

# THE POLISH ECONOMIST





**LOOK AT THIS MAP BEFORE GOING ANY FURTHER**



POPULATION OF POLAND ————— 29.249 000  
 DENSITY — (PER 1 SQ. KLM.) ————— 75 3

AREA OF POLAND (IN SQ. KLM.) ————— 388 279  
 UNDER CULTIVATION ————— 183 078  
 UNDER FORESTS (CENTERS: BIALOWIEZA, PINIAK) — 90 621

**MAIN NATURAL RESOURCES**  
 (APPROXIMATE YEARLY PRODUCTION IN TONS)

- COAL** (CENTERS: DABROWA, KRAKOW) — 35.000 000
- IRON ORE** (CENTERS: RADOM, KIELCE, CZESTOCHOWA) — 400 000
- PETROLEUM** (CENTERS: BORYSLAW, JASLO, STANISLAWOW) — 800 000
- ZINC ORE** (CENTERS: KATOWICE, SOSNOWIEC) — 400 000
- SALT** (CENTERS: WIELICZA, NOWOCZLAW) — 400.000
- POTASSIUM SALTS** (CENTERS: BRZEZ, STANISLAWOW) — 180.000
- HEALTH RESORTS**



DECEMBER and the two following winter months is usually in Poland the least favourable period from the economic point of view, and the current year has not proved to be an exception as there is a certain amount of depression marked by increased unemployment, a falling off in business, increased State expenditure &c. Undoubtedly these symptoms bear a distinctly seasonal character and do not change the economic situation of Poland, which continues to be good.

In agriculture it is still the dead season. Industry was kept as busy as before, with the exception of the metal trade, in one of the most important sections of which—agricultural machinery, a slump was in evidence; also building operations were completely suspended which is customary at this time of the year. Owing to this and the further return of farm hands from Germany, the number of unemployed in December rose considerably.

In commerce, with the exception of the holiday season, there was little movement, at least as far as the export and internal trades were concerned. The last mentioned fact contributed to a decline in prices.

Foreign trade returns indicate that export alone diminished whereas imports which are of an essentially productive nature, continued to grow. On the one hand, it is a satisfactory factor indicating the development of production, but on the other, it is the source of a further deficit in the foreign trade balance.

State revenues were again large in December, though smaller than the record figures returned for November. Expenditure was exceptionally large as is usually at the end of the year.

The Bank of Poland succeeded in considerably increasing its reserves despite the adverse foreign trade balance which has continued since April last. This is due to an increasing influx of foreign capital into Poland.

	UNIT	DEC. 1926	NOV. 1927*)	DEC. 1927
<b>STATE OF EMPLOYMENT:</b>				
UNEMPLOYED		190,140**)	132,687**)	164,800**)
PART-TIME WORKERS		35,094	34,033	33,160
<b>PRODUCTION:</b>				
COAL	thousand tons	3,598	3,438	3,440
OIL		61.4	58.3	61.2
STEEL		87.2	106.2	94.6
IRON		39.9	55.6	57.6
ZINC		11.3	12.8	13.2
<b>AGRICULTURAL INDEXES:</b>				
(crop estimates)				
RYE	5 points system	3.7	3.5	3.4
WHEAT		3.6	3.6	3.4
BARLEY				
OATS				
<b>PRICES:</b>				
WHOLESALE PRICE INDEX	1914=100	112.0	120.7	120.0
INDEX OF COST OF LIVING IN WARSAW		114.7	121.8	121.0
<b>FOREIGN TRADE:</b>				
IMPORTS		91.0	155.6	160.7
including:		264.1	360.1	413.8
foodstuffs (edible fats, fish & herring, coffee, rice, wheat &c.)		16.8	34.5	33.4
animal products (tanned hides, dried skins &c.)		33.1	62.1	67.0
ores		5.5	13.9	10.2
chemicals (vegetable & animal fats, dyes, colours & varnishes, potassium salts &c.)		2.4	3.2	2.9
metals & metal products		2.8	3.6	5.7
machinery & apparatus		37.1	71.6	96.5
paper & paper wares		8.9	12.9	13.9
textiles & textile products		25.3	32.5	48.5
EXCESS OF EXPORTS (+) OR IMPORTS (-)		6.0	7.2	9.6
		41.1	19.1	25.6
		8.8	6.9	8.9
		3.2	4.9	5.3
		4.7	8.5	8.5
	million	28.2	44.1	42.4
		10.0	12.3	12.9
	gold fr.	118.8	133.5	125.5
		2,043.4	1,634.5	1,663.7
	and	38.1	40.4	31.8
	thousand	120.3	129.3	92.4
	tons	3.4	11.4	9.6
		124.5	331.6	161.6
		16.7	30.6	32.1
		406.5	450.1	485.2
		4.0	5.5	6.2
		8.2	8.2	9.3
		24.7	14.9	15.2
		1,368.8	907.5	930.1
		8.9	4.4	4.1
		46.1	20.1	19.7
		3.1	4.0	4.1
		12.9	13.6	14.8
		7.9	8.8	6.8
		9.9	12.3	10.1
		4.9	6.2	7.0
		3.3	3.3	3.8

\*) Corrected figures.  
\*\*) Registered unemployed.



POPULATION of Poland	29,249,000	AREA OF POLAND (in sq. km.)	388,279
DENSITY (per 1 sq. km.)	75.3	area UNDER CULTIVATION (in sq. km.)	183,078
OCCUPATION:		area UNDER FORESTS (in sq. km.)	90,621
agriculture	65 p. o.		
industry	14 p. c.		
commerce	8 p. c.		
various	13 p. c.		

POLAND'S CHIEF TOWNS			
Warszawa (Warsaw)	1,015,420	Poznan	184,756
Lodz	451,974	Krakow	183,706
Lwow	219,388	Wilno	128,954
		Katowice	104,868
		Lublin	94,412
		Bydgoszcz	87,643
		Sosnowiec	86,432
		Czestochowa	80,473
		Bialystok	76,792

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

THE CURRENT ISSUE, No. 21928, of "The Polish Economist" contains the following leading articles: "1927, the Year of Stabilisation", "Latest Developments in the Agricultural Production in Poland", "Economic Advancement of Polish Upper Silesia", "Conflict Between Polish Foundries and the International Steel Cartel" and "The Capital of the State Railway Undertaking". As usual, there are also market reports covering grain, butter, eggs, timber, coal, petroleum, iron, zinc and lead, as well as notes on the state of employment, movement of prices, foreign trade, railway, port, aeroplane traffic, State budget, Stock Exchange, Bank of Poland, &c.

The number also includes advertisements of Polish and Danzig firms.  
ANNUAL SUBSCRIPTION: 15/-, \$ 3.00 OR £ 30/-  
WARSAW, 2, ELEKTORALNA

	UNIT	DEC. 1926	NOV. 1927	DEC. 1927
<b>TRANSPORTS:</b>				
RAILWAY TRAFFIC	truck loaded	492,249	565,320	496,906
PORT TRAFFIC:	(15 tons)			
Danzig	reg. ton	295,245	327,816	362,678
Gdynia		21,879	43,677	50,941
<b>BUDGET:</b>				
RECEIPTS		235.4	279.4	235.2
including:				
taxes and public levies	million £	123.5	163.0	158.7
monopolies		67.3	71.3	70.8
State undertakings		20.2	17.8	18.3
EXPENDITURE		221.1	237.3	248.9
<b>MONEY CIRCULATION:</b>				
BANK OF POLAND NOTES	million £	592.7	939.9	1,008.0
COVER IN GOLD AND FOREIGN CURRENCIES	%	46.86	73.32	72.61
TOKEN COINS	million £	428.1	349.2	308.3
<b>CREDIT:</b>				
(Bank of Poland)				
BILLS DISCOUNTED	million £	321.3	430.9	456.0
OFFICIAL DISCOUNT RATE	%	9.5	8.00	8.00
<b>FOREIGN CURRENCIES:</b>				
(Warsaw Stock Exchange average rates)				
U. S. A. DOLLAR		9.00	8.90	8.90
POUND STERLING		43.73	43.45	43.52
FRENCH FRANC		0.36	0.35	0.35
SWISS FRANC		1.74	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 December 1927

Partial amendment of the law dealing with insurance of workmen against accidents ("Dz. Ust. R. P." No. 106, item 910).  
Executive decree concerning the insurance of clerical workers ("Dz. Ust. R. P." No. 106, item 911).  
Amendment of the law relative to the development of towns ("Dz. Ust. R. P." No. 106, item 913).  
Stamp fees on contracts concluded before January 1, 1927 ("Dz. Ust. R. P." No. 106, item 914).  
The right of foreigners to stay in certain areas of the Republic ("Dz. Ust. R. P." No. 107, item 917).  
Amendment of the decree regarding wireless broadcasting ("Dz. Ust. R. P." No. 107, item 918).  
Supplementary retail price-list relating to certain tobacco products ("Dz. Ust. R. P." No. 107, item 919).  
Decree relating to the combating of plant diseases ("Dz. Ust. R. P." No. 108, item 921).  
Marking of meat to be exported to Sweden ("Dz. Ust. R. P." No. 109, item 927).  
Partial amendment of the usury Act ("Dz. Ust. R. P." No. 109, item 931).  
The mode of publication of the value of gold ("Dz. Ust. R. P." No. 109, item 932).  
The withdrawal from circulation of £ 2 Treasury notes ("Dz. Ust. R. P." No. 109, item 933).  
New hunting law ("Dz. Ust. R. P." No. 110, item 934).  
Temporary opening of traffic on the newly constructed Warsaw-Grodzisk electrical railway ("Dz. Ust. R. P." No. 110, item 937).  
Supplement of the normal-gauge railway freight traffic ("Dz. Ust. R. P." No. 110, item 938).  
Reimbursement of customs duty at the time of exportation of ferro-cyanide, blues and potassium carbonate ("Dz. Ust. R. P." No. 111, item 941).  
Executive decree to the Industrial Law ("Dz. Ust. R. P." No. 111, item 942).  
Regulations concerning proficiency certificates for persons running licensed enterprises ("Dz. Ust. R. P." No. 111, item 943).  
Regulations concerning commercial travellers and independent commercial agents ("Dz. Ust. R. P." No. 111, item 944).  
The foundation of new Chambers of Commerce and the delimitation of their field of activity ("Dz. Ust. R. P." No. 111, item 945).  
Executive decree concerning public land improvement and drainage undertakings ("Dz. Ust. R. P." No. 112, item 950).  
Amendment of the railway freight tariff ("Dz. Ust. R. P." No. 112, item 953).  
Monopoly prices for alcohol produced during the 1927/28 campaign ("Dz. Ust. R. P." No. 114, item 976).  
The sale of salt by the Salt Monopoly for industrial purposes ("Dz. Ust. R. P." No. 114, item 978).  
Amendment of the decree regarding maximum customs duties ("Dz. Ust. R. P." No. 114, item 976).  
Charges for the boiler control and inspection ("Dz. Ust. R. P." No. 116, item 986; No. 117, items 1005 and 1006).  
New wording of item 226 of the customs tariff (raw bones) ("Dz. Ust. R. P." No. 116, item 989).  
Export duty on sugar beet ("Dz. Ust. R. P." No. 116, item 989).  
Prohibiting export of wheat and wheat flour ("Dz. Ust. R. P." No. 117, item 1002).  
Customs rebates on vessels ("Dz. Ust. R. P." No. 117, item 1009).  
Prolongation of the customs rebates on salted herrings ("Dz. Ust. R. P." No. 118, item 1013).  
Executive decree relating to the insurances of clerical workers ("Dz. Ust. R. P." No. 118, item 1016).  
Export duties on raw timber ("Dz. Ust. R. P." No. 118, item 1018).  
New arrangements and modifications in direct railway traffic between Poland and a number of Central and Southern European countries ("Dz. Ust. R. P." No. 118, items 1020, 1021, 1022 and 1023).





# THE POLISH ECONOMIST

A MONTHLY REVIEW OF TRADE, INDUSTRY AND ECONOMICS IN POLAND

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Industry was kept as busy as before with the exception of the metal trade, in one of the most important sections of which—agricultural machinery—a slump was in evidence; also building operations were completely suspended which is customary at this time of the year. Owing to this and the further return of farm hands from Germany, the number of unemployed in December rose considerably.

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The Bank of Poland succeeded in considerably increasing its reserves despite the adverse foreign trade balance which has continued since April last.

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REVIEW OF THE GENERAL ECONOMIC SITUATION IN POLAND  
DECEMBER 1927

	UNIT	DECEMBER 1926	NOVEMBER 1927*)	DECEMBER 1927
<b>STATE OF EMPLOYMENT:</b>				
UNEMPLOYED . . . . .		190.140	132.687	164.800
<b>PRODUCTION:</b>				
COAL . . . . .	} thousand tons	3.598·0	3.438·0	3.446·0
OIL . . . . .		61·4	58·3	61·2
IRON . . . . .		39·9	55·6	57·6
<b>AGRICULTURAL INDEXES:</b>				
(CROP PROSPECTS)				
RYE . . . . .	} 5 points system	3·7	3·5	3·4
WHEAT . . . . .		3·6	3·6	3·4
BARLEY . . . . .		.	.	.
OATS . . . . .		.	.	.
<b>PRICES:</b>				
WHOLESALE PRICE INDEX . . . . .	} (1914 = 100)	112·0	120·7	120·0
INDEX OF COST OF LIVING IN WAR-SAW . . . . .		114·7	121·8	121·0
<b>FOREIGN TRADE:</b>				
IMPORTS . . . . .	} million gold fr.	91·0	155·6	160·7
EXPORTS . . . . .		118·8	133·5	125·5
EXCESS OF EXPORTS (+) OR IM-PORTS (-) . . . . .		+ 27·8	- 22·1	- 35·2
<b>TRANSPORTS:</b>				
RAILWAY TRAFFIC . . . . .	} truck loaded (15 tons) reg. ton	492.249	565.320	499.906
PORT TRAFFIC (DANZIG AND GDYNIA)		317.124	371.493	413.619
<b>BUDGET:</b>				
RECEIPTS . . . . .	} million zł	235·4	279·4	255·2
EXPENDITURE . . . . .		224·1	237·3	248·9
<b>MONEY CIRCULATION:</b>				
BANK OF POLAND NOTES . . . . .	million zł	592·7	939·9	1.003·0
COVER IN GOLD AND FOREIGN CURRENCIES . . . . .	% %	46·86	73·32	72·61
TOKEN COINS . . . . .	million zł	428·4	349·2	309·3
<b>CREDIT:</b>				
(BANK OF POLAND)				
BILLS DISCOUNTED . . . . .	million zł	321·3	430·9	456·0
OFFICIAL DISCOUNT RATE . . . . .	% %	9·5	8·0	8·0
<b>FOREIGN CURRENCIES:</b>				
(WARSAW STOCK EXCHANGE-AVERAGE RATES)				
U. S. A. DOLLAR . . . . .	} zł	9·00	8·90	8·90
POUND STERLING . . . . .		43·73	43·45	43·52

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

## 1927, THE YEAR OF STABILISATION

A PERIOD of one year is too short to play an important part in the economic development of a country; it is also too short to enable one to draw far-reaching conclusions from the economic figures. At least this was so before the war.

\*) Corrected figures.

Since its conclusion, however, conditions have changed, inasmuch as the rate of development has quickened enormously. Europe, together with the rest of the world, found itself in a period marked by profound movements in the mutual relationships of the leading economic powers, while almost every year created new conditions, brought to the fore new problems, and even succeeded in imposing new views on a whole range of questions of



paramount importance. The opinion on the economic strength of the different countries after the war had to be revised on several occasions in order to enable the relevant countries to settle their mutual accounts resulting from the execution of the Peace Treaty; the several modifications of the bases of these settlements alone, indicate the evolution which took place in the primary ideas according to which the movements of goods between the countries should be regulated. Not less varied were the estimates concerning the value of the different markets; it is sufficient to quote in this connection the case of coal. In the period immediately following the war, consumers of this commodity found it extremely difficult to

1927 (1st half-year); the output of coke during the same period rose from 92.900 tons to 110.500 tons; similarly pig iron — from 27.300 tons to 45.900 tons; steel—from 65.700 tons to 100.500 tons; rolled products — from 46.900 tons to 70.100 tons; zinc — from 10.300 tons to 12.100 tons; iron ores—from 26.200 tons to 39.900 tons; potassium salts — from 17.300 to 23.000 tons; cement (annual production)— from 557.100 tons to 671.200 tons; paper (annual production) — from 81.894 tons to 95.700 tons.

In the agricultural industries, where the output depends largely on varying factors — the crops— results from the 1927 campaigns were much better than a year earlier. Thus, while in the 1926/27 agricultural year the average yields for



PINE FOREST IN THE WILNO DISTRICT (PHOT. J. BUŁHAK)

cover their needs, whereas now the position is just the reverse, as the coal-owners are confronted with difficulties in selling their product.

If, as we have seen, far-reaching changes have, since the war, been recorded in the sphere of world economics, it is certain that in Poland and in all the new states, yearly balance-sheets should be prepared with great care, because the history of one single year in the case of these countries may show more conclusive facts and figures than a like period in the case of other countries. A year in this province is a long space of time; and statistical returns covering a twelve-month period may be eloquent, as far as the economic development of the country is concerned.

The analysis of the statistical data for 1927 is of particular interest.

Let us start with figures; they speak for themselves.

The average monthly production of coal in 1926 was 2,980.000 tons, as against 3,036.000 tons in

the whole of Poland were: for wheat — 13'0 q., for rye — 11'6 q., for barley — 13'2 q., and for oats — 13'0 q. per hectare, the corresponding figures for the 1925/26 season were: for wheat — 11'6 q., for rye — 10'4 q., for barley — 12'6 q., and for oats — 11'7 q. per hectare.

The number of unemployed on December 31, 1926, was 190.140, while on the same date in 1927 it was 164.800.

The turnovers of both foreign and local trades, increased. The former reached in 1926 gold Fr. 2,202.272, as compared with gold Fr. 3,139.909 in 1927. As regards the latter, it is difficult to collect detailed and exact information but the improvement in this domain may be measured by the following figures of consumption per capita per year, in 1926 and 1927 (in kg.): coal — 730'0 and 840'0; coke — 35'0. and 48'0; pig iron — 10'9 and 18'6; rolled products — 19'1 and 27'1; sugar — 9'2 and 10'8; paper — 2'9 and 4'0; woolen and cotton fabrics — 2'4 and 3'3





ONE OF THE DEPARTMENTS OF THE WARSAW ELECTRICAL POWER STATION  
(PHOT. J. MALARSKI).

Increases were also observed in the consumption of products in other branches of economic activity, as is illustrated by the following figures for the same years (yearly returns — in tons): benzine — 17.000 and 26.000; footwear — 17.400 and 18.600; rice — 32.300 and 65.600; herrings — 57.500 and 77.000. The last mentioned figures indicate that some progress has been made in the standard of living of the population.

In 1926, the Polish State Railways carried 77 million tons of goods, and in the following year 89 million tons. The Polish ports (Danzig and Gdynia) handled 6,713.764 tons of goods in 1926 and 8,580.198 tons in 1927.

These are the main figures illustrating to a large extent the economic life of Poland in 1927.

The returns relating to the different aspects of the financial conditions of the country make a similar showing.

The Złoty—U. S. A. Dollar exchange of \$ 1:- =  $\text{Z}$  8.90, was the same at the beginning as at the end of the year.

The bullion and foreign currency reserves of the Bank of Poland rose from  $\text{Z}$  454.1 million on December 31, 1926 to  $\text{Z}$  1.207.4 million on December 31, 1927.

The revenue of the Treasury, which was  $\text{Z}$  1.905.7 million in 1926 rose to  $\text{Z}$  2.573.6 million in 1927.

If the above mentioned statistical data are supplemented by the remarks: that taxes in 1925 and 1926, though much lower than in 1927, constituted a heavy burden on the population,

while, in 1927, the increased contributions were paid to the Treasury without undue strain; that the standard of living of the population improved considerably; that prices were maintained at the same levels; that the methods employed in many branches of husbandry have been modernised; that for the first time since the restoration of the country, large investment schemes have been adopted and carried out either totally or partially—then the picture of Poland's all-round progress will be still more complete.

Even if some unfavourable results be recorded in other fields, yet, bearing in mind the above mentioned figures and considerations, one may safely name the year 1927—a year of general stabilisation and progress.

Nevertheless, for several years past, the Polish community has acquired the habit of viewing statistical returns with some measure of unjustified scepticism. This was due to favourable periods being followed by sudden changes in the opposite direction; and it is these irregularities in the curve of economic activity in the past that have taught the people to take now with reserve excessively bright prospects for the future.

It is also of interest to note that all the figures reveal a slow but steady and continuous advance on the road of improvement; the progress is becoming more and more conspicuous and embraces all branches and sections of production. There is nothing to indicate that the forward movement



might be restrained in the future by some unforeseen happening. There is nothing to spoil the harmony, as the different factors composing the life of the country exercise a considerable and beneficial influence upon each other; thus stimulated, the work of reconstruction proceeds at an increasingly rapid pace.

The most important economic event in the year 1927, was the raising of the Stabilisation Loan, which though not a dominating factor in the economic situation of the country, has contributed markedly towards the stabilisation of the currency, removing thereby the feeling of uncertainty and misapprehension, which had a damping effect on the initiative, resource and energy of the business community and the public in general. Moreover, thanks to final stabilisation of the money, long-term investments, which hitherto were almost unthinkable, can now be taken up without any risk.

The outstanding feature of the year 1927, was the prevalence in the country of conditions, propitious to constructive work in the sphere of husbandry; they were the direct results of the consolidation of the political situation in Poland.

The well known shortcomings of the parliamentary system were much in evidence in Poland in the last few years, which is to be put down to the lack of experience of some of the leaders of the young parliamentary organisations. The Polish Constitution, one of the most democratic in the world, aggravated the situation in that it weakened the position of the executive authorities. This involved much too frequent changes of Government and caused economic affairs to be dealt with as secondary problems, the first place being assigned to questions essentially political.

A radical change set in in this respect when the President of the Republic called into being the present Government, which administrates the country by virtue of special powers received from Parliament. These powers give the Government a free hand in regard to many questions, thereby permitting it to keep up the prestige of the high executive organs of the State Administration. It may be added that the present Government has been in power since May 1926 — a period of over one-and-a-half year.

It is only thanks to the consolidation of conditions in this domain, that economic problems now receive due attention in accordance with predetermined plans — which in an atmosphere marked by political changes, was difficult to achieve.

The taking up of bold schemes necessitating long periods for their realisation has thus been made possible; this has facilitated the business of the Government as well as that of private people which is being pursued under normal conditions. It is being carried on thoroughly and energetically, and yet without undue haste, which was rarely the case before.

Consequently, the year 1927 was one of decidedly stabilised conditions in all economic spheres, and the figures illustrating them are more eloquent than ever,

If they show improvement, this may be regarded as certain and undubitable and, therefore, not as a reflection of a passing, secondary or outward nature or influence; and if they show the reverse, then it does not mean a catastrophe, as there is always good reason for it.

Everything seems to indicate that the Polish economic organism is healthy and sound in every respect, and that its component parts are robust, and capable of withstanding adverse outward influences. Poland stands no longer in a state of unstable equilibrium, which could be destroyed by a slight setback or any untoward foreign act, as was the case previously. Of course, in a year of bad crops, Poland may be compelled to import grain, and thus weaken its foreign trade balance. Under the present conditions, however, Poland could afford it, and yet not long ago, this was the cause of the fall of the Złoty. It is not astonishing, therefore, that every downward trend in some of the economic fields filled the community with doubt, and compelled the Government to make great efforts to come to the rescue of the Złoty, foreign trade balance or the State budget. The Polish community may look now unperturbed at the figures of economic development of the country, despite the possibilities of their not being fully satisfactory, due to the impossibility of overcoming outside factors, especially when these are beyond its reach and control. One should reckon in advance with new difficulties arising out of increased competition on the world markets; concessions which have to be granted to neighbouring states; the necessity for large capital investments; unavoidable labour troubles and dislocations, particularly in agriculture (Land Reform), &c. On the other hand, it should not be overlooked that Poland has also good prospects for the more distant future. Among these are the benefits, which will be derived from the economic concessions to be made to Poland by her neighbours in return for the various facilities granted; the gradual regeneration of the Eastern European markets, in which Polish industrialists and businessmen have, to say the least, a great deal to do; and last, but not least, there is scope and room for the further rationalisation of the home production and the improvement of methods employed in agriculture, industry and trade.

The Polish community may await these favourable factors with greater confidence than a year or so ago, for it has gained in strength, freedom of movement, and above all it knows how to appreciate the atmosphere of sound conditions, entering as it did, in 1927, the path of complete economic consolidation.

## LATEST DEVELOPMENTS IN THE AGRICULTURAL PRODUCTION OF POLAND

DETAILED statistical data concerning the sowings and yields of cultivated crops in Poland in 1927 constitute valuable material for the study of the development of agricultural production. The increase



in the area of cultivation of one particular crop may be the outcome of local influences, but if similar tendencies are evident in respect of other crops, similar in character but requiring somewhat different natural conditions, then, it may be rightly claimed, that there is in progress some process opening up new fields and possibilities to the farmer. The differences, which were recorded between the years 1926 and 1927 are more relevant and characteristic, than those observed previously; this proves that those tendencies have, of late, assumed a more definite character.

To begin with it should be noted that the increase in the area under cultivated crops represented 248.000 hectares, or 1.6 per cent. This

The analysis of the modification in the figures of the areas under the different crops, shows that of the 33 more important cultivated plants only one, serradella—in point of area, does not show any change. This may be attributed to the circumstance that Poland possesses comparatively small areas of soil containing limestone, of which, as is known, this plant requires a fairly large amount. This class of soil is to be found in the South-Western voievodships; being fairly thickly populated, root crops are generally grown in these districts.

The largest increase of the area under cultivation was shown by sugar beet — by 17.000 ha, or by 9.2 per cent. This is indicative of the state o



MEADOW ON COUNT TARNOWSKI'S ESTATE BEFORE AND AFTER DRAINAGE

seems to indicate that the bringing in of what were hitherto uncultivated lands is making headway. A portion of the newly cultivated land undoubtedly represents some of the area devastated during the war. Some years ago these areas totalled about 3.5 million hectares, and were due to war operations and to the compulsory removal of the rural population to the interior of Russia by the Russian authorities. During the initial stages of its independence, Poland made great efforts to provide the agricultural community of these areas with the necessary means of production, i. e., live-stock, farm equipment, building materials &c., which were furnished on easy credit terms. This was one of the schemes, which proved a great success. The increase of the area under cultivation is also one of the results of the improved methods of farming — the old system of "three fields" of which one was left fallow every third year, having been totally abandoned.

the sugar industry in Poland. As the result of the difficulties, accompanying the sale of the surplus of sugar on the foreign markets and comparatively low prices for this commodity on the internal market, sugar manufacturers, in order to reduce the cost of production, paid the planters very low prices, which gave rise to several conflicts between the two. It is true that according to detailed calculations of the cost of production, it does not pay the planters to sell the product for sugar making at the prices now prevailing. The increase in the area under this crop, however, seems to indicate that the planters attach great importance to the by-products (leaves, molasses &c.) as well as to the improvement of the soil by mechanical cultivation, which is reflected in the yields of new crops. Moreover, the increase in the cultivation of sugar beet by 9.2 per cent testifies to considerable improvement in the methods of cultivation employed, for the raising of this plant demands great skill,



abundant labour and large outlay; favourable sales conditions and good will do not suffice here — something more is wanted, namely — thorough training and experience. The increase in question is all the more striking as it exceeds the limits of fluctuation in the cultivation areas of all the other plants. Of the 31 chief plants which in 1927 showed augmentations in the sowing areas — only eleven indicated an increase of over 1 per cent, and only four — of over 2 per cent, and the next largest increase to sugar beet was recorded in the case of wheat, which showed an expansion of 3·3 per cent.

Together with the increase of the surface under sugar beet, there was an augmentation in that under potatoes — by 50,000 ha, or by 2·1 per cent, fodder beet — by 1·6 per cent, and vegetables of all kinds — by nearly 1 per cent. All these plants require a great deal of labour, natural and artificial manures, and skill, as well as mechanical working of the soil, though, it is true, not to the same extent as sugar beet, but more than other plants.

Consequently, from the economic point of view, the cultivation of these crops necessitates abundant labour and capital, but from a social standpoint their significance lies in that they absorb the surplus of labour, which in all parts of the country is so conspicuous. Extensive use of labour is turned into money which again helps to improve the returns both quantitatively and qualitatively. The expansion of the surface under root crops is of great importance as it proves that there is steady progress in the methods employed and in the efficiency and experience of the farmers; it shows also that the farming community are going in the right direction as far as the solution of the vital economic and social problems of the countryside are concerned. The cultivation of root crops in Poland is pre-eminently a good paying proposition, for the increased yields not only justify additional capital outlay, but also the additional use of labour which, finding no employment on its own holdings, would be irretrievably lost as regards the production of national wealth.

The expansion of the area under wheat by 3·3 per cent is a most gratifying feature. During the last three years the Government and the more enlightened sections of the community kept on reminding the agriculturists of the necessity of raising wheat. The adverse effects of the failure of the wheat crops and excessive imports of wheat flour on the balance of foreign trade, which took place in 1924/25 and 1926/27, were emphasised in this connection.

The outstanding feature of Poland's policy in regard to grain supplies in the near future should be a development of wheat production.

The best way to achieve this would be to maintain a fairly wide difference between the prices of wheat and those of rye. The cultivation of wheat demands a more extensive use of labour, machinery and fertilizers than that of rye.

The development of rye growing, the sowing surface of which increased in 1927 by 1·7 per cent, enhances the prospects of supply of the basic

foodstuff of the Polish population. It is worthy of note that the bulk of the new surface previously formed part of the districts which have either directly or indirectly suffered from war operations. The growth of the cultivation of oats, by 1 per cent, is a natural sequence of the shortage of the commodity on the market, due to the stoppage of supplies from Russia which, prior to the war, used to cover the deficiency. Least comprehensible is the expansion of cultivation of rape (by 1·6 per cent). The consumption of rape seed oil, which is only utilised as a foodstuff by the poorer sections of the population, has recently fallen off markedly. It is not unlikely that farmers were induced to grow this plant, in order to have their own cake for cattle feeding, as the prices of this commodity furnished by the trade, are incommensurate with the returns obtained from the sale of milk.

The increases in the cultivation of the serradella (by 1·6 per cent), lupine (by 1·4 per cent) and clover (by 1·3 per cent) indicate that farmers are endeavouring to improve the soil not only by utilising artificial fertilizers, but also by growing green manures. In districts with insufficient transport facilities, where farming is still carried on on old-fashioned lines, as well as in areas devoid of farmers' associations and business organisations, the cultivation of green manures must fill the rôle of substitutes for artificial fertilizers; in any case, it proves that farmers are systematically improving the soil to prevent its exhaustion. The increase in the area under clover testifies to the development of stock-breeding.

Apart from the above mentioned increases in cultivation, that of flax (by 0·9 per cent) is worthy of recording, for while contributing to the economic development of the North-Eastern areas of Poland, it improves the position of the country as regards fibrous raw material; also after the local needs are covered the surplus available for export is larger. Similarly, the expansion of maize growing (by 0·6 per cent) is of great importance to the South-Eastern mountainous regions, where it is utilised for human consumption. In other parts of the country maize is mainly used as fodder.

In summing up the results as shown by the statistical returns concerning the areas under the different crops in 1926 and in 1927, it should be stated that, on the whole, the development of plant cultivation in Poland goes in the right direction and that it furthers the economic and social interests of the countryside. The figures also prove conclusively that the devastated areas are being gradually utilised for productive purposes, mainly for the growing of root crops, which may be regarded as an advance on the part of the agricultural industry in Poland.

## ECONOMIC ADVANCEMENT OF POLISH UPPER SILESIA

FIVE-AND-A-HALF years have elapsed since the division of Upper Silesia and the incorporation of its industrialised portion into Poland. This period



is long enough to enable one to see how totally unfounded was the German forecast that Polish Upper Silesia would lose its economic significance, as soon as it was severed from Germany.

It is true that this forecast was in striking contrast with the theory and views propounded before the war by German economists, who while pointing out the geographical position of Upper Silesia, which was only connected by a narrow strip with Germany, and was as it were, a peninsula

Germany's important industrial centres, the chief consumers of coal and iron, as well as to the frontier line in the East being drawn so closely to it; it may be recalled that owing to the high duties, levied by Russia, the export of its products eastward encountered great difficulties.

Thanks to the first of the two causes, the consumption of Upper Silesian iron and steel in Germany fell from 15 per cent in 1871 to 5 per cent in 1913 of the total output of these products



IN THE UPPER SILESIA IN COAL BASIN (PHOT. S. PLATER)

cutting deeply into Poland, were quite right in saying\*) that the economic future of Upper Silesia depended chiefly on the sale of its coal, iron and steel products in the Eastern markets and in Poland.

Even a brief summary of the above mentioned arguments, propounded by the Germans before and after the war, would represent a fairly large work, and for this reason we will confine ourselves to the statement that already before the war, when the German Government invested an enormous amount of capital in the Upper Silesian industry, the rate of progress was by far slower than that of the industries, situated in Westphalia, the Rhine provinces, Lorraine and in Central Germany. The slow rate of progress of the Upper Silesian industry, is accounted for by its unfavourable geographical position in relation to

in that country. It should also be stated that this decline took place despite the fact that the actual figures of annual production remained stationary.

At the same time the consumption and in particular the output of iron and steel in Westphalia grew at a rapid pace. The situation was helped to some extent by the Poznań and West Prussian areas which, in addition to Silesia itself, were the chief consumers of iron, steel and coal produced in the province in question. To-day the Poznań and Prussian areas, as well as the Eastern part of Upper Silesia, which consumes the bulk of the coal and iron produced in that area, form part of the Republic of Poland.

German writers intentionally pass over these circumstances, and while giving the figures of internal consumption of coal, iron and steel and the exports thereof, include the consumption figures for Poznań, West Prussia and Upper Silesia itself under the heading of local consumption. In this

\*) See "Handbuch des Oberschlesischen Industrie Bezirks", i. e., secret reports of German industrialists, which were submitted to the German Government during the war, and a whole range of other works by German writers.



way the German consumption of Upper Silesian coal in 1913 is placed at 69 per cent of the total production of that basin. For the development of production the relative figures were more conclusive than those for actual consumption, because they better illustrated the future value of Upper Silesia to Poland and to Germany. Viewed from this standpoint it will be found that in 1913 the Upper Silesian basin covered only 9 per cent of the aggregate requirements of the territories now forming part of Poland.

It is also worthy of note that the percentage relative to the coal consumption in Germany, steadily declined whereas that relative to the consumption in the former German provinces belonging now to Poland, showed a strong upward tendency.

The downward tendency, in Germany, was particularly conspicuous in the years preceeding the outbreak of the Great War, when the consumption of Upper Silesian coal, between 1890 and 1911, declined in Berlin to 25 per cent; during the same period the consumption of English coal in Berlin increased eightfold, and that of Westphalian threefold.

Simultaneously, the consumption of Upper Silesian coal in the Poznań area rose threefold and in former Russian Poland — eightfold, despite the existence of the high customs duties.

It does not result, however, from the above figures that the former German partition, in absolute figures, consumed more of the Upper Silesian coal and iron than the whole of Germany, which, it may be recalled, had a population 16 times as large and a well developed manufacturing industry, particularly in Berlin, Saxony and Lower Silesia.

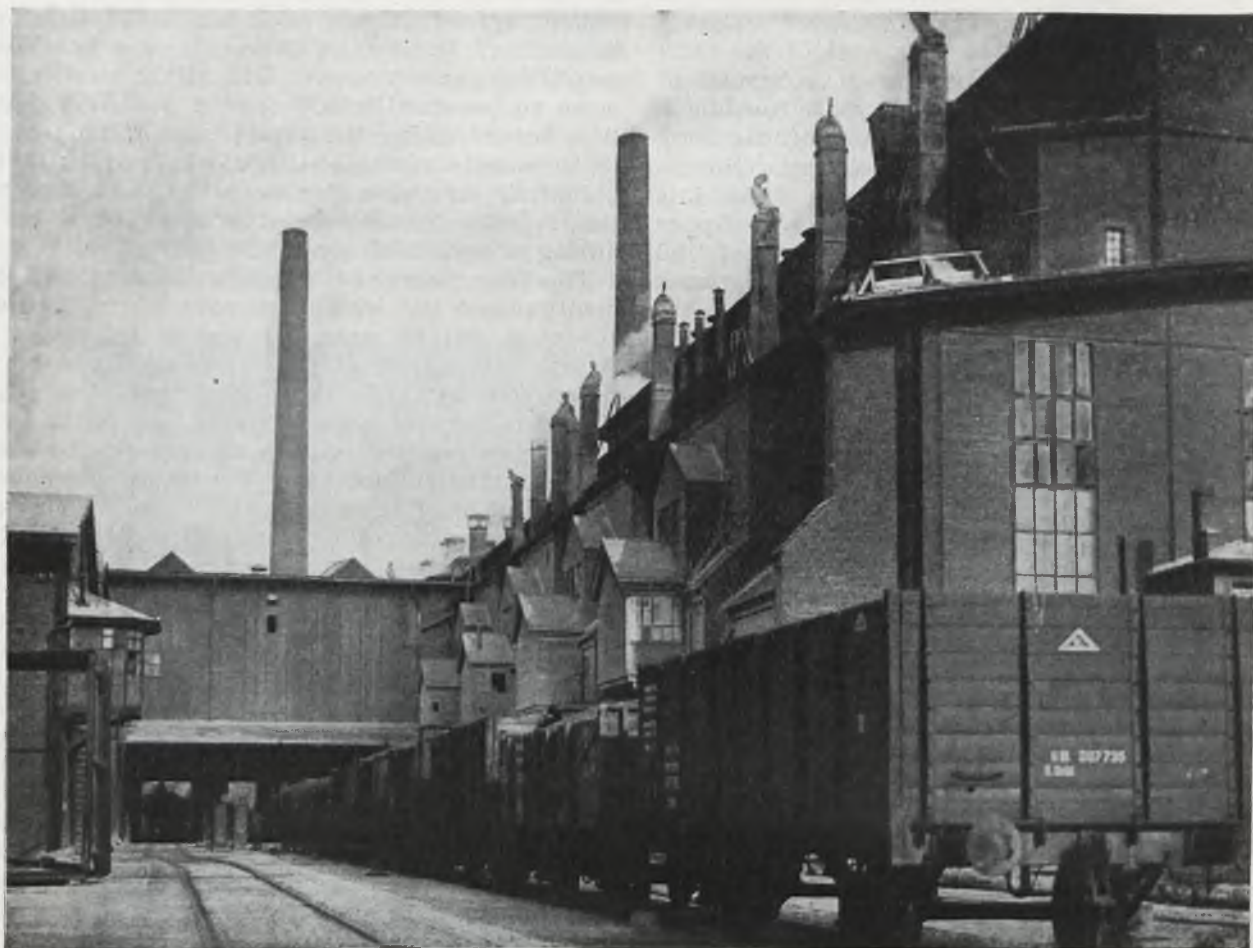
On the strength of the above mentioned facts and figures, which were drawn up by German economists and statisticians, it may be stated that Upper Silesia forms a natural and integral part of Poland's economic area and that its development would be arrested, if it remained within the German frontiers. It is a well established truth that the sales of Upper Silesian coal and foundry products, were due to a large extent to the fact that this area was connected by means of railways with the rest of Germany including Berlin and Stettin, which latter is the largest German harbour in the Baltic. This situation continued for some time despite the drawing of the demarcation line between the two countries, and for this reason the Geneva Convention provides for the periods, during which the production and consumption of certain products will adjust each other under the new political conditions. For coal, according to the Geneva Convention (on the demand of the German Government), the transitory period was to be 3 years (from July 1922 to June 1925), during which time Upper Silesian coal was to be exported to Germany in quantities identical with those exported prior to the war. Germany placed this amount at 1,100,000 tons per month, and in order to have a stronger case, a statement was made to the effect that this quantity of coal is absolutely necessary if the economic life in Eastern Germany is to be preserved.

Poland agreed thereto as it has never been in the interest of the Polish nation, to see her Western neighbour in economic difficulties, and all the more so because Poland needed a certain space of time for adjusting the production of Upper Silesia to the needs of the Polish market, which although potential, was nevertheless disorganised owing to the country having been subject to alien rule during a period of some 150 years.

The four years of German occupation completely disorganised the whole economic life of Poland and threw it out of gear. It should be stated that during its initial stages, Poland's industry was destroyed by the disorderly evacuation by the Russians and still more by the ill-will of the German authorities which spared no efforts to destroy Polish industry and thus suppress a competitor. The absence of railway facilities on account of the destruction of the rolling stock and the impoverishment of the population added further difficulties to the reconstruction of the country, which, as will be remembered, was the scene of military operations during the war crisis, and which subsequently had to defend itself against the bolshevik invasion. Is it therefore astonishing that the above mentioned contingent of coal, amounting to 1,100,000 tons, which was to be absorbed by Germany every month up to the middle of 1925, declined gradually to an average monthly of 484,000 tons in 1925. Again, the greater part of this contingent was gradually consumed by the reviving Polish industry, the growing number of locomotives and by private houses.

Nevertheless, an average of nearly 500,000 tons of coal per month were sent to Germany, and this was one of the reasons for which Germany made difficulties during the negotiations in the first half of 1925 and on account of which, in July of the same year, the Polish-German customs war broke out. The raising of difficulties and the bringing about of the customs conflict by Germany were calculated to place Poland in a difficult economic situation. Instrumental in this respect was the prohibition to import the above mentioned contingent of coal. Also by these means the German Government desired, much against the theories of the German economists, to remind the world once more, especially during the period immediately preceding the plebiscite, that the future of Upper Silesia was intimately bound up with Germany and that the industry of this province would be strangled if it were incorporated into Poland. The developments which took place during the customs war, crashed these hopes to the ground, although it is true that during the first few months Poland had some difficulties in connection with the disposal of the products of the Upper Silesian industry. Under these conditions, it is only natural that the exports of coal declined considerably, but in the long run, this factor had a most beneficial effect on the future development of Poland's foreign trade. The prohibition of Polish coal import into Germany, compelled the Government and Polish business circles to search for new markets. A great effort was made to speed up the completion of the Herby-





LOADING OF CYANAMIDE AT CHORZÓW, UPPER SILESIA (PHOT. S. PTATER)

Podzamecze railway which, avoiding the territory of German Upper Silesia, connected the Polish part of this province with Poznań and Pomerania, that is, with the areas, which per capita of population consumed several times as much as the rest of Poland. At the same time, great stress was laid on the expansion of the loading facilities at the port of Danzig, which were carried out without delay; also, the construction of the port of Gdynia was proceeded with at full speed, so much so that already during the course of this year, the handing capacity of this port will be raised to about 1,500,000 tons. As a result of the removal of German competition and the rapid development of Polish industry since May 1926, that is, since the present Government has been in power, the demand for coal and iron on the Polish market is much larger than before the outbreak of the customs war. All this, together with the orders for iron and steel placed by the Polish Government on behalf of the State Railways and those placed by municipalities, exercise an extremely favourable influence on the production of the Upper Silesian coal, iron and steel industries, so much so, that the average monthly outputs of these articles in 1926 exceeded the level of those for the first half of 1925, that is, for the period immediately preceding the customs war. The development of the Upper

Silesian production was stimulated by the coal stoppage in England and although the strike came to an end towards the close of the year, the output of the Upper Silesian mines in 1927 not only did not fall off, but even exceeded that of the preceding year. This is illustrated by the following figures: the average monthly output of coal in the first half of 1925, that is just before the introduction of the embargo on Polish coal, was, for the whole of Poland, about 2.5 million tons; in the second half of the same year this figure fell to 2,350,000 tons, a decrease of 150,000 tons. Considering that Germany ceased to accept 485,000 tons, it will be seen that the local consumption together with the exports to all countries (except Germany) rose during the half year by a monthly average of 235,000 tons (485,000 tons minus 150,000 tons).

In January 1926, the output almost reached the average level for the first half of 1926, because in that month the aggregate production of Polish coal amounted to 2,456,000 tons. The average monthly for the whole year 1926, due to the coal dispute in England, amounted to 2,978,000 tons, that is about 500,000 tons, or 20 per cent more than before the outbreak of the Polish-German customs war.

In 1927, this average rose still further, to



3,160,000 tons, while in September last the output was 3,254,000 tons, and in October and November 3,417,000 tons and 3,438,000 tons respectively. These results are quite satisfactory when it is borne in mind that prior to the Great War, that is in 1913, the average monthly production of the collieries, situated on the present Polish territory, was 3,393,000 tons. It appears to be certain that this progress will be further accentuated as the Polish railway system, particularly in the Eastern and Northern parts of the country, develops, although it is possible that temporary checks might be experienced as the result of the increasingly keen German and English competition in foreign markets. It is to be hoped that the Polish coal mining industry need not be afraid of this competition, because its future is based chiefly on the internal market. There are still many towns and localities, particularly in the Eastern voievodships, which consume very little coal; Wilno, for instance, which has a population of about 250,000, consumes about 70 kg. of coal per inhabitant. This gives an idea of the possibilities resulting from the expansion of the railway system, particularly eastward, where at the present time forests are being unnecessarily devastated to provide fuel for the home and industry. A still more rapid development is now evident in other branches of Upper Silesian industry, especially in the iron and steel division, which is best illustrated by the following table, showing the annual production of the foundries (in tons):

Years	Pig iron	Steel	Rolled products
1924	335.850	678.354	471.821
1926	314.564	782.242	585.834
1926	327.471	788.482	562.213
the first 9 months of 1927	442.438	940.313	680.695

Assuming that the output in the fourth quarter will at least be maintained on the level of that for the first three quarters of the year, the production figures for the whole year 1927 will be as follows: pig iron — 590,000 tons, steel — 1,250,000 tons, and rolled products—920,600 tons.

Compared with 1924, when Poland supplied Germany with a considerable contingent of iron and steel, which right she is no longer entitled to, the increases are very large as they amount to: 70 per cent for pig iron, 85 per cent for steel, and 92 per cent for rolled products.

It is not too optimistic to say that the investment programme for 1928, and in particular the construction of new railways, tramways and various public utility enterprises as well as the building of dwelling houses, which was much in evidence in 1927, and which, owing to intense frosts, was interrupted, that all this will give a powerful stimulus to a further advance in iron and steel production in Polish foundries and especially in Upper Silesian undertakings.

The production of zinc and lead ores, raw zinc and lead, also made satisfactory progress, which is illustrated by the following table (in tons):

	Raw zinc	Raw lead	Zinc ores:		Lead ores
			blende	calmine	
1913	192.298	44.589	307.924	154.296	47.289
1923	96.404	16.276	178.818	81.221	15.047
1924	93.037	20.223	222.595	68.991	17.126
1925	114.339	28.637	274.191	101.122	20.678
1926	123.741	27.172	273.715	131.292	17.346
the first 9 months of 1927	111.154	21.693	*)	*)	*)

It will be seen that in 1927 the aggregate output of raw zinc was about 150,000 tons, and of lead — 29,000 tons.

The above mentioned figures relating to the production of coal, iron and steel, zinc and lead, are all the more encouraging, as during the last two years the Polish-German customs war has been in progress and consequently all exports to Germany of coal, iron and steel were stopped, while prior to the customs conflict, they were admitted duty free. As regards raw zinc and lead, these could be exported to Germany, but as there was an embargo on zinc and lead, one would imagine that this would adversely affect the production of raw zinc and lead in Polish Upper Silesia.

And yet, the production of raw zinc rose by 61 per cent in 1927, and that of raw lead—by 45 per cent as compared with 1924.

In summing up, it may be stated that despite German efforts to discredit Polish rule in the eyes of the world, and to discredit Polish administration in Upper Silesia, industry in this area has been developing more than satisfactorily, while at the same time it has become entirely independent of the German market as regards disposing of its products.

Dependence on Germany during the first years after the incorporation of Upper Silesia into Poland, weighed heavily not only on this industrial area but also on the whole of Poland, for according to the German statistical returns the share of Upper Silesia in Polish exports to Germany was 72 per cent in 1923\*\*), 52 per cent in 1924, 33 per cent in 1925, 12 per cent in 1926, and if from the returns for 1926, the value of zinc and lead which were exported from Polish Upper Silesia be excluded, then the first mentioned percentage would decline to less than 2 (the two articles are world products and the Germans have a share in this trade).

These figures constitute one more proof of the accuracy of the German economists, who already before the war were of the opinion that from the economic point of view, Upper Silesia should form an integral part of Poland owing to its geographical situation, and that prior to the war the progress of this province was arrested owing to its being incorporated into Germany. These figures prove also that this old Polish province, the cradle of the Polish nation, has entirely freed itself from economic dependence on Germany.

\*) Final figures not available.

\*\*) The occupation of the Ruhr valley contributed materially towards this state of affairs.



It may be of interest to recall in this connection that the Geneva Conference fixed the transition period at 15 years, that is until 1937.

## CONFLICT BETWEEN POLISH FOUNDRIES AND THE INTERNATIONAL STEEL CARTEL

THE POWERFUL international organisation of the metallurgical industries of Belgium, Austria, Czechoslovakia, France, Luxemburg, Hungary and the Saar Valley is on the threshold of a new phase of development. The first phase of the international undertaking, which concerned only the regulation of production, has come to an end, and in all probability a new phase marked by the organisation of sales offices, to begin with for semi-finished and constructional iron, so much desired by and desirable to the founders of the International Cartel and especially the German interests concerned, will begin in the near future. In order to corroborate this statement it is sufficient to say that the Western European press has already announced the organisation, in France, of sales offices for semi-finished products and constructional iron, similar to those which were closed down in 1922. The new sales offices are to be opened on January 15, 1928. This fact indicates that an organisation of similar bodies, but of an international character, may take place, especially when it is borne in mind that one of the main obstacles to the realisation of such a plan was the absence, in France, of a national sales office. And yet, despite what to all appearances seemed to be favourable conditions, the International Cartel has made of late a strong attack on the Polish market, in order to compel the Polish foundries to join the Cartel on terms dictated by the iron and steel potentates of Central and Western Europe.

When the position of Poland among iron and steel producing countries in Europe is investigated, it will be found that, owing to its comparatively small production and export trade, Poland cannot exercise any influence on prices on the European iron and steel markets, particularly at a time, when the organisation of international sales offices is within sight and when prices are influenced by those of the British foundries, which operate on a large scale and which have not joined the International Cartel.

The output of steel in Poland and the Western European countries in the years 1925, 1926 and the first half of 1927 is given below (in thousands of tons):

	1925	1926	1st half 1927
Germany . . . . .	12 051	12.341	7.953
France . . . . .	7.416	8.430	4.070
Belgium . . . . .	2.411*)	3.378	1.846
Luxemburg . . . . .	2.084	2.244	1.202
Saar Valley . . . . .	1.579	1.737	941
Total:	25.541	28.130	16.012
Great Britain . . . . .	7.515	3.617*)	5.069
<b>Poland . . . . .</b>	<b>782</b>	<b>788</b>	<b>602</b>

\*) Decline due to strike.

On the other hand, it is apparent from the monthly imports of iron and steel to the relevant countries that, thanks to the improvement in conditions on the German market, the German industrialists are withdrawing gradually from foreign markets. Moreover, in accordance with the statutes of the Cartel, Germany must absorb, as from the end of 1926, certain quantities of steel manufactured in Luxemburg and Lorraine; these quotas are 3.75 and 2.75 per cent respectively, or, taken together—6.5 per cent of the total quantity of rolled products which the German manufacturers supply to their local markets; for pig iron the quotas of the two above mentioned areas total 10.5 per cent of the aggregate home sales of the German syndicates.

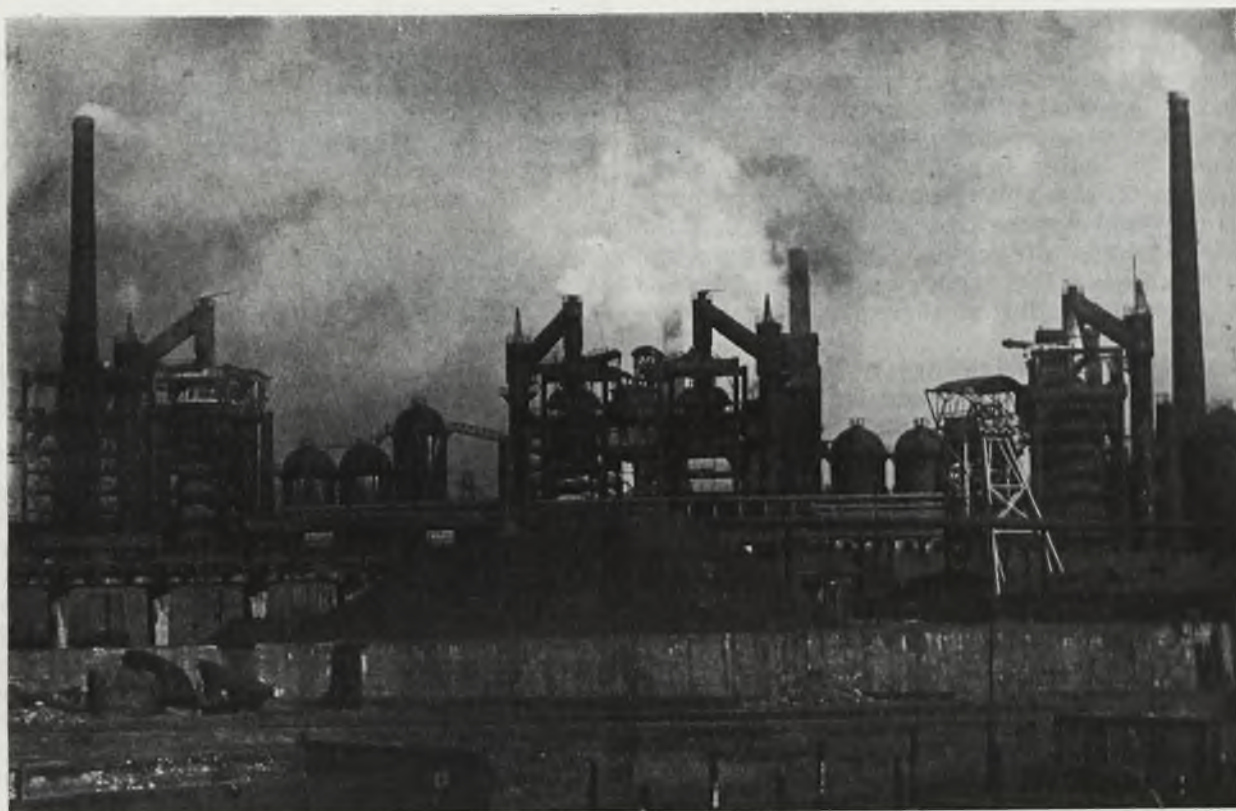
In addition, since 1926, the Saar Valley foundries are treated on the German market in exactly the same way as those situated in the Reich and are members of the Deutsche Rohstahlgemeinschaft and of all iron and steel unions without exception.

Further, despite the expansion in the export trade of foundry products in all countries in the period from 1925 to 1927, Great Britain showed least activity in that direction and is absorbing increasingly large quantities of steel of continental manufacture; export of foundry products, too, is making small progress, for after the conclusion of the coal stoppage in England in 1926, exports of the foundry products only returned to the level for 1925, although these had not expanded to the same extent as was observed in the case of France, Germany, Belgium and Luxemburg.

Thus arises the problem of co-operation between Great Britain and the Continental steel cartel. It is certain that the latter is greatly interested in gaining the Colonial markets of the British Empire as well as those of the Dominions, which are protected by means of customs duties favouring the British industry. It is not astonishing, therefore, that despite the excess of imports over exports of foundry products, British manufacturers of iron and steel are not inclined to join the international combine.

Yet, on the other hand, British manufacturers would welcome a rise in the prices of iron on the world market and for this reason are giving active assistance to the German endeavours to bring about the establishment of separate syndicates for each class of foundry products (on the lines of the international rail syndicate "Erma", to which British foundries belong). It would appear from the statements made in the "*Financial News*" that Great Britain would join certain of the syndicates organised by the Cartel, but only those which it would find suitable. The desires of the British iron masters in this connection are confirmed by the rebates which have been granted to the consumers of British iron, as from September 1, 1927, in order to combat competition on the part of the Continent in the United Kingdom and overseas, which action, it may be mentioned by the way, resulted in weakening the international market. The rebates, just mentioned, were as follows (per





ONE OF THE LARGEST POLISH FOUNDRIES — THE "PEACE" FOUNDRY (PHOT. S. PLATER).

ton): for profiles — 7/6, ordinary plates (boiler plates excepted) — 3/16 to 5/8, &c.

The exports of Polish foundry products and those of the Western European countries are given below (in tons):

	Average monthly exports:		
	1925	1926	1st half 1927
Germany . . . . .	266.400	400.200	365.633
France and Saar Valley together . . . . .	316.700	337.300	459.100
Belgium—Luxemburg . . . . .	248.000	303.600	370.283
Great Britain . . . . .	310.900	248.900	324.483
<b>Poland**)</b> . . . . .	13.635	16.337	25.466

	Excess of exports over imports:		
	1925	1926	1st half 1927
Germany . . . . .	168.500	314.100	203.666
France and Saar Valley together . . . . .	303.200	323.000	447.750
Belgium—Luxemburg . . . . .	205.500	254.600	323.383
Great Britain . . . . .	84.300	—	—
<b>Poland . . . . .</b>	9.716	14.162	22.063

The following table indicates the imports of foundry products into Poland and the Western European countries (in tons):

	Average monthly imports:		
	1925	1926	1st half 1927
Germany . . . . .	97.900	86.100	161.967
France and Saar Valley together . . . . .	13.500	14.300	11.350
Belgium—Luxemburg . . . . .	42.500	49.000	46.900
Great Britain . . . . .	226.600	311.700	428.352
<b>Poland**)</b> . . . . .	3.919	2.175	3.403

\*) These figures embrace all classes of foundry products from pig iron to finished products, together with re-exports.  
 \*\*) Returns of the Chief Statistical Office.

Excess of imports over exports:

	1925	1926	1st half 1927
Germany . . . . .	—	—	—
France and Saar Valley together . . . . .	—	—	—
Belgium—Luxemburg . . . . .	—	—	—
Great Britain . . . . .	—	62.800	103.869
<b>Poland . . . . .</b>	—	—	—

And yet, the International Cartel does not appear to have taken any steps against the British iron industry on the admission of which to the International Cartel the German, French and Belgian interested circles count with certainty.

Instead the steps were taken against the Polish metallurgical industry, which finding itself menaced, was compelled to reduce the prices of plates and wire for nail manufacture on the local market by from 10 to 20 per cent, because German foundries situated in the Rhine provinces and Westphalia, are quoting prices ex works which are below the international levels despite the cost of transport and the payment of the Polish customs duties and various other charges.

The question arises what are the reasons for such action being directed against the Polish metallurgical industry and why does Germany alone defend the interests of the International Cartel at the cost of substantial sacrifices incurred by dumping in Poland. The answer to this question is quite simple. The conditions upon which the Polish foundries would be prepared to join the International Cartel is absolute non-interference of the Cartel on the Polish internal market, and the allocation of an



export quota, equal to 500.000 tons of steel per annum. The International Cartel, however, while agreeing in principle to non-intervention as regards the internal market in Poland, refuses to grant an export quota of over 300.000 tons per annum. Moreover, the latter is made dependent on the development of the absorbing power of the home market; it would appear from this clause that the Cartel is desirous of having a free hand in the matter of reducing the export contingent of Poland by the amount of the increase in internal consumption.

The lack of a commercial treaty between Poland and Germany and the unsettled state in the relations between the metallurgical industries of the two countries arising therefrom, render the negotiations between the Polish foundry industry and the International Cartel difficult. In the negotiations between the German and Polish iron and steel industrialists, the German side made efforts to conclude an agreement, guaranteeing non-interference with the local market, similar to that, which regulates the relations between the Polish metallurgical industry on the one hand, and the Central European Steel Cartel, on the other.

The Polish-German conflict arose because the Polish foundries claimed an export quota of 250.000 tons, on the ground that in 1923 Polish exports of rolled products and piping amounted to 359.335 tons (which converted into steel represents 431.202 tons); in 1926 and during the first half of 1927, owing to the embargo placed by Germany, Polish exports of foundry products, according to the returns of the Chief Statistical Office — decreased to what may be termed the vanishing point, as they amounted to 74.360 and 69.401 tons respectively. The difference which is in round figures 250.000 tons per annum, should find its way to Germany, when Polish economic relations with the latter become regularised by a commercial treaty, and all the more so as this quantity represents only about 2 per cent of the total production of steel in the Reich, while the French, Belgian and Luxemburg foundries taken together have secured a quota of 6.5 per cent of the sales of the German syndicates on the local market.

The attitude of the German circles concerned is such that while admitting small quantities of foundry products, which are re-exports (steel of German origin is transformed into finished or semi-finished rolled products &c. in Polish Upper Silesia and goes back to Germany), they are disinclined to make concessions in favour of Polish steel. The Polish Upper Silesian foundries, on the other hand, take the view that they should have a share of the quota they demand, as they have acquired the right thereto both before the war and during the years from 1922 to 1925.

These are the actual causes of the present conflict between the Polish foundries and the International Cartel, the spokesmen of which are the German foundries. As stated, the point at issue is, in the first place, the import from Upper Silesia into Germany, on the strength of acquired commercial privileges, of iron and steel products, representing

not even 2 per cent of the output of steel, manufactured in Germany.

Justice should take its course, and the Polish foundries are not abandoning their attitude, adopted during the negotiations with the International Cartel.

## THE CAPITAL OF THE STATE RAILWAY UNDERTAKING

IN VIEW of the preparation of projects for the commercialisation of the Polish State Railways, and its mention in the Stabilisation Plan drawn up by the Government, the problem of the determination of the capital of the undertaking calls for attention.

The latter work is usually associated with stock-taking on the assumption that similarly as in other industrial enterprises, an inventory should be made at a given date, and the different items valued at current equitable rates. The sum total thus established would represent the actual capital of the railways.

Such a procedure, however, would not be expedient.

In the first place, the making of an inventory of such a mass of things scattered throughout the country as is the case with the railways, presents great difficulties; and during its preparation, which must necessarily last for some time, numerous and material changes in the property of the undertaking would take place, for the simple reason that the exploitation of the railways could not be arrested. The question of prices for valuation is not less complicated. What for instance is to be the equitable price for the construction of the railway track which was built over eighty years ago? Or how to establish the value of what were formerly waste lands, but which now form the centre of the City? In 1844, the Administrative Council of the Kingdom of Poland expropriated an area of about 7 "morg" for the construction of the Central Station in Warsaw and paid for it 1.5 kopeck per 1 sq "łokiec" (\*), or  $\text{₰} 0.14$  per 1 sq. metre; to-day, the value of adjacent plots is many thousand times the amount.

It is clear that the application of mathematically accurate methods would neither be expedient, nor practical under these conditions, because in order to obtain good results it would be necessary to make far-reaching assumptions, which might diminish the accuracy of the calculations.

Nevertheless, it would be advisable to adopt the stock-taking system if in this way the value of the State Railways could be established; we say value, meaning thereby the capital in the sense assigned to it in balance-sheets, that is, a sum, the annual interest on which could be regarded as the measure of the profitableness of the undertakings. But this is not so with the railways.

The actual capital of the railways is not composed of the sums disbursed on various investments, no matter from what sources, but the aggregate disbursements on investments plus all the profits and losses resulting either from the employment

\*) Łokieć = 0.57 metre.



of the capital of the undertakings, or due to accidental causes—for instance, the losses which have to be borne until the opening of regular traffic. The actual capital of railway undertaking is, as a rule, larger than the aggregate amount of investments, that is, the sum total spent on the construction of the railway, but it may also be smaller. This may occur when, for instance, large profits are made before the actual opening of the railway for regular traffic, or when a portion of its real estate is sold, &c. The actual capital is the sum total of the effective disbursements made by the enterprise up to the time of putting the line into commission for regular work; this sum should bear interest and be amortised from current revenues.

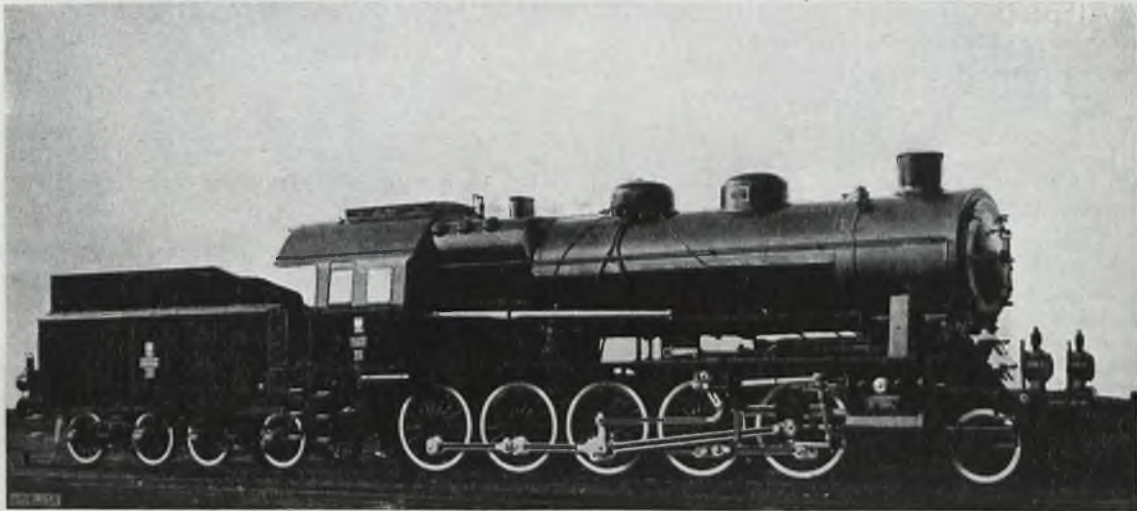
The statistical returns dealing with railway operations prior to the war indicate that this was the view on the subject of railway capital in those days. It is, therefore, on the basis of these returns, drawn up for each of the railway lines which were

not less accurate than the sum which could be arrived at by means of the stock-taking system.

Railways are a sure but moderate source of revenue. Under normal conditions the invested capital does not produce more than about 6 per cent per annum.

As a source of revenue, the Polish State Railways leave a great deal to be desired, due to the fact that about 30 per cent of the lines were constructed by alien rulers. They were not designed to meet the economic requirements of the country, as the respective authorities were prompted by strategical considerations. The direction of the lines is not in keeping with the economic interests of the population, and it will take a considerable time, before there is sufficient traffic to enable them to amortise the original capital and to show a fair margin of profit.

Till then, these lines, which must be maintained in good repair in order to fill the rôle of an



NEW MODEL OF A FREIGHT LOCOMOTIVE CONSTRUCTED BY  
MESSRS H. CEGIELSKI, POZNAŃ

taken over by Poland, that the capital of the Polish State Railways should be determined; of course, careful attention should be given to the war damages, as well as to the investments made by Poland since its restoration, which ought to be duly accounted for.

The calculations, made in accordance with these principles, indicate that the capital of the Polish railways amounted to about  $\text{X}$  4.5 milliard on January 1, 1926. Capital investments proper, i. e., disbursements incurred by the construction of new tracks, plants, appliances &c., and the restoration of those damaged during the Great War, amounted to  $\text{X}$  200 million in the following two years, so that the capital of the Polish State Railways totalled  $\text{X}$  4.7 milliard on January 1, 1928. These disbursements, however, do not include the ordinary repairs, as they were financed out of current revenue.

It is clear that the capital determined in this way is only approximate, but in any case it is

efficient railway unit, will burden the budget of the whole system, and decrease the profit-earning capacity.

Another reason for the moderate earning capacity is the low freight tariff, which is, in fact, the lowest in Europe. The index of cost of transportation in Poland is far behind the index of prices of goods, and the average cost of transport does not exceed 5 per cent of the value of the carried goods.

It would appear, under these circumstances, that an increase of the railway rates to a normal level should not result in the prices of commodities going up to any large extent. Yet the Polish population is so much accustomed to low rates, and the unjustified fear of a general increase of prices of commodities as soon as the rates are raised, is so intense that the owner of the railways—the State, will, for a considerable time to come, probably prefer to sacrifice direct profits from transport and be content with all the other



advantages which accrue to its citizens from cheap transport facilities.

Efforts to bring about a change in this respect will no doubt be made when the commercialisation scheme is realised; and it is only natural, for the maintenance of an abnormally low selling price—railway rates in this case—is contrary to the sound commercial methods on which the operation of the railways is to be based.

In the meantime the Polish State Railways cannot be expected to produce a normal, standard profit—6 per cent per annum on the capital invested, and the return is not likely to exceed 4 per cent. This rate has almost been attained, for the profit made in 1926 was  $\text{Z}$  175 million, which represents 3.75 per cent, and there is no reason for believing that the revenue for 1927 should be smaller. As the result of a steady increase in freight traffic, the revenues are showing an upward trend, while at the same time general overhead charges are shrinking, thanks to increased efficiency in the operation of the system.

However, a considerable increase of revenue, measured as a percentage of the capital invested, should not be anticipated, because additional disbursements will have to be made in connection with the improvement of the position of the railwaymen; the salaries have been and still are too low and they cannot be maintained at their present level much longer.

The profits realised by the State railways have hitherto been devoted to new investments. This should be so, because the condition of the railways, from the technical point of view, calls for considerable improvement. It is not good policy to meet these disbursements from current profits alone, for they are too small to enable the adoption of extensive schemes within a sufficiently short time. This is particularly the case when the investments are calculated to bring down the cost of railway transport and to ensure better service in general.

It would be more expedient to get long-term credits for the achievement of this end. The property of the railways constitutes a good guaranty, and current revenue is large enough to ensure punctual payment of interest and instalments for the redemption of a loan of about  $\text{Z}$  1 milliard.

The rational employment of such a sum for investments, in accordance with a carefully thought out plan over a period of, say ten years, would return large profits to the undertaking and prove advantageous to the economic life of the country.

It is to be anticipated that when the commercialisation of the railways is an established fact, the securing of such a credit will not present much difficulty.

## SUMMARY OF LAWS, ACTS AND EXECUTIVE DECREES

published in the "Official Journal of Laws of the Republic of Poland" ("Dziennik Ustaw Rzeczypospolitej Polskiej")  
from December 15th 1927 to January 15th 1928

**Executive decree concerning public land improvement and drainage undertakings** ("Dz. Ust. R. P." No. 112, item 950).

**Amendment of the railway freight tariff<sup>1)</sup>** ("Dz. Ust. R. P." No. 112, item 953).

**Monopoly prices for alcohol produced during the 1927/28 season** ("Dz. Ust. R. P." No. 114, item 976).

**The sale of the salt by the Salt Monopoly for industrial purposes** ("Dz. Ust. R. P." No. 114, item 978).

**Amendment of the decree regarding maximum customs duties<sup>2)</sup>** ("Dz. Ust. R. P." No. 114, item 979).

**Charges for the boiler control and inspection** ("Dz. Ust. R. P." No. 116, item 986; No. 117, items 1005 and 1006).

**New wording of item 226 of the customs tariff (raw bones)<sup>3)</sup>** ("Dz. Ust. R. P." No. 116, item 988).

**Export duty on sugar beet<sup>1)</sup>** ("Dz. Ust. R. P." No. 116, item 989).

**Prohibiting export of wheat and wheat flour<sup>2)</sup>** ("Dz. Ust. R. P." No. 117, item 1002).

**Customs rebates on vessels** ("Dz. Ust. R. P." No. 117, item 1009).

**Prolongation of the customs rebates on salted herrings** ("Dz. Ust. R. P." No. 118, item 1013).

**Executive decree relating to the insurance of clerical workers** ("Dz. Ust. R. P." No. 118, item 1016).

**Export duties on raw timber<sup>3)</sup>** ("Dz. Ust. R. P." No. 118, item 1018).

**New arrangements and modification in direct railway traffic between Poland and a number of Central and Southern European countries** ("Dz. Ust. R. P." No. 118, items 1020, 1021, 1022 and 1023).

**Amendment of the railway tariffs as regards the movement of goods**

**between Poland and Germany** ("Dz. Ust. R. P." No. 2/1928, item 15).

**Amendment of the decree regarding the Commercial Register** ("Dz. Ust. R. P." No. 3, item 19).

**The Prevention Bankruptcies Act** ("Dz. Ust. R. P." No. 3, item 20).

**Amendments regarding the State Agricultural Bank** ("Dz. Ust. R. P." No. 3, item 23).

**Polish-German protocol concerning the opening of certain customs frontier points** ("Dz. Ust. R. P." No. 4, items 24 and 25).

**Amendment of the executive decree relating to the Stamp Fees Act** ("Dz. Ust. R. P." No. 4, item 29).

**Supplementary retail price list for imported tobacco products** ("Dz. Ust. R. P." No. 4, item 30).

**The transfer of marine fishing matters to the Ministry of Industry and Commerce** ("Dz. Ust. R. P." No. 5, item 33).

**Sugar contingents for home consumption, from the 1927/28 campaign<sup>1)</sup>** ("Dz. Ust. R. P." No. 5, item 35).

<sup>1)</sup> See page 75.

<sup>2)</sup> See page 73.

<sup>3)</sup> See "The Polish Economist" No. 1/1928, page 33.

<sup>1)</sup> See "The Polish Economist" No. 1/1928, page 33.

<sup>2)</sup> See "The Polish Economist" No. 1/1928, page 32.

<sup>3)</sup> See page 74.

<sup>1)</sup> See page 83.



# PRODUCTION AND TRADE

**STATE OF EMPLOYMENT.**—During the five weeks ending December 21, the number of unemployed registered at the State Labour Exchanges in Poland rose considerably, from 132,687 to 164,800, that is by 32,113 or 19.5 per cent. At the same time, the number of part-time workers declined, though it is true that the number of hours put in by this class of workers per week was much smaller than in the preceding month. Of course, the deterioration in the situation on the labour market contributed materially towards stopping the upward tendency of wages, which has been in evidence for some time.

The position on the labour market at the end of the monthly periods in 1926 and 1927 is illustrated by the following figures of registered unemployed workers:

	1926	1927
January . . . . .	301,457	208,536
February . . . . .	302,179	213,592
March . . . . .	295,529	205,770
April . . . . .	272,414	130,578
May . . . . .	256,934	174,349
June . . . . .	243,302	159,365
July . . . . .	223,474	147,713
August . . . . .	205,393	132,952
September . . . . .	185,207	116,843
October . . . . .	167,826	115,732
November . . . . .	168,008	132,687
December . . . . .	190,140	164,800

As usual at this time of the year, the large increase in unemployment figures was brought about by several seasonal causes.

In the first place, as will be seen from the following figures, arranged according to trades, employment, apart from the building and to a certain extent the metal industry in which the seasonal causes exercised the greatest influence, was not subject to large fluctuations. One of the causes of the increase was the dismissal of unskilled labourers, who had been engaged on the land or in connection with various building schemes, agricultural improvements, &c.

The return of seasonal emigrants, chiefly farm hands from Germany and Denmark, which numbered about 50,000 in December, as against 15,000 in the preceding month, also contributed towards the rise. Although, there was a marked increase in the figures of the unemployed, it would be a mistake to believe that the economic situation of the country has changed for the worse; what actually happened was that seasonal operations in certain branches of economic activity came to a standstill for the winter period, whereas in other fields, the situation remained unchanged.

The statement given below, shows the number of unemployed, according to trades, during the period under review, as compared with the preceding month:

	November	December	+ Increase - decrease
mining	19,303	19,905	+ 602
foundries	2,804	2,623	- 181
metal	9,746	13,476	+ 3,730
textile	14,749	14,522	- 227
building	9,523	17,846	+ 8,313
clerical	17,757	17,990	+ 233

In the coal mining industry there was practically no change, as both the output and sales were maintained at the same level as a month earlier. The production of crude oil did not differ much as compared with November, although several new wells of importance, were completed. Nevertheless, owing to intense frost and the holidays, the production of crude oil in certain areas declined, as compared with the preceding month. Iron ore mines were operated under favourable conditions, which is indicated by the number of new workers taken on. Potassium salt mines worked at full capacity. The number of unemployed miners in December rose by 602 and represented 14.0 per cent of those at work.

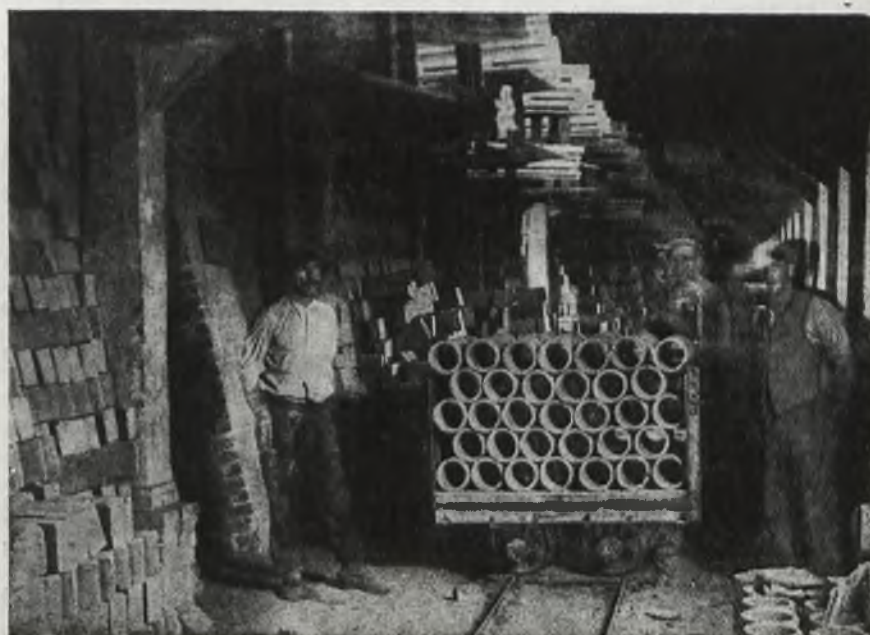
The position in the iron industry was good, particularly in the plate and forging sections. The sales for local consumption were maintained at much the same level as in November, whereas

those for export showed a falling off. Despite a weak demand for zinc and lead products, the situation in the smelting works continued to be satisfactory. The number of unemployed foundry workers declined by 181; the unemployed represented 5.0 per cent of those at work.

In the metal industry there was a certain decline in some of its departments due to seasonal causes; those chiefly concerned were the rail and nail trades, which operated on a smaller scale due to the close of the building season; the same remark applies to workshops engaged in repairing agricultural machinery and implements. Cast iron plants also experienced a shortage of orders.

In the agricultural machinery and implements section the output declined slightly, but the prospects for the future appear to be bright, which is attributable to the increased investments in live-stock, which have been in evidence of late in all classes of farming. Manufacturers of sugar and milling plants, and wood-working machinery enjoyed good trade. The electrotechnical industry made further satisfactory progress. Nevertheless, in sympathy with the considerable increase of unemployment in the basic industries, that in the metal section rose by 3,730 and was about 16.0 per cent of the employed.

After the termination of the winter



TRANSPORT OF DRAINAGE PIPES AT PRINCE SANGUSZKO'S CERAMIC FACTORY (PHOT. S. PLATER)



season the textile industry started to make preparations for the spring and summer trade. The anticipation of the woolen trade for additional orders did not materialise, which is explained by the general stringency of money towards the close of the year. Manufacturers of knitted outer and under wear close the year with huge profits, as the sales beat all previous records. On the other hand, manufacturers of woolen fabrics in the Białystok area were faced with a serious depression, particularly those working on a small scale. The prospects for the development of the textile industry are generally regarded with a great deal of optimism, which is also confirmed by the fact that despite the setting in of the dead season, work has not slowed down. The number of unemployed textile workers even declined by 227 and represented 10 per cent of those at work.

Owing to intense frost, building operations ceased almost entirely, although a great deal of work has been done at the exhibition grounds at Poznań and also at Gdynia harbour. The number of unemployed in this section rose by 8,313. In the group of clerical workers, 233 persons lost employment.

The number of part-time workers declined from 34,033 at the end of November to 33,190 at the end of December, of which number 120 worked one day per week, 400—two days, 6,484—three days, 12,318—four days, and 13,868—five days; the average time worked was 3·8 days per week as against 4·6 days in November.

In connection with the depression prevailing in the labour market, wages did not show an upward tendency which, it may be recalled, was rather marked in the past few months. This accounts for the fact that no agreement of importance in regard to an increase of wages was recorded during the period under review—with the exception of the ceramic industry in the Kraków and Lublin areas where the wages were slightly raised.

Under the influence of the conflict between the employers and employees in the German iron industry, the workers at the Upper Silesian iron works also demanded the re-establishment of an eight hour working day. In accordance with the decision of the Ministry of Labour and Social Protection, the eight hour day is to be reinstated for certain sections of the workers as from January 1, 1928, and for all the other sections—as from November 1,

1928. The Labour Congress will give shortly its opinion as to whether this arrangement is acceptable.

## GRAIN

— The state of winter sowings as ascertained by the Chief Statistical Office on the five point system, is reported to be 3·4 for both—wheat and rye; the state of winter barley sowings was not reported on. Compared with the preceding month, the sowings deteriorated slightly, due to the intense frost and insufficient protection by snow.

Prices of grain on the home market

were not subject to any considerable fluctuations during the period under review, as the decree prohibiting export of wheat, which was instituted at the beginning of December, did not exercise any considerable influence in this direction.

During the first half of January, prices of the four main crops dropped to the following extent as compared with the first half of December: wheat—1·69 per cent, rye—0·10 per cent, barley—1·21 per cent, and oats—1·52 per cent. The movement of prices is illustrated by the following table:

	Dec. 1st—15th		Dec. 16th—31st		Jan. 1st—15th		Percentage of difference
	₤	\$	₤	\$	₤	\$	
<b>W H E A T :</b>							
Warsaw ... ..	50·34	5·64½	49·95	5·60	49·60	5·57½	— 0·70
Poznań ... ..	47·22	5·29½	46·65	5·23	46·55	5·23	—
Lwów ... ..	48·39	5·42½	47·22	5·29½	47·52	5·34	+ 0·63
Average price . . . . .	48·65	5·45½	47·94	5·37½	47·89	5·38	— 0·11
Berlin RMk. ... ..	23·54	5·60½	23·39	5·57	23·58	5·62½	+ 0·81
Chicago ... ..	—	4·68½	—	4·64½	—	4·75½	+ 2·36
<b>R Y E :</b>							
Warsaw ... ..	39·37	4·41½	39·61	4·44	39·73	4·46½	+ 0·30
Poznań ... ..	39·28	4·40½	39·07	4·38	39·34	4·42½	+ 0·69
Lwów ... ..	38·94	4·36½	38·53	4·32	38·40	4·31½	— 0·34
Average price . . . . .	39·20	4·39½	39·07	4·38	39·16	4·40	+ 0·23
Berlin RMk. ... ..	23·54	5·60½	23·58	5·62½	23·73	5·65	+ 0·64
Chicago ... ..	—	4·23	—	4·19	—	4·26	+ 1·67
<b>B A R L E Y :</b>							
a) Brewing:							
Warsaw ... ..	41·43	4·64½	40·27	4·51½	40·63	4·56½	+ 0·89
Poznań ... ..	40·24	4·51	40·24	4·51	40·32	4·53	+ 0·20
Lwów ... ..	39·60	4·44	38·84	4·35½	38·80	4·36	— 0·10
Average price . . . . .	40·41	4·53	39·78	4·46	39·92	4·48½	+ 0·35
Berlin RMk. ... ..	24·32	5·79	24·24	5·77	24·31	5·79	+ 0·35
b) Feeding:							
Warsaw ... ..	38—	4·26	36·39	4·08	36·70	4·12½	+ 0·85
Poznań ... ..	34—	3·81	34—	3·81	34—	3·82	—
Lwów ... ..	33·98	3·81	33·31	3·73½	33·29	3·74	— 0·07
Average price . . . . .	35·32	3·96	34·56	3·87½	34·66	3·89½	+ 0·29
Berlin RMk. ... ..	not quoted	—	not quoted	—	not quoted	—	—
Chicago ... ..	—	4·06	—	4·01½	—	4·08½	+ 1·74
<b>O A T S :</b>							
Warsaw ... ..	36·93	4·14	36·52	4·09½	35·91	4·03½	— 1·67
Poznań ... ..	33·57	3·76½	33·49	3·75½	33·38	3·75	— 0·38
Lwów ... ..	32·78	3·67½	32·46	3·64	32·44	3·64½	— 0·06
Average price . . . . .	34·43	3·86	34·16	3·83	33·91	3·81	— 0·73
Berlin RMk. ... ..	20·43	4·86½	20·56	4·89½	20·68	4·92½	+ 0·58
Chicago ... ..	—	3·53	—	3·58	—	3·72	+ 3·91



The adverse balance in the corn trade in December was approximately the same as a month earlier and amounted to gold Francs 2,509,000.

Exports and imports of grain during the past two months of 1927 as compared with December 1926, are given below (in tons):

	1927:		1926
	November	December	December
<i>Exports:</i>			
wheat	300	217	790
rye	1,353	1,063	3,092
barley	6,517	8,516	6,989
oats	342	329	371
<i>Imports:</i>			
wheat	14,438	13,647	3,296
rye	901	1,898	580
barley	75	91	59
oats	2,684	2,985	1,237

Wheat and rye were almost exclusively dispatched to Germany. As in the previous months, the bulk of the barley was exported to Belgium, which took 39.5 per cent of the total quantity exported; Holland ranked next with 20.9 per cent; Germany took 17.0 per cent, and Esthonia 10.5 per cent, smaller quantities being absorbed by Latvia, Czechoslovakia, Denmark, Norway, Austria, Switzerland and Rumania.

Of the total amount of oats sent abroad, 54.2 per cent were placed on the German and 45.7 per cent on the Belgian market.

The chief sources of wheat supplies were: Germany with 45 per cent, and Hungary with 23.9 per cent; smaller quantities were received from Sweden (9 per cent), the United States of America (7.9 per cent), Canada (6.8 per cent), and Rumania, Czechoslovakia, Denmark, Russia, Austria and Australia. Rye, the imports of which doubled as compared with the preceding month, was supplied by Germany (51.4 per cent) and Russia (47.8 per cent).

Small quantities of barley were imported during the period under review from Rumania, and oats — chiefly from Germany (93.3 per cent), Rumania and Czechoslovakia.

## BUTTER

— The tone on the butter market was weak in the latter half of December. On account of decreased exports, ample supplies in the chief centres of consumption and despite the holidays prices were low. In Warsaw, there was a considerable fall in prices, and a special body composed of the producers and dealers, was compelled to reduce quotations of butter. In the first half of January, the downward trend was still

in progress due to the growth of milk production. In the Poznań and Pomerania voievodships the anticipated output of butter in January is placed at 70 per cent of the July figure; also in the central voievodships increased quantities of butter are being turned out. Quite independently of these factors, the low prices ruling on the foreign market have also contributed to this state of affairs. The English and German dealers do not seem to be inclined to buy Polish butter under present conditions, because better grades are easily obtainable elsewhere.

Prices of butter in the first half of January, as compared with those ruling in the latter half of December, as well as the differences (in percentages) between those in the first half of January and those in the latter half of December, are given below (per kg):

	December		January		Percentages of difference
	15th-31st	1st-15th	1st-15th	1st-15th	
	₤	\$	₤	\$	
Bydgoszcz	7.70	0.87	6.10	0.69	- 26.2
Katowice	7.85	0.88	6.40	0.72	- 22.6
Lublin	7.05	0.79	5.90	0.66	- 19.5
Lwów	7.00	0.79	5.60	0.63	- 25.0
Warsaw	7.00	0.79	6.20	0.70	- 12.9
Wilno	7.95	0.89	6.65	0.75	- 19.5

There was a further decrease in exports in December as they only amounted 493 tons, representing a value of £ 2,878,476. The chief customer was Germany, which absorbed 98 per cent of the total quantity sent abroad. The remainder was sent to Denmark, Austria, England and Sweden.

Imports of butter were on small scale and amounted to 20 tons, valued at £ 109,851. The chief suppliers were Russia (90 per cent), Latvia and Denmark.

## EGGS

— In the latter half of December the tendency on the egg market continued to be firm. Owing to the holidays, the demand was brisk; production was on a small scale and on account of transport difficulties resulting from the intense frost, restricted supplies caused a shortage of fresh eggs and to such an extent that in many localities no transaction were reported at all. Home requirements were covered either by pickled or imported eggs, and at the end of the month even pickled eggs were difficult to obtain. The situation did not change for the better in the first half of January and business was slack, due to the limited supplies of both fresh and pickled eggs.

Prices of fresh eggs in the wholesale trade were as follows (in £ per case of 1.440 eggs):

	December		January	
	15th-31st	1st-15th	1st-15th	1st-15th
Katowice	340— to 360—	340— to 380—	340— to 380—	340— to 380—
Sosnowiec	330—	440—	410—	410—
Kraków	320—	405—	405—	405—
Lublin	360—	380—	360—	380—
Lwów	—	—	385—	385—
Tarnów	378—	387—	396—	396—
Warsaw	340—	380—	360—	420—

Prices of the pickled eggs during the same period, were as follows (in £ per case of 1.440 eggs):

	December		January	
	15th-31st	1st-15th	1st-15th	1st-15th
Katowice	280—	290—	320—	360—
Sosnowiec	—	265—	380—	395—
Kraków	279—	300—	—	—
Lublin	260—	300—	320—	—
Lwów	—	—	—	—
Tarnów	—	—	—	—
Warsaw	270—	—	320—	360—

Owing to lack of supplies the export trade was considerably reduced in December and amounted to 1,239 tons, valued at £ 4,497,471 as against 2,752 tons valued at £ 9,952,000 in November. The distribution of exports was as follows: Germany — 43 per cent, Czechoslovakia — 18.4 per cent, Austria — 18.3 per cent, Italy — 8.7 per cent; the remainder was consigned in small quantities to other countries.

Imports in December were 50 tons valued at £ 138,696 and were supplied by Germany (60 per cent), China, Latvia and Russia.

## SUGAR

**SUGAR CONTINGENTS FOR HOME CONSUMPTION FROM THE 1927/28 CAMPAIGN.** — As is well known, the sales of sugar in Poland are regulated due to the difference in prices for home and abroad and, owing to the fact that the former are higher, the privilege thus extended should be evenly spread among all the producers in an equitable manner. This is the actual reason for the regulation of the sales of sugar.

For the 1927/28 sugar campaign, which is now in progress, the home contingent has been fixed as follows:

a) basic contingent	3,095,556 q.
b) reserve contingent	464,334 q.

## TIMBER

— The Polish timber market was in December under the influence of the newly concluded provisional timber convention between Poland and Germany.

There was little demand for the varieties required for the English market, and sawmillers concentrated their efforts on working to the German specification, which at present leaves a certain margin of profit. Owing to the shortage of round wood prices for raw material reached a high level.



It is to be anticipated that the export of round wood will decrease this year, because sawn material will find a ready market in Germany and at home, as soon as the building season is opened.

The resumption of the timber trade with Germany after an interval of a year is, no doubt, an important development. It is too early as yet to form an opinion as to the results which this turning point will bring about. In any case, the general feeling is that the timber trade will be more lively, and that new changes may be witnessed in the near future.

The prices quoted in November and December f. o. r. loading stations in the different Directorates of the State Forests were as follows (in Złoty per cubic metre):

		Nov.	Dec.
pine logs for saw mills (per cubic m.)	Warsaw	59.—	84.—
	Radom	58.—	65.—
	Siedlce	69.50	69.50
	Wilno	50.—	—
	Białowieża	—	46.50
	Poznań <sup>1)</sup>	50.—	61.—
" " " "	Bydgoszcz	45.40	51.80
	Toruń	63.—	74.—
pine logs for building purposes (per cubic m.)	Siedlce	48.50	48.50
	Białowieża	—	39.50
	Wilno	40.—	—
pine pit props (per cubic m.)	Warsaw	37.—	37.—
	Radom	33.—	37.—
	Siedlce	22.—	23.—
	Poznań <sup>1)</sup>	23.—	25.30
	Bydgoszcz	24.30	24.60
" " " "	Toruń	26.90	29.00
spruce logs for saw mills (per cubic m.)	Siedlce	41.50	42.—
	Lwów	40.—	44.—
oak logs for joinery (per cubic m.)	Białowieża	—	110.—
	Łuck	135.—	150.—
pulpwood (per stacked cub. m.)	Siedlce	28.—	28.40
	Wilno	25.—	—
	Białowieża	—	28.—
pine fire wood (per stacked cub. m.)	Warsaw	16.—	16.—
	Radom	16.—	16.—
	Siedlce	13.—	13.—
	Wilno	9.50	—
	Białowieża	—	13.25
	Poznań <sup>1)</sup>	10.40	10.80
" " " "	Bydgoszcz	13.30	14.40
	Toruń	14.90	16.—
spruce fire wood (per stacked cub. m.)	Lwów	10.25	10.75
beech fire wood (per stacked cub. m.)	Lwów	14.—	14.—

Compared with the previous month, prices for pine logs for sawmills rose from 18 to 30 per cent, whereas those for other assortments were maintained at their previous levels.

Exports of the different kinds of timber effected in December, were as follows (in tons and thousands of Złoty)

	Weight	Value
fire wood	133.369	8.377
pulpwood	91.987	4.520
pit props	1.767	145
logs, beams	67.063	7.076
telegraph poles	146.878	26.784
deals, boards, battens	17.879	2.570
railway sleepers	2.211	1.537
cooper's material	2.747	704

<sup>1)</sup> Prices for timber affected by the "Panollis amnea".



A NARROW-GAUGE FOREST RAILWAY (PHOT. G. BULHAK)

The characteristic feature of the exports was a further decline in round wood, deals and boards, and railway sleepers; on the other hand, exports of pulpwood and pit props showed increases and reached approximately the levels for September 1927.

due to the writing off of a certain quantity of coal at the time of stock-taking, thus accounting for the losses during the time of storage.

The state of the Polish mining industry in December is illustrated by the following figures (in tons):

## COAL

— The situation in the Polish coal mining industry in December, as compared with the preceding month, showed only an improvement in the export trade despite further deterioration of the Northern European markets due to the reduction of prices by the English collieries. On the other hand, home sales declined slightly, so that the aggregate sales in December were somewhat larger than in the preceding month. Stocks at pit heads on December 31st were much lower than a month earlier, which is

Coal mining districts	Extraction	Home consumption	Exports	Stocks at Pit heads <sup>1)</sup>
Upper Silesia	2,543.000	1,453.000	850.000	903.000
Dąbrowa	677.000	416.000	175.000	338.000
Kraków	226.000	187.000	1.000	76.000
Total for December:	3,446.000	2,056.000	1,026.000	1,317.000
Total for November: <sup>2)</sup>	3,438.000	2,074.000	986.000	1,444.000
± in relation to November	+ 8.000	— 18.000	+ 40.000	— 127.000

It will be seen from the above figures that the total output of coal in December

<sup>1)</sup> After deduction of the coal utilised by the mines themselves, for workmen and after correcting the stock on hand.

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



was 3,446,000 tons, a decrease of 8,000 tons as compared with November; it is interesting to note that the extraction was only 155,000 tons, or 4.3 per cent less, than in December 1926, that is at the time of the coal stoppage in England.

The total output of coal in 1927 amounted to 38,072,000 tons and was by 2,325,000 tons or 6.5 per cent greater than in 1926. This shows the considerable improvement which has taken place in this branch of production particularly during the latter half of the year, when the output was much higher than in the corresponding period of the past few years, with the exception of 1926.

Home sales amounted in December to 2,056,000 tons or 18,000 tons less than in November, but more, by 74,000 tons, than in the corresponding period of 1926.

Exports of coal rose in December to 1,026,000 tons, by 40,000 tons as compared with a month earlier. The export trade was hampered in its development not only by the competition on the part of the English collieries which are sparing no efforts to supplant Polish coal on European markets, but also by transport difficulties at Danzig and Gdynia owing to the intense frost, and especially at the river port of Tczew, which is practically closed by ice. This resulted in considerable losses to the Dąbrowa basin, which forwards its overseas consignments almost exclusively via Tczew.

The export of coal in December to the different countries, is illustrated by the table below (in thousands of tons):

Destination	1925	1926	1927	1927	
	first semester <sup>2)</sup> (monthly averages)			November <sup>1)</sup>	December
Austria	194	214	192	256	257
Hungary	36	42	48	58	55
Sweden	—	144	202	216	201
Denmark	2	72	97	127	141
Czechoslovakia	47	41	47	80	92
Latvia	1	18	29	36	45
Yugoslavia	8	14	22	18	8
Switzerland	2	10	19	17	12
Italy	1	49	126	39	36
Rumania	6	8	10	10	9
Lithuania	1	3	6	3	4
Memel	1	3	2	4	5
Holland	—	1	—	—	—
Finland	—	9	9	25	11
France	—	23	16	13	22
Norway	—	7	15	28	42
England	—	37	—	—	—
Germany	451	1	1	1	1
Belgium	—	—	12	4	4
Russia	—	—	6	—	—
Other countries	—	1	6	—	18
Total:	750	697	865	935	963

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

<sup>2)</sup> 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 to 221,000 tons.

Danzig	26	37	27	32	39
Bunker coal	—	38	15	19	26
Total:	776	772	907	986	1,028
Export, Germany not included	325	771	906	985	1,027
Shipped through:					
Danzig	29	225	314	366	384
Gdynia	—	30	54	92	109
Tczew	—	5 <sup>1)</sup>	11	10	—

Of the total quantity of coal sent abroad in December, the Scandinavian and the Baltic countries absorbed 489,000 tons (47.57 per cent), an increase of 17,000 tons as compared with November. An increase was also recorded in the exports to the Succession States (Austria, Hungary, Czechoslovakia), namely—by 10,000 tons to 404,000 tons (39.3 per cent); consignments to the remaining countries totalled 135,000 tons (13.13 per cent) or 15,000 tons more than a month earlier.

As regards the export trade to the different countries, the largest increases as compared with November were observed in the case of Denmark (by 14,000 tons or by 11.02 per cent), Norway (by 14,000 tons or by 50 per cent), Czechoslovakia (by 12,000 tons or by 15 per cent), Latvia (9,000 tons), France (9,000 tons) and Danzig (7,000 tons). In addition, Austria, Lithuania and Memel were better customers in December than in November.

Sales of bunker coal, too, rose by 7,000 tons.

The aggregate export of Polish coal together with bunker to the above mentioned countries rose by 93,000 tons as compared with November. During the period under review the export trade with the remaining countries shrank to some extent. The largest drops were noted in regard to Sweden (by 15,000 tons), Finland (by 14,000 tons), Yugoslavia (by 10,000 tons). Moreover, there were slight decreases in the aggregate coal consignments to Switzerland, Italy, Hungary, Rumania; these decreases, taken together, amounted to 51,000 tons.

The average daily dispatch of coal to foreign countries was 41,120 tons, an increase of 1,672 tons over November.

Simultaneously with the increase in the volume of exports, there was a rise in the quantities shipped through the Polish ports, to 493,000 tons—by 25,000 tons as compared with November. Shipments through Gdynia rose markedly—by 17,000 tons or 18.48 per cent, or to 109,000 tons, and via Danzig—by 18,000 tons or 4.92 per cent, to 384,000 tons. As regards Tczew, the quantity directed through this port fell from

<sup>1)</sup> Average quantity for 8 months; this figure has been calculated as explained in note No. 2 exports via Tczew lasted only 4 months.

10,000 tons in November to 476 tons, due to the harbour being closed by ice. The aggregate coal shipments directed through the three ports, represented 47.96 per cent of the total exports as against 47.46 per cent in November.

The aggregate sales of coal effected in December amounted to 3,082,000 tons, that is 22,000 tons more than in the preceding month, and 222,000 tons or 6.72 per cent less than in December 1926.

Stocks at pit heads declined, as compared with a month earlier by 127,000 tons or by 8.8 per cent, and were 1,317,000 tons.

The number of idle days during the period under review, as compared with November, showed a further decline which is indicated by the ratio of idle days to working days, the decline in the ratio being in November 2.1 per cent and 1.5 per cent in December. It may be mentioned that these figures are the lowest for the whole year 1927.

The number of workers, engaged in this industry in December increased by 142 to 112,982.

The average daily output per workman declined in December to 1.243 kg., that is by 15 kg.

Wages in December remained unchanged but the men in Upper Silesia and other areas gave notice on January 1, 1928, asking for an increase in wages amounting to 25 per cent. The negotiations between the employers and employees are still in progress.

The average daily wage for a workman in a team together with the supplements and extra pay, according to the provisional data, was practically the same as in November.

Prices of coal on the internal market as well as those for the markets covered by the coal convention (Austria, Hungary, Czechoslovakia) were maintained at their previous levels.

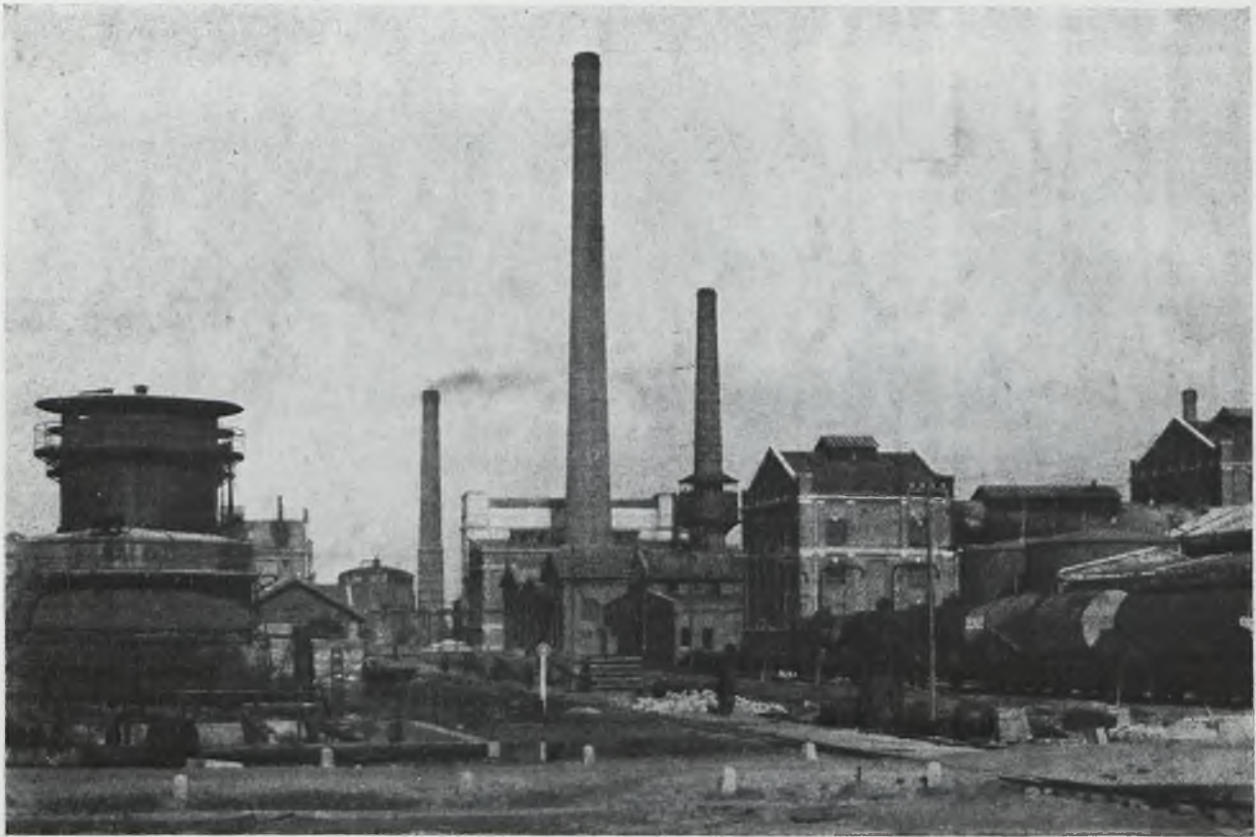
It may be of interest to note that railway rates for the transport of coal destined for foreign markets and shipped through the Polish ports have been increased by a further  $\frac{1}{2}$  0.50 as from December 15th.

The present rates to Danzig and Gdynia are  $\frac{1}{2}$  7.20 and to Tczew  $\frac{1}{2}$  6.50 per ton.

## PETROLEUM

— The situation in the Polish petroleum industry in December was more favourable than in the preceding month. The output of crude oil in the Borysław area, the most important Polish oil





STATE PETROLEUM REFINERY (PHOT. S. PLATER)

field, rose considerably; the prices for the crude oil were stabilised due to the centralisation of sales in the hands of the newly organised petroleum syndicate, so that it is now possible to calculate more accurately the prices for forward deliveries. Home consumption also showed a marked increase.

The output of crude oil, according to provisional data, was as follows (in tons):

Drohobycz district	51,590
Jasło	6,100
Stanisławów	3,480
<b>Total:</b>	<b>61,170</b>

The increase in the output in the Drohobycz area despite a decline in the number of working days on account of the holidays, was due to the completion of several important wells in the Mrażnica area, which begins to play an increasingly important rôle in the Polish petroleum industry.

It is to be anticipated that there will be an increase in drilling operations in this area in the near future.

In November, the output of crude oil in Poland was as follows (in tons):

Drohobycz district	48,803
Jasło	6,096
Stanisławów	3,483
<b>Total:</b>	<b>58,382</b>

In Drohobycz area, the production of the Borysław standard crude amounted

to 42,267 tons, the remainder, or 6,536 tons, being special grades.

The average daily output in the Borysław district was 1,409 tons, which was less than in the preceding month (in October—1,460 tons, in September—1,475 tons).

The stocks of crude oil at the end of November declined considerably, due to increased activity at the refineries, and were as follows (in tons):

Oil and storage companies	53,367
Refineries	37,835

The corresponding stocks in October were 58,364 and 42,491 tons. The number of workmen employed in this industry together with subsidiary divisions (electrical power stations, gasworks, workshops &c.) was as follows: in crude oil production—11,780 and in refining—4,935.

The production of natural gas made further progress during the period under review. Of the total production amounting to 39,721,000 cubic metres, 21,461,000 cubic metres were directed to gasoline works, which produced 2,467 tons of gasoline, that is 100 cubic metres of gas gave about 11.5 kg. of gasoline. The refineries absorbed 2,285 tons for mixing with the heavy benzine. Exports of this commodity amounted to only 94 tons, which were divided between

Austria and Czechoslovakia in equal amounts. The gasoline industry worked under normal and satisfactory conditions; prices per ten-ton tank-wagon ex works were \$ 515.

The ozokerite mines at Borysław and Dźwiniacz produced 69 tons in November, as against 57 tons in the preceding month. During the month the stocks of this mineral rose by 39 tons and amounted to 229 tons. Sales were only 30 tons. On the whole, the position of this industry was rather depressed, which was also reflected in the dismissal of workmen in the Borysław mines. The total number of workmen engaged in mining ozokerite was 428.

The petroleum refining industry worked in November under much more favourable conditions than in October, as the throughput reached the highest level since December 1926 and approximated the average figure for the exceptionally favourable period from January to June 1926 (67,800 tons).

As the total net extraction was 54,133 tons, the difference was supplied from the stocks on hand, which, as already mentioned, declined to a large extent.

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



throughput of crude oil	64,559
output of petroleum products	58,695
home consumption	39,321
exports	21,851
stocks on November 30th	165,058
number of workmen employed in refineries	4,935

Home consumption of petroleum products in November rose considerably, as compared with the corresponding period in 1926 (38,448 tons), and the average consumption for the second half of 1926 (30,364 tons). The consumption of petroleum products in Poland during the past few years is given below (in tons):

Year	Annual production	Monthly average
1927	323,997	29,454
1926	309,018	25,752
1925	274,032	22,830
1924	246,286	20,525

The consumption of benzine and kerosene during the same period is illustrated by the following figures (in tons):

Year	Benzine:		Kerosene:	
	annual production	monthly average	annual production	monthly average
1927	46,625	4,239	132,966	12,088
1926	32,883	2,740	135,555	11,296
1925	32,806	2,735	128,072	10,673
1924	17,862	1,489	99,885	8,324

It will be seen that since the year 1924 the consumption of benzine has been nearly trebled and that of kerosene has risen by 50 per cent.

Export of petroleum products which during the past few months had been maintained at about 20,000 tons, rose by 2,000 tons, particularly large increase being shown by kerosene and paraffine wax.

The exports of the different petroleum products in November are as follows (in tons):

benzine	3,891
kerosene	5,788
gas oil	3,469
lubricating oil	3,558
paraffine wax	3,106
other products	2,039
Total:	21,851

The distribution of the above mentioned exports was as follows (in tons):

Czechoslovakia	10,850
Austria	2,363
Germany	1,051
Switzerland	932
Other countries	3,211
Danzig	3,444
Total:	21,851

The volume of exports to Czechoslovakia was larger by 9,800 tons than in the preceding month, the largest increase being recorded in kerosene. Austria, too, took larger quantities than

a month earlier. The same remark also applies to Danzig, which took 3,104 tons more than in October.

The stocks of petroleum products in November were practically the same as in the preceding month (165,250 tons) and amounted to 165,058 tons, made up as follows (in tons):

benzine	16,464
petroleum	21,156
gas oil	14,999
lubricating oil	26,106
paraffine wax	3,888
semi-finished products	75,986
other products	6,459
Total:	165,058

## IRON

The situation in the iron industry in December deteriorated slightly as compared with the preceding month. This usually occurs at this time of the year due to the close of the building season. As a rule, the winter months are employed for the preparation of heavy iron and steel constructions to be used for building purposes in the spring. A great deal of attention is also given to the manufacture of rails. It is anticipated that trade conditions will improve towards the end of January. This is the view taken in the trade and it is confirmed by the activity displayed in the iron mines, which are operating at full capacity, and in the opening up of new mines. The latter work was greatly facilitated by the return of labour from the land.

The extraction, import, and export of ores, was as follows (in tons):

	Extraction	Imports	Exports
4th quarter 1926	23,373	23,977	7,612
1st " 1927	38,723	47,240	5,368
2nd "	40,961	58,815	7,415
3rd "	46,532	69,145	7,809
October "	51,757 <sup>1)</sup>	57,653	6,857 <sup>1)</sup>
November "	52,608 <sup>1)</sup>	57,789	9,822 <sup>1)</sup>
December "	55,506 <sup>2)</sup>	68,487	8,000 <sup>2)</sup>
December 1926	32,413	23,998	7,381

The above figures indicate that the output of iron ores increased in December by 2,898 tons or 5.5 per cent, as compared with the preceding month. The average daily increase amounted to about 9.9 per cent. These figures also show that the monthly outputs revealed no definite tendency. The production of iron ores in 1927 amounted to 539,695 tons and was larger by 223,622 tons, or by 70.6 per cent than in 1926.

The number of mines in operation in December was 29 as against 30 in the preceding month. Of this number 27 were engaged in actual production and

the remaining two carried out preparatory work.

The table below illustrates the activity of the iron mines during the past 6 months. The figures in respect of workers employed represent only those engaged in productive mines. It will be seen that the average quantity raised per workman increased to the October level, which is to be attributed to extensive preparation work carried out in the course of November:

	Number of mines:	Number of workmen:	Output per workman per month (in tons)		
			operated	productive	total
July 1927	27	24	6,388	6,310	7.33
August "	28	26	6,190	6,168	7.41
September "	28	26	6,107	6,076	7.88
October "	28	25	6,182	6,095	8.48
November "	30	27	6,738 <sup>1)</sup>	6,698 <sup>1)</sup>	7.85
December "	29	27	6,774 <sup>2)</sup>	6,734 <sup>2)</sup>	8.25

As already mentioned, the situation in the iron industry was less favourable than in the preceding month, which was reflected in the production figures. The only increase, as compared with November, was recorded in the case of pig iron, the output of which rose by 3.6 per cent, the output of steel and that of rolling mills having declined by 11.3 per cent and 8.35 per cent respectively.

The work of the iron foundries is illustrated by the following table (in tons):

	Pig Iron	Steel Ingots	Rolled products <sup>1)</sup>	Number of workmen employed
4th quarter 1926	33,375	87,669	63,656	38,483
1st " 1927	44,207	102,356	72,276	41,179
2nd "	47,546	98,876	70,988	43,406
3rd "	55,719	109,313	82,968	45,869
October "	62,595 <sup>1)</sup>	103,954 <sup>1)</sup>	85,822 <sup>1)</sup>	45,687 <sup>1)</sup>
November "	55,593 <sup>1)</sup>	106,239 <sup>1)</sup>	85,931 <sup>1)</sup>	45,702 <sup>1)</sup>
December "	57,603 <sup>2)</sup>	93,578 <sup>2)</sup>	78,757 <sup>2)</sup>	44,795 <sup>2)</sup>
December 1926	39,899	87,209	64,071	39,376

Compared with December 1926, the output of pig iron in December 1927 rose by 44.3 per cent, that of steel—by 8.4 per cent, and that of rolled products—by 22.8 per cent. The output of pig iron during 1927 was 618,185 tons (327,471 tons in 1926), of steel—1,243,469 tons (788,423 tons in 1926), rolled products—921,632 tons (563,998 tons in 1926). The output of the iron foundries in the year 1927 was the largest since the war.

The number of workmen employed at the foundries declined by 907 or by 2 per cent.

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

<sup>1)</sup> Corrected figures.  
<sup>2)</sup> Provisional figures.  
<sup>3)</sup> Pipes not included.





A PORTION OF MESSRS. SOLVAY'S SODA FACTORY NEAR KRAKÓW (PHOT. S. PLATER)

Orders were less numerous than in the past few months. According to the returns of the syndicate of the Polish foundries, they amounted to 29,058 tons, as against 32,943 tons in November and 43,670 tons in October. These figures do not include orders for pig iron and piping as well as own consumption by the foundries.

Government orders during the period under review were 7,001 tons, as against 4,981 tons in November; privately placed orders represented 22,057 tons as against 27,962 tons a month earlier. Of the orders received from private interests, 14,046 tons were from wholesale dealers and 8,011 tons from industry; the corresponding figures in November were 18,760 tons and 9,202 tons respectively. Large orders for rails and railway accessories are anticipated in January.

The foundries experienced no difficulty in obtaining the necessary raw materials. Imports of foreign mineral reached the normal level and amounted to 68,487 tons, as against 57,789 tons in November, an increase of 18.5 per cent. The arrivals of scrap iron increased somewhat as compared with the preceding month (14,490 tons) and amounted to 18,710 tons, but in October they were

43,071 tons. Old supplies are nearly exhausted and for this reason the foundries are again in the market for this material. New contracts are placed at figures from 10 to 12 per cent below those paid a few months ago.

The exports of foundry products in December were maintained at about the same level as in the past few months, which is illustrated by the following table (in tons):

	Exports:			Imports:		
	Nov. 1927	December 1927	December 1928	Nov. 1927	December 1927	December 1928
pig iron	905	671	975	627	859	433
rails, iron and steel articles	4,297	6,047	5,104	1,070	1,263	616
iron and steel sheets	4,896	4,403	3,974	856	991	601
pipes	3,551	3,702	2,862	168	201	348

It will be seen from these figures that exports totaled 14,823 tons (valued at gold Francs 4,250,000) as compared with 13,649 tons (valued at gold Fr. 3,972,000), an increase of 8.6 per cent as regards the value.

Prices of iron during the period under review remained unchanged.

## ZINC AND LEAD

— There was no change worthy of note in the zinc industry in December 1927. Although the zinc smelting works operated, on the whole, under favourable conditions, yet the output was somewhat below the average for the past few months. The output of zinc and lead ore in its natural and enriched state, as well as imports, are given below (in tons):

	Extraction:		Imports:	
	ores, gross amount	enriched ores	zinc ores	lead ores
2nd sem. 1926	93,348	36,262	10,940	1,216
1st quart. 1927	88,500	31,760	14,668	1,096
2nd "	74,083	26,335	17,016	1,221
3rd "	91,818	83,060	18,493	1,466
November "	96,098 <sup>1)</sup>	34,595 <sup>1)</sup>	12,368	1,466
December "	86,308 <sup>2)</sup>	31,100 <sup>2)</sup>	17,375	1,711
December 1926	84,345	30,364	9,043	1,514

It will be seen that the output of ore declined during the period under review by 9,790 tons, or 10.2 per cent, due partly to the smaller number of working days, and partly to a temporary suspension of work at one of the most productive mines in Upper Silesia.

The fluctuations in the output of ores may be accurately calculated by means

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

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



of the conversion of monthly into daily extractions. The following figures were calculated on this principle (in tons):

	Daily averages (in tons)	Percentages of increase (+) or decrease (-) over the preceding month
1st quarter 1927	3,539	—
2nd "	3,154	-10.6
3rd "	3,554	+12.7
October	3,775	+6.2
November	3,844	+1.8
December	3,596	-6.5

In December there were 12 mines in operation, of which 11 were producing and one carried out preparation work. The following table illustrates the work at the mines; the column relating to the number of workmen employed includes only those engaged in productive mines:

	Number of mines:	Number of workmen:	Output per workman per month (in tons)
1st quarter 1927	12	9	8,054
2nd "	12	9	7,842
3rd "	12	9	7,670
October	12	9	7,696
November	12	9	7,636
December	12	11	7,296

The output of zinc Foxide obtained from the chemical treatment of poor ores is illustrated by the figures given below (in tons):

	Output (in tons)	Number of workmen employed
August 1927	450	138
September "	470	132
October "	380	130
November "	430	132
December "	397	138

The zinc and lead ores maintained their output at the levels of the previous month, there being only a slight increase. The output of zinc and lead was as follows (in tons):

	Output of:			Number of workmen employed
	raw zinc	zinc sheets	raw lead	
2nd sem. 1926	10,726	995	2,275	11,958
1st quarter 1927	11,612	1,101	2,610	12,294
2nd "	12,569	1,315	2,347	12,711
3rd "	12,888	1,474	2,248	12,973
October	13,173 <sup>1)</sup>	1,478 <sup>1)</sup>	2,118	12,984 <sup>1)</sup>
November	12,760 <sup>1)</sup>	1,319 <sup>1)</sup>	2,580 <sup>1)</sup>	12,838
December	13,159 <sup>1)</sup>	1,078 <sup>1)</sup>	2,550 <sup>1)</sup>	12,750
December 1926	11,275	1,054	2,411	12,146

The output of raw zinc rose in December by 3.1 per cent, as compared with November, but the output of zinc sheets and lead declined by 18.4 per cent and 1.16 per cent respectively. Compared with December 1926, the increased output of zinc was 16.7 per cent, of zinc sheets 2.3 per cent and of lead 5.8 per cent; the total production of raw zinc in 1927 was 150,300 tons, as against 123,471 tons in 1926. The output of zinc sheets during the same period amounted to 15,539 tons (9,728 tons in 1926), and that of lead—to 28,863 tons (26,388 tons in 1926). In December there were 13 smelting works, 4 zinc rolling mills and 2 lead smelting plants at work.

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

The closing down of "Wilhelmina" works has not contributed towards the reduction of the zinc output, because extensions have been made to other works, which operate more economically.

The situation on the zinc and lead market remained unchanged as compared with the preceding month. On the whole the smelters have not encountered much difficulty in getting rid of their products but the prices obtained leave a small margin of profit.

Exports of zinc, zinc sheets and refined lead in December and in the past year, are given below (in tons):

	Raw zinc dust incl.	Zinc sheets	Refined lead	Value of exports (in thousands of gold Francs)
1st quarter 1927	9,516	834	1,631	9,583
2nd "	11,041	923	1,822	10,103
3rd "	12,408	1,110	1,197	10,086
October	12,100	1,081	944	10,130
November	11,209	1,046	823	9,365
December	9,368	608	879	7,700
December 1926	9,096	769	729	8,411

It is seen from these figures that the volume of exports declined from 13,078 tons, valued at gold Fr. 9,365,000 in November to 10,855 tons valued at gold Fr. 7,700 in December, that is by 28.4 per cent in point of quantity and by 17.8 per cent in point of value.

In 1927, exports of zinc amounted to 128,012 tons, of zinc sheets—12,056 tons, and of lead—15,830 tons, total—155,898 tons (in 1926—139,563 tons) valued at gold Fr. 116,393,000 (in 1926—gold Fr. 108,061,000). The value of one ton exported was gold Fr. 778 in 1926 as against gold Fr. 755 in 1927, that is 3 per cent less.

**MOVEMENT OF PRICES IN DECEMBER.**—In connection with the stringency of money, which has been in evidence during the last month of 1927 and particularly in the latter half, there was a lull in business, and with the exception of a few areas, the hopes for a revival did not materialise during the holiday period. To facilitate business, longer credits than usual were extended by wholesale dealers and this accounted for a large number of 3 months bills being in circulation. It is only natural, therefore, that under these conditions, the rate of discount on the open market assumed an upward trend. The lack of capital unfavourably affected prices, which for the first time for four months or so, have shown a downward tendency; this is illustrated below (January 1914=100):

	Wholesale price index:	Retail price index:	Cost of living index:
Jan.	112.8	147.8	116.6
Febr.	114.1	147.8	116.5
March	115.8	147.1	116.0
April	119.4	147.7	117.8
May	120.5	150.0	118.8
June	120.2	149.1	119.0
July	120.9	147.2	115.3
August	120.1	147.2	116.4
Sept.	119.3	149.6	117.2
October	119.7	150.0	119.0
November	120.9	151.5	121.8
December	120.0	151.2	121.0

It is seen that the index of wholesale prices declined in December by 0.6 per cent and those of retail prices and the cost of living in Warsaw — by 0.2 per cent and 0.6 per cent respectively. The decline in wholesale prices is accounted for by the fall in the agricultural index by 2.1 per cent; at the same time, the index for manufactured products rose by 0.6 per cent. Quotations for colonial goods were maintained at the November

level. The decline in the index for agricultural products was due to the fall of prices in the two basic groups. Thus, the prices of locally produced foodstuffs of vegetable origin declined by 1 per cent, due to excessive supplies, which is confirmed by the fact that flour mills, as a result of the excess, were unable to market their products and ceased to purchase grain, although supplies of this commodity did not show any falling off. Prices of animal products showed a fairly large drop amounting to 3.6 per cent, and it is noteworthy that not only did the prices of cattle and meat show a downward trend, but also those of eggs receded slightly, despite marked shortage of supplies which is a usual occurrence at this time of the year.

In the latter half of the month, particularly during the holiday period,



the egg trade showed unmistakable signs of improvement. In the manufactured products group, the largest rise (12 per cent) was shown by the textile products, due to the increase of prices by the cotton manufacturers. This increase may be regarded as a nominal one, for, owing to the stringency of money, buyers were granted all kinds of facilities.

Prices of metal products rose by 0·7 per cent, as a result of the increase in value of zinc and lead.

Prices of timber, which have shown an upward tendency during the past few months, remained stationary. Similarly, the coal figures remained unchanged, while the values of other manufactured articles rose by 0·1 per cent, chiefly as a result of a rise in the prices of leather. The decline in the index of retail prices by 0·2 per cent, is attributable to the drop in the figures for agricultural products (by 1·1 per cent); at the same time the prices of manufactured products rose by 0·6 per cent.

Similarly, the decline in the cost of living in Warsaw (by 0·6 per cent) was brought about by the fall of prices of foodstuffs (by 1·3 per cent). The cost of clothing and rent remained unchanged, while fuel and other articles showed a slight upward tendency.

## TREATIES

**PROVISIONAL TRADE AGREEMENT BETWEEN POLAND AND LATVIA.** — On December 23, 1927, M. Łukasiewicz, Polish Minister at Riga, and the Latvian Minister of Foreign Affairs, M. Cielens, signed a provisional trade agreement, based on the most-favoured-nation clause.

This agreement, consisting of 4 articles, concerns solely import and export duties. Goods originating and coming from the customs territory of one of the contracting parties to the territory of the other, will pay the lowest customs duties, which the respective country imposes on goods coming from other countries with which it has concluded commercial treaties based on the principles of the most-favoured-nation clause. As a result, Poland will receive the same treatment as Germany, Czechoslovakia, Sweden, France, England, &c., which are in regular treaty relations with Latvia. From a practical point of view, for the time being, Poland will enjoy the privilege of minimum duties in respect of petroleum products (a rebate of about 33·0 per cent of the present duty) and salt (a rebate of about 45 per cent).

The value of the above mentioned agreement will become more apparent, when Latvia introduces the new two-

column customs tariff, which is to take place in February or March of this year. After the entry into force of the agreement referred to, the maximum customs duties, which are now applicable to all those countries with which Latvia has no commercial treaties, will not be employed in regard to Poland. In this way the Polish export trade to Latvia is well protected, as Polish goods will receive the same treatment as those of other countries, which are in regular treaty relations with Latvia. In order to prove the country of origin of goods, both the contracting parties may demand the production of certificates of origin, which are generally required at the time of importation from countries, which have a commercial treaty. The agreement will be made effective on the tenth day following the exchange of the ratification documents and will be maintained until the entry into force of a regular commercial treaty, or it will cease to be effective after a month's notice to that effect.

The future commercial treaty is still under consideration.

The introduction, as from February 1st, of the maximum customs duties in Poland and the forthcoming entry into force of the two-column customs tariff in Latvia were the chief reasons for the provisional agreement.

The settlement of this matter is also justified by the fact that the movement of goods between the two countries is favourable to Poland. Polish imports from Latvia were as follows (in thousands of gold Francs): 1924 — 6.794; 1925 — 19.523; 1926 — 3.751; 1927 (1st half) — 4.266; and exports from Poland to Latvia were (in thousands of gold Francs): 1924 — 26.271; 1925 — 30.977; 1926 — 32.485; 1927 (1st half) — 10.665. It is to be hoped that this favourable situation will be further maintained.

## FOREIGN TRADE

— As may be seen from the returns of the Chief Statistical Office, the turnover of Poland's foreign trade in December assumed practically the same proportions as in October and November and amounted to gold Fr. 286,108,000. Compared with November, imports were larger by gold Fr. 5,077,000 amounting to gold Fr. 160,658,000, and exports were smaller by gold Fr. 8,014,000, amounting to gold Fr. 125,450,000; thus the value of exports represented 78·1 per cent of the value of imports, while the adverse balance reached gold Fr. 35,208,000. While referring the reader to the statistical data contained in the annexed table, attention will be given to the more important changes, which took place as compared with November 1927.

The foodstuffs group which showed a considerable increase in November on the import side, declined in December by gold Fr. 1,072,000, despite the increased import of certain products which are usually in strong demand during the Christmas period (among these products were nuts, almonds, spices, lemons, oranges, dried fruit &c.). There are no marked changes among the items of this group, with the exception perhaps, of edible animal fats, the imports of which declined; as already mentioned, the imports of seasonal luxury products increased, though to a small extent.

The import of products of animal origin declined by gold Fr. 3,672,000 and



NEW LINEN MILLS AT ŻYRARDÓW (PHOT. J. MALARSKI)



## I M P O R T S

## E X P O R T S

G O O D S	Dec.	January-Dec.		Nov.	Jan.-Dec.		G O O D S	Dec.	January-Dec.		Dec.	Jan.-Dec.	
	1927	1927	1926	1927	1927	1926		1927	1927	1926	1927	1927	1926
	Volume — in tons			Value — in thousands of gold Fr.				Volume — in tons			Value — in thousands of gold Fr.		
<b>TOTAL:</b>	<b>413.847</b>	<b>4,903.049</b>	<b>2,438.400</b>	<b>160.658</b>	<b>1,680.530</b>	<b>896.232</b>	<b>TOTAL:</b>	<b>1,663.684</b>	<b>20,356.038</b>	<b>22,303.935</b>	<b>125.450</b>	<b>1,459.379</b>	<b>1,308.040</b>
<b>Foodstuffs</b>	<b>66.978</b>	<b>971.199</b>	<b>254.407</b>	<b>33.442</b>	<b>388.478</b>	<b>151.002</b>	<b>Foodstuffs</b>	<b>92.426</b>	<b>931.876</b>	<b>1,460.035</b>	<b>31.842</b>	<b>352.414</b>	<b>381.540</b>
including:							including:						
wheat	13.647	265.208	9.395	4.015	81.050	2.804	wheat	215	6.304	53.011	68	1.974	14.071
rye	1.898	131.362	8.365	426	33.216	1.566	rye	1.063	8.836	222.695	260	2.402	39.741
oats	2.985	49.242	2.878	610	10.343	484	barley	8.516	63.985	139.011	2.164	15.525	25.214
maize	6.803	137.169	21.720	1,232	23.176	3.491	oats	329	7.308	62.818	73	1.646	10.649
rice	6.324	69.513	82.266	2,560	26.086	13.309	peas and beans	7.126	36.956	51.842	2,434	13.029	14.217
nuts, almonds and spices	1.111	5.050	3.241	2,035	10.004	6.263	potatoes	2,380	130.598	110.633	109	7.526	4.707
tea	183	2.095	1.786	982	10.414	8.576	potato flour and starch	1,735	11.870	23.621	632	4.500	5.985
cocoa	499	5.413	3.621	1,046	10.194	5.688	sugar	28,400	202.275	266.691	10,064	75.821	84.450
coffee	541	6.984	6.345	1,410	18.122	17.215	meal	2,518	27.514	33.876	3,690	38.014	35.019
fish and herring	9.969	82.724	60.908	4,071	31.777	21.836	butter and cheese	587	8.968	7.572	1,777	24.996	15.925
edible fats of animal origin	2.330	18.873	7.958	3,566	29.262	13.368	eggs	1,239	65.590	58.566	2,619	97.271	74.246
edible fats of vegetable origin	1.897	13.146	8.175	2,154	15.528	9.968	hops	298	1.746	839	1,709	10.875	5.838
tobacco	629	15.289	12.447	1,035	19.468	21.620	forage	27.067	285.572	324.724	3,728	39.989	28.175
forage	7.585	49.321	18.112	1,515	8.687	2.927	<b>Live animals (head)</b>	<b>161.618</b>	<b>2,404.270</b>	<b>2,685.982</b>	<b>9.646</b>	<b>110.858</b>	<b>66.684</b>
<b>Live animals (head)</b>	<b>62.836</b>	<b>288.619</b>	<b>104.813</b>	<b>607</b>	<b>3.711</b>	<b>545</b>	including:						
<b>Animal products</b>	<b>2.912</b>	<b>38.929</b>	<b>24.987</b>	<b>10.194</b>	<b>124.579</b>	<b>61.241</b>	pigs	80.749	771.418	593.660	8,893	97.532	47.106
including:							geese	49.859	1,074.431	1,324.250	249	5.284	5.518
dried skins	1.514	21.672	11.341	2,930	36.173	15.322	<b>Animal products</b>	<b>1.522</b>	<b>14.882</b>	<b>20.313</b>	<b>2.761</b>	<b>22.567</b>	<b>19.952</b>
tanned hides	356	5.749	6.224	3,574	52.317	30.900	<b>Timber and wood ware</b>	<b>485.165</b>	<b>6,428.439</b>	<b>4,970.017</b>	<b>32.089</b>	<b>368.412</b>	<b>206.811</b>
furs	34	284	156	1,487	12.670	4.346	including:						
<b>Timber and wood ware</b>	<b>3.724</b>	<b>23.278</b>	<b>19.003</b>	<b>921</b>	<b>8.167</b>	<b>3.702</b>	pulpwood	133.369	1,272.902	1,125.769	4,878	40.354	27.261
<b>Plants and seeds</b>	<b>3.818</b>	<b>35.230</b>	<b>19.781</b>	<b>2.084</b>	<b>18.975</b>	<b>11.134</b>	pit props	91.987	1,099.205	899.551	2,632	28.549	18.482
including:							round wood and logs	67.063	1,451.679	799.491	4,120	75.082	27.420
oil seeds	2.663	25.351	11.525	1,113	9.543	4.370	planks, deals, battens	146.878	2,004.222	1,693.175	15,597	174.710	93.142
<b>Building materials, minerals, ceramic products; glass</b>	<b>107.198</b>	<b>1,062.418</b>	<b>859.018</b>	<b>3.440</b>	<b>33.282</b>	<b>16.679</b>	railway sleepers and telegraph poles	19,646	293.261	396.875	1,581	17.462	17.465
including:							furniture, coopers' ware and veneers	5,597	65.323	64.449	2,049	21.994	17.272
ceramic products	10.570	108.509	52.718	1,588	13.732	5.643	<b>Plants and seeds</b>	<b>9.270</b>	<b>87.111</b>	<b>69.124</b>	<b>6.194</b>	<b>39.363</b>	<b>24.488</b>
<b>Fuel and petroleum products</b>	<b>27.653</b>	<b>247.107</b>	<b>128.640</b>	<b>951</b>	<b>9.119</b>	<b>4.482</b>	including:						
<b>Rubber and rubber products</b>	<b>430</b>	<b>3.838</b>	<b>1.579</b>	<b>3.260</b>	<b>25.466</b>	<b>11.641</b>	grasses and pasture plants seeds	5.731	44.901	41.420	4,829	23.760	14.099
<b>Chemicals</b>	<b>48.520</b>	<b>648.885</b>	<b>294.142</b>	<b>13.913</b>	<b>153.496</b>	<b>86.236</b>	oil seeds	1,327	22.620	12.896	586	4,366	5.699
including:							<b>Building materials, minerals, ceramic prod.; glass</b>	<b>67.181</b>	<b>758.456</b>	<b>339.098</b>	<b>1.140</b>	<b>11.862</b>	<b>5.720</b>
potass. salts and Chilean saltpetre	5.385	116.436	48.727	561	16.527	8.295	<b>Coal, coke, briquettes</b>	<b>931.098</b>	<b>11,228.048</b>	<b>14,436.694</b>	<b>15.172</b>	<b>201.888</b>	<b>255.541</b>
phosphorites and Thomas slag	26.750	372.554	143.313	771	14.850	6.951	<b>Petroleum products</b>	<b>19.720</b>	<b>278.430</b>	<b>468.583</b>	<b>4.115</b>	<b>55.894</b>	<b>80.625</b>
vegetable fats	2,836	25.480	18,822	2,873	25.067	18,903	including:						
animal fats	1,481	18.492	14,384	1,400	17.142	13,895	petroleum	4,842	50.644	106.019	734	7.793	12.835
tanning materials	1,288	19.070	17,821	757	10.625	8,987	motor and lubricating oils	6,455	107.220	202.599	739	13.877	22.529
dyestuffs (synthetic)	151	1,059	420	1,430	10.431	4,376	paraffine wax	3,023	60.298	71.959	855	16.660	19,860
<b>Ores, metals and metal products</b>	<b>122.058</b>	<b>1,555.938</b>	<b>653.143</b>	<b>15.294</b>	<b>162.372</b>	<b>73.485</b>	zinc	3,262	23.032	29.576	1,562	12.921	20,217
including:							<b>Chemicals</b>	<b>9.727</b>	<b>124.243</b>	<b>131.128</b>	<b>1.627</b>	<b>23.486</b>	<b>23.738</b>
iron ores	68,487	9,530	273,287	2,044	15,077	6,112	<b>Ores, metals and metal products</b>	<b>42.135</b>	<b>454.364</b>	<b>344.829</b>	<b>12.455</b>	<b>169.851</b>	<b>140.755</b>
zinc	17,375	196,655	100,933	2,331	29,228	15,000	including:						
scrap iron	18,710	472,032	163,089	1,393	31,816	7,385	cast iron; iron and steel, rails	6,718	68,357	37,610	1,373	12,094	6,760
copper and copper products	803	8,159	3,605	1,398	13,761	6,140	iron and steel sheets	4,403	52,834	26,401	1,377	17,113	7,783
<b>Machinery, electrical wares, means of communication</b>	<b>8.917</b>	<b>76.977</b>	<b>39.547</b>	<b>23.972</b>	<b>212.475</b>	<b>98.041</b>	pipes	3,702	39,123	26,527	1,430	14,339	9,333
including:							lead	879	15,830	17,244	510	10,453	12,862
motors	568	4,331	2,541	1,275	9,980	4,543	zinc and zinc dust	9,368	128,012	113,972	6,306	94,628	87,807
electrical machinery	203	2,219	1,463	1,027	10,547	5,424	" sheets	608	12,056	8,347	492	10,920	7,392
wood and metal working machinery	521	3,978	1,363	943	9,206	2,959	<b>Machinery, electrical wares, means of communication</b>	<b>298</b>	<b>5,769</b>	<b>6,939</b>	<b>407</b>	<b>5,715</b>	<b>8,533</b>
textile machinery	815	9,121	2,186	2,721	27,263	6,916	<b>Paper, books and pictures</b>	<b>1,322</b>	<b>16,903</b>	<b>24.471</b>	<b>459</b>	<b>6,590</b>	<b>6,783</b>
agricultural machinery	1,416	11,101	4,205	2,029	20,296	7,934	<b>Textiles and textile products</b>	<b>3,824</b>	<b>36.011</b>	<b>31.997</b>	<b>7,009</b>	<b>85.082</b>	<b>77.982</b>
boilers and heating appliances	453	4,314	3,085	1,442	11,585	5,910	including:						
electrical appliances	1,188	15,270	9,943	4,901	42,636	26,699	flax and hemp	2,639	20,214	17,750	1,681	10,339	8,265
motor cars	689	6,832	2,269	2,842	28,226	9,792	cotton fabrics	197	5,375	4,080	1,194	29,491	22,490
<b>Paper, books, and pictures</b>	<b>8.499</b>	<b>84.069</b>	<b>43.106</b>	<b>5.306</b>	<b>52.900</b>	<b>28.911</b>	wool yarns	139	1,447	1,486	1,732	17,568	15,689
including:							wool fabrics	57	683	646	671	8,819	7,859
waste and rags	3,915	37,190	24,530	2,043	20,458	13,197	<b>Clothing and fancy wares</b>	<b>33</b>	<b>402</b>	<b>357</b>	<b>392</b>	<b>4,175</b>	<b>4,790</b>
paper and paper ware	3,073	29,260	12,127	2,149	20,120	9,000	<b>Various</b>	<b>13</b>	<b>128</b>	<b>350</b>	<b>142</b>	<b>1,320</b>	<b>2,086</b>
<b>Textiles and textile products</b>	<b>12.877</b>	<b>136.351</b>	<b>99.363</b>	<b>42.356</b>	<b>439.975</b>	<b>304.345</b>							
including:													
jute	2,923	22,569	12,602	2,195	18,390	13,514							
cotton	7,101	79,395	65,649	17,987	170,537	156,148							
cotton yarns	185	3,065	1,892	1,914	25,099	14,390							
" fabrics	116	1,561	977	1,614	21,331	13,140							
wool (combed incl.)	1,548	19,834	13,070	9,406	115,291	68,414							
" yarns	269	2,824	937	3,684	36,734	11,213							
silk fabrics	19	189	108	2,177	20,075	10,645							



a marked fall was recorded in tanned leather (by gold Fr. 1,764,000), furs (by gold Fr. 1,178,000) and in footwear and fancy leather articles, while imports of raw hides showed a slight increase (by gold Fr. 87,000) over the preceding month.

The most important group in point of value, that of textiles, showed also a certain decrease (by gold Fr. 1,753,000) thanks to a considerable decline in the imports of wool (including combed wool) amounting to gold Fr. 2,494,000; at the same time, imports of cotton fabrics declined inconsiderably, while those of raw cotton and jute showed small increases.

In addition there were slight decreases in the imports of elastic and fancy wares; other groups on the import side revealed smaller or larger increases.

Among the increases, the machinery group occupies first place showing a rise of gold Fr. 3,006,000, and this is followed by the electrical and means of communication groups, which rose by gold Fr. 959,000 and 1,226,000 respectively; the increases in the three groups just mentioned totalled gold Fr. 5,191,000. It is significant that this increase is spread evenly over all the different items with the exception perhaps of the textile machinery group, which showed a slight decline. This indicates that the increase in question is not the outcome of casual influences and increased business in one particular line during this period but that it is due to the development of the industrial production, which has been in progress for some months.

Imports of ores and metal products rose by gold Fr. 3,520,000 of which gold Fr. 1,118,000 was in respect of ores, mainly zinc, and gold Fr. 434,000 in respect of scrap iron, the remainder being spread over practically all the other articles of the group.

Finally, a comparatively large increase was observed in the chemical group (by gold Fr. 1,983,000) due mainly to augmented imports of artificial fertilizers, synthetic dyestuffs and technical oils of animal origin. On the other hand, slight falls were recorded in the case of animal fats and various chemical products of secondary importance.

Smaller increases were evident also in some of the smaller groups which play a minor rôle in imports, such as live animals, timber, plants and seeds, fuel, paper, and printed matter, the total value of which, however, remained unchanged.

The decrease observed on the export side was due chiefly to a very considerable decline in the value of the foodstuffs (by gold Fr. 8,585,000) which thus returned to the October level. Among the more important changes which are worthy of note are the decreases in the exports of peas and beans by gold Fr. 1,059,000, potatoes by gold Fr. 724,000, potato flour and starch by gold Fr. 1,290,000 and above all that of sugar and eggs—by gold Fr. 3,518,000 and 3,178,000, respectively. These changes require some explanations.

The restrictions concerning the export of wheat and rye which were issued in connection with the building up of grain reserves and which are calculated to remove the adverse effects of heavy grain imports during the months immediately preceding the harvest season—and at much higher prices than those ruling usually in the autumn and winter periods, have eliminated considerable items from the foreign trade balance.

The effects of these measures will no doubt have a most beneficial influence upon national thrift and on foreign trade for the whole year as they prevent the recurrence of heavy imports of grain before the harvest, which was the case last year; and this exercised such an unfavourable influence on the foreign trade balance for 1927. In the meantime, however, this means a certain loss which in previous years usually compensated for the seasonal decrease of egg exports. At the same time the sugar industry, which usually exported large quantities of its products during the period from December to February but is during the sugar campaign, has decided this year to wait until the market definitely settles down.

This accounts for the decline in one of the most important groups of exports which, as a rule, assumes large proportions at this time of the year. At the same time mention should be made of the increases taking place in the export group of foodstuffs, namely—barley—by gold Fr. 400,000, meat—by gold Fr. 771,000, hops—by gold Fr. 315,000, and fodder—by gold Fr. 1,515,000. Apart from foodstuffs, exports of live animals decreased by gold Fr. 1,704,000 (of which gold Fr. 843,000 is accounted for by pigs and gold Fr. 846,000 by geese), and of metals and metal products (ores excepted) by gold Fr. 1,785,000, which was due to the fall in zinc (by gold Fr. 1,615,000) and zinc sheets; slight decreases were also recorded in the exports of iron and steel products.

Much smaller decreases were observed in the products included in the chemical group, petroleum products and in certain groups of articles of secondary importance.

On the other hand, the value of timber exports rose by gold Fr. 1,506,000, the largest rises being recorded in respect of pulpwood and round wood (by gold Fr. 546,000) and furniture and veneers (by gold Fr. 608,000); export of deals, boards, telegraphic poles and railway sleepers showed a certain falling off.

The group of animal products showed an increase by gold Fr. 916,000 and that of plants and seeds by gold Fr. 664,000; it is noteworthy that the volume of exports of oil seeds decreased and that of seeds for feeding plants and grasses rose by as much as gold Fr. 1,510,000.

The group of textile products registered an increase of gold Fr. 838,000, of which Fr. 539,000 represented the increase in the exports of woolen yarns. Certain increases were in evidence in other export groups, the most prominent of which was that of fuel.

The foreign trade balance for the year 1927 closed with gold Fr. 1,459,379,000 on the export side, and with gold Fr. 1,680,530,000 on the import side. Compared with the returns for 1926, there was an increase of gold Fr. 784,298,000 or 87.5 per cent in imports, and an increase of gold Fr. 153,339,000 or 11.7 per cent in exports.

At the first glance, disproportion between exports and imports appears to be extremely unfavourable, but as mentioned in our last report, imports in 1926 were exceptionally small. Further, it may be stated that the first half of 1926 was a period of acute crisis, which was reflected in reduced imports and although conditions improved in the latter half of the year, the betterment was not great enough to compensate for the decline. The year 1927, however, taken as a whole, marked substantial progress, and it is only natural that under these conditions the comparison of the imports of the two years reveals a big increase in 1927.

On the other hand, owing to good crops in 1925, which enabled the selling of grain abroad, and also in view of the favourable situation prevailing on the coal market, export in 1926 was on a much higher level than in the previous years, despite the decline taking place in certain branches of exchange with foreign countries. Also it is a well known fact that an improvement in the economic position of a country is not



reflected immediately in its export trade as the initial increases are generally observed on the internal market.

Apart from the difficulties encountered by the Polish export trade in the staple products, and the fall of the grain exports, &c., it may be stated that a careful analysis will necessarily lead to the conclusion that the increase of exports by 11.7 per cent as compared with 1926, is nothing short of success.

The analysis of the increases of both exports and imports from the point of quality shows that the growth of imports is typical of what is happening in all those countries, the economic position of which is steadily improving. The only exception in this respect is the increase of grain imports which, as already stated, was due to the poor harvest in 1926. The largest increases are in respect of raw materials and means of production, while imports of ores, scrap iron, fertilizers and certain kinds of machinery, assumed unprecedented proportions.

Parallel with the development and increase in the prosperity of the working classes, grows the import of foodstuffs, such as edible fats and herring, which are consumed on an increasingly large scale by this section of the population. Thus the import of the luxury type of goods was of comparatively small proportions.

The growth of exports was of a different character. To begin with, the favourable position which prevailed on the coal market in 1926 was a thing of the past, so that the decline in coal exports is fully accounted for. As the result of bad crops, the export of grain fell considerably and the Polish textile and petroleum industries met with keen competition on foreign markets. Therefore, the increase in exports centred around the timber group which enjoyed favourable conditions and prices, and in the metal group which worked under satisfactory circumstances.

Of the remaining export articles, eggs also showed material progress. Therefore, in view of the difficulties which have just been mentioned, there is no exaggeration in saying that Poland's exports activity is gratifying.

Finally, one remark should be made and that is, that the adverse foreign trade balance for the whole year 1927 amounting to gold Fr. 221,151,000 and particularly that for the fourth quarter of the year has needlessly given rise to some misapprehension. After the war, however, not only in Poland but throughout the world public opinion

turned to mercantilism and in Poland, the break down of the monetary reform in 1924 contributed towards this; of late these ideas have given way to the feeling that an adverse trade balance is only dangerous when it leads to an unfavourable balance of foreign

payments. There is no such contingency at present because both exports and imports can be reasonably explained and the general conditions of the country and the prospects for the future are good.

## 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. 115:** A Polish firm manufacturing all kinds of explosives, fuses and detonators offers its products of exports.

**Ref. No. 116:** A Polish manufacturer of garden furniture, toys, kilims, &c., is desirous of getting into touch with importers of those articles.

**Ref. No. 117:** A manufacturer of agricultural machinery desires to enter into communication with foreign buyers.

**Ref. No. 118:** A Polish manufacturer of metal working machinery and looms is desirous of getting into

direct contact with foreign firms interested in these lines.

**Ref. No. 119:** A Polish undertaking producing lubricating oils, ozokerite, &c., offers their goods for export.

## CUSTOMS DUTIES AND FOREIGN TRADE REGULATIONS

**MAXIMUM CUSTOMS DUTIES.** — As already announced\*), the decree dated August 21, 1927, introduced in Poland maximum customs duties, 100 per cent higher than the normal. They are to be applicable to those countries which have no commercial treaty with Poland and in which Polish goods receive worse treatment than those originating in other countries, or to countries which dump their goods on the Polish market. Originally these duties were to have come into force in December 1927, but they were postponed until February 1, 1928.

At present the Polish Government has decided to issue new regulations whereby the maximum customs duties may not be imposed in respect of the

\*) See "The Polish Economist" No. 10/1927, page 412.



MANUFACTURE OF NAPHTHALENE AT ONE OF THE WORKS OF THE UNION OF COKING PLANTS AT HAJDUKI, UPPER SILLESIA  
(PHOT. S. PLATER)



goods of those countries which although they have not, as yet, concluded a commercial treaty with Poland, are in direct touch with the latter with a view to reaching a trade agreement.

In this way, the maximum customs duties will not be applicable to Germany, with which country negotiations for a commercial treaty are now in progress.

#### EXPORT DUTY ON RAW TIMBER.—

In the "Dz. Ust. R. P." No. 118/1927, item 1018, there appeared new regulations issued by the Ministries of Finance, Industry and Commerce, and Agriculture, relative to export duties on timber, reading as follows:

Item of the Customs Tariff	Denomination	Duty per 100 kg. in %
228	Timber	repealed
1)	firewood	
2)	logs and stems:	
a)	coniferous	1.50
b)	foliate, with the exception of beech and other especially designated	1.50
3)	alder	1.50
4)	aspen, unwrought, with the exception of pulp aspen, beams, deals and boards	1.50
5)	exported by bast factories in the form of off-cuts of aspen, logs which bear different defects, such as knots, shakes &c.	duty free

Remark 1.—If it is difficult to ascertain the weight of the goods it is to be established in the following manner:

- 1 cubic metre of softwood = 700 kg.
- 1 cubic metre of hardwood = 900 kg.
- 1 stacked of soft firewood = 500 kg.
- 1 stacked of hardfirewood = 650 kg.

Remark 2.—Logs and stems of coniferous trees floated from the territories situated in the Czeremosz Valley—by special permit of the Ministry of Finance.

Remark 3.—In the case the goods enumerated under item 228 p. 2 a and b exported to countries which have concluded timber conventions with Poland, the following duties are applicable in respect of logs and stems, unless otherwise stipulated:

- a) coniferous trees —.40
- b) foliate with the exception of beech and those especially designated —.20

These regulations were made effective as from December 1925. In accordance with these regulations export duties on raw timber, with the exception of alderwood, will be maintained at the present level (₺ 0.40 in respect of coniferous trees, ₺ 0.20 in respect of foliate and ₺ 1.50 for aspen) in the case of those countries with which Poland has concluded a timber convention. Of course, the same duties will be also applicable to those countries with which Poland has entered into a commercial treaty based on the most-favoured-nation clause. All other countries, however, will pay the increased duty of ₺ 1.50 per 100 kg.

The export duty on alderwood directed to all countries, irrespective of whether they have a commercial treaty with Poland or not, is raised to ₺ 0.50 in order to promote the manufacture of plywood in the country. Up to the present the plywood industry, which has excellent prospects for development, has suffered a great deal from the excessive export of alder wood, while at the same time the export of plywood is restricted by import duties. The new export duty on alder wood, amounting to ₺ 1.50 per 100 kg. that is ₺ 13.50 per cubic metre, represents about 20 per cent of the value of the timber; it will, therefore, be treated in the same way as aspen wood, which paid an export duty of ₺ 1.50 per 100 kg. in order to promote the interests of the local match industry.

#### PROLONGATION OF WHEAT AND WHEAT FLOUR IMPORT PROHIBITION.—

In accordance with the regulations issued by the Council of Ministers on December 2, 1927, the prohibition to import wheat and wheat flour into Poland is prolonged to February 29, 1928.

#### MARKING OF MEAT DESTINED FOR EXPORT TO SWEDEN.—

In the "Dz. Ust. R. P." No. 109/1927, item 927, there appeared the regulations of the Minister of Agriculture, dated November 4, concerning the marking of meat destined for Sweden.

In accordance with these regulations, fresh meat should bear two stamps — one indicating that the meat is fit for consumption, and another, showing the country of origin, that is Poland, which is to be in large letters.

Salted or otherwise prepared meat should bear special labels in Polish and Swedish affixed to the packing by a veterinarian, duly appointed by the administrative authorities. These labels, which in fact are certificates, contain the name of the locality in which the respective animal was slaughtered as well as statement to the effect that the killing of the animal was carried out in accordance with the regulations regarding meat destined for export.

These regulations are in force in the following voievodships: Poznań, Pomerania, Upper Silesia.

## TRANSPORTS

**RAILWAY TRAFFIC.** — After the great activity in the railway traffic, which is usually observed in Poland during the autumn, the State railways returned to normal in December. This is only natural, because the transport of sugar beet to the factories declined considerably owing to the cold weather; the same remark applies in regard to potatoes. Owing to these factors, the average daily 15 ton car-loadings decreased from 18.844 to 16.126 or by

16.8 per cent, but compared with December 1926 these figures show an increase of 247 or by 1.5 per cent. Movement on the State Railways is illustrated by the following figures (daily averages):

	November	December
loaded on the Polish State Railways:		
destined for local stations	13,776	11,197
destined for abroad	3,236	3,272
total:	17,012	14,469
received from abroad	675	688
transit via Poland	1,157	969
Total:	18,844	16,126

The decline in the traffic in December is accounted for by a decrease of 2,534 car-loadings per day on the average; the decline to home stations averaged 2,579 per day, while at the same time the average daily number of goods' waggons destined for foreign stations rose by 36. The average daily number of waggons loaded with goods coming from abroad increased by 13. The average daily number of transit freight cars declined by 188.

The following statement illustrates the daily car-loadings of the different group of merchandise dispatched to local stations:

	Nov.	Dec.
coal, coke and briquettes	3,641	3,558
crude oil and petroleum products	199	179
timber	989	998
agricultural products	3,066	1,605
raw materials and industrial products	2,016	1,697
miscellaneous	3,865	3,160
Total:	13,776	11,197

The considerable decline in local transports in December as compared with November, was mainly due to the decrease of agricultural consignments by a daily average of 1,461, sugar beet consignments — by a daily average of 1,854 to 696, and those of potatoes—from 210 to 78. The movement of live-stock and foodstuffs was also on a smaller scale than in the preceding month. The daily average number of cars loaded with raw materials and industrial consignments declined by 319 which was due mainly to the decrease in building materials, from 438 to 313. Moreover, drops were observed in the transport of coal and other classes of goods, including crude oil and timber.

The following statement gives the daily average number of trucks dispatched to foreign countries:

	December	November
coal, coke and briquettes	2,036	2,018
crude oil and petroleum products	47	41
timber	733	885
agricultural products	70	65
miscellaneous	350	263
Total:	3,236	3,272



The increase in car-loadings to foreign countries is attributable to the augmented consignments of timber by a daily average of 152; the remaining classes of goods showed small variations.

ation, to get into touch with the Minister of Finance with a view to

are to be temporarily admitted [for the purpose of being cleaned, dried and

#### PROGRAMME OF INVESTMENTS OF THE POLISH STATE RAILWAYS FOR THE YEAR 1927/1928.

— At the last meeting of the State Railway Council held on November 24, 1927, the question of investments of the Polish State Railways during the financial year 1927/1928 (from January 1, 1927 to March 31, 1928), was considered. The total sum used for investments during this period amounted to  $\text{zł}$  138 million, as against  $\text{zł}$  49.8 million during the corresponding period of 1926. The above mentioned sum is composed of the following items:

a) the construction of new railway lines —  $\text{zł}$  16,675,000, which includes the Bydgoszcz—Gdynia line,  $\text{zł}$  6.0 million, the Lwów—Stojanów line —  $\text{zł}$  3.6 million, and the completion and equipment of the Kalety—Podzamcze line —  $\text{zł}$  2.0 million;

b) the extension of railway junctions —  $\text{zł}$  9,180,000, which includes the construction of the Warsaw railway system —  $\text{zł}$  3.0 million, the junctions at Kutno —  $\text{zł}$  2.0 million, at Gdynia —  $\text{zł}$  700,000, at Kraków —  $\text{zł}$  500,000, at Danzig —  $\text{zł}$  890,000, and at Mysłowice —  $\text{zł}$  700,000;

c) the construction of new and repairs to existing stations —  $\text{zł}$  14,824,000, including: Zebrzydowice —  $\text{zł}$  1,800,000, Stołpce —  $\text{zł}$  900,000, Tczew —  $\text{zł}$  1,300,000, Sniatyn-Załużce —  $\text{zł}$  300,000, Hanulin-Łęka —  $\text{zł}$  600,000;

d) the construction of bridges —  $\text{zł}$  4.0 million, including repairs to the Toruń bridge —  $\text{zł}$  2.0 million, the completion of the Sandomierz bridge —  $\text{zł}$  1,500,000, and the construction of the viaduct of Sosnowiec —  $\text{zł}$  500,000;

e) the construction of the central offices in the Warsaw and Radom (Chełm) sections —  $\text{zł}$  1.0 million;

f) extension of workshops at Pruszków and Ostrowiec —  $\text{zł}$  4,336,000;

g) purchases of new rolling stock —  $\text{zł}$  34,900,500, including  $\text{zł}$  18.0 million for the purchase of 2,000 coal trucks, and  $\text{zł}$  9.0 million for the purchase of 1,000 timber waggons;

h) purchases of land —  $\text{zł}$  2.0 million;

i) investments in narrow-gauge railways —  $\text{zł}$  2,092,000.

The State Railway Council, while expressing its appreciation that the sum devoted to the investments in the current budgetary year was larger than in the preceding year, found it necessary to emphasise that the sum was much too small to meet the requirements of the railways. In this connection, the Council has decided to request the Minister of Communi-



FROM THE UPPER SILESIA COAL BASIN  
(PHOT. S. PLATER)

making arrangements for the payment to the Treasury of only the balance, which will remain from the current revenue of the railways after the indispensable investments are made.

In the latter class of investments should appear the construction of new railway lines. The sum of  $\text{zł}$  16.7 million is inadequate in view of the shortcomings of the Polish railway network, and as there is no prospect of the next few budgets providing a large sum for this purpose, the Council recommended the contracting of a special loan of about  $\text{zł}$  900 million to cover the construction of the 2,500 km. of new lines, which is foreseen in the plan of railway extension. The execution of this plan would take about 8 years counting from the time of the reception of the proceeds of the special loan.

**NEW EDITION OF THE RAILWAY FREIGHT TARIFF.** — The railway tariff, which was in force in 1927, was amended on several occasions. The alterations were made in the form of supplements, of which 6 were issued. In order to prevent misunderstandings, the Minister of Communication decided to issue a new tariff, which came into force as from January 1927.

The new edition, apart from the six supplements, contains certain modifications some of which represent changes in the wording and some are of practical importance.

Among the latter should be mentioned the new special tariff which was instituted in respect of grain and seeds to and from warehouses at which they

sorted. This regulation is designed to improve the quality of the grain and seed, and the rates for consignments of this kind are fixed for the whole distance from the loading station to their final destination.

Also a special tariff was instituted in respect of salt to and from bonded warehouses. This measure supplements the decree of the Minister of Industry and Commerce of July 5, 1927 ("Dz. Ust. R. P." No. 69), relative to the selling of salt not by the Salt Monopoly, but exclusively through private bonded warehouses. In order not to increase the price of this commodity, the new railway tariff provides for combining the distance to and from the depôts.

In the special tariff, known as XIII, relating to timber consignments destined for foreign countries two alterations of a different character have been made. On the one hand, the regulations concerning the rating of transit consignments of unwrought timber by one group higher than those in respect of local timber destined for foreign markets have been repealed, so that the two categories are now treated in the same way. On the other hand, the 10 per cent rebate, which was granted in respect of the timber consignments, has been abolished.

The first measure is designed to attract timber consignments from the Eastern part of Czechoslovakia to Germany, via Bobumin-Annaberg, as well as those which hitherto were transported from Russia to Germany via Latvia and Lithuania.

The second measure was brought about by the fact that large sawmilling



undertakings, which were expected to take advantage of the rebate and thus be able to produce more cheaply for export, could not avail themselves of it so that there was no necessity to maintain this facility any longer. Seeing that at the same time prices for sawn timber rose considerably on the local market, namely — pine carpenter boards in Warsaw, for which the price in November 1926 was  $\text{z} 79.7$  per cubic metre ex mill and in October 1927 —  $\text{z} 105$  per cubic metre, an increase of 30 per cent—there was no reason to maintain reduced railway export rates, which were already too low (the cost of transport of timber over a distance of 500 km. represents only 6 to 7 per cent of the value of the consignments).

On the other hand, the Ministry of Communication has prolonged the reduced rates for the transport of coal, though this measure was only to be operative until December 31st 1927, that is, until the completion of the general reform of the tariff, which is now being drawn up by the Ministry of Communication.

As regards the application of rates for transport of petroleum products, new regulations have been issued for the calculation of the cost of transport to certain selling organisations in Danzig. According to the new arrangement these consignments will pay export rates, on the condition, however, that the railway authorities will obtain the right to exercise the necessary control in order to satisfy themselves that the goods will ultimately leave the Polish customs territory. At the same time, the rates for petroleum products destined for consumption in Danzig and Gdynia have been altered, the new rates being calculated according to the distance.

As regards the export of cement, the special tariff rates have been reduced in respect of whole train-loads directed to the railway stations Turmont and Grajewo.

As regards transport of goods in refrigerator waggons, the obligation of sending whole and half-truck loads only by express trains have been abolished. Henceforward only small parcels will be subject to this condition, as the refrigerator cars loaded with small consignments will be attached to special express trains, whereas full and half-truck loads can be dispatched by ordinary train.

**DIRECT RAILWAY FREIGHT SERVICE BETWEEN POLAND AND TURKEY.** — As from January 1, 1928, direct communication for the transport of goods was opened between the Polish State Railways and: 1) Stamboul, 2) Adrianople, 3) Kirkklar III, situated on the Oriental Line in Turkey, via the Rumanian, Bulgarian, Czechoslovakian, Austrian, Hungarian and Yougoslavian railways.

In accordance with the International Berne Convention the Polish State Railways will accept consignments destined for stations on the Oriental Railway; the sender must, however,

state in the bill of lading, by which frontier stations the goods are to pass.

The transport charges will be calculated on the basis of the internal tariffs or in accordance with the through-rates applicable in the relevant transit countries. The transport and other charges are payable in the currency of the country of payment. Forward collection of charges on behalf of the senders must be effected in the currency of the country from which the goods are sent.

**THROUGH TICKETS FROM POLAND TO ENGLAND, FRANCE AND BELGIUM.** — Persons travelling from Poland to the above countries and vice versa were not able to buy direct through tickets at the railway stations, nor were they able to book their luggage through to their destination. This inconvenience was removed as from January 1, 1928, by the entry into force of the international passenger and luggage tariff convention between England, France and Belgium on the one hand, and Poland, Lithuania and Latvia on the other.

This tariff concerns the route between Poland and the above mentioned countries through Germany via Berlin and Cologne, or via Frankfurt on Main and Kehl. On the strength of this tariff, railway stations included therein are authorised to issue through tickets and to accept luggage, the cost of transport being paid in the currency of the country of departure or dispatch as the case may be. The above mentioned tariff in French, German and Polish is on sale at all the offices of the Polish railways.

**PORT TRAFFIC IN DECEMBER.** — Despite the unfavourable conditions prevailing during this year's winter, the movement in the Polish ports followed its satisfactory course of development. There are no leaps from month to month, but a steady and regular progress which is accompanied by extensions to both the ports — Gdynia and Danzig.

In Danzig there were fewer incoming ships than outgoing; the former numbered 535 with 335.663 net reg. tons (in November — 341.126 net reg. tons) and the latter 549 with 362.678 net reg. tons (in November 327.816 net reg. tons).

The tonnage accommodation was utilised to the extent of 15 per cent for incoming vessels, and 82 per cent for outgoing (in November 13 and 75.5 per cent respectively). The increase in coal exports contributed largely to the improvement in the tonnage utilisation, as compared with the preceding month.

The nationality of the ships calling at Danzig were as follows:

	Arrivals:		Departures:	
	net		net	
	ships	reg. tons	ships	reg. tons
Poland & Danzig	46	22,332	43	20,150
Germany	165	86,912	165	85,775
Finland	7	6,564	6	5,006
Estonia	5	2,470	4	2,189
Latvia	26	19,776	26	21,365
Lithuania	1	437	1	437
Sweden	128	72,227	131	73,142
Norway	34	21,784	38	27,961
Denmark	72	60,396	84	70,479
England	20	22,652	23	25,480
Holland	8	1,671	4	2,119
Belgium	5	103	—	—
France	8	6,910	9	7,774
Italy	3	6,568	5	12,609
Yougoslavia	1	1,314	—	—
Greece	1	133	3	559
Turkey	1	24	1	24
United States of America	1	3,113	1	3,113
Japan	—	—	1	4,254
Rumania	2	204	2	204
Czechoslovakia	1	73	1	73
<b>Total:</b>	<b>535</b>	<b>335,663</b>	<b>549</b>	<b>362,678</b>

According to provisional returns, the movement of goods in Danzig port in December, as compared with a month earlier, was as follows (in tons):

	Imports:		Exports:	
	November	December	November	December
Grain	3,176	4,554	4,386	6,545
Sugar	—	—	14,099	17,003
Herring	13,708	10,878	—	—
Artificial fertilizers and chemicals	11,150	31,878	4,355	7,359
Timber	—	—	128,824	129,409
Cement	—	—	—	16,328
Coal	3,076	750	338,357	375,130
Ores	26,486	18,553	—	—
Iron	13,417	21,395	—	—
Groceries and foodstuffs	5,486	4,649	3,152	2,397
Building materials	2,620	2,700	9,628	—
Various	960	1,232	4,376	5,513
<b>Total:</b>	<b>80,188</b>	<b>96,589</b>	<b>505,177</b>	<b>559,684</b>

It is seen that, on the export side, coal ranks first. As regards this mineral, the figures for December are only slightly lower than those for October, which were the highest in 1927; coal dispatched in December amounted to 375.130 tons, as compared with 338.375 tons in November. Apart from bunker, exports of coal were 353.453 tons, which were distributed as follows (in tons):

Denmark	133,856
Sweden	118,779
Latvia	33,527
Norway	28,591
France	20,351
Italy	6,777
Finland	5,450
Lithuania	5,303
Estonia	1,443
Germany	1,016
<b>Total:</b>	<b>353,453</b>

Timber was the second important product handled in Danzig. In December, exports of this material totalled 129,409 tons (in November 126,824 tons). The Danzig timber trade has not, so far, felt the effects of the timber convention concluded recently between Poland and Germany, and the next few months will, no doubt, witness new developments.



The next important product is sugar, the exports of which amounted to 17,003 tons (in November 14,990 tons). In 1926, the exports of this commodity totalled 42,624 tons but this does not mean that sugar exports via Danzig will be smaller, as stocks are being accumulated in warehouses and will be shipped in January and February; cement occupies the fourth place with 16,328 tons (in November 9,628 tons), which was the largest export of this mineral through the port of Danzig. In addition 7,359 tons of fertilizers and chemicals (in November 4,355 tons) were shipped through this port in December. The total exports were 559,684 tons as against 505,170 tons in the preceding month.

Among the imports, the group of fertilizers and chemicals occupied the first place with 31,878 tons (in November 11,150 tons). The second place was occupied by scrap iron with 20,871 tons. Next comes iron ore the imports of which declined from 28,486 tons in November, to 18,553 tons in December. This is regarded as a usual occurrence during the winter months on account of the suspension of navigation in the Northern part of the Baltic. The shipments of herrings declined also, from 13,708 tons to 10,878 tons; import of foodstuffs and grain, taken together, totalled 9,203 tons. The total imports in December were 96,589 tons, as against 80,188 tons in November.

There was a certain improvement in the movement of goods in the port of Danzig in December. Imports for the first time since July have shown an increase and exports are only slightly lower than the figures for September. Although the figures for the last two months, that is for November and December, are incomplete, yet it is not too much to say that the year was too prosperous and marked by rapid advancement. Arrivals totalled 6,950 ships with 3,899,854 net reg. tons capacity, and departures 6,942 ships with 3,932,577 net reg. tons. Thus, the traffic in 1927 was larger by 15 cent than in 1926. Imports, too, increased considerably as they amounted to 640,695 tons in 1926 and 1,405,451 tons in 1927, an increase of over 119 per cent. During the same period exports rose from 5,659,604 tons to 6,278,606 tons, an increase of 11 per cent.

The largest increase on the import side was shown by the group of ores and metals, from 246,512 tons in 1926 to 646,903 tons in 1927. Next come fertilizers and chemicals, which increased



"WOLBROM" LTD., MANUFACTURERS OF RUBBER GOODS, KIELCE DISTRICT (PHOT. J. MALARSKI)

from 161,440 tons to 332,996 tons, and finally, foodstuffs, the imports of which rose from 148,980 tons to 311,527 tons.

The largest increase on the export side is in the case of timber, which rose from 1,339,033 tons to 1,721,774 tons, and coal, which rose from 3,404,380 tons to 4,039,316 tons.

Exports of cement rose from 23,044 tons to 124,068 tons. On the other hand, the aggregate shipments of sugar declined from 181,092 tons to 135,623 tons. The reason for this has already been dealt with. It is disappointing that exports of grain and petroleum products fell off enormously.

Passenger movement, as is usual in the winter months, declined in December and was as follows, as compared with November (number of passengers):

	Arrivals:		Departures:	
	November	December	November	December
Libau	4	77	453	53
Stockholm		7		
Copenhagen	100	13	267	271
London	91	125	948	810
Hull	53	59	202	509
New York	55	117	713	275
Helsingfors	2	4		
Gotenborg		1		
<b>Total:</b>	<b>305</b>	<b>403</b>	<b>2,583</b>	<b>1,918</b>

As regards the port of Gdynia, arrivals numbered 68 ships with 252,273 net registered tons (in November 64 vessels with 47,334 net reg. tons), the

departures numbered 65 ships with 251,881 net reg. tons (in November 60 ships with 43,770 net reg. tons). The flags of the ships calling at Gdynia in December as compared with November were as follows:

	Arrivals:		Departures:	
	November	December	November	December
Poland & Danzig	4	11	3	9
Germany	11	6	12	3
Sweden	31	33	27	13
Norway	7		9	
Denmark		5	5	7
Finland	1		1	
Latvia		1		1
France	3	2	3	2
England		5		3

Exports of coal effected through Gdynia reached the highest level hitherto recorded, namely — 105,756 tons, as against 91,777 tons in November. The shipments of pit props totalled 3,561 tons; imports were small.

**RATES TO AND FROM POLISH BALTIC PORTS.**—The following table, made up from the rates of the most important steamship companies in the Danzig and Gdynia service, gives average berth-rates charged on the various lines in the first half of January, 1928. They are subject to confirmation in each instance, to alterations, and are not guaranteed. Rates in shillings per ton (timber — per standard), unless otherwise specified:







**PORT CHARGES IN GDYNIA.** — The chief port charges in Gdynia now in force, are as follows (in  $\text{X}$ ):

Port charges	
For each cub. metre net capacity of incoming and outgoing vessels:	
loaded . . . . .	0·02
in balast . . . . .	0·01
Cargo charges	
For each 1,000 kg. of cargo loaded or unloaded . . . . .	0·15
Passenger charges	
3rd class . . . . .	0·10
2nd " . . . . .	0·30
1st " . . . . .	0·50
Pilot charges	
For vessels not exceeding a net capacity of 1,000 cub. metres for both entry and exit . . . . .	10—
For vessels of from 1,000 cub. metres to 2,000 cub. metres . . . . .	20—
For vessels of over 2,000 cub. metres net:	
for the first 2,000 cub. metres net . . . . .	20—
for every additional 500 cub. metres . . . . .	5—
Towing charges	
Sea going tugs, for every hour . . . . .	50—
Small harbour tugs, for every hour . . . . .	35—
Lighting and buoy charges	
For vessels up to 2,000 cub. metres net capacity:	
for the first 200 cub. metres . . . . .	1—
for every additional 100 cub. metres . . . . .	0·50
For vessels of over 2,000 cub. metres:	
for the first 2,000 cub. metres . . . . .	10—
for every additional 500 cub. metres . . . . .	2·50

**AERIAL COMMUNICATION IN DECEMBER.** — Owing to the intense frost, the aerial traffic in December declined considerably.

The number of flights (scheduled and extra) dropped from 230 in November to 276 in December. Also the distance flown shrank from 90,565 to 76,645, whereas the number of passenger increased from 293 to 322. The transport of mail rose from 1,160 to 1,254 kg. and that of freight decreased from 19,984 kg. to 16,507 kg.

**TRANSFER OF MONEY TO FOREIGN COUNTRIES THROUGH THE POST OFFICES.** — The Minister of Finance repealed as from November 5, 1927, all restrictions in regard to money transfers addressed to foreign countries ("Dz. Ust. R. P." No. 97/1927, item 858). In this connection, Post Offices within Poland are authorised to accept for transmission to foreign countries, including the Free City of Danzig and the Polish Post Office situated in that territory, without producing permits from the Treasury: a) postal money orders, b) letters with a declared value, c) payments of over  $\text{X}$  100 by Postal Savings Bank cheques to persons and firms domiciled abroad. Postal money orders and letters with a declared value may, however, be accepted for transmission only to those

countries with which these services have been arranged.

Money orders and letters with a declared value may not exceed the amount fixed in the agreements entered into by the Polish postal authorities with various foreign countries.

Any person is allowed to dispatch through the Post Office as many postal money orders and/or letters with a declared value as he desires. Letters with a declared value addressed abroad will henceforward be accepted by Post Offices in closed envelopes made of strong paper, preferably in those furnished by the Post Office. The sender should seal the envelope with his own seal or other mark as many times as may reasonably be necessary.

Letters with a declared value addressed to Soviet Russia must not contain any communication whatsoever, only bank notes or valuables with a specification of the contents, which should be signed by the sender; the specification should also contain separately the value in gold Fr. or in Złoty, of each of the notes, securities, &c., forming part of the contents as well as the total value of the whole of the contents of the letter.

If money orders and letters with declared value do not answer to the above mentioned conditions, they will not be accepted by the Post Offices.

These regulations are effective as from November 5, 1927, and, are in force over the whole territory of the Republic. All previous rulings in this matter are repealed by the issue of this regulation.

## FINANCE AND BANKING

**STATE REVENUE AND EXPENDITURE IN DECEMBER** are shown in the table opposite (in millions of  $\text{X}$ ). The excess of revenue over expenditure in December was slight, due *inter alia* to the increased disbursements occasioned by the payment of a bonus to the State employees; this supplement is to be regarded as a temporary measure designed to improve the situation of the civil servants until the problem of salaries of State employees is definitely solved by the Government. Another reason for the rise in expenditure was the investments made by the Treasury, particularly in State undertakings.

As budgetary equilibrium has been an established fact for over one-and-a-half years, and as there are large reserves available, it was possible to make these investments; further delay might have proved prejudicial to the interest of the country. It may be mentioned that the last few months of the year have usually shown increases in expenditure.

	Revenue*)		Expenditure*)	
	actual	estimated for 1927/8	actual	estimated for 1927/8
A) Civil service*) . . . . .	171·1	1,234·8	243·5	1,986·4
Central Authorities and Ministries	168·2	1,208·0	191·1	1,647·9
Pensions . . . . .	3·0	26·8	9·5	82·0
Grants to invalids . . . . .	—	—	12·6	101·5
State Liabilities . . . . .	—	—	30·4	145·1
B) State enterprises . . . . .	13·3	107·8	5·4	14·9
including:				
State Railways . . . . .	6·0	36·5	—	—
Post and Telegraphs . . . . .	—	10·4	—	—
State Forests . . . . .	6·0	56·0	—	—
C) Monopolies:	70·8	650·9	—	—
including:				
Spirit Monopoly . . . . .	35·3	320·4	—	—
Tabacco Monopoly . . . . .	30·0	273·6	—	—
Total: A + B + C:	255·2	1,993·5	248·9	1,991·3

\*) The table which used to contain figures relative to the execution of the budget has been modified in order to show more clearly the financial results of the State Undertakings and Monopolies.



For the above reasons expenditure rose in December to  $\text{z} 248.9$  million. These disbursements, however, found ample cover in the State revenues, which amounted to  $\text{z} 255.2$  million.

It should be stated here that State undertakings brought in in December a sum of  $\text{z} 13.3$  million of which about  $\text{z} 6$  million was contributed by the State Railways, about  $\text{z} 6$  million by State Forests, and  $\text{z} 1.2$  million by State mines and foundries.

The budgetary surplus amounted in December to  $\text{z} 6.3$  million. The surplus for the 9 months of the current budgetary year amounted to  $\text{z} 214.1$  million which sum, together with the surplus for the period from July 1926 to March 31, 1927, amounting to  $\text{z} 150.1$  million, makes a surplus of  $\text{z} 364.2$  million for the last 18 months.

Such a large cash reserve, which has been built up thanks to budgetary equilibrium, constitutes a guarantee that State expenditure will be amply covered even should a temporary deficit take place.

**TAXES IN DECEMBER.**—The month of December close the 3rd quarter of the current fiscal year. During this period taxes and monopolies showed a steady increase in revenue, due to the different dates of payment of the taxes. The undermentioned figures contained the revenue from taxes and monopolies since the beginning of the current fiscal year:

April	162.6
May	178.5
June	151.8
July	169.7
August	154.5
September	165.8
October	192.4
November	234.4
December	224.5

The aggregate revenue for the nine months was  $\text{z} 1.634.3$  million, as against the assessed amount of  $\text{z} 1.671.0$  million, the actual revenue thus representing 97.7 per cent of the anticipated amount. It is certain, therefore, that the excess of revenue over expenditure will reach at least 25 per cent of the revenues at the end of the fiscal year. The ratio of the actual revenue to the budgeted amount would be still more favourable if the Property Tax had yielded more than it has done, i. e., 41.4 per cent of the estimated sum. The actual revenue from this source for the nine months was  $\text{z} 39.4$  million, as against  $\text{z} 95$  million; it is worthy of note, however, that

revenue from this source rose considerably in the course of the past few months. Thus, while during the last six months of the current fiscal year this tax gave only  $\text{z} 14.5$  million,  $\text{z} 2.9$  million was collected in October,  $\text{z} 16$  million in November and  $\text{z} 5.9$  million in December. The Extraordinary Supplementary Tax gave for the nine months  $\text{z} 71.2$  million or much more than was anticipated for the whole year ( $\text{z} 62.3$  million), due to the general improvement in tax collection. In December this tax gave  $\text{z} 10.4$  million, which is approximately the same amount as for November. Ordinary taxes during the nine months period brought in  $\text{z} 957$  million, which represents 110.9 per cent of the anticipated amount of  $\text{z} 862.8$  million; in December they returned  $\text{z} 137.4$  million, an increase of  $\text{z} 1.3$  million, as compared with November. Direct taxes brought in  $\text{z} 454.1$  million during the three quarters of the year, or 103 per cent of the estimated amount. The Tax on capital and the Industrial Tax showed larger revenues from those which were assessed in the budget. The revenue from the Industrial Tax gave  $\text{z} 37.2$  million in December, as against  $\text{z} 23.1$  million in November, and that on real estates both urban and rural —  $\text{z} 4.5$  million. Among the more important direct taxes, the Land Tax gave  $\text{z} 7.1$  million and the Income Tax  $\text{z} 18$  million.

Indirect taxes returned comparatively less favourable results, the aggregate for the nine months being  $\text{z} 122.3$  million, which in relation to the budgeted amount of  $\text{z} 130.2$  million, represents 93.9 per cent. Direct taxes gave in December  $\text{z} 14.9$  million, as against  $\text{z} 12.6$  million in November. The Sugar Tax brought in  $\text{z} 8.3$  million, the Mineral Oil Tax  $\text{z} 1.9$  million, Patent Tax and Excise  $\text{z} 2.4$  million, and the Beer Tax  $\text{z} 0.8$  million, which in relation to the assessed amount of  $\text{z} 182$  million represents 138.6 per cent: such a large increase is to be attributed to the growth of imports. The revenue from customs duties in December was  $\text{z} 34.4$  million, which was only a trifle more than in the preceding month ( $\text{z} 33.8$  million).

Stamp fees and similar charges brought in  $\text{z} 128.3$  million since the beginning of the fiscal year, which sum represents 114.0 per cent of the assessed amount for the whole year. For December, the revenue from State Monopolies was estimated in the budget at  $\text{z} 650.9$  million and, so far, they have returned  $\text{z} 566.7$  million or 87 per cent of the total. In December this source brought

$\text{z} 70.8$  million which was slightly below the November figure.

The Spirit Monopoly brought in  $\text{z} 35.3$  million, the Tobacco Monopoly —  $\text{z} 30$  million, the Salt Monopoly —  $\text{z} 3.9$  million.

Compared with the assessed amount, the Tobacco Monopoly has given so far  $\text{z} 269.1$  million or 98 per cent, the Spirit Monopoly —  $\text{z} 252.5$  million or 78.8 per cent.

The following statement gives the revenues from public taxes and monopolies (in millions of  $\text{z}$ ):

	Actual revenue:		$\frac{1}{12}$ th of the yearly budget for	
	December: 1926	November: 1927	December: 1927	1927/8
Direct taxes	60.4	71.9	54.1	36.5
Indirect taxes	12.6	14.9	11.3	10.9
Customs duties	21.1	34.4	11.9	15.2
Stamp fees	13.5	16.2	18.1	9.3
<hr/>				
Total of the ordinary public levies:	107.6	137.4	136.1	71.9
Property tax	8.3	5.9	16.0	7.9
10 per cent extra-ordinary tax	7.4	10.4	10.9	5.2
<hr/>				
Monopolies	67.3	70.8	71.4	54.0
<hr/>				
Total of public levies and monopolies:	190.6	224.5	234.4	139.0

## STOCK EXCHANGE

### FOREIGN CURRENCIES

— During December the tendency on the foreign exchange market in Poland assumed an upward trend. Sterling rose by about  $\text{z} 0.12$ , and Swiss Franc by  $\text{z} 0.32$ , Dutch Fl. by  $\text{z} 1.24$ , and Swedish Cr. by  $\text{z} 0.77$  (per 100). Of the other exchanges French Franc rose by  $\text{z} 0.10$  and Belga by  $\text{z} 0.57$  (per 100). The Czechoslovakian currency remained unchanged. On the other hand, the Italian Lira, as the result of legal stabilisation (U. S. A. Dollar = 19 lira) dropped by  $\text{z} 1.58$  (per 100). The rates for the Złoty on the foreign stock exchanges were practically the same as at the end of the previous month, and only in Zurich and Danzig very slight decreases were recorded.

The turnover on the money market declined by about 50 per cent. Even the decline in the brokerage from  $\frac{1}{2}$  per mille to  $\frac{1}{10}$  per mille, dealt with in our previous report, failed to animate business on the Stock Exchange, particularly as regards the arbitrage with foreign banks. Since the repeal of the restrictions regarding the movement of foreign currencies and drafts between Poland and abroad, local banks have received large sums from the export trade (chiefly on account of timber exports,





A VIEW OF THE TEXTILE MANUFACTURING CENTRE, ŁÓDŹ  
(PHOT. S. PLATER)

so that they had no necessity to buy foreign currency on the Stock Exchange, the actual inflow being sufficient to meet the requirements of the bank's clients, until quite recently, that is

prior to the repeal of the above mentioned restrictions, foreign currencies originating in the export trade were concentrated at the Bank of Poland). The demand for U. S. A. Dollar notes,

which before the legal stabilisation of the Złoty were much in use, declined considerably. Both on the official Stock Exchange and on the open market, the demand for Dollar notes is declining

	30.11	1—10.12	12—17.12	19—23.12	27—30.12	31.12	par value
<b>Warsaw Exchange</b>							
London £ 1	43·48½	43·51	43·52½	43·52	43·52½	43·52	43·38
New York \$ 1	8·90	8·90	8·90	8·90	8·90	8·90	8·91
Paris Fr. Fr. 100	35·07½	35·08	35·11	35·10	35·11	35·10½	172·00
Brussels Belg. 100	—	124·72½	124·76	124·75	—	124·75	123·95
Zurich Sw. Fr. 100	171·90	172·05	172·18	172·29	172·28	172·15	172·00
Milan Lir. 100	—	48·36	48·41	47·95	47·10	47·13	172·00
Amsterdam Fl. 100	—	360·49	360·47	360·49	360·65	360·50	358·31
Vienna Sh. 100	—	125·69	125·76	125·93	125·92	125·80	125·43
Prague Kcz. 100	26·41	26·41½	26·41½	26·41½	26·41½	26·41½	180·62
Stockholm Kr. 100	—	240·71	—	240·88	241·—	240·65	238·89
<b>Foreign Exchanges</b>							
London £ 1	43·50	43·50	43·50	43·50	43·50	43·50	43·38
New York ₯ 100	—	11·25	11·25	11·25	11·25	11·25	11·22
Zurich ₯ 100	—	58·15	58·10	58·13	58·05	58·05	58·14
Vienna ₯ 100	—	—	—	79·10	—	—	79·72
Prague ₯ 100	377·87½	377·37½	377·44	377·47	377·31	377·25	55·36
Berlin ₯ 100	46·92½	46·98	46·97	46·95	46·95	46·97½	47·09
Danzig ₯ 100	57·50½	57·46	57·45	57·47	57·42	57·41	57·63

from day to day, due mainly to the fact that most of the transactions, which were previously concluded in Dollars, are now effected in Złoty, because the risk of the national currency falling, is practically non-existent.

#### SHARES

During the period under review the share market was featureless. In connection with the holidays and increased overhead charges and payments, the

stringency of money was badly felt, and this contributed towards the shrinkage in the turnover on the share market. It was only towards the end of the month, when the quotations of even the leading Polish industrial



undertakings reached a level that the brokers and the public in general began to purchase freely.

In this way the shares which fell during the past few weeks have re-

covered, and some such as those of the Bank Zachodni, Bank Związku Spółek Zarobkowych, Lilpop, Rau & Loewenstein, Żyrardów, Nobel, Borkowski and Wysoka have appreciated in value. There are

rumours that the Bank of Poland and Lilpop, Rau & Loewenstein will pay large dividends for the past year, and a further rise in these shares is generally anticipated.

Industrial shares	30.11	1—10.12	12—17.12	19—23.12	27—30.12	31.12	Nominal
Bank Polski .....	155'—	154'60	154'60	155'15	155'15	155'—	₯ 100'—
Bank Handlowy w Warszawie .....	—	123'—	123'—	123'—	123'—	123'—	₯ 100'—
Bank Dyskontowy Warszawski .....	—	130'—	129'—	129'—	129'50	130'—	₯ 100'—
Bank Zachodni .....	29'75	30'80	30'25	30'20	30'20	—	₯ 25'—
Bank Zw. Sp. Zarobkowych .....	—	89'85	88'50	87'70	89'—	90'—	₯ 100'—
Warsaw Coal Mining Co. ....	110'—	110'65	107'75	107'85	108'50	110'—	₯ 100'—
Chodorów .....	—	181'60	178'—	—	—	—	₯ 100'—
Cegielski .....	—	47'65	—	49'35	48'—	49'—	₯ 50'—
Zieleniewski .....	—	21'25	20'—	—	—	22'—	Mk. 1,000'—
Norblin, Buch & Werner .....	—	200'—	202'50	—	—	200'—	₯ 100'—
Starachowice .....	69'—	67'40	64'50	63'70	63'70	66'25	₯ 50'—
Lilpop, Rau & Loewenstein .....	38'50	39'55	39'05	39'90	39'90	40'75	₯ 25'—
Ostrowiec .....	86'—	87'20	87'25	84'60	85'25	87'—	₯ 50'—
Modrzejów .....	9'15	9'05	8'90	9'05	9'—	9'15	Mk. 500'—
Rudzki .....	—	53'90	53'75	52'25	53'75	—	₯ 50'—
Warsz. Sp. Akc. Budowy Parowozów .....	—	36'—	—	35'—	38'75	—	₯ 25'—
Żyrardów .....	17'25	17'25	17'15	16'90	17'30	18'—	Mk. 540'—Rb. 250
Zawiercie .....	35'—	34'80	34'—	33'55	32'50	33'—	₯ 60'—
Standard Nobel .....	43'50	43'20	42'20	42'50	41'50	44'50	₯ 50'—
Borkowski (Elibor) .....	3'70	3'80	3'75	3'70	19'30	20'50	₯ 25'—
Wysoka .....	130'—	133'—	—	137'—	—	140'—	₯ 100'—
Siła i Światło .....	98'—	—	—	—	95'—	—	₯ 50'—

Towards the end of the month Borkowski shares, which were hitherto expressed in Polish marks, were quoted in Złoty, five of the former shares of a nominal value Mk. 2'17 each, representing now 1 share of ₯ 25 nominal.

#### STATE, CITY AND LAND LOANS

In the section of Government securities there was a big demand for 5 per cent

Premium Dollar Loan, so much so that it was impossible to obtain large parcels. Following the upward trend on the New York Stock Exchange, 6 per cent Dollar Loan also rose. The 10 per cent Railway Loan had a slight downward tendency, due to the forthcoming drawings. The remaining Government securities were unchanged.

Private securities, generally employed

for investment purposes, were rather erratic. The 8 per cent bonds of the Credit Society of the City of Warsaw as well as 8 per cent Land Credit Association bonds gained about 2 per cent in value; the 4 per cent and the 4½ per cent Land Credit Association bonds declined by about 1 per cent, as compared with the preceding month. The 8 per cent Credit Society of the

State, Municipal & Land Loans	30.11	1—10.12	12—17.12	19—23.12	27—30.12	31.12	Nominal
5% Conversion Loan .....	66'50	66'50	66'40	66'35	66'40	66'25	₯ 100'—
6% External Dollar Loan 1920 .....	—	82'25	82'75	83'50	83'85	—	\$ 100'—
5% Premium Dollar Loan (2nd series) .....	63'25	64'50	63'65	63'60	63'95	—	\$ 5'—
10% Railway Loan (1st series) .....	102'90	103'15	103'25	103'25	103'—	102'25	Gold fr. 100'—
8% Bank Gospodarstwa Krajowego Bonds .....	93'—	93'—	93'—	93'—	93'—	93'—	Gold fr. 100'—
8% State Agricultural Bank Bonds .....	93'—	93'—	93'—	93'—	93'—	93'—	Gold fr. 100'—
8% Com. Oblig. of the Bank Gospodarstwa Kraj.	93'—	93'—	93'—	93'—	93'—	93'—	Gold fr. 100'—
8% Land Credit Association Bonds .....	—	80'90	82'20	82'90	83'—	—	₯ 100'—
4% Land Credit Association Bonds .....	—	52'50	52'50	—	51'25	—	₯ 100'—
4½% Land Credit Association Bonds .....	58'35	57'95	57'90	57'50	56'75	57'50	₯ 100'—
8% Credit Soc. of the City of Warsaw Bonds .....	80'—	80'60	80'60	81'75	81'65	82'—	₯ 100'—
5% Credit Soc. of the City of Warsaw Bonds .....	64'90	65'15	63'95	64'75	64'90	65'—	₯ 100'—
4½% Credit Soc. of the City of Warsaw Bonds .....	—	61'25	61'25	61'75	61'25	—	₯ 100'—



City of Warsaw bonds despite abundant supplies found ready buyers as they are one of the most favoured investment securities on the market. Other bonds remained unchanged.

**THE DIFFICULTIES OF THE GOLD MARKET.**—There appeared under this title in the *"Economist"*, No. 4.403, London, January 14, 1928, article by M. Feliks Młynarski, Vice-chairman of the Bank of Poland, reading as follows:

"All of us remember the difficulties which arose in the spring of 1927 when the Bank of France made large purchases of gold in London and New York. The critical remarks, which appeared then in the papers, were repeated several months later when, in November, similar purchases were made by the Bank of Poland.

The Bank of Poland's purchases were the result of the Stabilisation Loan, which was destined for the legal stabilisation of the Złoty. The whole procedure was based on the Stabilisation Plan, which required modifications in the Statutes to the effect that the reserve ratio should be calculated in future not merely in relation to the notes outstanding, but in relation to the total amount of notes outstanding and sight liabilities combined. Moreover, the Bank of Poland had to assume an obligation to maintain a reserve in gold, amounting at least to 30 per cent, of notes and deposits combined. This requirement is not a new formula. It was inserted in the Statutes of the Reichsbank and of several other banks. Having inserted it in its Statutes, the Bank of Poland was obliged to make its metallic reserves conform to the new requirements. The initiative of these purchases did not originate in the Bank of Poland, but was the sequel to Poland being admitted to the countries possessing stable currencies and to the group of co-operating banks of issue.

Moreover, the Bank of Poland did not go further than was absolutely necessary. In the Bank's balance-sheet, dated November 30th, the liabilities — bank notes and deposits — stood at  $\text{X} 1,584.4$  million. The reserves in gold held at home and abroad, including the latest purchases, amounted to  $\text{X} 508.2$  million. In relation to all sight liabilities this sum constitutes 32.08 per cent, or merely 2.08 per cent above the statutory minimum required in the Stabilisation Plan. After the legal stabilisation of the Złoty, and in view of a revival of public confidence, the expansion of the Bank's activity is a normal phenomenon. Taking into consideration such an expansion, the Bank must anticipate the necessity of gradually making further purchases of gold, for a margin of 2.08 per cent in the course of one month may prove insufficient.

Up to the end of the year Bank of Poland purchased \$ 15 millions of gold in New York and £ 1 million in London. The Bank of Poland did not acquire one pound of gold of the reserves of the Bank of England, but all its requirements were met on the open market by means of weekly instalments, which were not large enough to cause

considerable disturbances in the market. Three-fourths of the Bank of Poland's requirements were covered in New York, whereby the Bank, which had due regard to the interest of all concerned, was obliged to bear higher freight charges. In spite of all this, severe criticism was expressed when the "unknown buyer" in London was identified.

The Bank of Poland will be compelled in the future, as well as in the present, to make its reserves conform to the statutory requirements. In addition, number of other banks, which have also adopted the gold exchange standard, will be obliged sooner or later embark on the same policy. Thus the episode of the Bank of Poland reminds us that the question of gold is far from being settled, and that, although the number of States which possess stable currencies is steadily increasing, the stabilisation of international currency conditions is not making adequate progress.

The gold exchange standard is a transitory system on the way to the traditional gold standard. It was established as such by the Genoa Conference, and understood in that sense by all concerned. The application of the gold exchange standard, however, requires the existence of at least two centres of free trade in gold, i. e., London and New York. London represents the largest production, New York the largest reserves. London is a natural market for Europe by reason of a steady influx of new production, as well as on account of the lower freight charges. If, however, each £ 1 million of gold purchased in London, even without depleting the reserves of the Bank of England, gives rise to a loud and severe criticism — that criticism will not help towards making the situation easier.

The London market is not only a market for England, but also for the rest of the world. Any difficulty encountered in withdrawing gold from London throws the buyer back on New York. We know, however, that in the United States a great expansion of internal credit is already noticeable, that the American market is burdened by deposits of foreign banks of issue, totalling two billion dollars, and that, if 20 per cent even of these deposits are changed into gold, the gold basis of American credit will be considerably reduced. In November America sold \$ 93 million of gold. Should the sales continue at this rate, a year would be sufficient for America to lose all the gold which she can spare, without damaging her credit structure. If all buyers pass over London and concentrate their purchases in New York, a reaction in American policy may ensue earlier than is likely to-day. A breakdown of the gold exchange standard might then follow with catastrophic effects on the gold standard. Therefore the maintenance of a free gold market in London parallel to that in New York is in the interest of all concerned, and is one of the most important problems to be solved.

The responsibility for settling this question rests upon the banks of issue. The principle should be binding, that the purchases of gold are not a private affair of a separate bank of issue, but

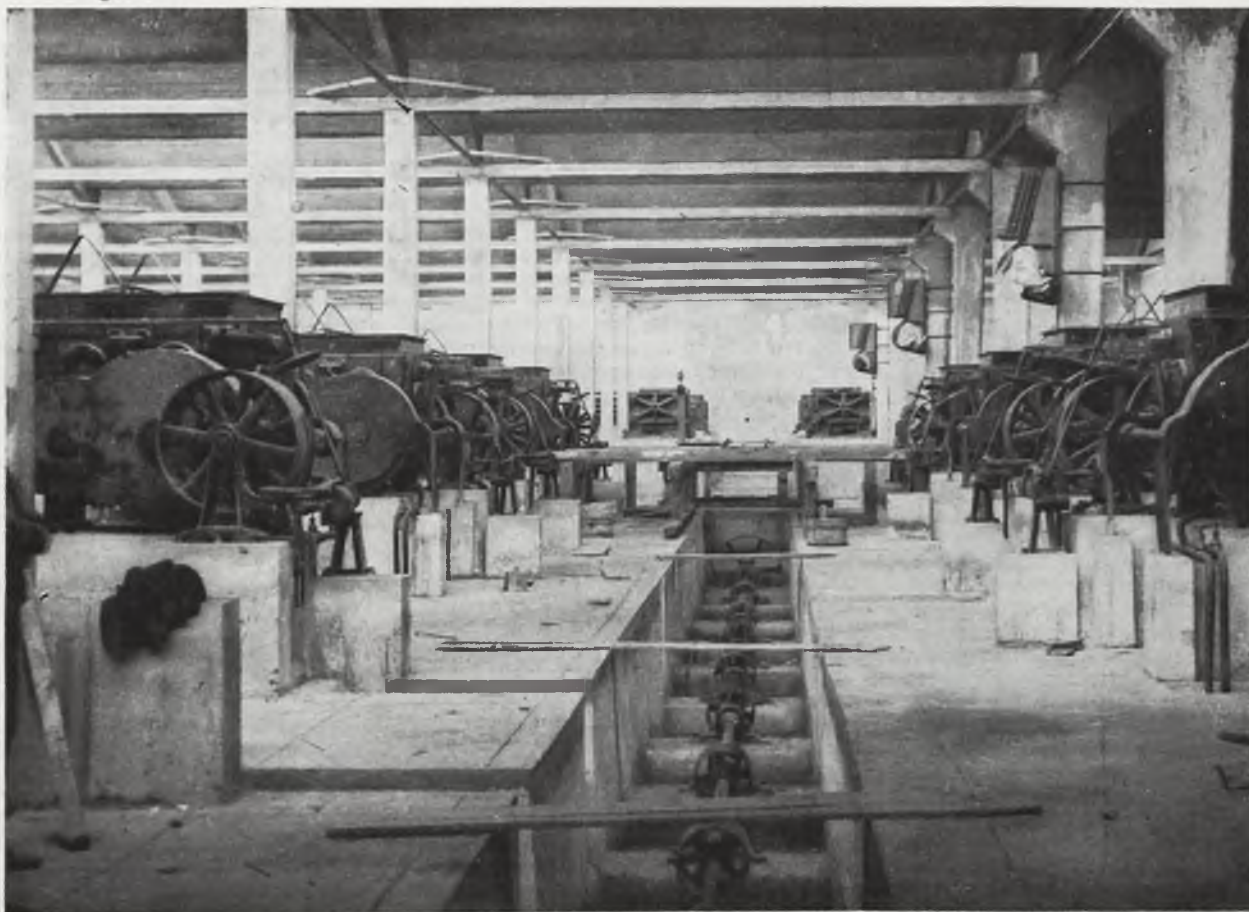
that they ought to be effected in the manner corresponding to the position of the gold market at a given time. With such a policy and with close co-operation with the central banks in London, Paris, and New York, the economical handling of gold will be secured in a satisfactory way at least in the near future.

The situation would be made easier if the pound sterling should rise to 488 $\frac{3}{4}$  and be maintained at this level for considerable periods, for in this way the difference between the freight charges from London and New York would be equalised and the minor banks would not be obliged to make sacrifices in the interest of other banks. But the rate of exchange of the pound, as the rate of every currency, is the result of a number of economic causes. These cannot be fixed beforehand, and the rate of 488 $\frac{3}{4}$  cannot be artificially maintained for long periods. The question of freight charges, therefore, deserves greater consideration than it has yet received from the banks of issue. The cost of transporting gold should not be fixed by the forwarding agencies alone, but the leading central banks should take the necessary measures to ensure that freight charges for gold are at a reasonable level. It should also be possible to work out some scheme of co-operation for making good the difference between the freight charges of gold from London and New York if central banks are to be asked in the general interest to abstain from purchasing in London in certain circumstances. This is not an easy question to solve, but it ought at least to be discussed. Something must be done if we wish to get rid of the situation in which every large purchase of gold in London gives rise to nervousness and alarm".

## BANK OF POLAND

— As mentioned in our last report, the balance-sheet of the Bank of Poland in November differed substantially from that for the preceding month. There were large differences not only in the arrangement of the accounts, but also within the accounts themselves, due to the entry of Stabilisation Loan, and to the realisation of the Stabilisation Plan. In the balance-sheet for December, the arrangement of the different accounts remained unchanged, while the sums appearing in them, do not exceed normal fluctuations, that is compared with those which were recorded in the monthly accounts for periods before November. The changes which took place in December, concern mostly the increases in the bullion and foreign currency reserves, in credit activity and in those arising out of the putting into practice of the Stabilisation Plan.





INSTALLATION OF NEW MACHINERY AT AN ARTIFICIAL SILK FACTORY, TOMASZÓW (PHOT. S. PLATER)

The bullion and foreign currency reserves of the Bank rose during the period under review from  $\text{zł}$  1.161.7 to  $\text{zł}$  1.207.4 million, or by  $\text{zł}$  45.7 million. This increase is all the more significant as it took place despite the continuance of the unfavourable foreign trade balance, which began in April 1927. This indicates that the amount of foreign credits has increased since the conclusion of the Stabilisation Loan. The above mentioned increase of  $\text{zł}$  45.7 million includes a rise of  $\text{zł}$  9.4 million in the bullion reserves. The last named sum represents purchases of gold effected abroad to the amount of one million dollars as well as those made locally through the branch offices of the Bank.

The aggregate increase of gold amounted to  $\text{zł}$  9.1 million; the reserves of gold, which till quite recently were kept abroad, declined from  $\text{zł}$  230.8 million to 164.5 million, due to transfers to the vaults of the Bank, while at the same time the value of gold in the vaults rose by an equal amount, that is from  $\text{zł}$  277.4 million to  $\text{zł}$  352.8 million. The clauses of the Stabilisation Plan regarding gold re-

serves were accounted for in the balance-sheet as at the December first 1927.

It may be mentioned that the Stabilisation Plan as well as article 51 of the Statutes of the Bank, stipulate that gold reserves should be equal at least to three-fourths of the cover. At the end of December this cover amounted to  $\text{zł}$  665.1 million (40 per cent of  $\text{zł}$  1.662.8 million), three-fourths of which represent  $\text{zł}$  498.8 million, whereas the gold reserves amounted actually to  $\text{zł}$  517.3 million. Further, the plan in question foresees that at least two-thirds of this minimum cover should be kept in the vaults of the Bank; two-thirds of the sum of  $\text{zł}$  498.8 million is  $\text{zł}$  332.6 million, whereas the gold reserves in the vaults in December 31, 1927, was  $\text{zł}$  352.8 million, the excess amounting to about  $\text{zł}$  20 million.

Foreign currency reserves rose by  $\text{zł}$  36.4 million; this increase in the net reserves was due to the decline of obligations in foreign currencies, mainly in connection with report transactions. The rise in foreign currencies from  $\text{zł}$  5.5 million to  $\text{zł}$  6.5 million con-

tributed towards this increase; also the increase in the net volume of drafts together with that in foreign assets of the Bank, which rose from  $\text{zł}$  645.7 million to  $\text{zł}$  681.0 million. The purchases of foreign currencies and drafts, effected in December, amounted to  $\text{zł}$  116.9 million including dollar notes to the value of  $\text{zł}$  11.9 million; foreign currencies and drafts totalled  $\text{zł}$  84.9 million, of which  $\text{zł}$  32.3 million were sold on the Stock Exchange and  $\text{zł}$  41.6 million to various Government Departments (the bulk being used for the redemption of loans and the payment of interest thereon). The alterations in bullion and foreign currency reserves, which took place in December 1927, and during the whole year 1927, are illustrated in the following table (in millions of  $\text{zł}$ ).

	January 1st	December 1st	December 31st
gold	237.7	508.2	517.3
silver	1.0	2.3	2.6
foreign currencies and drafts	31.7	5.5	6.5
liabilities	183.6	645.7	681.0
Total:	454.1	1,161.7	1,207.4

In relation to the bank notes in circulation and sight liabilities, taken



together, the above mentioned cover was 73.32 per cent on December 31, 1927. The slight decline in the cover percentage in spite of a marked increase in the total amount of the cover is due to a considerable increase in the bank notes in circulation (from  $\text{zł}$  939.9 million to  $\text{zł}$  1,003.0 million (and to the increase in sight liabilities (from  $\text{zł}$  644.5 million to  $\text{zł}$  659.8 million) Credits contributed to a large extent towards the increase in the volume of bank notes in circulation. The total of bills discounted (bills in portfolio) rose from  $\text{zł}$  430.9 million to  $\text{zł}$  456.0 million, the amount of loans against securities from  $\text{zł}$  34.2 million to 40.9 million. As the total of discount credits granted rose in December from  $\text{zł}$  620 million to 650 million, that is to a lesser degree than the credit actually employed, the ratio of credits employed to those granted rose from 69.5 per cent to 70.0 per cent.

As regards the other items of the bank cover for the notes in circulation, it is worthy of note that the volume of silver and token coins rose markedly to  $\text{zł}$  9.8 million during the last ten days period of December, whereas during the past months it was maintained at a minimum level (on November 30, 1927 —  $\text{zł}$  0.7 million). On the other hand, the amount of interest-bearing securities held by the Bank in December, declined further and was  $\text{zł}$  4.8 million. Finally, the last item of the Bank cover—the debt of the Treasury—remained unchanged (since November 1926), at  $\text{zł}$  25 million, which is in accordance with the Stabilisation Plan.

The whole of the bank cover was as follows (in millions of  $\text{zł}$ ):

	January 1st	Dec. 1st	Dec. 31st
bills	321.3	430.9	456.0
Polish silver coins and token money	29.1	0.7	9.8

loans against securities	9.4	34.2	40.9
own interest-bearing securities	18.9	6.1	4.8
liability of the Treasury	25.0	25.0	25.0
Total:	403.6	497.0	536.5

As stated in our report for November, the arrangement of these items in the balance-sheet of the Bank for that month, permitted the progress, which has been made in connection with the realisation of the Stabilisation Plan. The proceeds from the Loan with the exception of the Treasury reserve were included in sight liabilities. The balance-sheet as at December 31, 1927, shows that the sum of  $\text{zł}$  30 million, which remained for the withdrawal from circulation of the Treasury notes, was duly utilised, so that the paragraph in the Stabilisation Plan dealing with the taking out of circulation of the Treasury

	NOVEMBER 30th		DECEMBER 10th		DECEMBER 20th		DECEMBER 31st	
<b>Assets:</b>								
Bullion:								
gold in vaults ---	277,387,807.81		308,142,313.82		334,935,737.46		352,822,262.51	
"  abroad ---	230,832,136.72		200,130,594.73		173,391,690.12		164,475,625.33	
silver (gold value) ---	2,275,488.41		2,327,208.02		2,338,097.84		2,564,950.08	
	510,495,432.94		510,600,116.57		510,665,525.42		519,862,837.92	
Foreign currency, drafts and assets included in the cover ---	651,173,691.40	1,161,699,124.34	666,807,690.49	1,177,407,807.06	671,166,627.96	1,181,832,151.96	687,545,196.08	1,207,408,034.00
Foreign currency, drafts and assets not included in the cover ---		229,776,803.07		224,215,203.27		233,106,229.83		207,084,142.01
Silver and token coins --		743,029.69		931,652.26		776,731.76		9,807,675.09
Bills of exchange --		430,905,046.99		434,441,958.67		437,258,273.39		455,998,733.99
Loans against securities --		34,246,268.00		35,957,998.00		37,354,841.00		40,895,752.00
Own interest-bearing securities ---		6,082,371.61		6,257,374.86		6,363,451.50		4,834,364.51
Reserve funds invested in the securities --		30,656,386.50		32,518,348.59		34,290,361.78		36,900,736.73
Loans to Government ---		25,000,000.00		25,000,000.00		25,000,000.00		25,000,000.00
Property and fittings ---		36,282,185.25		36,282,185.25		36,282,185.25		36,282,185.25
Other assets ---		56,407,046.49		54,981,678.63		55,733,450.57		54,460,346.44
		2,011,768,261.94		2,027,994,206.59		2,047,997,678.04		2,078,671,970.02
<b>Liabilities:</b>								
Capital ---		150,000,000.00		150,000,000.00		150,000,000.00		150,000,000.00
Reserve fund:								
legal ---		4,653,130.00		29,653,130.00		29,653,130.00		29,653,130.00
special reserve ---		104,674,421.80		79,674,421.80		79,674,421.80		79,674,421.80
Sight liabilities:								
current accounts of State institutions ---		226,936,844.59		211,998,594.93		247,041,727.25		237,402,701.61
outstanding current accounts ---		146,137,583.85		195,987,172.36		191,011,461.28		184,277,409.02
Treasury notes a/c ---		30,000,000.00		18,000,000.00		—		—
silver purchases a/c ---		90,000,000.00		90,000,000.00		90,000,000.00		90,000,000.00
State credit fund a/c ---		141,342,480.00		141,342,480.00		139,749,464.32		123,694,857.45
various accounts ---		10,108,820.34		9,081,259.65		21,065,425.39		24,409,097.87
		644,525,728.78		665,409,506.94		688,868,078.24		659,784,065.95
Notes in circulation ---		939,895,830.00		940,383,970.00		932,591,590.00		1,003,027,690.00
Special account of the Treasury ---		75,000,000.00		75,000,000.00		75,000,000.00		75,000,000.00
Other liabilities ---		93,019,151.36		86,873,177.85		92,210,458.00		81,532,662.27
		2,011,768,261.94		2,027,994,206.59		2,047,997,678.04		2,078,671,970.02





MANUFACTURE OF CIGARETTE MOUTHPIECES, STATE FACTORY, WILNO (PHOT. J. BUZHAŁ)

notes to the amount of  $\text{zł}$  140 million was entirely realised. Further, the sum of  $\text{zł}$  17.6 million from the State Credit Fund, to be used for the economic purposes, was devoted to the purchase of bonds of the Land Credit Associations. The fund destined for the purchase of silver as well as the Treasury reserve, remained intact. The reserve fund of the Bank remained unchanged at  $\text{zł}$  109.3 million, but  $\text{zł}$  25 million representing the premium on the second issue of shares of the Bank were transferred from the special reserve to the general reserve. In accordance with article 76 of the Statutes, a portion of the reserve fund of the Bank was invested in Government securities, thus increasing, during December, the volume of these securities from  $\text{zł}$  30.7 million to  $\text{zł}$  36.9 million. By means of these investments, the Bank stimulated the restoration of long-term credit.

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### BANK OF POLAND:

ASSETS:	10.1.28	20.1.28
Gold and silver reserve	$\text{zł}$ 528,837.043.75	$\text{zł}$ 528,995.187.52
Foreign balances	„ 683,570.732.56	„ 668,227.061.96
Bills of exchange	„ 450,823.130.34	„ 450,035.874.66
Loans against securities	„ 39,781.922.—	„ 38,092.136.16

### LIABILITIES:

Notes in circulation	„ 947,109.570.—	„ 912,465.660.—
Current accounts	„ 501,305.935.13	„ 526,967.838.59
Other sight liabilities	„ 228,115.514.37	„ 227,429.714.72

### BANK NOTES COVER

(bullion & foreign currencies)	72.32%	71.82%
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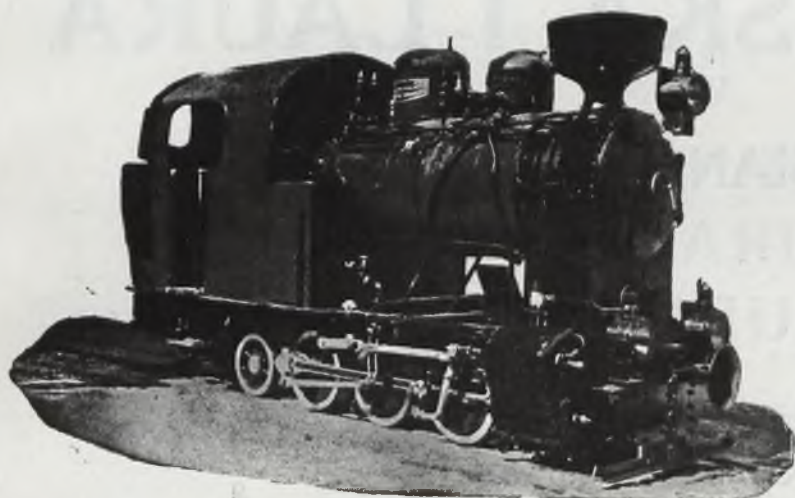
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