ 100	—	11·20	11·20	11·20	11·20	11·20	11·75
Zurich	₹ 100	58·—	58·—	58·—	58·—	58·—	58·—	100·—
Vienna	₹ 100	—	—	79·15	79·05	79·—	—	137·13
Prague	₹ 100	378·50	376·25	375·78	376·92	376·94	377·75	651·—
Berlin	₹ 100	47·—	46·98	47·—	46·95	46·93	46·95	81·—
Danzig	₹ 100	57·70	57·71	57·68	57·64	57·65	57·66	99·108

The demands for drafts decreased by about 30 per cent, and for Dollar bank notes by 25 per cent. Such a considerable decrease in the demand for drafts and foreign currencies is quite understandable when it is borne in mind that a great majority of banking institutions utilised a part of their reserves in order

to meet the increased requirements of their clients for liquid capital, such as are usually noticeable at this time of the year. Apart from Dollar notes some business was transacted in English, Czechoslovak, Italian, French, Swiss and Austrian bank notes. In view of the coming to an end of the summer

season, the turnover in these currencies was on a small scale, while the rates of exchange for all of them, with the exception of French notes, were practically the same as on foreign stock exchanges, and were higher than cheques by zł 0,06 to zł 0,10. The rate of exchange of the złoty on foreign stock

Industrial shares	29.7	1—5.8	8—12.8	16—19.8	22—30.8	31.8	Nominal
Bank Polski	139'—	139'50	142'25	140'75	138'07	136'75	zł 100'—
Bank Dyskontowy Warszawski	130'—	130'—	130'63	132'—	132'20	133'—	zł 100'—
Bank Handlowy w Warszawie	—	6'67	6'85	137'13	132'—	123'—	zł * 100'—
Bank Zachodni	—	24'50	—	—	22'—	—	zł 25'—
Bank Zw. Sp. Zarobkowych	80'—	84'83	88'30	86'63	85'—	—	zł 100'—
Warsaw Coal Mining Co.	90'50	93'15	97'30	95'13	92'50	92'—	zł 100'—
Chodorów	—	—	140'—	—	142'—	—	zł 100'—
Cegielski	38'50	41'19	42'19	41'08	39'—	39'—	zł 50'—
Zieleniewski	—	—	18'83	20'—	20'—	—	Mk. 1.000'—
Norblin, Buch Bros. & T. Werner	—	170'—	175'—	176'—	—	—	zł 100'—
Starachowice	56'—	57'88	65'60	63'75	62'35	62'—	zł 50'—
Lilpop, Rau & Loewenstein	28'—	28'84	31'44	29'94	29'82	29'—	zł 25'—
Ostrowiec	77'—	82'10	89'80	89'75	88'50	87'—	zł 50'—
Modrzejów	9'—	9'18	9'60	9'21	8'98	9'—	Mk. 500'—
Rudzki	2'30 (57'50)	2'35 (58'75)	63'70	60'63	59'—	57'50	zł 25'—
Warsz. Sp. Akc. Budowy Parowozów	—	0'60	0'78	—	0'73	—	Mk. 500'—
Żyrardów	16'75	17'06	18'80	19'—	17'82	17'25	Mk. 540'—Rb. 250
Zawiercie	33'—	33'67	38'35	38'44	36'89	35'25	Mk. 6.000'—
Standard Nobel	48'50	48'20	51'35	49'38	49'13	—	zł 50'—
Ł. J. Borkowski (Elibor)	3'15	3'20	3'49	3'43	3'22	3'20	zł 216'—
Wysoka	—	115'70	120'—	120'50	122'—	—	zł 100'—
Siła i Światło	—	80'25	89'67	95'—	96'67	100'—	zł 50'—

exchanges continued to be the same as the month before.

On local stock exchanges the złoty remained unchanged in relation to foreign currencies.

S H A R E S

During the period under review the share market was somewhat irregular: in the first half of the month a steady upward movement was recorded in respect of practically all shares; subsequently, however, the tendency changed, the rates fluctuated within fairly wide limits. Finally, towards the end of the month, the supply began to exceed the demand, and the rates declined. Nevertheless, compared with the quotations ruling at the end of the previous month, the value recorded at the end of August showed a certain appreciation.

The increased activity on the share market was accounted for by purchases effected on foreign accounts,

In the banking group the rates shaped themselves in a somewhat erratic manner. Bank of Poland shares experienced a small decline, as did those of the Bank Zachodni, while the remaining banking shares (Bank Handlowy, Bank Dyskontowy, Bank Związku Spółek Zarobkowych) were firm, with a slight upward tone. The undermentioned table no longer includes quotations of the shares of the Bank Zjednoczonych Ziemi Polskich, which, as is known, has been absorbed by the Bank Handlowy, while at the same time all the shares of both concerns expressed in Polish Marks were exchanged against złoty shares in the following proportion: 20 shares in Marks of the Bank Handlowy or 40 shares of the Bank Zjednoczonych Ziemi Polskich, to one new zł 100 share of the Bank Handlowy. Moreover, the capital of the amalgamated bank has been increased from zł 10,000,000 to zł 20,000,000 by means of a new issue which was placed on the market at zł 103'50 on the 31st of August.

Metallurgical shares appreciated by about 15 per cent, the largest rise being in the case of Ostrowiec shares, which were introduced at the Brussels Stock Exchange at the beginning of August. Starachowice shares also went up. Siła i Światło shares were also in favour, large purchases being made for the account of foreign buyers, with the result that they rose by nearly 20 per cent within a month.

All the other shares enumerated in this table showed more or less large increases during the period under review. "K. Rudzki & S-ka" were introduced at the Stock Exchange — 26 old shares of 500 Marks each giving right to one share of zł 50.

STATE, CITY AND LAND LOANS

Transactions in interest-bearing securities were below the average. A great deal of interest is displayed both at home and abroad in Polish interest-bearing securities, as they are generally

considered as being sound and suitable for capital investments.

The 5 per cent Premium Dollar Loan rose by ₹ 5, the 6 per cent Dollar Loan recovered the losses it had sustained during the past months. The remaining State interest-bearing securities were maintained on the same level as in July.

The turnover in securities of private institutions declined. As a result of the summer holidays, large numbers of the members of the Warsaw Stock Exchange were absent, which had, of course, an adverse influence on the volume of transactions. The 5 and $4\frac{1}{2}$ per cent Credit Society of the City of Warsaw

bonds dropped considerably, whereas the 4 and $4\frac{1}{2}$ per cent Land Credit Association bonds as well as the 8 per cent Credit Society of the City of Warsaw bonds declined in a lesser degree. It is anticipated that a change for the better will set in for the long term credit bonds in the autumn.

State, Municipal & Land Loans	29.7	1—5.8	8—12.8	16—19.8	22—30.8	31.8	Nominal
8% Internal Gold Loan (conv. 1925)	—	99'50	99'50	99'50	99'50	—	Gold ₹ 100'—
5% Conversion Loan	62'—	62'—	62'20	62'—	62'—	62'—	₹ 100'—
6% External Dollar Loan 1920	—	82'13	82'40	82'83	82'83	84'50	\$ 100'—
5% Premium Dollar Loan Series II...	54'—	55'72	58'25	59'69	58'76	59'—	\$ 5'—
10% Railway Loan (1st series)	103'—	103'—	103'—	103'—	102'79	102'75	Gold fr. 100'—
8% Bank Gospodarstwa Krajowego Bonds ...	92'—	92'—	92'—	92'—	92'—	92'—	Gold ₹ 100'—
8% State Agricultural Bank Bonds...	92'—	92'—	92'—	92'—	92'—	92'—	Gold ₹ 100'—
8% Com. Oblig. of the Bank Gospodarstwa Kraj.	92'—	92'—	92'—	92'—	92'—	92'—	Gold ₹ 100'—
4% Land Credit Association Bonds...	—	—	51'—	—	50'25	—	₹ 100'—
4% Land Credit Association Bonds...	57'—	56'45	57'75	57'88	56'68	55'25	₹ 100'—
8% Credit Soc. of the City of Warsaw Bonds ...	74'—	74'45	76'15	76'44	74'79	73'55	₹ 100'—
5% Credit Soc. of the City of Warsaw Bonds ...	—	65'67	66'50	65'63	61'25	60'—	₹ 100'—
4% Credit Soc. of the City of Warsaw Bonds ...	—	63'50	64'50	63'25	60'08	56'50	₹ 100'—

ACTIVITY OF THE BANK GOSPODARSTWA KRAJOWEGO IN THE 1ST HALF OF 1927.—The activity of the Bank Gospodarstwa Krajowego (Bank of National Economy) during the first six months of this year was marked by great progress, which is reflected in the undermentioned items extracted from the balance sheets of this institution for December 31st 1926 and June 30th 1927, which show a considerable increase, the last figures constituting a record:

ASSETS:

	Dec. 31st 1926	June 30th 1927
Cash reserves and money in hand	30'9	23'3
Securities	38'4	13'1
Banks	38'6	46'8
Short term credits in cash	341'9	414'4
Long term credits in cash	79'4	124'9
Loans in the form of bonds and obligations	206'1	221'8
Guarantees	122'0	84'6
Other assets	62'7	109'3
Total:	920'1	1,038'6

LIABILITIES:

	Dec. 31st 1926	June 30th 1927
Capital and reserves	51'3	54'3
Deposits of the Ministry of Finance	230'4	247'5
Deposits	218'7	279'7
Re-discount	6'8	13'3
Banks	17'4	17'5
Bonds and obligations	206'1	221'8
Guarantees	122'0	84'6
Other liabilities	67'4	119'7
Total:	920'1	1,038'6

The growth of operations of the Bank during the period under review, as shown in the above statement, ran parallel with the revival of the economic life of Poland, and the increased demand for credits. Consequently, as a result of this situation, the present stock capital of the Bank, amounting to ₹ 35 million, has proved inadequate and, in accordance with the decree of the President of the

Republic, it will be increased in the near future by gold ₹ 25 million by means of an issue of 8 per cent Communal Obligations; independently of the latter increase it is proposed to raise the capital by a further issue of gold ₹ 35 million in stock.

During the first half of the year, the Bank Gospodarstwa Krajowego devoted a great deal of attention to the development of the Polish sea coast, and to commercial relations with foreign countries. In this connection the Bank, in conjunction with British capitalists, founded at the beginning of this year the British and Polish Trade Bank, Ltd., at Danzig, the aim of which is the financing of transactions between Poland and

abroad. In March, the Bank opened a branch at Gdynia, with the view to promoting the expansion and development of this Polish port which, as is well known, is now under construction. In addition, the Bank has acquired a financial interest in the Joint Stock Company for the Exploitation of the Tobacco Monopoly of the Free City of Danzig. Among other activities should be mentioned the assistance given to the Potassium Salts Exploitation Company, which has enabled the latter to erect at Kałusz an extensive concentrating plant, which, in turn, will contribute materially towards the more economic utilisation of the vast deposits of this highly valuable material.



A NEW RESIDENTIAL QUARTER IN WARSAW (PHOT. S. PLATER)

As regards long-term credits, those granted in cash for building purposes in connection with the revival of building activity in the year 1927, are worthy of note. Among the credits, extended in the form of long term hypothecary obligations, a marked increase took place in the loans effected in bonds expressed in gold Z , as shown by the following statement:

	December 31st 1926	June 30th 1927 (in gold Z)
Loans in 8% bonds on rural mortgages	3,314	8,848
on urban "	4,242	7,674
Total:	7,556	16,522
Loans in 8% Communal Obligations	27,314	29,270
	(in U. S. A. \$)	
Loans in 8% Communal Obligations	12,161	12,025

It should also be mentioned that the newly issued bonds are entirely placed on the local market, the quotations of the Z 100 bonds which were 80 rose to 92 in the course of the first six months of this year.

BANK OF POLAND

In contrast with June, which month did not show any increase in the bullion and foreign currency reserves of the Bank, and with July which showed only an insignificant increase, the month of August revealed a substantial increase of these reserves, amounting to 7 per cent. This was brought about by the following factors: firstly — increased

supplies of foreign notes due to the inflow of credits from abroad, and the realisation of private reserves in connection with the stringency of liquid capital prevailing on the money market; secondly — restricted demand for foreign bank notes, due to the fact that no substantial payments fell due in that month; thirdly — the stringency of money which compelled private circles to reduce to a minimum their transfers to foreign countries in respect of their liabilities, so that the foreign trade balance, which has been adverse since April last, did not exercise any damaging effect on the bullion and foreign currency cover of the bank notes in circulation. It is true that there was, during the period May-June, a certain weakening in the rise of the bullion and foreign currency reserves of the Bank, with the result that they increased only by gold Z 2,000,000; in August, however, a strong tendency set in again, and the volume of these reserves rose from gold Z 364.3 to 389.9 million, the highest figure reached in the current year.

The movement of bullion and foreign currency reserves of the Bank is illustrated by the following figures (in million gold Z):

Bullion and foreign currency reserves in 1927		
January	1st	264.0
	31st	296.0
February	28th	335.2
March	31st	350.9
April	30th	362.2
May	31st	358.8
June	30th	359.0
July	31st	364.3
August	31st	389.9

It will be seen that during the first 8 months of this year the bullion and foreign currency reserves rose by 48 per cent.

This increase chiefly concerned the amount of bullion, which rose from gold Z 164.7 million to gold Z 175.2 million, and the volume of bank notes and drafts, which augmented from gold Z 199.6 to 214.7 million.

The bullion reserves were increased by the purchase abroad, by the Bank, of gold to the amount of gold Z 2 million, and by small purchases of gold and silver by the branches of the Bank. The reserves of gold rose in August from gold Z 163.6 to 174.1 million, and during the first 8 months of the year — by gold Z 35.9 million. The increase was due to the purchases made abroad, as shown below (in Z):

January	1,000,000
February	1,000,000
March	500,000
April	1,000,000
June	500,000
July	500,000
August	2,000,000

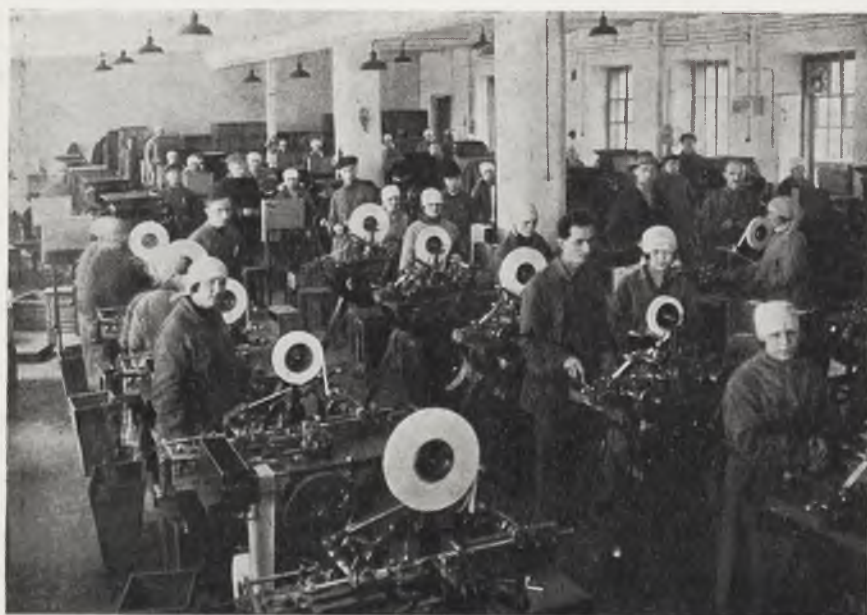
Total: 6,500,000

The reserves of silver augmented during August, from gold Z 1.091 thousand to gold Z 1.096 thousand, and during the first 8 months of the year — by gold Z 508 thousand.

The increase of the net amount of currency reserves, by gold Z 15.1 million, was caused by the augmentation of the gross foreign currency and draft reserves, from gold Z 220.7 to 235.7 million, and by the fall of the currency obligations of the Bank, from gold Z 21.1 to 20.9 million. The above mentioned rise in the foreign currency reserves, was exclusively in respect of the net volume of drafts (together with foreign assets of the Bank) which rose by gold Z 15.9 million, while the volume of foreign bank notes declined by gold Z 0.8 million.

During the first eight months of the year the foreign currency reserves increased from gold Z 125.2 to 214.7 million.

Purchases of foreign bank notes and drafts amounted to gold Z 92.7 million, and were larger than in July when they were gold Z 86.4 million. The main sources of the foreign currency purchased by the Bank were the proceeds from exports, amounting to gold Z 62.5 million (in July gold Z 70.5 million). It should be stated that the above mentioned figure for foreign currencies derived from export, is only provisional, as the returns in respect of the Upper Silesian industry are only approximate, but it is safe to assume that the inflow of foreign currencies to the Upper



GRODNO CIGARETTE TUBE FACTORY OPERATED BY THE POLISH TOBACCO MONOPOLY (PHOT. J. BULHAK)

Silesian branches of the Bank will not be appreciably lower than in the preceding month. In any case, the above sum includes only currencies received by the Bank from export, and to take account of the total sum of currencies which came into Poland from exports, these must be added to the amounts deposited in foreign exchange banks. The figure for August is not yet calculated; in July it was gold zł 11.0 million, the total usually lying between gold zł 11 and gold zł 16 million each month.

The sales of foreign currencies and drafts amounted to gold zł 66.6 million, thus being gold zł 13.5 million less than in July, when they were gold zł 80.1 million. The sales of foreign drafts and currencies to Government offices amounted to gold zł 10.0 million, and those effected on the stock exchange — to gold zł 43.5 million.

The changes in the bullion and foreign currency, which took place during the first eight months of this year, are illustrated by the following figures (in millions of gold zł):

	January 1st	July 31st	August 31st
gold	138.2	163.6	174.1
silver	0.6	1.1	1.1
foreign currencies and exchange	125.2	199.6	214.8
Total:	264.0	364.3	389.9

Despite the marked increase in bullion and foreign currency reserves, the percentage of bullion and foreign currency cover of the notes in circulation rose slightly, from 50.25 per cent to 50.34 per cent. This was explained by a simultaneous increase in the volume of bank notes in circulation from zł 744.9 million to zł 793.8 million.

The volume of notes in circulation at the end of August, converted into Dollars, amounted, after the deduction of advances in connection with report transactions, to \$ 86.7 million. The bullion and foreign currency reserves represented \$ 75.2 million. It will be seen therefore that the cover of the notes in circulation was 86.7 per cent.

Such a marked increase in the volume of bank notes in circulation, despite the increase of balances on current accounts (of the Treasury Cash Offices) from zł 108.2 to zł 130.8 million, and on private accounts, from zł 112.6 to zł 114.8 million, is attributable, firstly — to the increase of the bullion and foreign currency reserves, and secondly — to the increase of the volume of loans granted against securities — from zł 21.3 to zł 29.0 million. On the whole, the credit activity of the Bank was in August rather cautious, so that the

volume of bills in portfolio only increased from zł 406.1 to zł 407.9 million. In view of the briskness of the trade during the month, one would imagine that the Bank would have increased its credit activity, but this was not the case, as it feared to cause the bullion and foreign currency to fluctuate under the influence of the unfavourable balance of trade. During the first two ten-day periods, the Bank granted credits on a restricted basis, which were limited to the quotas arranged previously. A more liberal discount policy was only adopted in the third decade, which was reflected in the increase of the bills in portfolio by zł 9.8 million. The amount of discount credits granted by the Bank rose during August from zł 548.0 to zł 555.0 million, and as at the same time the sum for credit employed increased by zł 1.8 million, the percentage of credits employed declined from 86.6 to zł 73.3.

The debt of the Treasury remained unchanged at zł 25 million. The stocks of interest-bearing securities belonging to the Bank and those discounted (payable within 3 months of the date of discount) rose during August from zł 23.6 to zł 24.8 million. The reserves of silver and token coins rose from zł 0.2 million to zł 0.5 million. The

	JULY 31st		AUGUST 10th		AUGUST 20th		AUGUST 30th	
Assets:								
Bullion:								
Gold in bars and cash	163,577.601.96		166,219,912.82		168,846.414.39		174,072.940.81	
Silver " " " "	1,091.494.45	164,669.096.41	1,117.558.31	167,337.471.13	1,131.688.79	169,978.103.18	1,095.646.90	175,168.587.71
Foreign balances - - -		220,701.731.82		223,317.830.29		228,850.918.92		235,666.677.14
Exchange difference on currency a/c. - - -		181,370.233.77		184,578.906.88		189,894.352.99		199,601.376.58
Silver and token coins - -		173.822.30		1,540.352.44		16,565.904.07		545.787.29
Bills of exchange - - -		406,064.276.76		400,914.576.22		398,059.378.06		407,887.835.87
Loans against securities - -		21,287.704.45		21,572.637.72		23,298.165.59		28,991.626.59
Report - - - - -		19,983.000.—		19,459.000.—		19,289.000.—		19,289.000.—
Interest-bearing securities discounted - - -		—		—		—		—
Interest-bearing securities bought - - - -		23,578.778.80		22,740.623.68		22,955.807.23		24,771.856.—
Loans to Government - -		25,000.000.—		25,000.000.—		25,000.000.—		25,000.000.—
Property and fittings - - -		36,282.185.25		36,282.185.25		36,282.185.25		36,282.185.25
Other assets - - - - -		45,735.145.92		56,081.493.75		64,184.386.88		71,029.087.94
		1,144,845.975.48		1,158,825.077.36		1,194,358.203.17		1,224,234.020.37
Liabilities:								
Capital - - - - -		100,000.000.—		100,000.000.—		100,000.000.—		100,000.000.—
Reserve fund - - - - -		4,653.130.—		4,653.130.—		4,653.130.—		4,653.130.—
Notes in circulation - - -		744,865.170.—		737,644.500.—		731,060.930.—		793,829.660.—
Current accounts and other liabilities:								
Government Institutions	108,152.746.33		105,092.589.77		139,916.746.42		130,796.671.96	
Outstanding balances - -	112,573.325.92		135,535.351.94		141,840.884.10		114,837.711.11	
Various - - - - -	6,219.137.36	226,945.209.61	5,178.491.13	245,806.432.84	4,944.008.18	286,701.638.70	7,149.808.19	252,784.191.26
Liabilities in foreign cur- rencies - - - - -		7,873.505.35		8,591.050.47		8,582.702.18		8,134.810.71
Liabilities on report trans- actions - - - - -		13,215.050.—		12,891.760.—		12,761.035.—		12,761.035.—
Other liabilities - - - - -		47,293.910.52		49,238.204.05		50,598.767.29		52,071.193.40
		1,144,845.975.48		1,158,825.077.36		1,194,358.203.17		1,224,234.020.37



BASALT QUARRIES IN THE VOLYNIA VOIEVODSHIP

aggregate amount of advances in connection with report transactions showed a slight decline, from ₹ 20.0 to ₹ 19.3 million.

The changes in the bank cover of the notes in circulation, which took place in August, and during the first

3 months of the year, are illustrated by the following statement (in millions of ₹):

	January 1st	July 31st	August 31st
bills	321.3	406.1	407.9
Polish silver coins and token money	29.1	0.2	0.5

loans against securities	9.4	21.3	29.0
securities bought and discounted	18.9	23.6	24.8
liability of the Treasury	25.0	25.0	25.0
Total:	403.6	476.1	487.2

LATEST NEWS

WARSAW EXCHANGE:

	10.9.27	20.9.27
\$ 1 = ₹	8.93	₹ 8.93
£ 1 =	43.49	43.52½

BANK OF POLAND:

ASSETS:	10.9.27	20.9.27
Gold and silver reserve . ₹	180,505.943.36	₹ 180,561.525.30
Foreign balances . . . ,	238,383.308.42	, 243,154.347.82
Bills of exchange . . . ,	408,623.064.73	, 402,183.095.34
Loans against securities . ,	29,402.370.30	, 29,842.537.21

LIABILITIES:

Notes in circulation . . . ,	784,181.690	, 778,385.240
Current accounts . . . ,	278,965.767.87	, 289,271.750.04

BANK NOTES COVER

(bullion & foreign currencies)	51.99%	52.66%
--------------------------------	--------	--------

ERRATA. — In our previous issue, No. 9/1927, the following figures were erroneously given: page 369, Animal products 18.465 instead of 10.716; page 353 (Petroleum) second table number of workmen employed 170.750 instead of 5.176, exports 19.257 instead of 20.503, stocks on July 1st 20.502 instead of 170.750.

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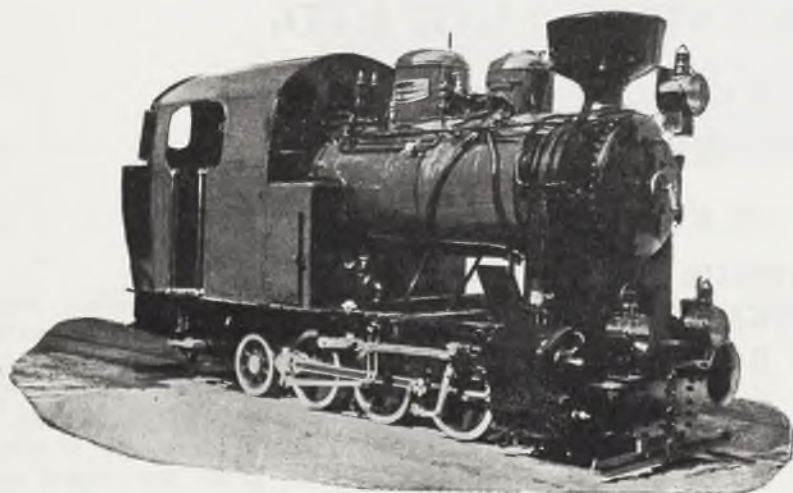
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