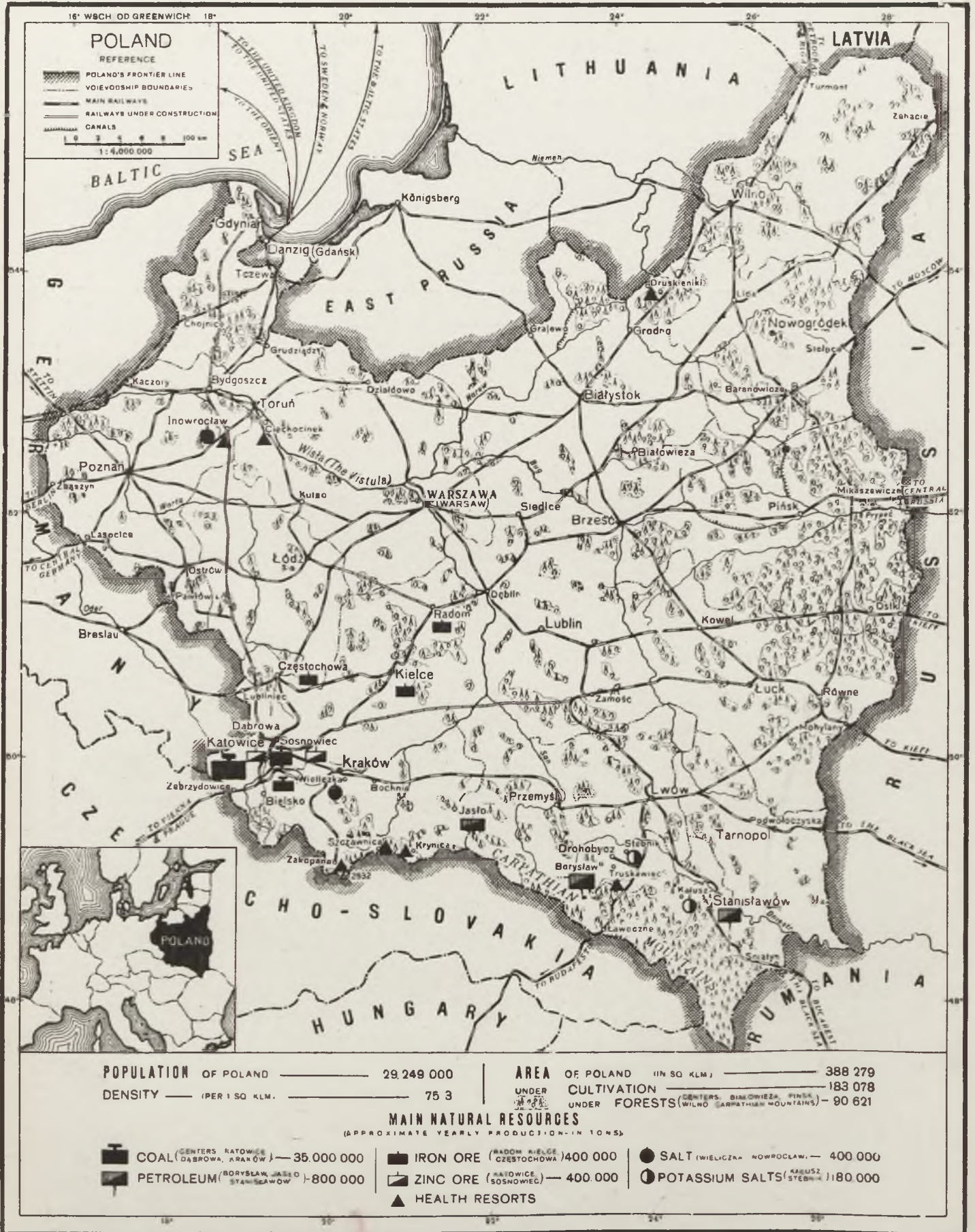


THE POLISH ECONOMIST



LOOK AT THIS MAP BEFORE GOING ANY FURTHER



IN SEPTEMBER, the improvement in general conditions which began in 1926, continued, although a certain slackening off in the rate of progress was to be seen. The influx of foreign long term credits ceased in the second half of this year while at the same time the saving movement which had previously assumed fairly large proportions became less marked during the period under review.

The demand for credits on the part of industry was larger than the supply. The outstanding feature of September is a further revival in most branches of production and shortage of ready money; in addition, the economic situation of the country was also influenced by various seasonal factors.

In agriculture, a further decline in prices, larger than on the world markets, was noticeable. The chief reason for this was the lack of ready money for the indispensable current expenses. The situation in the breeding industry was complicated by the poor harvest of fodder crops. So far, this has not affected the prices for live stock for owing to the increase in the cost of rearing prices for pastoral products showed a marked increase.

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State revenue was larger than in August and there was an increase in the surplus of revenue over expenditure.

The bullion and foreign currency reserves at the Bank of Poland declined to a much smaller extent than in the past few months.

	UNIT	SEPT. 1927	AUGUST 1928*	SEPT. 1928
STATE OF EMPLOYMENT:				
UNEMPLOYED		140 494	88 593	82 642
PART-TIME WORKERS		25,094	25,911	28,147
PRODUCTION:				
COAL		3,260—	3,416—	3,402
OIL	thousand tons	61.8	65.8	62.8
STEEL		110.7	128.4	127.0
IRON		59.2	56.7	56.4
ZINC		12.9	13.7	13.2
AGRICULTURAL INDEXES:				
(crop estimates)				
RYE		5,980		5,930
WHEAT	thousand tons	1,480		1,460
BARLEY		1,630		1,600
OATS		3,420		3,630
PRICES:				
WHOLESALE PRICE INDEX	1914=100	119.3	118.7	118.1
INDEX OF COST OF LIVING IN WARSAW		117.2	122.1	121.1
FOREIGN TRADE:				
IMPORTS:		219.0	258.8	272.8
including:		346.2	415.3	473.0
foodstuffs (edible fats, fish & herring, coffee, rice, wheat &c.)		31.7	44.4	50.4
animal products (tanned hides, dried skins &c.)		32.6	52.1	64.7
ores		20.7	24.4	23.6
chemicals (vegetable & animal fats, dyes, colours & varnishes, potassium salts &c.)		7.8	4.0	2.9
metals & metal products		65.2	62.4	79.7
machinery & apparatus		20.7	24.6	23.6
paper & paper wares		40.6	83.4	84.5
textiles & textile products		13.7	19.0	18.9
EXPORTS:		34.1	39.1	40.7
including:		30.7	39.5	41.4
foodstuffs (sugar, meat, eggs, forage, peas & beans, barley, hops &c.)		8.2	7.6	8.2
live animals — in thousands of heads		8.2	8.4	8.7
timber and wood ware (planks, deals & battens, pulpwood, pit props, round wood & logs, veneers &c.)		7.2	7.6	7.9
plants & seeds		60.2	59.3	60.1
coal & coke		9.9	10.0	10.3
petroleum products		205.2	196.3	204.3
iron & iron products		1.651.3	1,911.2	1,753.9
zinc				
textiles & textile products				
EXCESS OF EXPORTS (+) OR IMPORTS (-)				
		-13.8	-62.5	-68.5

* Corrected figures.
** Change in tabulation: the new zł instead of gold Fr.



POPULATION of Poland	29,249,000	AREA OF POLAND (in sq. km.)	388,379
DENSITY (per 1 sq. km.)	75.3	area UNDER CULTIVATION (in sq. km.)	183,078
OCCUPATION:			
agriculture	65 p. c.	area UNDER FORESTS (in sq. km.)	90,621
industry	14 p. c.		
commerce	8 p. c.		
various	13 p. c.		
POLAND'S CHIEF TOWNS			
Warszawa (Warsaw)	1,015,420	Lwów	219,388
Łódź	580,000	Kraków	200,332
Poznań	236,265	Wilno	178,215
		Katowice	118,870
		Lublin	114,042
		Bydgoszcz	111,197
		Sosnowiec	103,039
		Częstochowa	95,518
		Białystok	90,200

READ

THE POLISH ECONOMIST

A MONTHLY REVIEW OF TRADE, INDUSTRY AND ECONOMICS IN POLAND

THE CURRENT ISSUE, No. 11/1928, of "The Polish Economist" contains the following articles: The Economic and Political Physics of Poland; Stabilisation and the Future of Poland; Agriculture in New Poland; The Development of Polish Railway System; Poland's Position among the Nations. As usual, there are also market reports covering grain, butter, eggs, timber, coal, petroleum, iron, zinc and lead &c., as well as notes on the state of employment, movement of prices, foreign trade, railway, port, aerial traffic, State budget, Stock Exchange, Bank of Poland, &c.

ANNUAL SUBSCRIPTION: 15/-, \$ 3.00 OR zł 30—
WARSAW, 2, ELEKTORALNA

	UNIT	SEPT. 1927	AUGUST 1928	SEPT. 1928
TRANSPORTS:				
RAILWAY TRAFFIC	truck loaded	510.120	567.114	550.020
PORT TRAFFIC:	(15 tons)			
Danzig	reg. ton	337.605	344.513	342.584
Gdynia		41.801	102.431	106.569
BUDGET:				
RECEIPTS		193.8	237.8	238.4
including:				
taxes and public levies	million zł	103.2	133.7	131.7
monopolies		62.6	79.8	77.9
State undertakings		12.0	9.1	13.6
EXPENDITURE		181.6	230.6	229.1
MONEY CIRCULATION:				
BANK OF POLAND NOTES	million zł	844.5	1,206.7	1,261.4
COVER IN GOLD AND FOREIGN CURRENCIES	% %	49.06*	61.71	59.97
TOKEN COINS	million zł	403.5	248.6	254.2
CREDIT:				
(Bank of Poland)				
BILLS DISCOUNTED	million zł	419.7	633.3	660.0
OFFICIAL DISCOUNT RATE	% %	8.0	8.0	8.0
FOREIGN CURRENCIES:				
(Warsaw Stock Exchange average rates)				
U. S. A. DOLLAR		8.93**	8.90	8.90
POUND STERLING		43.51**	43.28	43.25
FRENCH FRANC		0.35**	0.35	0.35
SWISS FRANC		1.72**	1.72	1.72

* In relation to bank notes in circulation, sight liabilities not included.
** zł of 1924.

SUMMARY OF LAWS, ACTS AND EXECUTIVE DECREE

published in the "Official Journal of Laws of the Republic of Poland"
("Dziennik Ustaw Rzeczypospolitej Polskiej")
during September 1928

- Customs officers ("Dz. Ust. R. P." No. 81, item 715).
- Executive decree concerning port charges ("Dz. Ust. R. P." No. 81, item 617).
- Licences for the manufacture, repair and sale of geodetic instruments ("Dz. Ust. R. P." No. 82, item 726, and No. 83, item 787).
- Customs duty refund when exporting polished rice* ("Dz. Ust. R. P." No. 82, item 728).
- Breeding districts ("Dz. Ust. R. P." No. 83, item 736).
- Removal of the „Gwarectwo Węglowe Brzeszcze” from the State Administration ("Dz. Ust. R. P." No. 84, item 739).
- Customs duty refund when exporting bentwood furniture* ("Dz. Ust. R. P." No. 84, item 742).
- Import prohibition on wheat and rye flour and barley groats** ("Dz. Ust. R. P." No. 85 items 747 and 748).
- State Control over bulls ("Dz. Ust. R. P." No. 85, item 750).
- Increase of customs duty on lard ("Dz. Ust. R. P." No. 85, item 752).
- Export duty on rye, rye flour, wheat and hay ("Dz. Ust. R. P." No. 85, items 753, 754 and 754).

* See „The Polish Economist” No. 10, page 402.
** See page 451.

THE POLISH ECONOMIST

A MONTHLY REVIEW OF TRADE, INDUSTRY AND ECONOMICS IN POLAND

WARSAW — LONDON — NEW YORK

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* * *

IN SEPTEMBER, the improvement in general conditions which began in 1926, continued, although a certain slackening off in the rate of progress was to be seen. The influx of foreign long-term credits ceased in the second half of this year, while at the same time the saving movement, which had previously assumed fairly large proportions, became less marked during the period under review.

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State revenue was larger than in August and there was an increase in the surplus of revenue over expenditure.

The bullion and foreign currency reserves at the Bank of Poland declined to a much smaller extent than in the past few months.

REVIEW OF THE GENERAL ECONOMIC SITUATION IN POLAND

SEPTEMBER 1928

	UNIT	SEPT. 1927	AUGUST 1928*)	SEPT. 1928
STATE OF EMPLOYMENT:				
UNEMPLOYED		140.494	88.593	82.642
PRODUCTION:				
COAL	} thousand tons	3.260	3.416	3.402
OIL		61.8	65.8	62.8
IRON		59.2	56.8	56.4
AGRICULTURAL INDEXES:				
(CROP ESTIMATES)				
RYE	} thousand tons	5.688	.	5.900
WHEAT		1.476	.	1.460
BARLEY		1.634	.	1.900
OATS		3.390	.	3.650
PRICES:				
WHOLESALE PRICE INDEX	} (1914 = 100)	119.3	118.7	118.1
INDEX OF COST OF LIVING IN WAR-SAW		117.2	122.1	122.1
FOREIGN TRADE:				
IMPORTS	} million zł	219.0	258.8	272.8
EXPORTS		205.2	196.3	204.3
EXCESS OF EXPORTS (+) OR IMPORTS (-)		- 13.8	- 62.5	- 68.5
TRANSPORTS:				
RAILWAY TRAFFIC	truck loaded	510.120	567.114	550.020
PORT TRAFFIC (DANZIG AND GDYNIA)	(15 tons) reg. ton	379.406	446.944	451.153
BUDGET:				
RECEIPTS	} million zł	193.8	237.8	238.4
EXPENDITURE		181.6	230.6	228.1
MONEY CIRCULATION:				
BANK OF POLAND NOTES	million zł	844.5	1 206.7	1 261.4
COVER IN GOLD AND FOREIGN CURRENCIES	% %	49.06**)	61.71	59.97
TOKEN COINS	million zł	408.5	248.6	254.2
CREDIT:				
(BANK OF POLAND)				
BILLS DISCOUNTED	million zł	419.7	633.3	660.0
OFFICIAL DISCOUNT RATE	% %	8.0	8.0	8.0
FOREIGN CURRENCIES:				
(WARSAW STOCK EXCHANGE-AVERAGE RATES)				
U. S. A. DOLLAR	} zł	8.93***)	8.90	8.90
POUND STERLING		43.51***)	43.28	43.25

REMARK: — Figures appearing in the above table are intended exclusively to characterize the economic situation in September 1928; detailed comments on them, and in some cases the latest data, are given in the respective sections of this issue and in the "Latest news".

THE ECONOMIC AND POLITICAL PHYSICS OF POLAND

BY

E. KWIATKOWSKI

MINISTER OF INDUSTRY AND COMMERCE

ECONOMIC and political phenomena are governed by certain laws, analogous to the laws of nature. But the measurement of the former is much more difficult, inasmuch as they are in themselves more complicated. A body which under given conditions is solid and harmless, may under the action of other conditions, explode and cause widespread destruction.

Where natural phenomena are concerned, we can in most cases regulate conditions to suit our purposes. In the case of man-made phenomena, however, conditions change with great rapidity and the same causes will produce greatly varying effects. Moreover, natural laws may be tested objectively. Not so with economic and political laws which, being the direct emanations of man, must be treated subjectively. They come from us ourselves, and the conditions engendered by us.

A piece of coal which it has taken thousands of years to form, when thrown into a coke oven speedily changes its attributes, and that which it took so long to make falls into feverish activity and chaos. Indescribable confusion arises, the old molecular organisations are rent asunder and come together only to realise that they can no longer be united, as all bonds and relationships are severed; a great many new structures are formed and only those are perpetuated which are capable of existence under the new conditions. Even if, afterwards, the primary conditions are restored, the new unions will remain different, unlike either in form or attributes to the one-time piece of coal.

The same turbulent changes occur in the political-economic cosmos. The Great War acted upon the world as a destructive and constructive agent just as fire acts upon a piece of coal.

Were there the means, as there are in physics, to measure the destructive and constructive force units of war, it could be said that the economic structure of Poland was subjected to most violent concussions. Nearly one-fifth of the national wealth was destroyed irretrievably and without compensation, and almost exclusively by the armies of the foreign belligerent countries. Agriculture, the elementary source of supply for the satisfaction of primitive needs, was devastated to such an extent that, for example, in 1919 the rye yield was 35 per cent of the 1913 crop, while the other crops were respectively — wheat 36 per cent, potatoes 75 per cent and sugar beets 34 per cent.

Then, if we take into account the industrial establishments, dwellings and buildings, which were razed to the ground, the state of the roads and means of communication, the scarcity of live-stock and the total lack of capital and currency,

it can be said that the country was a thickly populated desert. The same fate, however, overtook other countries, but war devastation was the only source of their economic destruction. In Poland still other forces were at work.

Outside help of any magnitude was not extended to Poland during the first years of her reconstruction. She was a new country, ravaged, surrounded by unfriendly neighbours and hostile propaganda. And, just as it is true that no effort will turn the universal law of gravitation, so also is the economic law true that a state which must have material help at all costs cannot obtain that help. A large loan is given to that country which, if need be, can manage without it. Therefore, the rebuilding of Poland and her industry had to be effected by her own unaided efforts.

Poland could count on no outside aid, and encountered ever increasing difficulties in her international economic relations. The three elements causing these difficulties were the circulation of population, capital and goods.

A number of countries which were important to Poland as recipients of her emigrants, introduced restrictions after the war. It is true that new territories were opened up, yet their possibilities were not equal to those which were lost. In 1923, when the frontiers had been definitely fixed and the re-entry of emigrants had been established, Poland numbered about 28,150,000 souls. By 1928, this figure had risen to 29,960,000, according to approximate calculation. Thus, in 5 years the increase of population was 1,810,000, which is an average yearly increase of 360,000.

This has brought about the first problem, which is the augmentation of work and supply for the natural increase of population. From this point of view alone arises the necessity of a yearly increase in the production of rye and wheat by 70,000 tons, of oats and barley by 50,000 tons, and of all other services and goods necessary for civilized life.

Every critic of the geographical situation of Poland from the political point of view must admit that her situation is difficult and unfavourable. The historical and political evolution of this part of Europe, the interspread throughout of neighbouring nationals, historical obstacles in the social structure, and political interests opposing economic needs, tend towards building up outside pressure upon the present frontiers, as well as lessening the inside pressure necessary to withstand it. If the reasoning used in physics is here applied, it is clear that the maintenance of boundaries is dependent upon the equilibrium of pressures; even the thin envelope of a toy balloon will withstand great

pressure as long as the pressure within is equal to the pressure without.

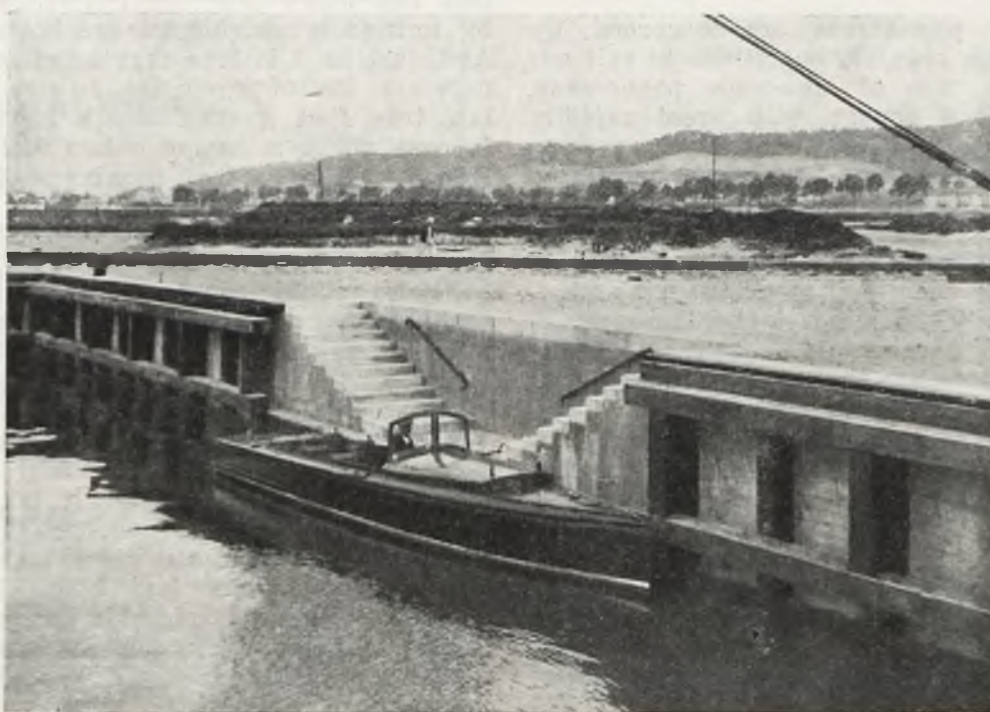
The outside pressure upon the frontiers of Poland is naturally ungovernable by that country. Therefore the inside pressure must be regulated to meet it.

The ancient theory that this is to be accomplished by a disciplined army, is exploded. Consequently two factors remain for equalising the pressure, i. e., the proper organisation and administration of the State both political and economic and the dynamics of social forces.

This latter factor is a direct function of social welfare, and, therefore, the first factor must extend its scope of operation. It must, apart from guaranteeing the increase of production, keep pace with the increase of population, raise the

is made of the figures which give the per capita production of farm and town workers in different countries, the following interesting observations are possible: not only is the value of the industrial products manufactured by a townsman greater than that of the material produced by the agricultural labourer or farmer, but the actual figures for both are rapidly increasing; also the number of farm workers is giving way in favour of the number of town workers.

In Poland, where the agricultural population is much the larger, the production per head is considerably smaller than in western European countries. Whereas in those countries the 30 per cent of agricultural population must supply the two-fold greater number engaged in industry, trade,



LANDING STEPS AT THE FAR END OF THE INTERNAL BASIN,
PORT OF GDYNIA (PHOT. S. PLATER)

standard of living of the individual and thus increase his consumption capacity and his needs.

This latter problem is perhaps the most important in present day Poland and to solve it is one of the chief aims of the internal policy. It is also one of the best means for equalising the outside and inside pressures. Now it may be said that, viewing the position impartially, the last three years have shown an improvement which, relatively, is considerable. In the international race to reach the level attained by the most advanced countries, Poland is still somewhat behind; but her rate of progress is good and accelerating. The finish, moreover, is not yet in sight.

Poland, however, is not satisfied with the present rate of progress although she has not, as yet, the ability to quickly remove the causes. If a comparison

the crafts and civil service, in Poland the ratio is inverse. Thus, it follows that the amount of "kilowatts" of productive labour per head of population in that country is relatively small. The consequences are far-reaching. In other countries, the ratio of farm to town population necessitates more intensive agricultural systems and methods, and develops the farmer into a being of much greater industrial consumptive ability.

The question of increased output per man cannot be treated alone. It is always dependent on the national wealth and free capital. The country must undergo such a capitalisation process as western countries have already undergone. That the process is going on in Poland, slowly but steadily gaining in pace, is indicated by the growing investments, made largely from the excess income. It is well to recall to mind Poland as she was at the end of

the Great War, and to compare it with the country which she has now become.

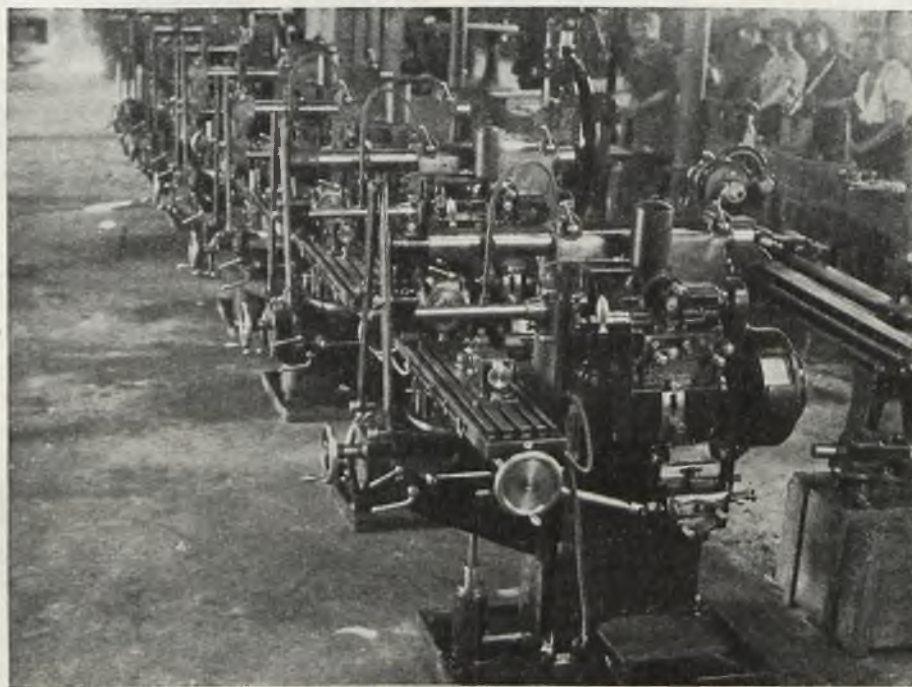
The wide destruction of war has been almost completely reconstructed. The devastated farms and villages have been rebuilt; the textile, foundry and metal industries, railways and roads, have been again put into operation. Schools have sprung up everywhere. New industries have been organised, or old developed, as, for instance, artificial fertilizers, chemical products, paper, electric material, engines, rubber products, dry goods; locomotive factories have also been established.

An index of what may be called "investment intensity" is constituted by the sum total of machinery and equipment produced by home factories plus imported from abroad. Since only

in 1928 — over 58 per cent. These figures take on a certain measure of importance when it is further realized that export during the last years has been growing, from 4,634,000 tons during the first half of 1926 to 6,183,000 tons during the first half of 1928.

An analogous increase of output is seen in pig iron, i. e., from 63,000 tons during the second quarter of 1926 to 143,000 tons during the second quarter of 1927 and 163,000 tons during the second quarter of 1928; steel production rose from 146,000 tons to 294,000 tons and 336,000 tons respectively.

The same progress is shown by other branches of activity. In June 1926, the average daily loadings of 15-ton goods wagons on the railways was



METAL WORKING MACHINERY MANUFACTURED BY THE POLISH MECHANICS' COMPANY OF AMERICA, WARSAW

this latter is accurately tabulated, the statement given below must serve as an indication of investment progress:

	tons	gold Fr.
1st half 1926	10,123	21,449,000
" " 1927	18,001	50,280,000
" " 1928	34,042	86,200,000

A similar truth is told by analyses of home production and consumption. Take, for instance, the following coal data (in millions of tons):

	1st half 1924	1st half 1925	1st half 1926	1st half 1927	1st half 1928
production	16.5	15.0	14.0	18.2	19.5
consumption	7.7	7.9	8.0	10.4	11.4

The ratio of home consumption to production was in 1924 — 47 per cent, in 1925 — 53 per cent, in 1926 — 57 per cent, in 1927 — 57 per cent and

13,000; in June 1927, the corresponding figure was 14,300 and in June 1928 — 16,100.

To return to our simile we can say that, in this way, the internal pressure is being raised. The amount of goods in circulation both of home origin and imported is increasing faster than the growth of population as a new element is beginning to play its part, i. e., the consuming power of the average individual is increasing. Consumption per head of population is becoming larger and reasonably uniform for products such as: coal, iron, steel, cement as well as textiles, leather, foodstuffs, medicines, rubber, paper, books &c. Freight "pressure" is at present decreasing by reason of the growth of trade and consumption, and not by the lessening of production. In some branches, in fact, another new symptom is discernible, which is that the import of a given article is increasing at

the same time that the export thereof is falling off. The answer is simply that it is a symptom of the greater capacity of the consumer.

Nevertheless, the "goods pressure" is large. The surplus goods are seeking an outlet beyond the frontiers to equalise outside and inside pressures. But new and insurmountable obstacles are in the way. The northern and western land frontiers are a Chinese wall arising from the Polish-German economic war. To the east, trade expansion is also checked owing to the diminished capacity of the Russian market and the singular trade policy of that country.

The southern border is, one might say, a poor trade conductor from natural causes. These are the factors which, when they act together, nullify the tendency towards a rise of the internal pressure. It is a dangerous symptom. Excessive inside pressure can cause an economic crisis which will render increased production valueless. Non-regulated goods pressure, with no outlet, destroys the source of the pressure, and, therefore, destroys productive labour.

There is however, one outlet, i. e., the ports on the Polish sea-front. The sea is the safety-valve and

its value may be described in figures. Thus, statistics of the goods traffic both ways across the economically active portion of the sea-front (80 km.) show that there pass 125 tons of goods per meter per year. On the other hand only 2.3 tons pass during the year over one meter of land frontier.

The present difficult economic situation of the country has its advantages. The work involved in building up Poland from foundation to roof has been calculated. It is known that this work must in large measure be effected alone and that the resources necessary therefor must be raised internally, since outside help can never be depended upon. But necessity is the mother of invention and the difficulties themselves indicate new ways and means which might be overlooked under more favourable circumstances. Under exceptionally trying conditions physical laws come into operation: all that is rotten and waste is destroyed quickly and absolutely, but that which remains has passed through the fire of economic oppression and neither bends nor breaks nor burns; it has acquired a strength and temper which will enable it to endure in the future under new and unknown conditions.

STABILISATION AND THE FUTURE OF POLAND¹⁾

BY

CHARLES S. DEWEY

FINANCIAL ADVISOR TO THE POLISH GOVERNMENT AND
MEMBER OF THE COUNCIL OF THE BANK OF POLAND

THE STABILITY of a country's currency is the *sine qua non* of any permanent economic development. *De facto* stability is not sufficient. It is true that this should first be obtained in order that prices may become settled, but until a well-developed stabilisation plan is devised, and enacted into law, the danger of further fluctuation will continue. Such a plan will provide remedies for the usual causes of currency instability, namely — an unbalanced national budget and insufficient reserves of foreign exchange to meet international payments. The former cause may be removed by laws requiring the government to budget its expenses and keep them within its receipts, and restraining the Treasury from issuing its unsecured circulating notes. The latter cause generally requires the negotiations of a foreign loan, the proceeds of which not only provide foreign exchange but enable the Government to reduce any floating debt that may exist, and to effect other betterments in its financial structure.

The economic results of stabilisation are permanent and continuing but all of them cannot be realised at once, and the case of Poland is no

different than that of any other country. During the year and one half of *de facto* stabilisation much had been accomplished and during the past year of *de jure* stabilisation the economic development of the country has continued to increase. That the progress has not been more rapid seems to have caused disappointment to some persons who, apparently still believing in magic, had expected all difficulties to immediately cease, foreign capital to flow into the country in large amounts and at low interest rates and a favourable balance of trade to become at once effective. Unfortunately there is no magic in a stabilisation plan or loan. The two together provide the sound foundation for further developments which are carefully watched by those persons who have invested in the original loan and who desire proof not only that their money is being expended as provided by the Plan, but that the country in question is pursuing a conservative course in the public and private expenditure of its own funds.

The period immediately following *de jure* stabilisation may be called the seasoning period of bonds issued under this loan. Their prices on the various foreign markets are almost sure to fluctuate for a period, and a comparison of the market course of the Polish Stabilisation bonds with the bonds of other nations shows that the former have held their own in quite a satisfactory manner.

¹⁾ In view of the important rôle which financial problems have played in the economic development of Poland, and the interest in these problems taken abroad, we are publishing herewith, in order to illustrate the achievements in this sphere during the past ten years, instead of views from a Polish stand-point, the opinion of a neutral critic, Mr. Charles S. Dewey, who, as Financial Advisor to the Polish Government, has had the opportunity of close observation of Polish life.

	Issued at	July-Dec.	Dec.-July	July-Dec.	Dec.-July	July-Dec.	Dec.-July	July-Dec.	Dec.-July
		1924	1925	1925	1926	1926	1927	1927	1928
Poland 7% — 1947 . . .	92	—	—	—	—	—	—	88—93	88—91 7/8
Austria 7% — 1943 . . .	90	85—98	93—100	93—101	100—102	100—103	101—105	101—106	102—104 3/8
Hungary 7 1/2% — 1944 . . .	87 1/2	87 1/2—89	87—94	94—98	93—102	93—102	100—105	100—105	101—103 1/2
Italy 7% — 1951 . . .	94 1/2	—	—	94	88—94	88—94	92—97	92—99	96—100 1/2
Jugoslavia 8% — 1962 . . .	95 1/2	63—90	84—90	90—92	87—94	87—98	97—102	97—102	97—101 1/2

The "seasoning period" of the Polish Stabilisation bonds may be shortened by careful attention to the two points previously mentioned: public and private expenditure, as these two will have a very direct effect upon the future prosperity of the country and are closely inter-related.

Public expenditures may be divided under two headings. Those by municipalities, which require foreign financing, and those by the government made from the proceeds of the revenues of the country.

It is undeniably a fact that many improvements are required in most of the cities of Poland, but just as the credit of the country is commencing to improve, it is not wise to employ this credit for municipal purposes many of which are conveniences, the instalation of which requires purchases abroad because the material required is not obtainable at home, thus resulting in an augmentation of imports. Moreover, because the stabilisation bonds are still undergoing their seasoning process further loans may be negotiated at only a very high cost for the money. This high cost is paid by the taxpayers of every city negotiating a loan at the present time, whereas a little more patience and the postponement of any improvement that can possibly be postponed, will permit the credit of the country to become greater and loans may then be obtained at a far more reasonable figure.

At first glance it would not appear that the expenditures of the government for public improvements out of the proceeds of its revenue could have any effect upon its credit abroad, provided the total sum of expenses did not endanger the balancing of the budget. A little thought will prove however that such expenditures have a very direct effect. In the first place the government should set an example to all of its citizens. It is true that the national government must do many things and perform many services not required of other subdivisions of the country, but when it comes to public improvements it cannot uphold a course for itself of greater liberality of expenditure, than would be advantageous for the country as a whole if copied by each district or municipality.

In the present stage of Poland's reconstruction the full effect of every public expenditure should be examined in every detail. What will be the effect upon the various classes of unemployment? What additional revenue will it bring to the national or local government? Is the improvement an actual necessity affecting productivity, working conditions and health of the country at large or is it merely an added convenience? Can the materials entering into the new improvement be purchased in Poland, or must they be obtained from abroad, thus placing an additional burden upon the trade balance? These are some of the tests to be applied before

any project should be undertaken. There are many in Poland that will more than successfully pass such an examination and to the lasting benefit to the country.

If it is not immediately obvious how the Government's expenditure of its own funds received from domestic revenue can affect its foreign credit, it may be even less understandable how the private expenditures of the people as a whole can affect it. Yet, perhaps, this is the most fundamental feature of all. While the government as representing and doing the business of its citizens may set an example of economy and soundly conservative policy, yet all of its work will be of little avail if the people themselves are not in sympathy with the policies and are not applying them in their own business and private life.

A few statistics will show that the lot of the private citizen is improving steadily and that he is much better off than formerly. However, the present position is only a little way on the road to what he may expect if he in turn will apply to his own expenditures almost the same tests that have been suggested for public expenditures.

Private expenditures are of two classes, consumption and capital. The former represent those articles, the purchase of which should be given the greatest scrutiny. Money spent here except for food to keep a strong body and a small percentage for luxury foods and drinks to serve as the spice of life, is gone, and as such expenditures are generally for fancy articles not domestically produced, adds to imports.

Private capital expenditures are far more to be desired, but here, too, sound judgment should be displayed.

One example will serve for almost all cases. A citizen through his industry has saved several thousand Złoty by care in expenditures for consumption goods, and contemplates making a capital investment. The purchase of a new pair of boots and a suit of clothing together with other similar articles may be entirely justified providing those purchases are of Polish manufacture and are an actual necessity. If, however, he already owns these articles, and in consideration that these thousands of Złoty are his first savings it would be far more advisable for him to make a productive investment, based on the same reasoning that it is advisable for the government or its subdivisions to undertake projects that will enhance their revenue and aid the productivity of the country as a whole.

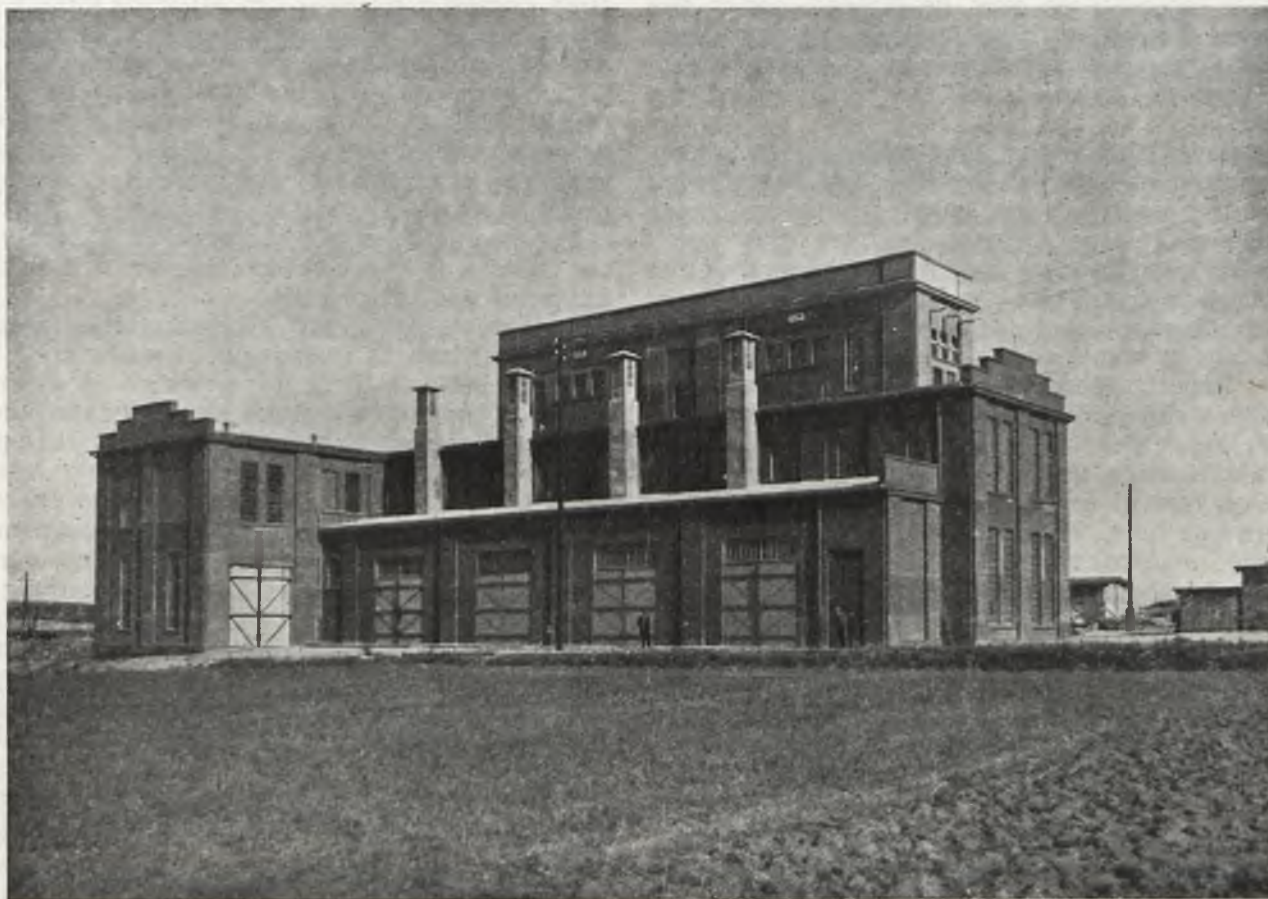
Anyone living in Poland even for a short period cannot help but be impressed with its resources and the opportunities for development of certain industries natural to the country. All that is lacking at the present time is capital and better

organisation. The first will be acquired by the habit of saving. That the second will come is best proven by the remarkable recovery that has already been accomplished. The only obstacles that can appear are the possible desire to proceed too quickly on borrowed money and the expenditure of savings for consumption articles rather than making capital investment of a productive nature.

Every time a Polish made cotton cloth is purchased the mills in Łódź are benefitted and the same is true of many other articles that Poland through

Statistics

Individual deposits in all banks show an increase from $\text{zł } 1,614,200.000$ on September 31, 1927, to $\text{zł } 2,157,800.000$ on March 31st, 1928. This witnesses an increased earning power on the part of the population, and a spirit of saving, and a confidence in the stability of the Złoty. In comparing the two periods of four months January to May, 1927 with 1928, the latter shows an increased production in every class of mineral mined in Poland.



THE ELECTRICAL POWER STATION AT GDYNIA (PHOT. S. PLATER)

experience, and particularly favorable conditions, has a right to believe it can produce in competition with world markets. Every time savings are invested for capital purposes of a productive nature, the natural resources will be more fully developed for Poland by Poles.

All of the above principles have been followed to a great extent during the past several years, both by the national government and its subdivisions, and by the people as a whole. The few following statistics prove this. That the great progress may continue rests in the hands of the people themselves. They, by continuing the habit of thrift and the investment of their savings in productive Polish enterprises, will bring their country to the high state of prosperity they may wish for and have the right to expect.

The unemployment situation shows a marked improvement. The total number of workers employed in all branches for which statistics are kept, manufactures, construction of buildings, metallurgy, mining, certain public enterprises and public works, at the end of April was over 815,000, considerably greater than the previous maximum attained in October; and nearly 41,000 over the level prevailing in April 1927. It should be noted that the general increase in demand for labour has been accompanied by a rising tendency in wages. The textile industry, for example, has a 6 per cent increase, while the pottery works raised their men 18 per cent. Increases, likewise, in many other branches of industry, are now under consideration.

In such circumstances as those sketched above, one would naturally expect to find increased

activity on the railroads. In April the daily average number of fifteen ton freight cars loaded in Poland was 12.586, but by the end of July, the average had steadily progressed to 15.402. This does not take into account transit traffic and freight received from abroad for Polish destinations, both of which also increased during these four months.

Finally, it may be worth while to note Poland's growing importance in international trade. While during the first seven months of 1927 the total volume of the country's foreign commerce amounted to over zł 3,067,000,000, during the corresponding period of 1928 purchases and sales abroad reached a total of over zł 3,458,000,000.

AGRICULTURE IN NEW POLAND

BY

KAROL NIEZABYTOWSKI

MINISTER OF AGRICULTURE

THE DEVASTATION of the fertile fields of Poland during the Great War was of a terrible nature. Farms and villages burnt and razed to the ground; whole tracts that once were rich cornfields, lying fallow with weeds as their only crop. Such was a great part of Poland, and especially her eastern border.

When, in 1919—1920, the Polish farmer, destitute of buildings, animals and implements, went to work to till the ground, another cataclysm in the shape of the bolshevik hordes, swept over the land.

The men who again tackled the job of restoration are worthy of respect because for the second time they had to begin with nothing. Truly, the years 1916—1922 were difficult for Polish agriculture.

The first aim, of course, was to acquire bare necessities. The purchasing capacity of the farmer was nil, his needs enormous. The reconstruction of agriculture began slowly. There were no credits to take the place of the working capital, which had disappeared.

Since, at the beginning, there were no home agricultural implement factories capable of production, the work on the land had to be carried out in a primitive fashion. In spite, or because of, the far-reaching interference of the Government, the country suffered from hunger. Prices fluctuated within very wide limits; the farmers who kept to Government regulations and supplied corn contingents at the special prices, incurred large losses; the disloyal element which sold secretly, made great gains. The bankruptcy of the former and the development of "smuggling" and extortion were typical of the times. The difficulty of adequate supply was increased by the administrative separation of the former German section of Poland, which held to the inherited German precepts and regulations. As is usual during the period of rapid price changes, the number of middlemen rose greatly, and they played upon the city dweller's fear of forthcoming starvation.

The bad state in which agriculture found itself was made worse by the inimical attitude which industry took towards it. It was thought by a number of influential persons that agriculture, although it represented the interests of 70 per cent of the population (proportion of farmers to the whole)

should be subordinated to the interests of industry. Under such conditions, the rehabilitation of agriculture took place very slowly. The production did not cover the home requirements, the exports were insignificant and extensive farming developed.

Viewing these times in the perspective created by the next period, one fact stands out very clearly, and that is the perseverance of the farmer, born of his attachment to the land, which enabled him to raise up the state of agriculture from complete downfall. The next period was different and easier. The first years, which can be likened to the storm, were passed, and the years 1922—26 were the period of abatement when energy was devoted towards the increase of production. Although internal trade in agricultural products had been freed from restrictions, yet the Governments successively in office brought every influence to bear to keep the prices of foodstuffs down. In spite of the continued scarcity of credit nearly all the land had been brought into cultivation, but trade was greatly hampered by the dearth of good means of communication. The battle of industrial and agricultural interests was kept up and the means of production for agriculture such as machinery and artificial fertilizers, as well as articles of first necessity such as clothing, boots, kerosene, &c. were at a price out of proportion to that obtained for farm produce and were, therefore, out of reach. Currency inflation created instability of economic conditions, and caused undue development of livestock, which was the farmer's defence against the fall in the value of the money. The export of agricultural raw products began on a small scale, while those articles of direct consumption, or necessary to industry were regulated in foreign trade. This period was also one of excessive multiplication of agricultural organisations, mainly dependent on Government subsidies.

The decisive characteristic of the third period of agricultural development, was the rise in price of the products, which at last permitted intensive farming and the employment of up-to-date means of production. This took place simultaneously with the growth of short and long term credits granted by the State Land Bank and rural credit institutions.

Crops began to pay, therefore economic conditions tended towards stabilisation and special branches such as seed cultivating and fruit growing could be undertaken. For the first time agriculture became a significant sales market for industrial products; thus it was of direct influence on general economic development and put new blood into economic life. The increased production caused increased exports not only in absolute figures, but also in the proportion of agricultural products in these exports, which was of great importance to

of farming were laid, the legal side of the question was attended to, and the regulations, which were to organise the agricultural community in a more rational manner, were announced.

A comparison of this historical sketch of Polish agriculture with the economic outline of the country as a whole allows us to draw very clear conclusions and establish the policy to be followed in the future. The economic development of the country is only realizable when the various great interests in the State work harmoniously together.]



SOWING OF SUGAR BEETS AT THE EXPERIMENTAL STATION OF THE "UDYCZ" COMPANY (PHOT. S. PLATER)

the balance of foreign trade. At the same time considerable progress was made in the transformation of farm products, especially in the case of milk. The local governments also took up the matter and gave important financial aid to the agriculturalists within their area of operation.

During this third period the importance of agriculture in the economic life of Poland was finally realized. As soon as the bases for the development

The rise in the welfare of the largest section of the population is the best guarantee for the development of industry and trade. The main factor which directs the economic policy to be followed in every branch of production is its paying power. On this depends the intensification of production, its enlargement for labour employment and the improvement of the balance of trade.

THE DEVELOPMENT OF THE POLISH RAILWAY SYSTEM

BY

ALFONS KÜHN

MINISTER OF COMMUNICATIONS

ALL TRUE SAYINGS have the disadvantage of becoming household truths which, from frequent repetition, gradually cease to produce the desired effect. Such a saying is the statement that the means of transport and communication are not only one of the most important factors in the economic life

of a progressive country, but that they also constitute a standard of culture and civilisation in general.

In the case of Poland, however, this axiom cannot be accepted without reserve, because the present means of communication and transport and especially

the railways, are not the outcome of normal evolution in the economic and political life of the country but are the product of what, in most cases, were the conflicting interests of the three occupying powers, Russia, Germany and Austria.

This accounts for the fact that the present state of communication in the Republic of Poland does not, so far, correspond to the economic and political requirements of the country and cannot, therefore, be regarded as a standard of the degree of civilisation of that country; we say "so far",

the same time the Ministry of Communications, which was established by the Regency Council, took control, while the Provisional Railways Council, composed of high railway officials with long practical experience, drew up a plan for the establishment of a Ministry of Railways and the Railway Directorates. This scheme was realised without delay.

The second stage, covering the years 1919 and 1920, was devoted to the expansion of the railways and the consolidation of the Statutes governing



A SECTION OF THE NEWLY CONSTRUCTED JASTRZĘBIE—ZDRÓJ—WODZISŁAW RAILWAY LINE, POLISH UPPER SILESIA

because during the first ten years of Poland's independence a great deal has been done towards improving the conditions, that is, towards the adjustment of the means of communication to the actual requirements and it is exactly this work that has won the highest praise for the railway authorities.

The efforts of the railway authorities, which were met with thorough understanding and loyal support on the part of the large masses of railway workers, were of necessity conducted in different directions in order to satisfy the diversified needs of the complicated railway machinery. Nevertheless, the whole work may be divided into several stages, although, it is true, the different stages overlap in point of time.

The first stage, covering the end of 1918 and the beginning of 1919, is the period of taking over of the railways from the alien powers. This task had to be performed in such a manner as to avoid any stoppage in the traffic if only for a day and it was carried out without a hitch thanks to the initiative of the railway workers of Polish nationality, the number of which was increased by the return of railway officials of Polish birth from Russia. At

them. This was realised with the help of the Polish Delegates to the Peace Conferences at Paris and Riga where, as is well known, the frontiers of the Republic of Poland and therefore the working area of the Polish railways were finally settled. In addition, the allotment of railway rolling stock and other property as well as the principles for the regulation of conditions in this respect, were agreed upon.

The third stage embraced the year 1920 and 1921 in the course of which efforts were made to unify the railway tariffs and transport regulations as well as to lay the bases for the operation of the railways throughout the whole territory of the Republic in order to replace the different rates and regulations in force in the three sections of Poland. This great task required not only expert knowledge and experience, but also a great deal of intuition for there were no statistical data to work on. However, the results obtained proved satisfactory and, indeed, most of the arrangements made then have endured up to the present and are, without doubt, beneficial both to the economic life of the country and to the railways.

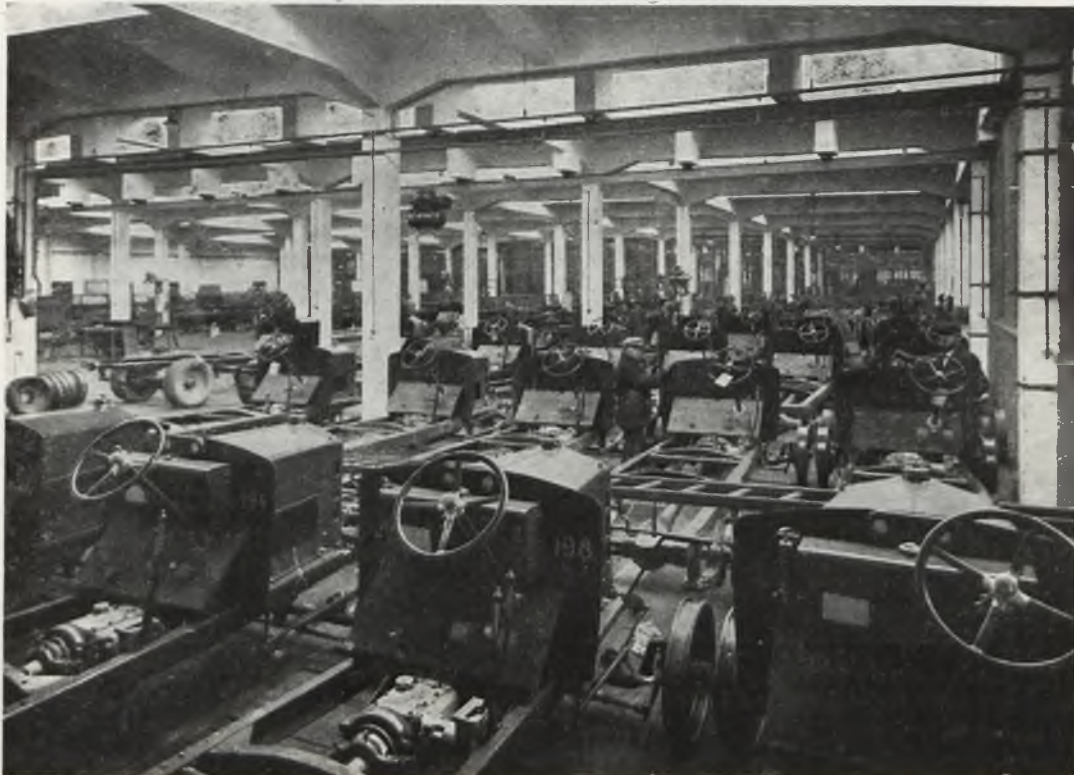
The fourth stage covering the period from 1922 to the present moment comprised the work for

the technical adjustment of the railways to the needs of the country and to the growing requirements for transport facilities. Apart from the reconstruction of war damages and the completion of the rolling stock it was necessary to extend the newly created frontier stations and to construct some of the more important junctions and above all to provide new railway lines and services. In order to carry out this work properly a scheme for the expansion of the railway network by the building of 3,000 km. of new lines was planned out in conjunction with

the Płock area with the main lines of the Polish railway system.

In addition there is under construction the main line Wieluń — Inowrocław and Bydgoszcz — totalling together 440 km. the object of which is to provide a direct short route for the Polish coal exports. The Warsaw and Kutno railway junctions are being reconstructed.

Furthermore, the Ministry of Communications worked upon a scheme for the establishment of direct services between Polish and foreign railway systems.



ASSEMBLING PLANT OF THE "URSUS" MOTOR CAR FACTORY
AT CZECHOWICE, NEAR WARSAW (PHOT. S. PLATER)

the private interests concerned, while at the same time the term of execution of the different sections of the scheme was determined. As the mobilisation of private capital for railway expansion was, and still is, difficult, the State Railways were compelled to perform the work out of their own resources; this was the case particularly as regards the construction of new lines which were urgently required. Up to the present, the total length of newly constructed lines is about 660 km. of which the more important are: Kutno — Strzałków line whereby the distance from Warsaw to Poznań and Berlin is reduced to a minimum; Puck — Hel, serving the Hel peninsula; Kokoszki — Gdynia line by which the passage through the territory of the Free City of Danzig is avoided; Kalety — Podzamcze line uniting the Poznań and Pomeranian areas with Upper Silesia; Łuck — Stojanów, connecting the Wołyń area with southern Poland; and the Zgierz — Kutno — Płock line which connects

The first step in this direction was the joining of the Berne Convention in the year 1922 and subsequently the adhesion to other conventions and agreements of an international character such as the Barcelona Convention, dealing with the freedom of transit traffic, the Geneva Convention, concerning the principle of organisation of railways, the agreement relative to the exploitation of rolling stock forming the property of different systems &c.

In accordance with this standard convention, agreements were signed with the neighbouring and more distant railway systems concerning the transport of passengers and goods which enabled Poland to establish direct contact with the whole world.

Recently the Ministry of Communications has concentrated on the efficient working of the railways by revising the principles of organisation, the introduction of lectures for the employees, the application of the principles of scientific

management in the repair shops, the use of psycho-technic methods when engaging new workers &c.

The result is that now the Polish State Railways compare favourably as regards efficiency with most of the modern European railways and are capable of meeting the economic requirements of the country in its present phase of development. All the same there are still many shortcomings, the removal of which calls for prompt attention.

It is certain that the country is making rapid progress and the railways must necessarily be raised to a high standard of efficiency and must at the same time expand the network so as to be able to deal with the increasing traffic.

Under pre-war conditions, the above mentioned capital investments were not met from the profits derived from the exploitation which should be used solely for the maintenance of the existing rolling stock, lines and workshops in a perfect state of working order and for the application of new inventions as regards railway equipment. In Poland there are, in addition, expenses for the reconstruction of war damages, which task has not, as yet, been finished. However, until private interests are in a position to finance the building of new lines, it will be necessary to continue their construction, at least those which are urgently required— from the excess of revenue over expenditure.

This task will be facilitated when the Polish State Railways are organised as an autonomous administrative unit. This breaking away from the State Administration should proceed in two directions, namely, as regards the budget and the personnel.

The budget of a railway undertaking should not be based on the same principles as that of a Government Department, because the railways are subject to fluctuations in revenue and expenditure; they depend on the volume of traffic which varies according to the time of the year; and the organisation must, therefore, be elastic.

Similarly, the railway personnel cannot, as regards service and promotion, be treated in the same way as Government officials. The Administration should be able to accord special treatment to individuals with high qualifications, to raise salaries according to results, achievements and efficiency, to accord bonuses for special services &c., and to be able at the same time to remove less efficient workers.

Such a breaking away by the Railways, together with the increase in traffic, as a natural result of the development of the economic life of the country, should increase the profitableness of the Polish railway system and thus facilitate the raising of loans for the expansion of the network.

PUBLIC WORKS

BY

A. MORACZEWSKI

MINISTER OF PUBLIC WORKS

A REVIEW of the public works effected during the first 10 years of Poland's independent existence leads to interesting conclusions. Despite the great exhaustion caused by the war fought over Polish territory and the chaos in the State Administration, which must be regarded as a direct consequence of the partition of Poland, the number of various public works executed has exceeded even the boldest expectations. Of course, there is still a great deal to be done, but the work already performed warrants the assumption that what remains will be executed much earlier than it was generally anticipated.

The general plan of the public works to be carried out has already practically been terminated and at present only the details require working out. The present stage may be regarded as a phase of natural evolution and adjustment to the actual conditions through which every living organism must pass. I said practically for, on the one hand, the decentralisation of the State Administration which has already been commenced must be carried out, while on the other, the analysis of prices and estimates has not been brought to an end. This work, however, should be finished in the course of 1929.

The first and the most important section of legislative work has come to a close. The codification of the laws embracing problems of a technical character, uniform for the whole of Poland, was not an easy task. It was necessary to take into account the differences in the conditions ruling in the three sections of the country, differences resulting from the three regimes both legal and administrative, in order that the laws in regard to routes and highways, water power, building, electrical energy, should not interfere in any way with the expansion of towns and villages, in each of the territorial sections. It is sufficient to say that the building law replaces over 150 laws, decrees and regulations; the brick law provides for standard brick measurements and, in this way, replaces 180 different measurements of bricks which have hitherto been produced in Poland. The most recent law relative to building, which was promulgated in 1928, calls for the issue of supplementary executive decrees, instructions and regulations &c., and other laws must also be supplemented by the various modifications which are dictated by the experience acquired since their drafting; but the most important part of the work, the foundations, are well executed and solid,

The first task which had to be performed under difficult conditions, was the reconstruction of the dwelling houses which had been destroyed during the war. There were 1,837,000 houses to be erected of which 1,700,000 were farm buildings and 140,000 houses located in urban areas. The process of reconstruction was quicker in the villages than in the towns. At the present time there remains to be reconstructed only 12.5 per cent of houses destroyed in the rural districts, whereas about 80,000 houses, or 57 per cent of those situated in the towns are still untouched. I have not the least intention of suggesting that the enormous task of the reconstruction of over 1,500,000 dwellings was entirely performed by the State Administration. The State contributed only about 20 per cent. During the period when the Polish Mark was in circulation, 30,000 loans totalling Pol. Mk. 476,000,000,000 were granted for building purposes. Later on, the reconstruction of villages involved an expenditure of zł 50 million in addition to 1,200,000 cub. m. of timber. Of this amount the Treasury provided zł 21 million during the last budget year. In the case of the villages there remains only 12 per cent of the buildings to be repaired or erected and as not all of them will be replaced, the actual percentage will be much smaller. Nevertheless, a new source of revenue must be looked for because present source of supply, that is, the forest levy, is coming to an end. There remain only the houses of the poorest peasants who cannot rebuild them without the assistance of the government together with a great deal of other work if the traces of the war in the rural districts are to be finally removed. Certain difficulties were made in this connection by the Sejm which, in 1928, rejected the Government proposals bearing on this matter.

The reconstruction of the towns during the period of gold currency has been linked up with the dealing with the expansion of towns and, in this way, has been closely connected with the revival of building in Poland generally. In this sphere the work has already been begun and the following figures indicate the rate of progress (in zł):

	Loans granted	Total amount of loans	Additional credits granted for building purposes
1924	750	10,600,000	6,000,000
1925	1,537	44,000,000	—
1926	1,178	19,800,000	—
1927	1,951	106,500,000	—
1928	—	77,500,000 ¹⁾	12,000,000
Total		258,400,000	+ 18,000,000

It is seen that the total amount of the disbursements made during the 5 years amounted to zł 276 million or about zł 55 million per annum. Three or four times the amount, used for the reduction of the rate of interest for long-term credits, would increase the number of dwelling houses to a proper level. The programme is now

being considered by the Government. Nevertheless, building in Poland is gradually assuming larger and larger proportions. The number of workmen engaged in building operations was as follows:

	February	July
1925	17,499	27,339
1926	19,619	24,051
1927	12,567	27,794
1928	19,034	47,321

The above figures indicate that the building movement in the towns has been making satisfactory progress, although, it is true, most of the constructions have been carried out by the Government and are destined to house Government offices, whereas the number of new apartment houses constructed and under construction is comparatively very small.

As regards the construction of Government buildings the results hitherto obtained are worthy of note. About one thousand buildings for the housing of the Frontier Guard Corps and civil servants in the eastern districts were erected in the course of one year. It is sufficient to recall the shortage in Poland for the housing of central authorities, schools, law courts, district authorities, police, customs offices, posts, State banks &c., and to compare the position at present, in order to form an opinion as to the work which has been done during the past 10 years. At the present time the needs for Government buildings are covered to the extent of 80 per cent. The remaining 20 per cent consists mostly of school buildings. Ten Ministries are housed in their own buildings, three Ministries will have their premises in the near future as the respective buildings are nearing completion and only the question of a building for one Ministry is not settled as yet. The situation as regards other Government offices is similar.

The amounts provided for the building of Government offices in the budgets for the past five years is given below (in zł):

	The Ministry of Public Works	Other Ministries	Total
1924	17,127,963	58,213,059	75,341,022
1925	43,125,382	101,929,710	145,055,092
1926	10,885,466	57,122,900	70,008,366
1927	26,142,781	48,721,174	74,863,955
1928	102,389,803	127,709,786	230,099,589

The first 5 years of Poland's independence are left out of account because the depreciation of the Polish Mark during that period makes comparisons extremely difficult. In order to account for the changes in the value of the Złoty which took place in the middle of 1925 the sums employed for building purposes in the years 1924/5 should be converted into the present value of the Złoty . After this adjustment the sums disbursed on the construction of Government buildings are as follows (in zł):

1924	129,586,568
1925	214,681,536
1926	70,008,356
1927	74,865,955
1828	230,099,539

Total: 719,240,004

¹⁾ The figures for the second half of 1928 are calculated on the basis of those for the first 6 months of the year.

If we add to this sum the amounts spent by the State Banks on building their own premises the total thus obtained is several times larger than that utilised for the erection of apartment houses.

The problem of the reduction of building costs has not been satisfactorily settled in this country, despite the fact that it calls for prompt attention. In none of the belligerent countries was the percentage of buildings destroyed during the war nearly as high as in Poland and for this reason the lack of apartments is more badly felt than anywhere else. Moreover, the war has annihilated Poland's gold reserves so that the solution of the housing problem meets with the greatest of all impediments which is the shortage of money. The application of machinery, the standardisation of

two years this problem has received the attention of the Government. The standardisation of bricks has already been carried out, while three chemical and mechanical laboratories are engaged on research work in connection with the application of new building material; the plans for the standardisation of the different materials used in building are also being drawn up. In addition the Government lays stress on the reduction of the cost of building.

The experience of the last 10 years puts an end to the fallacious statement that Government methods of building are and working are in general conservative and not economic, that is, the reverse of what is generally stated in respect of private capital and enterprise. As a rule, the construction of Government buildings is entrusted to private undertakings,



THE CONSTRUCTION OF THE NATIONAL MUSEUM, WARSAW (PHOT. S. PLATER)

building materials, and even houses, the utilisation of new materials, acceleration of the process of building and the passage from manual to mechanical work have been the characteristic features of building in all the European countries since the War. The rationalisation of the methods employed considerably reduce the cost of building. In Poland, the progress made in this province is, so far, really very small.

Since it has become clear that the only source of long-term credit in Poland is the Treasury, that the Polish private capital, deriving large profits from short-term loans, will not turn its attention to building, and that foreign capital invariably seeks Government or Municipal guarantees, it is obvious that the introduction of modern methods of building and, therefore, the reduction of its cost must fall on the Government. This is a new duty for, before the war, this task was performed by the private interests concerned. For the last

while roads, bridges, the regulation of rivers and land improvements, are carried out by Government Departments, while in the high class of building there still prevails inactivity and conservatism which are necessarily combated, though with poor results, by the Ministry of Public Works; in other sections, especially, in those in which the State is actively interested, there is no ground for complaint for in several cases Poland is far ahead of many western European countries. I do not mention the several Polish systems of wooden bridges with large span, nor shall I dwell at length on the application in Poland of the latest systems of ferro-concrete bridge building, but mention should be made of the iron bridge over the Słudwia river near Łowicz, the component parts of which are not riveted but welded by means of electric current. Further, reference should be made here to the Polish pillar erection system which is most economical and at the same time very durable. All these new systems

have been, as a rule, and are still being applied in bridge building carried out by the State whenever circumstances permit. Thanks to economic and progressive methods it has been possible to reconstruct all the large bridges which were destroyed during the War, and in addition a large number of others have been built at those places where the alien powers, Russia, Austria and Germany forbade construction for strategical reasons.

Also as regards the maintenance of roads, we may look with satisfaction at the work done during the last ten years. The traces of the War are almost entirely removed and, in addition, several thousands of kilometres of new highways with a hard surface have been constructed by local self-governing units and the State. The growing number of special machines for road construction and repair facilitate enormously the upkeep of the roads. A great deal of research work has been carried out by the Polish engineers to find the most appropriate and dependable road surface and the latest systems of road construction are being used. The motor car as a means of transport has caused a "renaissance" in the domain of road construction and its requirements exceed even the most fantastic forecasts in the matter of road traffic.

If road construction in Poland continues at the same rate as it has up to the present time, there can be no doubt that it will not lag behind the steadily developing motor traffic.

I do not wish to skip over the unification of road legislation so much, as over that of road administration. This has recently been achieved in the former Austrian section where the care of the roads was in the hands of three Authorities, namely—District, Provincial and Governmental. At present all the roads in every district are supervised by a single Board, headed by road engineers nominated by the Government.

I shall not dwell at length on hydrotechnic constructions but must draw attention to the strenuous efforts made by water engineers and mention some of their achievements such as the revision of the river regulation plans which, having been based on similar German works, led to unfortunate though unavoidable conclusions and the abandonment of the original plans. The portion of the lower Vistula which was regulated by the Germans, has created such difficulties to navigation that, in order that this main waterway may be used to the best advantage, it is absolutely necessary to make changes which will involve much more expense than would have been necessary for the regulation of the river bed originally. The regulation of 1 km. of the middle section of the river Vistula, untouched by the Russians, will entail a much smaller outlay of capital than modification of 1 km. of the section already regulated by the Germans. The cheap method of regulating the river Vistula is based on the principles which were applied to the regulation of the Loire, as it flows over sandy area similar to the French river. If the trials give good results, the cost of regulating the Vistula will represent about one-third of that which the German heavy type of construction would involve. The

experiments with the Italian system of regulation of mountain rivers have given most encouraging results in Poland and the cost is considerably lower. I am of the opinion that the men who undertake the work must love it, take an interest in rivers and know them thoroughly, their vagaries and their caprices and, above all, understand how to subject them to man's will so that they will not burst asunder their bonds.

Happily, there are many men of this type among the engineers employed by the Government and given the necessary money—the rivers will be regulated. The Government has decided to yoke the mountain river Soła and by means of a 27 m. high dam; it will yield 22,000 H. P. At the present time plans are being made for a hydro-electric station on the Dunajec, at Rómowo, which will produce 55,000 H. P.

As regards land improvement, here too, up-to-date methods are employed in making calculations, planning out and executing the work. In numerous cases special digging appliances of the latest types have been bought in America.

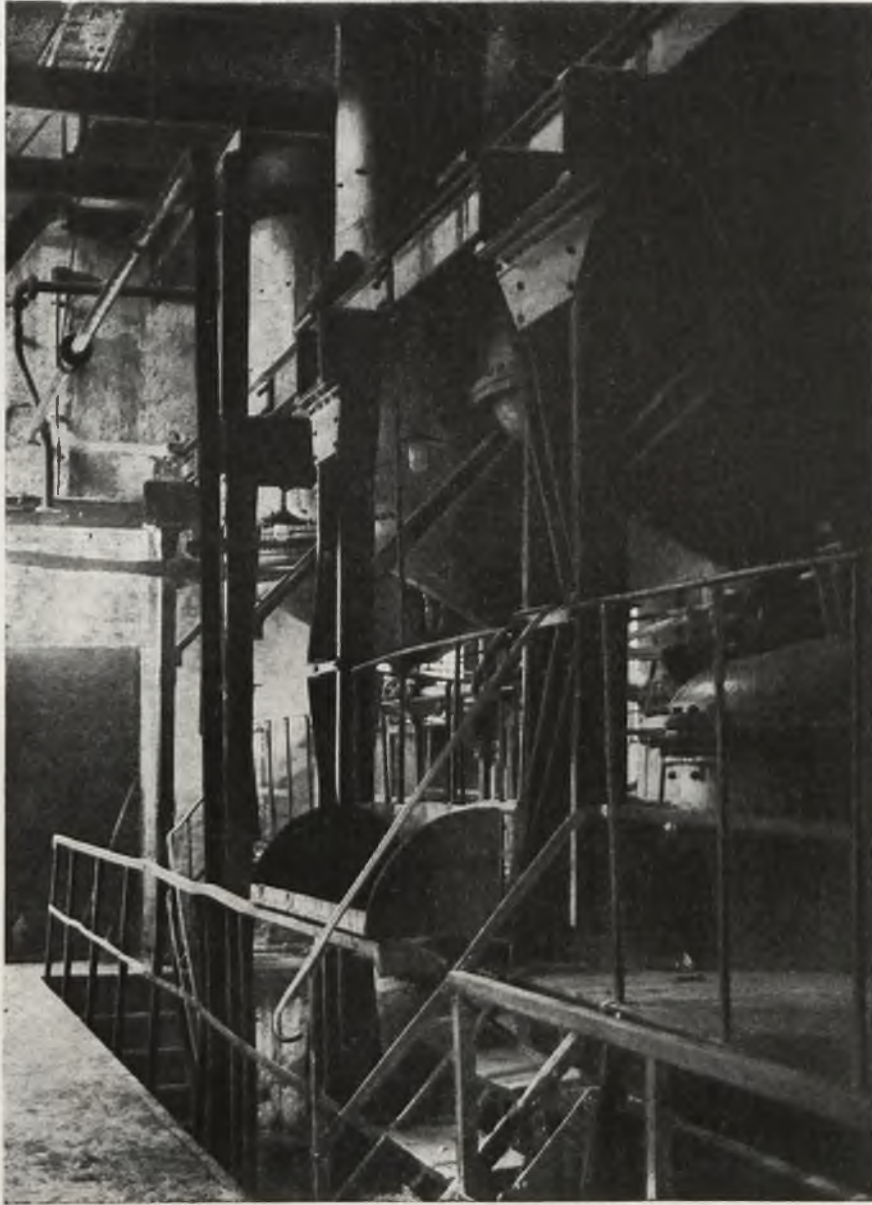
An important step forward was made in the organisation of land improvement by the opening of five Government Offices which were specially founded for drafting plans and cooperation in connection with the utilisation of water power. The land improvement movement which has been so much in evidence during the last two years, is greatly hampered by the shortage of engineers specialising in land improvement. An ever growing demand for engineers of this category in connection with the preparation of plans for the draining of the Polesie marshes, render the situation still more difficult. The work to be performed is enormous as there are 3.6 million ha of marshes waiting for improvement. Turned into meadows and arable soil, this area could easily provide a livelihood for some 500,000 families, i. e., 3 million people.

The methods employed by Polish engineers are progressive and up-to-date in every respect. The taking of photogrammetric pictures of the Tatry mountains necessitated the purchase of very precise instruments such as phototheodolites for taking photographs of the surface and autcartographs for the mechanical drawing of topographic maps from stereoscopic photographs. Aerial photographs of the Vistula and Czeremosz rivers have been taken and at present similar work is being performed in the Polesie marshes and along the seacoast and the Stryj river. In general, the latest methods of geodetic surveying as developed and practiced abroad are used so that in the International Geodetic Union and the Geodetic Committee of the Baltic Countries, in which Poland is represented, there is no need for us to offer excuses and speak timidly of difficulties, but we may speak freely of our work and of our methods. It should also be mentioned that the services concerned are equipped with accurate instruments of the latest types such as Jadersen's instrument, theodolites, chronographs, heliometers, barometers, &c.

I have referred to the very important work carried out on the plans for electrification, i. e., legis-

lation, regulation and standardisation in connection with the distribution of electric current. I should say that, according to the views of the Ministry of Public Works, the sale and distribution of electric current should be for the most part undertaken by local self-governing bodies. The production

new quarters and the regulation of towns, sewage systems, water supply, public works, which are carried out with the object of reducing unemployment, the importance of building co-operative societies, internal waterways, motor car traffic, &c.



A CORNER AT THE CHEMICAL FACTORY OF THE UNION OF COKE WORKS, KATOWICE, POLAND (PHOT. S. PLATER)

of the current and its wholesale supply to distribution stations should, on the contrary, be in the hands of the Government. There is no time to lose. The Government may not be in a position to devote, in the near future, about zł 1 milliard for the realisation of the electrification plan. It will be, therefore, necessary either to attract foreign capital, or to carry out the work gradually from our own resources.

In order not to make this review long I must omit such important problems as the planning out of

Summing up, I repeat that during the past 10 years, a most trying period, enormous work has been done in the field of construction at a comparatively small cost, but at heavy expense of manual labour.

The engineering work performed by Poland, and not the area of the country or the number of its inhabitants, should be regarded as a true measure of the place which Poland should occupy among the nations of the world.

POLAND'S POSITION AMONG THE NATIONS

BY

PROF. HIPOLIT GLIWIC

FORMER MINISTER OF INDUSTRY AND COMMERCE,

VICE-PRESIDENT OF THE SENATE

ECONOMIC relations between countries comprise the movement of goods, financial and credit transactions, the exchange of labour and various services in connection with communication and transport in general.

In order to form an opinion of these relations in regard to a given country, it is necessary, in the first place, to examine its balance of payments.

Poland's balance of payments for the years 1924, 1925 and 1926 *per saldo* is given below (in millions of zł):

	<i>Assets</i>	<i>Liabilities</i>
Imports and Exports of goods	—	120·9
Railway transit, Posts and Telegraphs . .	145·2	—
Interest and commission on capital, dividend, &c.	—	308·3
Tourist traffic and travelling expenses . .	—	121·0
Transfers by emigrants	379·4	—
Consular fees and the maintenance of diplomatic services abroad	—	6·8
Financial operations	624·7	—
Balance	—	592·3
	1.149·3	1.149·3

Even if one ignores the geographical situation, the financial conditions and the foundations of the economic life of Poland, one might, given certain experience, form on the basis of the above figures a more or less accurate picture of the economic position of Poland as compared with other countries.

Thus, it is safe to say that Poland does not possess capital of her own but must get it from countries more fortunate in this respect than herself; that her imports, are for the time being, larger than exports; that the difference is covered by the proceeds from transit traffic and transport thanks to her geographical position; that it has large reserves of labour, the surplus of which emigrates; that the transfers of emigrants more than pay the interest on foreign loans.

Nevertheless, in order to be quite clear about the position of Poland among the nations of the world, it is necessary to make an analysis of the different items composing the balance of payments. Consequently, it is necessary, in the first place, to investigate Poland's foreign trade balances. The figures for the past 6 years are given below (in thousands of gold Fr.):

	<i>Imports</i>	<i>Exports</i>	<i>Balance</i>
1922	845.355	655.151	—190.204
1923	1.116.482	1.195.587	+ 79.105
1924	1.478.631	1.265.865	—212.766
1925	1.602.823	1.272.072	—330.751
1926	896.232	1.306.040	+409.808
1927	1.680.523	1.459.379	—221.173

The tendency of the trade balance is somewhat obscured by the fact that up to 1924 the Polish currency was subject to the influences of hyper-

inflation. After a temporary stabilisation in 1924, it again fell and subsequently, on October 13, 1927, it was stabilised at a new parity. The stabilisation of the currency affected the balance of trade in that it increased the volume of imports which until then had been hampered by the uncertainty of the financial situation and by the regulations regarding foreign currency movement. A decline in the value of a currency forms a kind of premium for the export trade and increases its volume. This influence of the currency on the direction of the foreign trade balances (in thousands of zł) for the past 4 years and the average rates of exchange for the Złoty (in cents on the New York Stock Exchange) are given in the following:

	Foreign trade balances			
	1924	1925	1926	1927
January	+16.129	—61.640	+61.895	+ 8.185
February	+ 5.450	—47.697	+42.894	+ 4.403
March	—10.237	—69.685	+15.355	+ 430
April	—20.068	—92.821	+25.637	—28.807
May	—23.133	—79.873	+37.453	—49.594
June	—22.613	—66.379	+38.538	—46.034
July	—16.234	—94.403	+54.851	—23.284
August	—17.877	—17.097	+36.519	— 9.262
September	—17.019	+32.894	+29.319	— 8.012
October	—42.048	+43.838	+15.751	—23.078
November	—22.104	+59.231	+23.756	—37.982
December	—43.012	+62.881	+27.840	—60.463

Rates of exchange of the Złoty

	1924	1925	1926	1927
January	0·000012	19·179	12·866	11·313
February	0·000011	19·183	13·154	11·340
March	0·000011	19·183	12·689	11·373
April	0·000011	19·178	11·329	11·427
May	0·000011	19·187	9·584	11·386
June	19·293	19·186	9·302	11·306
July	19·247	19·043	10·065	11·254
August	19·225	17·953	10·857	11·227
September	19·218	17·589	10·968	11·221
October	19·218	16·656	11·079	11·218
November	19·207	15·740	11·227	11·236
December	19·204	10·844	11·267	11·236

The above mentioned figures lead to extremely important and striking conclusions. In 1924, as soon as the currency became stabilised, the balance of trade, operated on, as it were, by some magic force, shrank, became adverse and after certain fluctuations showed an unmistakable tendency towards the growth of imports over exports. In August 1925, a break down of the currency set in which in subsequent months assumed almost catastrophic proportions. The export trade began to expand at a very rapid pace. As early as in September of the same year the trade balance became favourable and showed a steady upward

trend. It was only a year later, i. e., in August of 1926 that the currency crisis was finally controlled but already before this date, in July of that year, a distinct turning point was seen in the trade balance which, though still favourable, began to decrease. Finally, in April 1927, it became adverse and continued to grow with certain fluctuations up to June, when most probably under the influence of the special measures which were taken in the course of July, August and September it exhibited a tendency to become favourable and practically reached equilibrium. The final stabilisation of the Złoty in October 1927 brought about a sudden increase in the unfavourable trade balance.

There is no reason either to be astonished or worried. During the period of consolidation and crystallisation of the economic system of the country, marked by the reconstruction and expansion of all branches of production, and the introduction of new and repair of old industrial plants, the trade balance should be adverse. The favourable trade balances at the beginning of 1924, at the end of 1925 and throughout the year 1926 were adverse phenomena, as they were caused by the flight from the steadily depreciating currency. The export trade was based on a premium in the form of the depreciated currency and this enabled the countries with strong currencies to import Polish goods at next to nothing. We deprived ourselves of real values in exchange for worthless paper and this would have constituted a great danger if it had continued for long. A policy of export development by means of depreciated currency would lead to disastrous consequences; we would get rid of indispensable articles and would not have the necessary means for replacing the obsolete machinery. Under these conditions a favourable trade balance would unavoidably lead to ruin. The chief articles of Polish foreign trade, according to the Chief Statistical Office, are as follows (in thousands of gold Fr.):

Imports:	1927	%	1926
cotton	170.357	10.15	156.148
machinery and apparatus	130.990	7.79	52.184
wool	115.291	6.86	68.414
hides and skins	83.490	5.26	46.222
wheat	81.050	4.82	2.804
paper	44.551	2.65	23.212
electrical wares and machinery	42.636	2.54	26.699
woolen yarns	36.734	2.19	11.213
rye	33.216	1.98	1.566
scrap iron	31.816	1.89	7.385
zinc ores	29.228	1.74	15.000
edible fats	29.262	1.74	13.368
motor cars	28.226	1.68	9.792
rice	28.086	1.67	13.309
herring	26.945	1.60	17.864
cotton yarns	25.099	1.49	14.390
technical vegetable oils	25.067	1.49	18.903
Exports:			
timber	342.311	23.45	189.298
coal	201.723	13.82	254.967
zinc	105.548	7.23	95.199
pigs	97.532	6.68	47.106
eggs	97.271	6.67	74.246
sugar	75.821	5.20	84.450

petroleum products	51.251	3.52	75.441
iron	43.546	2.98	23.876
fodder	39.989	2.74	28.175
meat	38.014	2.60	35.019
cotton fabrics and yarn	35.574	2.44	31.782
seeds	35.555	2.44	22.273
woolen fabrics and yarns	26.387	1.81	23.548
butter	22.960	1.57	13.245
barley	15.525	1.06	25.214

It is seen that only 17.15 per cent of Polish exports are agricultural products not requiring any working up (eggs, pigs, fodder), 11.81 per cent — agricultural products which must pass through a more (sugar) or less (meat and butter) complicated process of manufacture or which must be subject to a careful cultivation and conscientious selection, as for instance seeds. The main article of Polish exports as regards value (23.45 per cent), timber, requires a considerable outlay of capital before it can appear on the market even in raw form, whereas half of the exports leaves the country in the form of sawn and hewn timber which involves a fair amount of labour. Mining products, coal and petroleum (17.34 per cent) cannot be raised without a complicated process, requiring an enormous capital outlay and this also holds good for zinc and iron (10.21 per cent). The four last mentioned products are ranged among the products of the industry which is justly referred to as the heavy industry. Piece goods and yarns (4.25 per cent) are the products of the manufacturing industry which has attained a high standard of development from the technical point of view. Woolen yarns, represent an important item on the import side, which also includes small quantities of cotton yarn. This occurs frequently, for it pays to draw from abroad the finer classes of yarns for the manufacture of high grade fabrics.

The character of Poland's economic life, as far as it may be judged by the data of foreign trade, can be seen from an examination of Polish imports, 30 per cent of which consist of products such as cotton, wool, scrap iron and woolen and cotton yarns, destined for the manufacturing and metallurgical industries.

The import of grain alone, though of a passing character, constitutes a proof against the country being regarded, as it frequently is, as an essentially agrarian state. A country which lives exclusively on the soil may in years of poor harvest export less grain than usual, but it can never pass as a permanent market for somebody else's wheat and rye. The appearance of grain alternately on the one and then on the other side of the balance speaks convincingly of the temporary nature of this phase in Polish economic life. This subject will be dealt with in greater detail further on. The proof of the transient, or if one prefers to call it, the mixed character of the economic structure of Poland is to be found in the comparatively large volume of imports of machinery and electrical wares and also, to a large extent, of motor cars (together 12 per cent). The import of raw material and semi-finished products testifies to a certain degree of industrialism, whereas the simultaneous

import of machinery shows that the degree of industrialisation is not very high since new plants are constantly required. The adverse foreign trade balance caused by the import of such products is rather a gratifying development, especially when there is evidence that the credits which counter-balance this deficit are actually used not for immediate consumption, but for the establishment of new, permanent and durable values, for new branches of production, for the provision of new means of locomotion, for the creation of new plants. In order to give a comparative analysis of Polish foreign trade as regards its main components, I give below the list of the chief import and export products of the United States and Germany (data for 1925):

United States of America		
Imports:	thous. of \$	%
rubber	429.705	10.16
raw silk	408.386	9.66
coffee	286.212	6.77
sugar	246.008	5.82
various fibres and products thereof	213.180	5.04
wool	141.976	3.36
dyes and chemical products	140.386	3.32
timber	120.497	2.85

Exports:		
cotton	1,059.751	21.99
iron and steel	525.436	11.11
petroleum	421.227	8.74
motor cars	334.462	6.94
meat eggs, butter, cheese	291.487	6.05
copper	154.998	3.22
tabacco	153.345	3.18
wheat	148.717	3.09
cotton yarns	148.228	3.08
unprepared and sawn timber	145.054	3.01

Germany		
Imports:	thous. of Rmk.	%
cotton	831.127	6.7
wool	526.167	4.2
wheat	471.291	3.8
cotton yarns	373.752	3.0
butter	372.532	3.0
fruits	361.451	2.9
sawn and unprepared timber	340.984	2.7
eggs	289.351	2.3
meat	289.242	2.3
copper	278.915	2.2
woolen yarns	261.377	2.1
tobacco	260.441	2.1

Exports:		
iron	946.165	10.8
machinery	656.308	7.4
cotton yarns	440.197	5.0
coal	379.660	4.3
paper	358.764	4.1
electrical wares	320.451	3.7
woolen yarn and fabrics	253.720	2.9
skins	205.809	2.3
silk fabrics	196.828	2.2

I must make here a certain, easily understandable, reservation. To simplify the task I have selected only those articles which play an important part in the foreign trade of the three countries. As regards export, this reservation is of lesser importance for the articles dealt with above represent for Poland 84.2 per cent of the total exports, for the United States 70.4 per cent and for Germany, whose export, as already stated, is fairly diversified, 42.7 per cent. On the other hand, articles dealt with on the import side represent slightly smaller percentages which are in the case of Poland 57.6 per cent, the United States 47.0 per cent and Germany 34.4 per cent. The chief article imported in common by Poland and Germany are cotton, wool, wheat (in certain years), and cotton and wool yarns, whereas wool is the principal item appearing among both the imports of the United States and Poland. On the export side the articles common to both the Polish and German foreign trade are: iron products, cotton piece goods, coal and cotton yarns. The chief items of the export trade of Poland and the United States are iron, iron products, petroleum products, meat, farm produce, cotton fabrics and timber. In the case of the last mentioned articles the United States assumed the dual rôle of importer and exporter. Of course, it must not be overlooked that the above analogy refers only to percentages and that in point of quantity the absolute figures in each of the three countries, that is, the United States of America, Germany and Poland, are different.

The United States, though forming, as it were, a self-contained economic block maintain nevertheless, active commercial relations with the rest of the world. They import the industrial raw materials which are not produced locally as well as foodstuffs, and export those raw materials of which there is a surplus or of which they are the only producers. The export of finished products is on a small scale.

Germany imports almost exclusively, as far as the main articles of commerce are concerned, foodstuffs, raw and semi-finished products which she does not produce herself, and exports only one article in a crude state, that is, coal, of which there is a surplus. The difference between the Polish and German trade is that machinery appears on the import side in the case of the former and on the export side in that of the latter. This situation is accounted for by the economic structures of the two countries although, in more than one respect, the natural conditions of Poland are analogous to those of Germany. Poland's advantage over her western neighbour lies in the fact that she has certain raw materials such as petroleum timber of which Germany is devoid, and that Poland produces enough foodstuffs to meet her own requirements if necessary and that the rate of increase of her population is larger. On the other hand, Germany has a long sea front and may be proud of the enormous capital invested in various undertakings.

The deficit in the foreign trade both Poland and Germany, cover from the proceeds from

foreign loans, but the employment of these loans after the final accounts are made is different for, while in the case of Poland the imported capital is used for investment purposes, in Germany it is employed for consumption goods. It is worthy of

provision of valuable means of production and communication.

The radius of Polish commercial relations is comparatively small owing to the difficulties arising out of the narrow pass to the sea. This is illustrated



TWO HIGH-PRESSURE WATER MAINS LAID AT HAKONE, JAPAN, BY MESSRS. "FERRUM", KATOWICE

note that when the excessive import of foodstuffs in 1927, brought about by exceptional circumstances, is left out of account, the total deficit in the Polish foreign trade amounting to gold Fr. 221,173,000 corresponds to the value of the imports of machinery, electrical wares, building materials and motor cars (gold Fr. 223,502,000). Such a deficit and the credits necessary to meet it, should not give rise to uneasiness for they ultimately increase the national wealth and enrich the country by the

by the following table of the Chief Statistical Office (in percentages):

Imports:	1924	1925	1926	1927
England	7.5	8.0	10.4	9.4
Austria	11.7	9.6	6.8	6.6
Czechoslovakia	5.7	5.5	5.0	5.8
France	4.9	5.9	7.4	7.5
Germany	34.4	30.7	23.6	25.5
Rumania	1.4	1.4	0.9	2.4
United States	12.4	13.8	17.4	12.9
Italy	5.0	4.2	4.7	2.9

Exports:	1924	1925	1926	1927
England	10.5	8.3	17.1	12.2
Austria	10.1	12.5	10.3	11.0
Czechoslovakia	7.9	11.3	8.8	10.1
France	4.2	1.8	3.6	1.7
Germany	43.2	40.0	25.3	32.0
Rumania	6.2	4.7	3.2	3.3
United States	0.6	0.7	0.7	0.8
Italy	0.5	0.7	2.0	2.1

The trade with the above mentioned countries represents about 75 per cent of Poland's foreign trade. Even despite the customs war with Germany, the commercial relations with the latter country

balance of payments which is only natural owing to the geographical position of Poland. Transit represents 10 per cent of the internal car loadings (during the period from August 1, 1925 to July 31, 1926 transit car loadings totalled 2,206,810 tons as against 29,814,317 tons internal car loadings). The transit traffic has a steady upward tendency: in 1925 it was 715 15-ton goods wagons, in 1926, 855 and in 1927—1,140 (daily average).

It is significant that the proportion of foreign correspondence to the total amount of letters despatched is much higher in Poland than in most



ONE OF THE WORKSHOPS AT THE "WOLBROM" RUBBER GOODS FACTORY, WOLBROM
(PHOT. S. PLATER)

represent in round figures about 33 per cent of the total Polish foreign trade. Poland's trade with the United States of America, the unavoidable supplier of cotton, is distinctly unfavourable to Poland and cannot be otherwise owing to the non-existence in Poland of the raw materials required by that country with the exception of certain varieties of timber. The chief natural trade outlet equal in importance to Germany, Russia, occupies one of the last places in Polish external trade owing to the specific character of its commercial policy, a change in which is not yet in sight.

Transit traffic occupies an important place in the

of the European countries, the figures being 17.3 per cent and 11.6 per cent respectively. This fact is probably accounted for by the large number of Polish emigrants residing abroad who keep in touch with their families in the mother country. The extent of the external commercial relations should, however, be measured by the number of telegrams. In the Western European countries foreign telegrams represent 28.7 per cent of their total number, whereas in Poland such telegrams represent 21.0 per cent of the total telegrams despatched.

The emigrants contribute materially towards the balance of payments becoming favourable. Year

by year Poland's population increases by about half a million. The natural increase is about 16·8 per mille and as regards Europe is second only to Russia where it is 19·2 per mille and is much higher than in Italy (10·9 per mille) which as is well known up till recently had the largest number emigrants. As the chief factor in the natural increase of population is the agricultural community and as the soil cannot maintain the surplus, it is clear that the excess must migrate from the villages either to the industrial centres or abroad. In this way Poland becomes the supplier of labour to foreign countries. In 1926, 167,509 persons left the country. Since the introduction of emigration restrictions in the United States the emigrants have to be directed to the European countries chiefly France (58·4 per cent) and Germany (37·2 per cent), and as these cannot absorb the whole surplus it can be seen that there is a distinct necessity to employ this excess in industry.

But the latter is still too little developed: the value of installed machinery in the United States of America amounts to \$ 30·7, in Germany to \$ 8·6 and in Poland to only \$ 1 per inhabitant. This shows the lack of industrial equipment and own capital, and proves that the problem of securing foreign capital is of paramount importance to Poland, for it is only in this way that the adverse foreign trade balance may be covered.

We touch here a most vital and pressing problem. A country such as the United Kingdom can afford to have a permanent adverse balance of trade; the high individual requirements which are, for the most part, imported foodstuffs, being covered by the

interest on invested capital abroad; but a country in which there is a shortage of capital, as is the case with Poland, cannot afford this luxury. We must, therefore, see that the adverse balance of trade is caused only by the imports of machinery and industrial equipment and the basic industrial raw materials which may be regarded as the working capital of the undertakings and not by the import of articles of consumption. In the first case, that is, in the case of the United Kingdom, the nation consumes the fruits of the work of their ancestors in the form of interest on capital invested abroad. In the second case, that is, in the case of Poland, the present generation is establishing various branches of production which will enable their descendants to repay the borrowed money, together with accrued interest by means of exports of the articles produced. It is clear, therefore, that Poland cannot be reduced to an essentially agricultural country. If it is true that Poland has a slightly agricultural character, it is equally true that her economic goal is to become a country of a mixed character, agricultural and industrial, a country in which the two lines of activity are equally developed, especially when it is borne in mind that Poland has the necessary condition for assuming that dual character. It is only in this way that Poland may become a prolific producer and a valuable factor, from the economic point of view, in the family of nations. The solution of the social problems which confront Poland at the present time requires the adoption of a careful economic policy in regard to foreign countries from which it cannot and does not wish to be isolated.

SUMMARY OF LAWS, ACTS AND EXECUTIVE DECREES

published in the "Official Journal of Laws of the Republic of Poland" ("Dziennik Ustaw Rzeczypospolitej Polskiej") from September 15th to October 15th, 1928

Licences for the manufacture, repair and sale of geodetic instruments ("Dz. Ust. R. P." No. 82, item 726, and No. 83, item 737).

Customs duty refund when exporting polished rice¹⁾ ("Dz. Ust. R. P." No. 82, item 728).

Breeding districts ("Dz. Ust. R. P." No. 83, item 736).

Removal of the "Gwarectwo Węglowe Brzeszcze" from the State Administration ("Dz. Ust. R. P." No. 84, item 739).

Customs duty refund when exporting bentwood furniture¹⁾ ("Dz. Ust. R. P." No. 84, item 742).

Import prohibition on wheat, wheat and rye flour and barley groats²⁾ ("Dz. Ust. R. P." No. 85, item 747 and 748).

State control over bulls ("Dz. Ust. R. P." No. 85, item 750).

Increase of customs duty on lard ("Dz. Ust. R. P." No. 85, item 752).

¹⁾ See "The Polish Economist" No. 10, page 402.

²⁾ See page 451.

Export duty on rye, rye flour, wheat and hay ("Dz. Ust. R. P." No. 85, item 753, 745 and 755).

Rebate to salt dealers ("Dz. Ust. R. P." No. 87, item 766).

Export duty on oats ("Dz. Ust. R. P." No. 87, item 768).

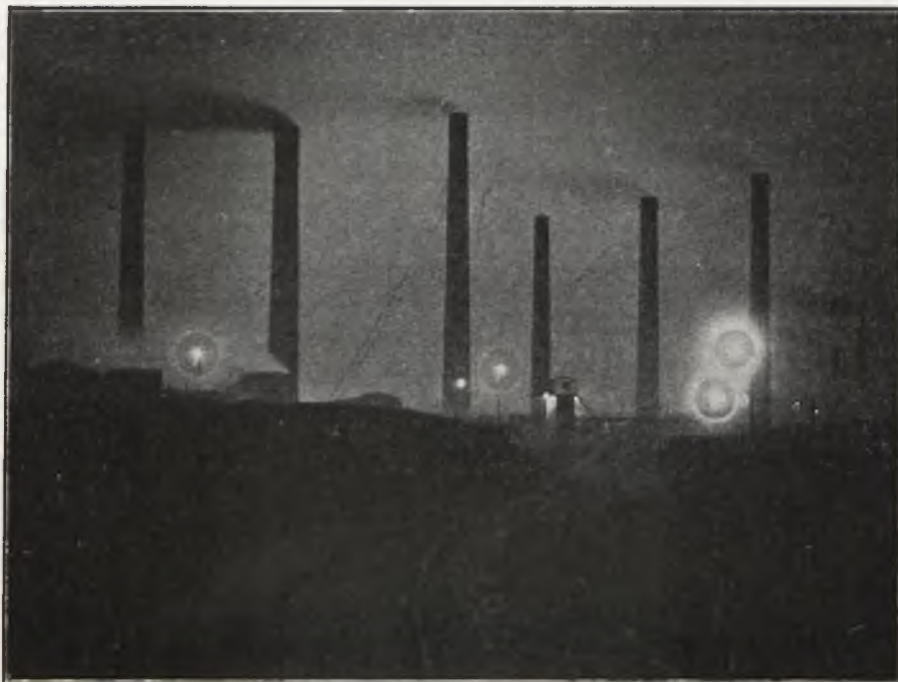
Extension of the Polish-British Commercial Treaty concerning Rhodesia. ("Dz. Ust. R. P." No. 87, item 773).

PRODUCTION AND TRADE

STATE OF EMPLOYMENT. — The labour market continued to be favourable during September. The unemployment figures had a downward tendency and wages were still on the up-grade.

The number of unemployed registered at the State Labour Exchange decreased from 88,493 at the beginning of September to 82,642 at the beginning of October, or by 6·7 per cent. This is the

lowest figure recorded since the stabilisation of the Polish currency. The state of employment during the period January to October in each of the three years is shown in the following table:



NIGHT VIEW OF THE ELECTRICAL POWER STATION
AT CHORZÓW (PHOT. S. PLATER)

	1926	1927	1928
January	251.326	190.140	165.268
February	301.457	208.536	179.602
March	302.179	213.592	178.403
April	295.529	205.770	167.022
May	272.414	190.578	154.656
June	256.934	174.349	132.453
July	243.302	159.365	116.719
August	223.474	147.713	97.976
September	205.393	132.952	88.493
October	285.207	116.843	82.642

The above table proves that Polish production is developing apart from the seasonal requirements such as the potato and beet harvest and the winter sowing.

A rise in the number of part-time workers is taking place, the main reason being that a number of establishments, unwilling to let their regular workers go, and foreseeing a speedy return to normal conditions, have resorted to this method in order to curtail production.

The following statement gives the number of part-time employees (at the beginning of the months):

January	33.190
February	31.465
March	25.565
April	48.878
May	54.385
June	27.461
July	28.728
August	32.996
September	25.911
October	28.147

Of the total number of 28.147 part-time employees, 92 worked 1 day per week; 286, 2 days; 2.211, 3 days; 7.338, 4 days and 18.220, 5 days per week. On an average, therefore, the part-time worker was employed 4.5 days per week; as against 5.6 days in August.

The following statement shows the number of unemployed according to trades (at the beginning of the months):

	September	October	+ increase - decrease
mining	14.368	13.352	- 1.016
foundries	1.302	1.146	- 156
metal	6.489	5.719	- 770
textile	11.352	9.449	- 1.903
building	3.866	3.255	- 608
clerical	12.245	12.137	- 108

In coal mining, the labour situation did not change materially. The approach of winter raised the demand for house coal, and, therefore, home sales were greater, but export fell off by a corresponding amount. The number of coal miners rose from 111.516 in August to 112.720 in September.

In petroleum mining there was no change.

In iron ore mining the situation changed for the worse. The ending of the Swedish miners' strike caused a greater amount of rich ore to be imported and a lessening in demand for home ores. Therefore the number of iron ore miners was reduced from 6.255 in August to 6.077 in September. As regards mining as a whole the number of unemployed was 10 per cent of those at work.

Steel foundries worked as usual, and no changes in the number of employed were made. The iron foundries employed 52.822 workers, as against 52.129 in August. Similarly, in the zinc and lead foundries, the change in the employment figures was insignificant. 13.162 workers in August as against 13.136 in September. The num-

ber of unemployed foundry workers as a whole were about 2 per cent of those employed.

The labour situation in the metal industry as a whole was unchanged, but the various branches showed variations. Agricultural machinery factories were sufficiently busy producing threshers, cleaners and cutters, while the remaining products were made for stock. The makers of electrical goods had no difficulties in selling. Railway rolling stock factories had enough work in passenger coach construction and too little in the other branches. The situation as regards building material became worse: nail factories began to reduce the number of days worked per week, but factories producing sanitary and sewage material kept up manufacture on a satisfactory level. The unemployed metal workers were 6 per cent of the employed, or one per cent less than in the preceding month.

The conditions prevailing in the textile industry were not uniform. The production of cotton goods in the Łódź area fell off, and that of woollen articles rose. The Bielsk factories have sold nearly all their winter stock and feel no anxiety regarding the disposal of the remainder. The inflow of orders for next year's summer season is satisfactory. The Białystok factories are nearly fully employed. Ready-made clothing orders were nearing completion and a tendency to curtail production was in evidence. The hat industry is working well, while the hemp and jute industries are showing increased activity. In general the total number of unemployed textile workers was 6 per cent of the employed, or 7.5 per cent less than in August.

The employment of building workers improved in spite of the fact that the building season is approaching the end. Development of construction, and even completion of work already commenced, has been greatly hindered by the stringency of money, and even those farmers who have gathered good crops this summer, must shut down their plans for investment in building.

In a number of industries the workers have presented demands for wage increases. The pay of Poznań graphic workers was raised by 5 per cent. The workmen in the Upper Silesian "heavy" industry, by a decree of the Arbitration Commission, had their wages increased by 6.5 per cent. Bentwood furniture makers have struck as the owners have refused to grant their demand for a 25 per cent increase. The beginning of October witnessed a cessation of work

in the Łódź textile industry, where a rise of 20 per cent is demanded. Further efforts are being made by the miners in Upper Silesian and Dąbrowa basins to obtain an increase in wages.

STRIKE OF TEXTILE WORKERS IN THE ŁÓDŹ AREA.

— The strike broke out rather unexpectedly at the beginning of October and lasted 15 days. It proved a failure from the workmen's point of view for the gains obtained by them are insignificant as compared with the losses. Considering that there are 80 thousand textile workers and that the average wage was zł 5 per day the individual loss owing to the strike comes to zł 75 and the total loss suffered by the textile workers at Łódź amounted to zł 6 million. In addition there is the expenditure made by the different workmen's unions which, of course, increases the above figure to a large extent. The gains of the workers may be summarised as follows.

Against the demand for an increase of 20 per cent, the men obtained only 5 per cent, and this only as a result of the intervention of the Minister of Labour for the industrialists contended that they are not in a position to accord an increase at all. Further, the operatives will receive payment for occasional stoppages when they exceed one hour per day and two hours per week and operatives working four looms will receive a supplement varying from 25 to 35 per cent. It should be stated, however, that prior to the strike certain millowners accorded increases up to 40 per cent to workmen operating four looms, whereas the present agreement foresees an increase ranging from 25 to 35 per cent. By a further clause in the agreement the owners undertake not to discharge the delegates of the workers.

It may be of interest to note that the earnings of the textile workers are moderate; thus weavers on piece work earn from zł 5.24 to 7.83 per day.

GRAIN

— The period under review was marked by a further decline in prices on the local market for all the varieties of grain; this decrease was particularly large in the case of wheat as it amounted to 13 per cent on the Poznań Corn Exchange and 12 per cent on the Warsaw Corn Exchange. During the same period, that is, the second week of October as compared with the first week of September, prices of rye fell by 9 and 7 per cent at Poznań and Warsaw respectively. Prices of oats at the two above mentioned corn exchanges fell by 3 per cent and those of barley by 3 and 1 per cent respectively. On the other hand, prices for malting barley fell in Warsaw by 4 per cent and remained unchanged in

Poznań. The quotations on the Lwów corn exchange were more or less stable during the period under review. The

movements of prices on the different corn exchanges are given in the table below:

		HOME EXCHANGES								Berlin	Chicago
		Warsaw		Poznań		Lwów		Av. of 3 exch.			
		zł	\$	zł	\$	zł	\$	zł	\$	\$	\$
W H E A T											
Sept.	1—8	49.25	5.53	44.50	5.00	—	—	—	—	5.15	4.10
"	9—15	47.35	5.32	42.91	4.82	44.83	5.03	45.03	5.05	4.87	4.08
"	16—22	46.00	5.16	40.37	4.53	45.25	5.08	43.87	4.92	4.92	4.20
"	23—31	45.25	5.08	40.00	4.49	45.00	5.05	43.41	4.87	4.95	4.36
Oct.	1—8	43.70	4.91	39.31	4.41	45.70	5.13	42.90	4.82	5.03	4.37
"	9—15	43.50	4.88	38.93	4.37	44.41	4.99	42.28	4.75	5.08	4.37
R Y E											
Sept.	1—8	—	—	36.50	4.10	—	—	—	—	5.18	3.81
"	9—15	37.57	4.22	35.36	3.97	34.25	3.84	35.73	4.01	4.95	3.59
"	16—22	37.75	4.24	35.12	3.94	34.25	3.84	35.70	4.01	4.96	3.76
"	23—30	37.16	4.17	34.95	3.92	34.25	3.84	35.45	3.98	5.00	4.26
Oct.	1—8	35.38	3.97	32.81	3.68	35.18	3.95	34.45	3.87	4.96	4.16
"	9—15	35.06	3.93	33.12	3.72	35.03	3.93	34.40	3.86	4.99	4.35
B A R L E Y (feeding)											
Sept.	1—8	34.75	3.90	33.60	3.77	28.50	3.20	32.28	3.62	—	2.94
"	9—15	34.05	3.82	34.00	3.82	28.25	3.17	32.10	3.60	—	2.96
"	16—22	33.75	3.79	34.00	3.82	27.75	3.11	31.83	3.57	—	3.92
"	23—30	33.75	3.79	33.83	3.80	27.75	3.11	31.77	3.56	—	2.92
Oct.	1—8	33.33	3.74	33.50	3.76	28.37	3.18	31.73	3.56	—	2.92
"	9—15	33.25	3.73	33.50	3.76	28.75	3.23	31.83	3.57	—	2.90
B A R L E Y (brewing)											
Sept.	1—8	36.66	4.11	37.00	4.15	36.50	4.10	36.72	4.12	5.80	—
"	9—15	36.65	4.11	37.00	4.15	36.50	4.10	36.72	4.12	5.76	—
"	16—22	36.75	4.12	36.50	4.10	36.00	4.04	36.41	4.09	5.75	—
"	23—30	36.75	4.12	36.00	4.04	36.00	4.04	36.25	4.07	5.74	—
Oct.	1—8	36.25	4.07	36.00	4.04	—	—	—	—	5.74	—
"	9—15	36.25	4.07	36.00	4.04	35.00	3.93	35.75	4.01	5.74	—
O A T S											
Sept.	1—8	—	—	32.50	3.65	—	—	—	—	4.76	4.22
"	9—15	36.75	4.12	32.20	3.61	30.25	3.40	33.07	3.71	4.49	4.30
"	16—22	35.50	3.98	31.62	3.55	30.25	3.40	32.45	3.64	4.67	4.46
"	23—30	35.50	3.98	31.50	3.53	30.75	3.45	32.58	3.66	4.75	4.42
Oct.	1—8	35.41	3.97	31.50	3.53	31.83	3.57	32.91	3.69	4.62	4.44
"	9—15	35.62	4.00	31.62	3.55	31.81	3.57	33.02	3.71	4.86	4.52

The reason for the fall of prices on the Polish market at a time when grain prices abroad are showing an upward trend, is the stringency of money which compels the agriculturalists to market their stocks.

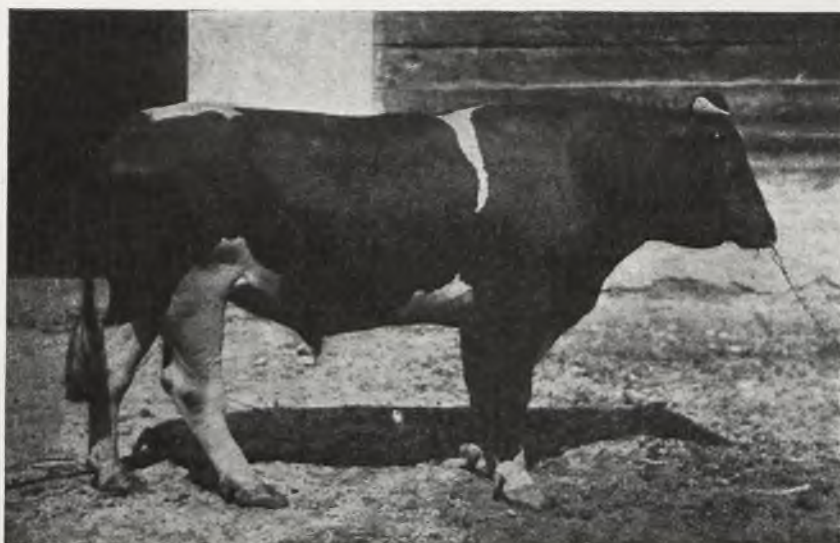
The fall in prices of rye in September was comparatively small owing to large purchases being made in connection with the building up of the grain reserve, but as soon as these ceased, that is at the beginning of October, the decline in prices became more marked. The drop in the price of barley is apparently due to the record harvest and the consequent large supplies available which the

breweries are not in a position to absorb.

Prices of oats, despite large purchases being made for the Army, are fairly stable, and have reached a high level. A further increase is anticipated owing to the poor yields of fodder this year.

The movement of grain to foreign markets in September, as compared with the previous month and the corresponding period of 1927, is illustrated below (in tons):

	Imports:		
	August 1928	September 1928	September 1927
wheat	14,495	14,283	3,592
rye	7,264	4,187	1,097
barley	174	460	325
oats	3,498	2,869	447



PEDIGREE BULL AT THE PRZEWORSK ESTATE

	Exports:		
	August 1928	September 1928	September 1927
wheat	104	91	991
rye	1	70	1.146
barley	3.180	11.344	6.721
oats	270	114	554

It is seen that the largest turnover was in barley. Compared with the preceding month, exports were directed to Germany (37.6 per cent), Belgium (32.4 per cent), Holland (13.5 per cent) and also, in smaller quantities, to Latvia, Czechoslovakia, Estonia, England, Austria, Sweden, Norway, and Switzerland.

Imports of grain continued to be large. A little over a half of the wheat imports came from Hungary (51.1 per cent), while Germany supplied 25.3 per cent, Canada 14 per cent and the United States of America 4.7 per cent. Rye was received from Germany (69.6 per cent), the United States (10.9 per cent), Rumania (10.9 per cent), Hungary (4.7 per cent) and other countries. Almost the total quantity of barley imports effected in September came from Rumania (89.1 per cent). The bulk of the oats were supplied by Germany (96.7 per cent).

The movement of grain in September showed an adverse balance was amounting to zł 5,109,000, whereas in August the adverse balance was zł 10,893,000.

BUTTER

— The situation on the local market in September was favourable as prices were maintained above those ruling on foreign markets, and it was only towards the end of the period under review, from September 15th to October 15th, that slight fluctuations with a downward

trend were noticeable. However, owing to the poor fodder harvest of plants in the current year and the general decrease in output in all the producing countries a further decline in prices cannot be anticipated. The tendency on the market was firm and supplies limited. On the other hand, the demand was fairly large. The situation on the export market was only favourable for the higher grades which are generally sold in Germany where high prices are paid. The lower grades were little in demand and were sold at low prices for storage. Prices of first quality butter in the middle of October, as compared with the second half of September, are given below (in zł per kg.):

	September 15th-30th	October 1st-15th
Bydgoszcz	6.90—7.—	7.60—7.80
Katowice	7.20—7.50	7.40—
Lublin	—	6.80—7.—
Lwów	6.40—6.60	6.40—6.70
Poznań	7.10—7.30	7.60—7.80
Warsaw	7.—	7.—

Exports effected in September amounted to 938 tons valued at zł 5,650,000 as compared with 1,345 tons in August, valued at zł 7,979,000.

The bulk of the exports were consigned to Germany while smaller quantities went to England (96 tons), Czechoslovakia, Austria, Denmark and France.

EGGS

— During the latter half of September, the situation on the egg market was about the same as in the previous period. Despite an anticipated increase in prices, they remained at about the same level. Both local wholesalers and foreign importers displayed little

inclination to purchase and German buyers in particular refrained from purchasing eggs of Polish origin.

The situation improved somewhat towards the end of the month, as the setting in of cold weather has resulted in a decline in production and the market displayed a certain firmness. Already in the first days of October, prices rose from zł 15 to zł 20 per case and the upward tendency was maintained throughout the period under review. There is a shortage of eggs due, apart from the reduction in production, to the of stocks by wholesalers in anticipation of higher prices.

Wholesale prices during the period under review, that is from September 15th to October 15th were as follows (in zł per case of 1.140 eggs):

	September 15th-30th	October 1st-15th
Kraków	235.8 215.8	230—240 265—276 ¹⁾
Lublin	—	260—270
Lwów	262.5 269.2	292.2—267 ¹⁾
Stanisławów	213.6 222.5	225—266
Tarnów	220— 231—	235—250 270—285 ¹⁾
Tarnopol	269 ¹⁾	275—290 ¹⁾
Warsaw	225 235 ¹⁾	245—270 ¹⁾

Exports of eggs declined as compared with August and amounted to 5,215 tons valued at zł 14,016,000 (5,788 tons in August). The greater portion was sent to Germany (52 per cent), smaller quantities being taken by Czechoslovakia and England (12 per cent each), Austria (11 per cent), Italy (5 per cent), France (4 per cent), Switzerland (2 per cent) Latvia, Holland and Belgium.

TIMBER

— The characteristic feature of the present situation on the timber market is the complete lack of interest in the new felling season, which is very different to the conditions prevailing at the same time last year. The uncertainty as to what will happen to the provisional timber agreement with Germany, which is a factor of paramount importance in deciding home prices; the unfinished credit operations of the Bank Gospodarstwa Krajowego (National Economic Bank) which were to supply the means for timber purchases and for the erection of the necessary machinery for working it up; rumours as to an increased freight tariff on the railways and in particular the slow liquidation of stocks held over from the preceding season — have all resulted in the fact that purchase of new material is neitherspok en nor thought of.

Even the news that the supply of timber during the coming felling season will

¹⁾ Export goods.

be much smaller (in the State Forests it will be less by several hundred thousands of cub. meters) seems to cause no disturbance. Home and foreign timber merchants have become cautious, and it must be expected that prices of the raw material will at their best only reach the 1927 level; that they should exceed it seems impossible. In the event of the provisional timber agreement with Germany not being prolonged, prices of round and sawn timber will go down both for home sales and export.

Sales of the stocks of sawn timber are proceeding fairly satisfactorily. Beginning with July, Germany has been importing about 120,000 cub. m. of Polish sawn wood. Home sales are also good owing to the autumn building season, and home prices are often higher than foreign. Overseas export, however, is not large, and the hopes entertained of increased trade with England, are not materialising.

	August	Sept.
pine logs for saw mills		
(per cubic m.) Warsaw	70—	70—
" " Radom	53—	53—
" " Siedlce	50—	50—
" " Wilno	40—	45—
" " Białowieża	46—	46—
" " Poznań	54 ¹⁰ —	60 10
" " Bydgoszcz	48-50	48-50
" " Toruń	65—	65—
pine logs for building purposes		
(per cub. m.) Siedlce	46—	46—
" " Białowieża	38—	38—
" " Wilno	32—	36—
pine pit props		
(percubic m.) Warsaw	37—	37—
" " Radom	37—	37—
" " Siedlce	29-50	29-50
" " Poznań	26-90	27—
" " Bydgoszcz	30—	29-20
" " Toruń	27—	27—
spruce logs for saw mills		
(per cub. m.) Siedlce	40—	40—
" " Lwów	43—	43—
oak logs for joinery		
(per cub. m.) Białowieża	90—	90—
" " Łuck	155—	155—
pulpwood		
(per stacked cub. m.) Siedlce	29-50	30-50
" " Wilno	27-50	27-50
" " Białowieża	28—	28—
pine fire wood		
(per stacked cub. m.) Warsaw	16—	16—
" " Radom	16—	16—
" " Siedlce	13—	13—
" " Wilno	7-50	8—
" " Białowieża	16-50	15—
" " Poznań	12— ¹	13-80
" " Bydgoszcz	14-50	14-70
" " Toruń	16—	16—
spruce fire wood		
(per stacked cub. m.) Lwów	11-50	11-50
beech fire wood		
(per stacked cub. m.) Lwów	16-50	16-50

The export of raw timber has fallen off, in spite of the view held that the recommencement of timber floating, after the summer drought, would cause increased exports of this item. Sawn wood, however, has kept to its old average of about 135,000 metric tons per month, the bulk of which is shipped

to Germany. Thus the proportion of exported raw material to sawn timber is changing in favour of the latter, and, therefore, the structure of timber exports as a whole is improving. The change in comparison with 1927 is very interesting.

Exports of the different classes of timber during August and September were as follows (in tons):

	August	Sept.
pulpwood	170.133	112.900
pit props	50.803	48.734
logs, beams	62.005	54.661
telegraph poles	4.509	7.645
deals, boards, battens	134.413	131.186
railway sleepers	12.257	9.874
coopers' wares	2.536	2.071

THE DANZIG TIMBER MARKET.—

For some time there has been noticeable in Danzig a lull in timber exports, especially to England. There can be no doubt that one reason for this is the Polish-German Convention and the subsequent withdrawal of a number of the smaller timber exporters from the Danzig market. It was generally thought, however, that exports to England, though tending to a further decrease, would not fall violently. The situation, however became worse than was expected because of the sudden fall which has taken place during the last few months.

Danzig merchants explain this event by the fact that export to England during the last years was of an artificial nature, caused by the Polish-German customs war and the period of the currency inflation; that England had never been a customer of Polish timber, since she has always given first choice to the Scandinavian and Czechoslovakian material even at higher prices, and utilized Polish timber only when a special kind was demanded or the prices were abnormally low. Another impediment has been the fact that the timber exported was often not up to specification which was the result of small traders entering the business without sufficient knowledge thereof.

It is proposed to take action against this unsound element, not excluding, if necessary, the drastic step of a complete boycott of their goods.

A further reason for the fall as regards Danzig is the growing competition of German ports, which are taking advantage of the low transit rates on the German railways. These rates have been systematically decreased and the western German ports have been reaping the benefit, since the route thereto is favourable and Polish timber merchants are therefore willing to utilise it.

Danzig could only compete if the rail and water transport costs through that port were lower than through the German ports, which unfortunately is not the case.

The final factor which has influenced the fall in timber exports through Danzig has been smaller supply of timber from the State forests.

This state of affairs has caused the situation on the Danzig timber market to become acute. Several large exporting firms, to say nothing of the small-

er ones, have got into financial straits. The liquidation of Messrs. "Foresta" Ltd, (capital Gulden 250,000) has been ordered.

To a considerable degree the fault lies with the Danzig merchants themselves as being over optimistic regarding the development of exports, especially to England; they purchased constantly increasing parcels of timber and in order to finance the business borrowed to such an extent that finally 90 per cent of the transactions were made with borrowed money. Obviously the burden became greater than the firms could carry, and, to meet their obligations, they were forced to sell at a loss, entailing disastrous consequences.

The most important Danzig firms believe that the end of the present season will bring no alleviation to the existing situation. They expect, however, that there will be an improvement during the coming season when Polish timber prices, which have risen above those on the world markets, decrease and when reason returns to the Danzig timber market. The evils of the present situation are teaching Danzig the lesson that the timber export trade to other countries must be developed gradually in order to eliminate the possibility of a set-back.

COAL

— The situation in the coal mining industry in September was not subject to any great change as compared with the preceding month. As the number of working days was less, there was a slight decline in production and with sales remaining about the same, the stocks at pitsmouth declined.

The coal market showed signs of increased activity, especially in house coal, due to the approach of the winter season. Large coal and notably nuts No. 1 were completely sold out. There was also an increased demand for coke. In connection with the increased call for house coal there was an increase in the exports by land and sea. The sales to the Succession States rose considerably. There was also larger buying on the part of the Swiss importers which is largely to be attributed to the increase in the railway rates on the German railways as from October 1st, purchasers therefore making an effort to replenish their stocks before the end of September. For the same reason active buying on the part of Lithuania was also reported.

Exports of coal were curtailed owing to unfavourable weather conditions prevailing on the Baltic which caused considerable inconvenience to shipping. The state of the mining industry in September as compared with August is illustrated by the following table (in tons):

¹) Affected by the "Panolis Flammea".

Coal mining districts	Extraction	Home consumption	Exports	Stocks at pit-heads ¹⁾
Upper Silesia	2,540.000	1,341.000	1,048.000	798.000
Dąbrowa	653.000	386.000	199.000	426.000
Kraków	209.000	180.000	1.000	68.000
Total:	3,402.000	1,907.000	1,248.000	1,292.000
August ²⁾ :	3,416.000	,903.000	1,253.000	1,340.000
+ in relation				
- to August	- 14.000	+ 4.000	- 5.000	- 48.000

The above figures indicate that the total output was 3,402.000 tons, a decrease of 14.000 tons or 0.41 per cent as compared with August. The average daily extraction during the 25 days was 136.080 tons, an increase of 4.695 tons or 3.57 per cent over the August figure.

Sales totalled 3,155.000 tons which was 1.000 tons less than in August and of which quantity 1,907.000 tons were absorbed by the local market and 1,248.000 tons by foreign markets. Compared with the preceding month, the former took 4.000 tons less and the latter 5.000 tons more. Stocks held by the mines amounted to 1,292.000 tons at the end of September, a decrease of 48.000 tons as compared with August.

The distribution of coal exports is given below (in thousands of tons):

Destination	1925		1926		1927		1928	
	September		August ¹⁾		September ²⁾		September ³⁾	
Austria	242	198	284	226	258			
Hungary	96	55	67	69	76			
Sweden	59	253	233	273	243			
Denmark	17	78	120	152	118			
Czechoslovakia	51	58	7	82	83			
Latvia	15	48	33	51	62			
Yugoslavia	18	28	49	37	37			
Switzerland	5	22	12	10	16			
Italy	10	58	99	40	55			
Rumania	8	22	17	17	28			
Lithuania	4	8	8	14	18			
Memel	1	2	4	9	7			
Holland	1	3	—	2	2			
Finland	1	27	38	63	56			
France	—	26	10	31	40			
Norway	—	28	24	54	48			
England	—	1	—	—	—			
Germany	1	762	1	—	—			
Belgium	—	—	8	14	10			
Russia	—	119	—	—	5			
Other countries	—	1	1	5	3			
Total:	529	1,797	1,020	1,149	1,165			
Danzig	44	44	35	34	36			
Bunker coal	—	147	17	70	47			
Total:	573	1,988	1,072	1,253	1,248			
Export, Germany not included	325	771	906	1,156	1,093			
Shipped through:								
Danzig	96	286	364	503	513			
Gdynia	4	85	95	169	192			
Other ports	—	38	26	1	—			

Compared with August, exports to the Succession States rose by 40.000 tons or 10.61 per cent to 417.000 tons. The

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

²⁾ Corrected figures.

³⁾ Provisional figures.



A VIEW OF THE CHEMICAL WORKS OF MESSRS. "THE SOLVAY COMPANY OF POLAND" NEAR KRAKÓW
(PHOT. S. PLATER)

quantity taken by Austria rose by 32.000 tons, by Hungary 7.000 tons, and that taken by Czechoslovakia by 1.000 tons. Sales to the northern European markets effected during the month declined to 588.000 tons, or by 62.000 tons. Particularly large increases were observed in the case of Denmark and Sweden, these being 34.000 tons and 30.000 tons respectively and to a smaller extent in the case of Finland and Norway. There were slight increases in the exports to Latvia (by 11.000 tons), to Danzig and to Lithuania.

Exports to the remaining countries made in September totalled 243.000 tons, an increase of 17.000 tons or 7.52 per

cent over the preceding month. Exports to Italy rose by 15.000 tons, to Rumania by 11.000 tons, to France by 9.000 tons and to Switzerland by 6.000 tons. For the first time a consignment (2.700 tons) was sent to Tunis. The distribution of exports in September, as compared with August, are given below (in percentages):

	August	September
Northern European countries	51.87	47.12
Succession States	30.09	33.41
Other countries	18.04	19.47

Total: 100.00 100.00

The average despatch from the mines per day amounted to 49.920 tons or 1.730 tons more than in August; the

total despatch to foreign markets from the Upper Silesian area was 1,048,000 tons or 9,000 tons less than in August. The despatch through Danzig rose by 10,000 tons to 513,000 tons and through Gdynia by 3,000 tons to 192,000 tons.

The number of workmen rose by 1,204 to 112,720 during the month.

The number of registered unemployed miners was 13,352 on September 29, a decrease of 1,016 as compared with September 1st. The average daily output per workman rose during the month by 12 kg. to 1,280 kg.

Workmen's wages, in accordance with the decision of the special arbitration commission, were increased by 4 per cent in the case of piece workers, by 6 per cent in the case of time workers under 24 years of age and 9 per cent above that age. These wages came into force on September 1st and are to remain in force until February 1929, after which day the contract may be dissolved upon two weeks notice being given.

The average daily wage in the Upper Silesian area rose from $\text{z} 8'60$ in July to $\text{z} 8'66$ in August.

Prices of coal on the local market remained unchanged with the exception of two descriptions, that is, coal dust which rose by $\text{z} 0'70$ per ton and nuts No. 1 which rose by $\text{z} 1'50$ per ton. These increases were introduced on September 16th, 1928.

Prices in respect of consignments destined for the Succession States remained unchanged but those f. o. b. Danzig or Gdynia showed a slight increase varying from 12 sh. 10d to 13 sh. 3d for Upper Silesian coal and from 11 sh. 9d to 12 sh. for Dąbrowa coal.

Railway rates remained at their previous level. Shipping rates from Danzig and Gdynia were as follows:

to	Stockholm	5 sh.	9 d	to	6 sh.	5 d
"	Göteborg	6	2	"	6	10
"	Riga	4	7	"	4	10
"	Bergen	6	9	"	6	11
"	Copenhagen	6	6	"	6	9
"	Hangö	6	8	"	6	10
"	Genoa	10		"	10	6
"	Algeria	10	2	"	10	4

On September 1st a special fee charged at Danzig and amounting to Danzig Gulden 5 per coal truck, was repealed.

The output of coke amounted to 133,138 tons or 2,820 tons less than in August. Local sales declined by 1,558 tons to 121,427 tons and foreign sales by 3,046 tons to 19,811 tons. Stocks at the coking works decreased by 8,021 tons to 21,587 tons. There were 2,430 workers employed in this industry.

The production of briquettes was 19,689 tons, an increase of 607 tons, as compared with August. Local sales rose to 19,254 tons or by 1,882 tons. Exports of briquettes declined by 153 tons to 965 tons. The stocks decreased by 1,722 tons to 4,969 tons.

PETROLEUM

— According to provisional figures the output of crude oil in September was as follows (in tons):

Drohobycz district	Boryslaw basin	45,500
	other basins	6,900
Jasło		6,500
Stanisławów		3,470
Total:		62,770

The extraction of crude oil in the chief Polish petroleum basins, that is in the Boryslaw, Tustanowice and the Mrażnica area, amounted to 45,900 tons, or about 2,800 tons less than in the preceding month (48,664 tons) and about 1,640 tons more than in the corresponding period of 1927 (44,259 tons).

The average daily output in Boryslaw was in September about 1,535 tons as compared with 1,560 tons in August and 1,550 tons in July. The decline in the production is accounted for by the fewer number of working days. There were no important wells completed during the month.

Workmen's wages, in accordance with the collective agreement between the employees and employers, were lower by 2.7 per cent owing to the decline in the cost of living as compared with the preceding month. Daily wages in the Boryslaw area were from $\text{z} 2'66$ to $\text{z} 8'34$. In addition there was the bonus which varied from $\text{z} 7'87$ to $\text{z} 36'58$ as well as various supplements granted to supporters of large families for fuel, specially heavy work, etc. The relations between the employers and employees were normal, no conflicts having been reported during the month.

Prices of crude oil were maintained at their previous level amounting to about \$ 19.5 per ton of Boryslaw Standard Crude ex works.

The situation in the Polish petroleum industry in August was, on the whole, satisfactory, the output being maintained at the same high level as in July, and in some areas the production was even larger. The throughput of crude oil also rose.

Exports of petroleum products exceeded 25,000 tons, a figure which has not been reached for some time. In connection with the approach of

autumn local consumption increased considerably.

The output of crude oil in August is given below (in tons):

Drohobycz district	Boryslaw basin	48,664
	other basins	6,107
Jasło		6,593
Stanisławów		3,469
Total:		65,833

Compared with July (64,859 tons), the extraction rose by 1,000 tons, and the average daily output in the Boryslaw area was 1,560 tons, an increase of 10 tons as compared with the preceding month. The operations were carried out under normal conditions and the number of unemployed in Boryslaw declined by 59 as compared with July. The total number of workmen engaged in petroleum mining was 12,082.

The drilling movement, especially in the western and southern part of Mrażnica continued on the same scale as in August. The borings of the State Petroleum Company, the "Polmin" at Daszawa, undertaken with a view to gas production, are approaching the level of other gas producing boreholes; in connection with the anticipated production, a pipe line is being laid from Daszawa to the refinery at Drohobycz.

The stocks of crude oil held by the storage companies and at the wells taken together were as follows on August 31st (in tons):

Drohobycz district	41,297
Jasło	4,989
Stanisławów	3,701
Total:	49,987

This figure includes the stocks of Boryslaw Standard Crude held by the storage companies which amounted to 28,779 tons, a decrease of 1,224 tons as compared with the end of July.

The gas industry made further progress, which is illustrated in the following statement showing the position as on August 1st:

output of gas (in thous. of cub. m.)	37,105
throughput of gas (in thous. of cub. m.)	22,852
output of gasoline (in tons)	2,775
home consumption	2,631
exports	70
number of workmen employed	176

In August 100 cub. m. of gas yielded 12.1 kg. gasoline, as compared with 11.8 kg. in July and 12.1 kg. in June. The situation in this industry continued to be satisfactory, the prices being stabilised at a level of about \$ 54 per ton, ex works. There were 18 refineries at work (14 at Boryslaw, 2 at Bitków, 1 at Drohobycz and 1 at Schodnica).

The output of ozokerite was 80 tons as compared with 76 tons in July. Exports amounted to 69 tons of which 30 tons were sent to Germany, 24 to France and 15 to Austria. The stock of this mineral at the end of August totalled 97 tons. Prices remained unchanged, although a slight downward trend was in evidence. The total number of workers engaged in this industry was 484.

The state of the petroleum refining industry is illustrated by the following table (in tons):

throughput of crude oil	62.722
output of petroleum products	57.118
home consumption	32.275
exports	25.407
stocks of petroleum products on August 31	237.875
stocks of crude oil on August 31	45.874
number of workmen employed	4.652

The total throughput of crude oil rose in August as compared with July (59,843 tons) and was larger than the average monthly production for 1927 (56,800 tons) and that for the first half of 1928 (57,680 tons). Local consumption of petroleum products rose as compared with July by 7,560 tons and by 1,200 tons as compared with the corresponding period of 1927 (31,022 tons).

The consumption of benzine amounted to 7,048 tons as compared with 5,508 last year, an increase of about 30 per cent.

Exports of petroleum products amounted to (in tons):

benzine	6.944
kerosene	5.309
gas oil	5.623
lubricating oil	2.961
paraffine wax	2.488
other products	2.082
Total:	25.407

The distribution of exports is given below (in tons):

Czechoslovakia	10.607
Austria	2.532
Switzerland	1.581
Germany	1.309
other countries	3.311
Danzig	6.067
Total:	25.407

IRON

— The situation in the Polish iron industry was unchanged in September and therefore continued to be good. The foundries were well employed in finishing old orders and attending to new ones, from home and abroad. The output was the same as in the preceding month, as is seen from the above statement:

	June	August ¹⁾	Sept. ²⁾
blast furnaces	65.7	66.1	65.8
steel works	88.0	92.8	91.0
rolling mills	87.6	89.5	89.8

In spite of the good conditions, ore extraction fell off; two reasons contributed thereto: one being the ending of the Swedish miners' strike and the consequent supply of rich and cheap ores, thus curtailing Polish export and the second, the peculiar nature of Polish working conditions on account of which, during the summer months, there is a scarcity of labourers who migrate to the farms for the harvest.

The extraction of ore and import and export of enriched ores were as follows (in tons):

	Extraction	Imports	Exports
Monthly av. for 1927	44.947	59.129	7.538
Monthly av. for I quarter of 1928	63.353	37.999	9.631
for II quarter of 1928	52.411	44.959	10.142
July	63.752	44.141	11.327
August	61.433 ¹⁾	39.281	7.198
Sept.	56.627 ²⁾	58.465	6.000 ¹⁾
1927	47.812	70.481	7.021

Thus, the extraction in September fell by 4,806 tons, or 7.8 per cent and the average daily extraction decreased by 4.1 per cent. In comparison with September 1927, the extraction was greater by 18.4 per cent, and it was also 26 per cent greater than the monthly average for 1927.

Imports of ore, increased by 48.7 per cent. This was owing to the abnormally low imports during the preceding month and also the accumulation of stocks by the foundries for the winter season, when shipping is difficult.

Besides iron ore foundries imported 2,195 tons of manganese ore, as against 6,600 tons in August; since from Jan. 1, 1928, i. e., nine months, 28,758 tons of manganese ore have been imported.

The number of mines in operation was 27, of which 25 were producing. The corresponding figures in August were 27 and 26. The number of workmen employed declined from 6,225 in August to 6,077 in September, or 2.4 per cent.

The price of ore remained unchanged and was £ 0.80 per 1 per cent of iron content per ton of ore containing less than 40 per cent of iron. The price loco foundry sometimes reaches £ 0.90 which, in view of the price of £ 1.03 for rich foreign ore, is so high that it borders on the maximum value of home ore. Therefore unless foreign ore becomes dearer, there is little hope for an increase in the price of home ore.

The quantity of orders received, excluding those for pig iron and pipes, was 59,976 tons (in August 67,542) or 11.2 per cent less. Of this quantity,

Government orders were for 2,922 tons (in August 11,048 tons), and private for 57,054 tons (56,494 tons), of which 43,394 tons were from trade and 13,660 tons from industry.

The output of the iron foundries and the number of workmen employed are given by the following table (output in tons):

	Pig iron	Steel ingots	Rolled products	Pipes	Number of workmen employed
Monthly av. for 1927	51.515	103.684	76.765	7.712	43.971
Monthly av. for I quarter 1928	57.201	108.288	84.068	8.257	47.215
for II quarter 1928	54.426	112.413	83.109	8.883	49.480
July	56.089	122.238 ¹⁾	89.449 ¹⁾	10.310 ¹⁾	51.273
August	56.722 ¹⁾	128.474 ¹⁾	92.322 ¹⁾	9.443 ¹⁾	52.129
Sept.	56.425 ²⁾	126.982 ²⁾	92.061 ²⁾	10.648 ²⁾	52.822
1927	59.154	111.186	85.714	8.219	46.208

The monthly output dropped by 297 tons or 0.5 per cent, while the average daily production rose by 2.8 per cent.

The number of blast furnaces in operation was, as before, 16, of which 10 were in Upper Silesia, and 6 in Central Poland. Upper Silesia furnished 67 per cent of the total production and Central Poland the remaining 33 per cent.

Steel foundries produced 1,492 tons, or 1 per cent less than in August, but daily the average was larger by 2.8 per cent. In comparison with the monthly average for 1927, that of September 1928 was larger by 22.6 per cent, and 14.2 per cent greater than in September 1927. The same works were in operation, i. e., 9 in Upper Silesia, 7 in Central Poland and 1 in Southern Poland, and their share of the total production was 67.3 per cent, 31.6 per cent and 1.1 per cent respectively.

The production of the rolling mills decreased by 261 tons or 0.3 per cent, but the average daily production increased by 3.6 per cent. Similarly, in comparison with the monthly average for 1927, the production during September 1928 was greater by 20 per cent, and 7.4 per cent larger than in September 1927. There were 18 mills in operation, i. e., 8 in Upper Silesia, 9 in Central Poland and 1 in Southern Poland and they produced 66.2 per cent, 33 per cent and 0.8 per cent respectively of the total.

The number of workmen employed increased by 693 or 1.3 per cent compared with August and in comparison with September 1927 by 14.3 per cent.

The foreign trade in foundry products was smaller both as regards exports

¹⁾ Corrected figures.
²⁾ Provisional figures.

¹⁾ Corrected figure.
²⁾ Provisional figure.

¹⁾ Corrected figure.
²⁾ Provisional figure.



A CORNER IN MR. J. FRAGET'S SILVER AND SILVER PLATED WARE FACTORY, WARSAW (PHOT. S. PLATER)

and imports. The former was less by 1.443 tons, or 11.9 per cent, and the latter by 476 tons or 16 per cent, as is seen from the following table (in tons):

	Exports:			Imports:		
	Aug. 1928	Sept. 1928	Sept. 1927	Aug. 1928	Sept. 1928	Sept. 1927
pig iron	250	130	878	424	374	855
rails, iron and steel articles	6,517	3,978	2,213	1,407	1,076	2,166
iron and steel sheets	2,396	1,939	4,821	992	946	455
pipes	5,527	4,480	2,277	156	107	206

The value of the exports was about z 4,900,000, or 9.7 per cent less than in August.

ZINC AND LEAD

— General conditions in the zinc and lead industries were not materially different in September to what they were in August. It is true that there was a slight deterioration on the zinc market, owing to greater world production and smaller demand. Therefore prices had a downward tendency and decreased during the month by 15 sh. per ton.

Conditions for lead were a little better owing to efforts made to form a cartel and a port workers' strike in Australia which decreased the supply from that country to Europe. Prices, however, dropped by 10 sh. per ton during September.

Naturally the effects of the general situation were felt by the Polish foundries and production fell off a little during the month. This was also the case at the mines. The following statement of zinc and lead ore extraction and imports thereof shows this (in tons):

	Extraction:		Imports:	
	ores gross amount	enriched ores	zinc ores	lead ores
Monthly av. for 1927	86,780	31,441	16,388	1,362
Monthly av. for I quarter of 1928	94,206	32,500	15,382	1,352
Monthly av. for II quarter of 1928	84,406	29,100	16,653	1,209
July	92,836	32,400	14,903	1,304
August	95,996 ¹⁾	32,800 ¹⁾	14,343	1,739
September	93,006 ²⁾	31,700 ²⁾	15,909	1,165
1927	98,999	33,600	14,322	11,45

The extraction of ore during September decreased in comparison with August by 299 tons or 3.1 per cent; the average daily extraction, however, rose by 0.8 per cent. In comparison with the average monthly extraction of 1927, that of September 1928 was greater by 7.2 per cent, while compared with September 1927 it was less by 6.1 per cent. Import of zinc ore increased during September 1928 by 1,566 tons or 11 per cent while that of lead ore decreased by 574 tons or 33 per cent.

11 mines were in operation, of which 10 were producing: 5 in Upper Silesia contributed 86.0 per cent of the total,

3 in Central Poland gave 3.7 per cent, and 2 in Southern Poland gave 10.3 per cent.

The number of workmen employed at the mines, including enriching establishments was 7,160, there being no change. Extraction per workman, taking into account only the mines which were producing, was 13.2 tons in September, 13.6 tons in August and 12.7 tons in July.

As before, only two works were in operation which enriched ores through transformation into zinc oxide and the output was 850 tons as compared with 870 tons in August and 956 tons in July.

The output of zinc and lead foundries dropped by reason of a shorter month. The same establishments as in August were in operation, namely: 10 foundries with smelting plants in Southern Poland and 2 foundries in Central Poland; their production as follows (in tons):

	Sulphuric acid 50° Bé	Raw zinc	Zinc sheets	Raw lead	Number of workmen
Monthly av. for 1927	22,246	12,532	1,924	2,405	12,727
Monthly av. for I quarter 1928	24,421	13,014	1,328	2,253	12,855
Monthly av. for II quarter 1928	25,122	13,240	1,342	3,012	12,928
July 1928	24,798	13,739	1,743	3,568	13,113
August 1928	24,049 ¹⁾	13,678 ¹⁾	1,481 ¹⁾	3,850 ¹⁾	13,162 ¹⁾
September 1928	23,484 ²⁾	13,225 ²⁾	1,584 ²⁾	3,609 ²⁾	13,136 ²⁾
September 1927	23,848	12,998	1,598	2,311	13,004

¹⁾ Corrected figure.
²⁾ Provisional figure.

Production of raw zinc decreased by 453 tons or 3.3 per cent, but the daily average was the same as in August. Compared with the monthly average of 1927, September 1928 gave 5 per cent more. Upper Silesia produced 85.8 per cent, southern Poland 10.4 per cent and central Poland 3.8 per cent.

Zinc sheet output rose by 103 tons, or 6.9 per cent. Daily production cannot be taken into account, since the work is very uneven and depends on the number of orders received. In comparison with the monthly average for 1927, the September output was 22.8 per cent less. Three rolling mills in Upper Silesia supplied 79.3 per cent of the whole, while the remainder came from the mills in southern Poland.

The output of lead decreased by 241 tons, or 6.3 per cent. The main cause

lies in the lack of home ores and difficulty in obtaining foreign ores regularly. The situation will be relieved when the new lead ore mine, described in the preceding number of "The Polish Economist", comes into operation.

The number of workmen employed in the zinc foundries decreased to 12,332, or by 0.3 per cent, and the number in lead foundries rose to 804 or by 1.5 per cent.

The export of raw zinc and refined lead decreased, while that of zinc sheets rose, as is seen from the following (in thousands of z):

	Exports:		
	August	September	
	1928	1928	1927
Raw zinc dust inclus.	10.141	9.985	11.691
Zinc sheets	852	956	1.137
Refined lead	1.875	1.001	1.429

VARIOUS

THE HOP HARVEST IN THE CURRENT YEAR. — On the whole, the prospects for this year's hops, especially in point of quality, are generally regarded as excellent. The recent rains had a beneficial effect on the growth and the ripening of the strobiles with the result that the amount of lupulin is above the average. The return is about 10 to 15 per cent smaller than a year ago, but this is compensated for by new plantations, in consequence of which the total production is about the same as in 1927 i. e., about 50,000 q.

MOVEMENT OF PRICES.

In connection with the opening of the autumn season a certain revival in trade was noticeable. More activity, as compared with the preceding month, was evident in the piece goods trade and, in view of the beginning of the school year the demand for stationery was considerable. Similarly in the boot and leather section good business was recorded. A certain improvement has also taken place in the wholesale iron trade. On the whole, however, the lack of ready money is badly felt and has a depressing effect on the development of business in general. It should be stated that the situation on the money market became worse, due mainly to the large demand for funds on the part of farmers. Private discount rates showed an upward trend. Wholesale prices declined whereas retail prices showed a rising tendency which is illustrated by the following price index table (1914 = 100).

	Wholesale price index	Retail price index:	Cost of living index:
September 1927	119.3	149.6	117.2
January 1928	118.6	151.5	120.3
February	117.8	150.3	118.3
March	121.2	151.9	119.3
April	124.5	153.0	120.7
May	122.5	153.7	121.3
June	121.4	155.4	121.8
July	120.6	156.1	122.6
August	118.4	154.0	122.1
September	118.1	155.0	122.1

The index of wholesale prices decreased by 0.6 per cent, that of retail prices rose by 0.7 per cent, and that of the cost of living remained unchanged. The fall in wholesale prices is to be attributed

to the decrease by 0.3 per cent in the prices of agricultural products and by 0.6 per cent in those of manufactured articles. In the former group, articles of vegetable origin registered a decrease of 4.6 per cent, whereas those of animal origin rose considerably i. e., by 5.7 per cent. Of course, this increase is accounted for by seasonal influences and shows, in addition, that this year's harvest of fodder plants, though poor, is not so bad as to compel the farmers to get rid of their live stock. In the group of manufactures, the largest decline, by 1.1 per cent, was recorded in the case of textile products due principally to the fall in price of wool and partly in that of cotton. A slight decline, by 0.3 per cent, was observed in the prices of metals in connection with the fall in the value of zinc tin, and despite a slight increase in that of lead. Prices of certain chemicals and paper showed small drops whereas coal and timber were maintained at last month's level.

Retail prices of agricultural products rose by 0.7 per cent and those for manufactures to a smaller extent, i. e., 0.2 per cent. The increase in the index of retail prices is, no doubt, due to the products of animal origin. The index of cost of living in Warsaw remained unchanged as the prices of foodstuffs declined by 0.3 per cent, the cost of clothing and rent remained unchanged, and the cost of fuel rose by 1.9 per cent. The other items accounted for in the index of the cost living rose by 0.1 per cent.

FAIRS AND EXHIBITIONS

EMIGRATION PAVILLION AT THE POLISH NATIONAL EXHIBITION.

To commemorate the 10th anniversary of Polish independence, a National Exhibition to embody all Polish achievements is being organised, and only firms working on Polish soil are to be admitted. However, to reinforce the bond of blood between the home country and her emigrants abroad, these are to have their own pavillion which will be created within the precincts of the Exhibition.

The adjoining photograph shows the architect's sketch for the emigrants' pavillion in which everything which bears on the economic, cultural and national development of foreign Polish groups will be exhibited. The Poles of the United States, over 5 million in number, are the founders of the pavillion.

Wherever abroad a Polish settlement exists, representatives are organising cooperation in the national Exhibition and parties of various sizes are preparing to visit it in the coming spring, in order to see for themselves the economic achievement which will be illustrated by the exhibits.

TREATIES

POLISH-GERMAN NEGOTIATIONS FOR COMMERCIAL TREATY

— which were interrupted some time ago were renewed on October 10, when the German Delegation arrived in Warsaw. The Customs Tariff, Coal, Veterinary and Legal committees held a number of meetings. The respective members of the customs tariff committee have



EMIGRATION PAVILLION TO BE ERECTED AT THE POLISH NATIONAL EXHIBITION POZNAŃ

formulated their demands, and the various points have been discussed. The legal and veterinary committees have drawn up minutes which describe the questions which have been cleared up and those which remain for discussion.

At the present moment the work of all the committees has been temporarily suspended, until a few basic points as to which there is misunderstanding, have been explained by Germany. The secretarial members of the German delegation are remaining in Warsaw, and as soon as a statement from Germany is forthcoming, the work will recommence.

FOREIGN TRADE

— During the past months the import of rice has been treated together with the more important grains. However, since rice imports are beginning to develop in a fashion incommensurate with the aforesaid grains, these in future will only include wheat, rye, barley, oats and maize. The data, changed for the preceding months, and including that for September, are given in the following statement (in millions of zł):

	Total of imports	Imports of the chief varieties of grain	Total imports, grain not included	Total of exports
January 1928	271.2	4.0	267.2	218.4
February "	270.4	3.6	266.8	197.8
March "	372.2	4.3	367.9	208.3
April "	265.6	23.5	242.1	184.5
May "	296.5	61.3	235.2	201.8
June "	289.7	45.1	244.6	192.0
July "	288.2	28.0	260.2	201.5
August "	258.8	13.5	245.3	196.3
September "	272.8	10.3	262.5	204.3

It is seen from the above that foreign trade has increased during September

by zł 14,009,000 as regards imports, and by zł 8,000,000 as regards exports.

The import of the more important grains was lower in September than in August by zł 3,263,000, due chiefly to a fall in rye by zł 1,636,000, and in wheat by zł 954,000. Imports of rice rose by zł 6,736,000, but it must be kept in mind that in August the quantity was considerably below the customary level. Herring also rose by zł 2,956,000, and roots, tea, &c. increased by smaller amounts.

The animal group showed a decrease of zł 770,000, raw hides falling by zł 1,970,000 and raw furs by zł 499,000, while finished furs rose by zł 890,000 and leather footwear by zł 940,000.

A relatively large rise in imports was seen in the small groups of wood products, plants and seeds, building materials, ceramic products, glass and fuel; wood products and material increased by zł 1,500,000 and plants and seeds by zł 1,726,000.

The imports of rubber and rubber products showed a total rise of only zł 425,000, though in the sub-divisions greater changes occurred: thus, imports of raw rubber and gutta-percha fell by zł 820,000 and rubber footwear and goloshes increased by zł 1,102,000.

There was small decrease in the imports of chemicals, by zł 1,008,000; as regards the artificial fertilizers sub-group, ground phosphate rock and Chilean saltpetre increased, while potassium salts and Thomas slag fell off. In organic chemicals, vegetable oils remained unchanged, and animal oils increased by zł 647,000. The imports

of tanning extracts decreased. Synthetic dyes, paints and lacquers showed practically no changes.

The import of ores rose. Iron and zinc ores increased, while manganese and lead ores decreased. These positions nearly balance, leaving a net rise of zł 602,000. The total imports of metals and metal products, excluding ores, were almost identical in September and in August; scrap iron rose by zł 427,000 and copper and alloys thereof decreased, by zł 1,315,000.

Imports of machinery and apparatus were more by zł 2,004,000 than in August: electrical machinery rose by zł 859,000 and textiles by zł 899,000 while there was a slight rise in engine boilers and heating apparatus. On the other hand, the imports of lathes and agricultural machinery fell off. Electro-technical material and apparatus decreased by zł 951,000 and vehicles by zł 784,000, although automobiles were unchanged, the fall being due to smaller bicycle imports.

The total imports of textile materials only rose by zł 823,000, although jute increased by zł 816,000, wool by 715,000 and silk fabrics by zł 907,000. To counter-balance these, cotton decreased by zł 853,000, combed wool by zł 758,000 and cotton and woolen yarns and woolen fabrics by smaller amounts.

Paper imports remained at the preceding level. The rise in clothing, dry-goods and haberdashery by zł 1,237,000 is of seasonal nature.

In export there was a total increase of zł 3,976,000, in spite of a decrease by zł 2,329,000 in butter and by

zł 980,000 in eggs. The increase was caused by the rise in barley by zł 2,914,000, beans by zł 3,046,000, sugar by zł 739,000 and fodder by zł 925,000. Meat exports did not change; wheat and rye, owing to the prolongation of the export duty, were negligible, while potato exports never begin as early as September.

There was a considerable rise of zł 6,281,000 in live animal exports. Pigs, after a slump in August, increased by zł 4,522,000, and geese by zł 1,304,000. The other items of this group are of little importance.

In the animal products group, the only change of importance — the decrease in raw hides by zł 875,000, caused a total decline by zł 774,000.

The timber and timber products group did not change as a whole, but differences which occurred within the group are of importance and are favourable. The exports of sawn timber (deals, boards and battens) rose by zł 3,385,000, but there was a decrease in pulp wood, by zł 3,160,000. The remaining items affected the position very little, as there was only a small increase in pit props and round timber, and a small decrease in sleepers, coopers' wares and veneers.

There was in September greater activity in the plant and seed trade, exports rising by zł 792,000 as the result of seasonal influences.

The export of coal dropped by zł 3,164,000 and thus lost almost one-half of the preceding month's gain, but a comparison of the nine months of the present year with the same period in 1927, shows a favourable increase of over 1,400,000 tons.

Petroleum products showed a net increase of zł 1,039,000, paraffine rising by zł 1,166,000 and kerosene by zł 350,000. Lubricating oils, fuel oils and benzine decreased.

A small increase was noted in the chemical group, artificial fertilizers rising by zł 768,000, but organic chemicals fell off.

The exports of metals and metal products, excluding ores, decreased altogether by zł 1,673,000, spread over all the important positions: in particular the exports of rails and iron and steel of all kinds fell by zł 783,000, and lead by zł 918,000. Only zinc sheets showed a slight improvement.

Passing over the small groups, such as machinery, electrotechnical material, paper &c, the export of which plays very little part in the foreign trade of Poland, and which, moreover, showed no interesting changes, we come to the

exports of textile products, which yielded a total increase of zł 2,308,000. The rise is the more significant, owing to the fact that an increase in exports of cotton fabrics, by zł 1,347,000, and woolen fabrics, by zł 938,000, contributed materially towards it; the increase in woolen yarns by zł 588,000 balances the decline in cotton yarns. There were smaller rises in jute fabrics, flax and hemp.

Returning to the comparative table given at the beginning of this article, we see that, if the more important grains are left out, the remaining imports considerably exceed those of August and are approaching the average monthly level before the revalorisation of the customs duty. If to the imports of corn those of rice be added, the total figures appear greater, but increased rice import should not be looked upon as an evil, since it is, in a large measure, caused by the erection of home rice husking plant.

The rise in the imports of leather and rubber footwear, silk fabrics, furs, ceramic products, glass, paper, clothing and fancy goods, is not a favourable symptom, even though in some cases as that of finished furs, the causes were seasonal. Therefore, we must say that imports, as a whole, during September were net favourable in spite of the fact that a number of items indicated healthy changes.

In export, however, real improvement has taken place. The increase in live animals, seeds, petroleum products, cotton and woolen fabrics, and the greater proportion of sawn wood in the timber exports, offset the decrease in coal and metal exports. We need not take into account such seasonal changes as the decrease in butter and eggs and the increase in barley. We might mention that sugar exports have now commenced and they will be highly beneficial to the balance of trade in the coming months.

FRANCO — POLISH COMMERCIAL RELATIONS. — A supplement was signed in Warsaw on July 8, 1928 to the Franco-Polish Commercial Convention of December 9, 1924, which is still in force. This supplement is far from being of a fundamental nature, and is not likely in any way to alter the development of commercial relations between the two countries which has been brought about by the existing convention. It applies only to a few items of the customs tariffs of the signatories, settling a few urgent matters for the few months which separate us from the general revision of the convention. These matters include amongst others the revalorisation, by Poland, of the customs duties on

wines under item 28 of the Polish Customs Tariff, these having been fixed at a definite figure by the Trade Convention of 1924.

The problem of Franco-Polish commercial relations remains, however, unsolved and demands a speedy settlement. The commercial turnover between the two countries is not only decreasing in the aggregate but, what is worse, has taken a serious turn adverse to Poland, as can be seen from the following data taken from French official statistics.

Polish exports to France in 1926 were valued at Fr. Fr. 375,413,000 whilst imports from France attained the figure of Fr. Fr. 449,413,000, Poland's adverse balance was therefore Fr. Fr. 74,000,000, this being about 20 per cent of the value of exports to France.

Conditions changed very much for the worse in 1927, Polish exports to France falling to Fr. Fr. 228,726,000, whilst French imports to Poland reached the sum of Fr. Fr. 580,719,000. The adverse balance thus amounted to Fr. Fr. 361,993,000 or almost five times the 1926 figure and about 1 per cent of the value of Polish exports to France.

It is worthy of note that this took place chiefly during the second half of 1927. The Polish exports during the first 6 months of that year were still Fr. Fr. 146,110,000 with Fr. Fr. 290,973,000, as the value of the French imports. The second half-year, however, was most unfavourable as the Polish exports amounted to only Fr. Fr. 82,616,000, whilst the French imports rose to Fr. Fr. 289,946,000. We shall return to this point later in this article.

During 1928, the situation continued to become worse. French statistics for the first half of the year show that Polish exports to France came to Fr. Fr. 85,392,000, whilst imports from France amounted to Fr. Fr. 249,046,000. It would seem at first sight that this is somewhat more favourable than the second half-year of 1927, but these figures prove that Poland's adverse trade balance with France is becoming stabilised and unfortunately upon a level quite impossible to accept since it is double the value of all Polish exports to France.

The cause of this state of affairs is only too well known. Some months ago we demonstrated in these columns the profound nature of the change which had affected French commercial policy during the past year. The Press emphasized the abandoning of the deeply-rooted principle of "France fermée", the liberal turn in treaty policies and concurrently the tendency to fight for foreign markets. Every country with which France has conducted trade negotiations during the past twelve months has benefited by this change. Beginning with the Commercial Treaty with Germany signed on August 17, 1927, repeated in the Swiss Treaty of January 21, 1928, the Belgian Treaty of February 23, 1928, the partial "arrangement" with Italy of March 7, 1928, the Commercial Treaty of May 16, 1928 with Austria and that of May/July 2, 1928 with Czechoslovakia, — all the French commercial treaties introduced far-reaching concessions for other countries, based on a widely interpreted

most-favoured nation clause, i. e., on a system which had not up to then been followed by France.

France, after having raised her general and intermediary customs tariffs to the maximum possible in order to protect her home industries, granted the most-favoured-nation rates to a whole series of countries, in this manner permitting them to benefit by the widest possible application of the French minimum tariff. It can be imagined therefore the plight such countries as Poland find themselves in as regards the French market: they benefit by the minimum

a basis of reciprocity and on no account be made to pay for it by any tariff concessions

The Franco-Polish Commercial Treaty has so far been maintained by Poland in spite of its inequality of treatment (France having received the most-favoured-nation treatment on the strength of the Trade Convention of December 9, 1924, whilst Poland was denied this). The onerous results of such a state of affairs have been borne by Poland long enough to warrant her now refusing to give additional concessions, as was the case in the Franco-Austrian

first step during the revision of the Franco-Polish Convention should be an agreement modelled upon the Franco-Czechoslovakian agreement of April 22, 1928 in which the signatories pledged themselves to grant each other most-favoured-nation treatment in the future treaty which was subsequently signed on July 2, 1928.

A general review of the Franco-Polish Trade Convention brings up the question as to whether it would be at all possible for Poland to have a favourable trade balance in her commercial relations with France. In other words,



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

tariff only to the most limited extent, and cannot expect to benefit in turn by any reductions granted by France on the strength of trade negotiations with other countries, since they enjoy no most-favoured-nation clause.

It follows from the foregoing that without a fundamental revision of the Trade Convention of December 9, 1924 which is at present in force, and without its being based on entirely different trade principles similar to those enjoyed by other countries, there can be no hope of an actual amelioration of Poland's trade balance with France.

It is evident that Poland must in this case receive the most-favoured nation treatment and this should be extended to Poland with the opening of preliminary negotiations solely upon

Protocol of April 16, 1928, on the strength of which Austria was pledged to extend "better treatment" to a whole series of French products in exchange for the right to enjoy the same tariff reductions as those granted to Switzerland, Belgium and Italy by France.

Moreover, it is common knowledge that the Economic Committee of the League of Nations under the chairmanship of M. Daniel Serrys, the veteran director of French commercial treaties, inclines towards the conception of "reciprocal clauses without compensation" rather than towards that of "clauses for compensations", although some uncertainty is still expressed during the theoretical discussions on the application of the most-favoured-nation clause. It is for this reason that the

will a revision of the Trade Convention produce a new favourable factor into Poland's general trade balance or will it only lead to a certain amelioration of the existing state of affairs, i. e. merely decrease the present adverse balance of trade.

In our opinion, the first named eventuality is entirely out of the question. Economic conditions in both countries are such that for many years to come, Poland cannot even dream of a favourable balance of her trade with the French Republic.

The constantly increasing purchasing ability of The Polish nation creates a convenient and steadily growing market for French articles of luxury which form a very considerable percentage of the French exports to Poland. It will

suffice to give only a few comparative figures for the years 1926 and 1927. According to the French official figures, Poland imported from France wines to a value of Fr. Fr. 6,043,000 in 1926 and Fr. Fr. 12,947,000 during the following year, i. e., this trade more than doubled. In 1926, cognac and liqueurs for a sum of Fr. Fr. 661,000 were imported, whilst during 1927, this figure was over three times greater, i. e., Fr. Fr. 2,077,000. Statistics for the same years and from the same source, showed imports of silk fabrics for Fr. Fr. 9,537,000 and Fr. Fr. 15,002,000 respectively; cotton fabrics (mostly of higher grade) for Fr. Fr. 1,797,000 and Fr. Fr. 4,594,000; automobiles (not in many cases luxury articles) for Fr. Fr. 9,398,000 and Fr. Fr. 31,637,000; leather goods for Fr. Fr. 632,000 and Fr. Fr. 1,315,000 respectively.

During the current year, imports of these articles have been steadily on the increase and this year will probably show a larger ratio of increase over 1927 than that year showed over 1926.

The chief items in Poland's imports from France are wool and wool-waste, the value of which represents 40 per cent of the total French exports to Poland, but Poland cannot reduce these. A certain decrease in the imports of munitions, aeroplanes &c. can be expected in view of the development of home industries, but important changes cannot be foreseen.

Polish imports from France will thus remain in the neighbourhood of Fr. Fr. 500 million, whilst exports will barely reach the Fr. Fr. 170 million mark, unless some unexpected and especially advantageous situation arises. Further, it becomes evident from the foregoing analysis of Polish imports from France, that the only method of improving the unfortunate state of affairs is to augment Polish exports. And here the greatest difficulties will arise.

In the case of agricultural products it can be stated without hesitation that this is virtually impossible. The last increase in the French customs tariff (the so-called "additif douanier") was based almost entirely on the principle of protection for the French farmer, and for that reason it is almost impossible to surmount the existing customs barriers against foreign agricultural produce. For that matter, a distinct drop in Polish exports of farm-produce to France had made itself evident even before the tariff was raised.

The value of grain-exports to France (grain and flour) fell in 1927 to Fr. Fr. 9,185,000 as compared with Fr. Fr. 28,443,000 in 1926. Potatoes to a value of Fr. Fr. 24,789,000 were exported in 1927, whilst the figure for 1926 was Fr. Fr. 35,241,000. Sugar exports likewise fell, dropping from Fr. Fr. 61,471,000 to 19,326,000. During the current year the situation must have become still worse owing to the working of the "additif douanier".

Poland's chief export to France — timber — also shows a fall (1926 — Fr. Fr. 109,411,000, and Fr. Fr. 90,924,000 in 1927). The chief obstacle to the growth of this trade is to be found in the difficulty of financing transactions owing to the hard and fast rules observed in

France when granting credits or advances. It is just for this reason, however, that much could be done in this direction if only financing of exports could be facilitated.

Polish coal has without doubt chance of finding a market in France, but export must be properly organised. Polish coal is already being sold to Marseilles and this furnishes an excellent augury for the future. The question of coal as also of petroleum calls for treaty regulation. France's new petroleum policy has for its object the development of a home oil refining industry and therefore prohibitive barriers are being raised against the entry of the products of foreign refineries. This is proved by the drop in Polish exports of petroleum and its refined products, which fell from Fr. Fr. 20,205,000 in 1926 to Fr. Fr. 1,851,000 in 1927, or to less than one tenth during the course of one year.

The value of Polish exports of heavy oils to France likewise fell during the same period, dropping from Fr. Fr. 21,108,000 to Fr. Fr. 7,583 whilst exports of ozokerite and paraffine wax dropped from Fr. Fr. 86,727,000 to Fr. Fr. 10,351,000 during the same period. In spite of this, however, and in view of the fact that to a large extent the foreign capital engaged in the Polish petroleum industry is French, this matter should be arranged satisfactorily.

Apart from the items discussed above, a whole series of minor ones exist which have quite good chances of development (seeds, dried vegetables, zinc, feathers, &c.) Should Poland receive "most-favoured-nation" treatment and be able to use the minimum tariff, it will become possible to export profitably to France a number of products which are at present left out of consideration.

The export of mutton and pork to France calls for special remark. The "arrangement" of July 8, 1928 fixed the minimum tariff rates for these products, in this way rendering possible competition with Holland, the largest supplier of pork to the French market. The demand for this meat is steadily growing in France as witness the figures for 1927 (382,555 q.) as compared with those for 1926 (68,773 q.) The figures for the import of mutton for the same years are 118,327 q. and 78,692 q. respectively. The securing of minimum tariff rates for these products brings to the fore the question of the obstacle created by the lack of transit facilities through Germany, the removal of which would greatly conduce to the strengthening of this branch of Polish exports.

The foregoing will serve to demonstrate in no uncertain fashion that although France is without doubt only a market of second rate importance to Poland it is vital that commercial relations between the two countries should cease to be a source of continual and serious adverse balances of trade to the latter. The situation calls for prompt measures which will bring the adverse balance down to a reasonable figure acceptable to Poland.

The Polish Government is doing its utmost to prepare the ground for

a revision of the Trade Convention on more favourable lines for Poland, and Polish exporters should devote more attention to France than they have done in the past.

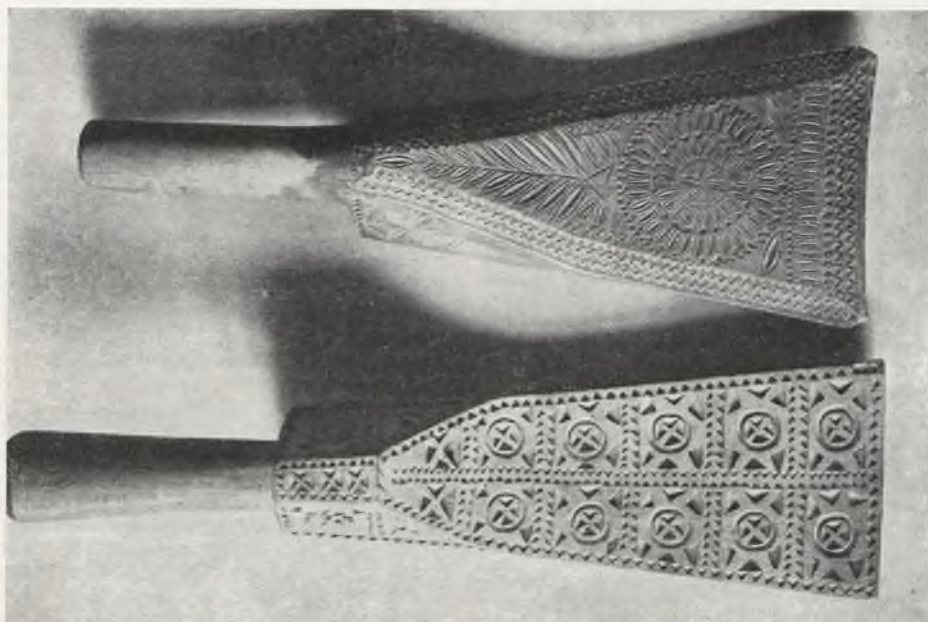
POLISH-EGYPTIAN COMMERCIAL RELATIONS. — Egypt is one of the main sources of supply of cotton. Imports from Egypt were valued at £ 12.2 million in 1926, £ 11.1 million in 1927 and totalled £ 7.0 million for the first half of 1928. The main import articles in 1927 were raw cotton (£ 10,605,000) and onions (£ 356,000). Exports to Egypt are varied and were valued at: £ 1.8 million in 1926, £ 1.7 million in 1927 and £ 1.5 million up to the middle of the current year. Among the exports effected in 1927 should be mentioned: woolen and semi-woolen piece goods (£ 350,000), fancy wares (£ 308,000), bent wood furniture (£ 301,000), other kinds of furniture (£ 212,000), grain and beans (£ 138,000), cement (£ 87,000), zinc products (£ 70,000), bronze products, tools, &c. (£ 48,000), cooper's wares (£ 46,000), lubricating oils (£ 33,000), pipes, enamelled hollow ware, hemp yarn, paper, cotton piece goods &c. The balance of trade with Egypt is against Poland and amounted to £ 10.1 million in 1926, £ 9.4 million in 1927 and £ 5.5 million up to the middle of this year.

CONTROL OF ANIMAL TRANSPORTS FOR EXPORT. — A commission of the Ministry of Agriculture discovered at the veterinary station in Oświęcim that cases have been occurring where one or two pigs have died from suffocation owing to excessive loading. A similar state of affairs was found by the delegate of the Ministry of Agriculture at Vienna. It has further been established that pigs are being exported in numbers which do not always agree with those given in certificates of origin or official veterinary certificates. These practices undermine confidence abroad in the Polish veterinary control over the livestock trade, and the cases of suffocation have given rise to doubt as to the health of the animals.

The question of the number of animals allowed to be loaded per wagon has been regulated by the "Regulations for animal transport" (included in the transport rules of Polish State Railways — "Dz. Ust. R. P." Nr. 14/1928). There it is stated that "large animals should be loaded in such numbers that they be not pressed against the sides of the wagon and that a man may be able to walk freely and safely among the animals". Furthermore, when the animals are secured across the wagon, the regulations require that there be enough space left between the animals and the walls to eliminate danger of hurt or abrasion to head or tail. Small animals must have sufficient place to lie down.

Further it is stated that consignments of live animals, with the exception of smaller animals, must be accompanied by a keeper.

In order that such accidents from over-crowding may be obviated in the future, the Ministry of Agriculture on



A SPECIMEN OF PEASANT WOOD CARVING
(PHOT. J. BUŁHAK)

September 20 wrote to the Voievods (district governors), directing their attention to the fact that district veterinary doctors should supervise the loading of animals and that should the loading be effected contrary to regulations, the veterinary doctors should immediately notify the station master, and if this does not have the desired result, notification in writing should be left and a duplicate sent to the Voievods and the Ministry of Agriculture.

At the control station at Oświęcim, the consignments, as from September 30th, will be carefully examined and the transports not in keeping with the regulations, will be stopped and reloaded. In cases of transports containing dead pigs, the whole transport will be stopped as being suspicious, and unloaded in order to ascertain definitely the cause of death.

The veterinary doctors at Polish railway loading stations are now required to see that the number of pigs loaded tallies accurately with the number given in the certificates of origin.

The veterinary control officials at Oświęcim have received orders not to let pass abroad under any pretext consignments of pigs which do not conform strictly to regulations.

THE ESTABLISHMENT OF THE SYNDICATE OF PIG AND CATTLE EXPORTERS. — One of the results of the War in Poland was the destruction of trading capital, the practical ruination of many branches of production which traded with foreign markets. A typical example is the pig and cattle trade. This trade is in the hands of about 200 merchants whose capital is insufficient and whose individual efforts produce results not comparable with the possibilities.

The latest statistics put the number of pigs in Poland at about 6.5 million and breeding is developed with a view to giving a larger proportion of meat than in the fat pigs raised in the neighbouring countries of Rumania, Hungary and Yugoslavia. Thus, Polish pigs from the point of view of meat cannot be excelled. At present they are exported alive mainly to Austria and Czechoslovakia. Export to new markets, and export of pig products has been hampered by the above mentioned lack of trading capital and the industrial nature of the trade. A further impediment arising out of the existing conditions is the complete dependence on the foreign commission merchant and, as a consequence, the uneven distribution on foreign markets which causes fluctuation of prices. This adversely affects the producer, who, unable to judge prices for a reasonable time ahead, has not developed breeding to the extent to which it was possible. Furthermore, this state of affairs has created difficulties for pig products factories, which by reason of the rapidly changing prices, have not been able to calculate for abroad the costs of production; in addition these factories have had great trouble in securing the necessary amount of raw material on account of the pig trade being in so many hands.

This altogether unsatisfactory position has given much food for thought to everybody interested in the business. Several plans for improving the conditions have been tendered. But the first real step forward was made when the Polish Export Institute established, on October 6, 1928, a Syndicate of Pig and Cattle Exporters. The new syndicate which is a private organisation, registered as a limited liability company, is to unite, practically speaking, all the individual exporters and the agricultural societies concerned. It will be the central export

organisation, backed by the Government, and its duty will be to relieve pig and cattle export from the burden of seeking foreign financial assistance to stabilise purchase and sale prices, to supply foreign markets uniformly and exploit conjunctures, favourable opportunities as they arise, to introduce Polish products on new and untried markets and, finally, to improve the supply to Polish meat products factories by influencing the methods of breeding.

The exporting merchants will continue as before, except that assistance and instruction will be given by the Syndicate and that they will be represented abroad by it.

Not only will the Polish merchants and producers gain as a result of the organisation of the Syndicate, but also it will be of great advantage to the foreign importer because prices and supply will be stabilised, to a great extent, and the business will be concentrated in one organisation instead of being distributed among 200 individuals.

Live cattle and pigs are not exported to Great Britain, but exports of bacon are developing favourably. The difficulties experienced by bacon factories in Poland have already been related and the improvement, which will take place through the activity of the Syndicate, promises good prospects for this industry. The new organisation intends to conduct a search throughout the country for the type best suited for transformation into bacon, and thus form a basis for raising special bacon pigs; this, of course, will considerably improve the quality of the bacon.

A number of English firms are interested in Polish bacon and have made definite and very interesting proposals for importing it; these proposals, however, have not been taken advantage of up to now, owing to the lack of a central organisation which could deal with the matter. This has now changed and such proposals can be attended to with every prospect of a favourable outcome.

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. 169: Polish timber exporting firm desires to enter into relations with importing houses.

Ref. No. 170: Fruit syrup factories (cherry and raspberry) seek foreign buyers.

Ref. No. 171: A Polish factory producing artistic faience or

terracotta figures is desirous of appointing foreign representatives.

Ref. No. 172: Aniline, naphtaline, sulphur, &c. dyes are offered for export.

Ref. No. 173: Polish manufacturer of rubber goods is seeking foreign purchasers.

REGULATION OF CORN, FLOUR AND FODDER TRADE DURING THE 1928—29 ECONOMIC YEAR.

After completion of the harvest, the Government laid plans for the regulation of the trade in the basic agricultural products. Simultaneously on August 31 of this year the regulations for the 1927—28 economic year expired.

The new regulations affect the import of certain products and fix the duties as regards export.

Import of wheat is prohibited up to December 31, 1928 ("Dz. Ust. R. P." No. 85, item 747). However, the import of a certain quantity is foreseen, either in the form of purchases by mills, or for Government reserves or purchase by communal and consumer's unions, but in view of the sudden inflow of wheat which is expected in the event of a lifting of the embargo, the Government has decided to keep control by only allowing the import of special consignments. Control may thus be exercised as regards time, origin and properly qualified importers, and prices on the home market regulated. There is at present a tendency to favour those imports which are shipped directly by sea to either of the Polish ports, Danzig or Gdynia, without the intermediation of any third country.

The prohibition of wheat imports will last up to the end of the calendar year; this date was not fixed for any special reason as the final figures for this year's crop are not available, and therefore it is impossible to judge whether the home supply of wheat will be sufficient.

The duty on the export of wheat, zł 20 per 100 kg., has been prolonged to July 31, 1929 ("Dz. Ust. R. P." No. 85, item 754). The purpose of this decree is to check the natural tendency to immediately export after the harvest, which generally entails the necessity of importing for several months preceding the new harvest.

In the case of rye, in view of the lower price within the country, a suspension of the export duty of zł 15 per 100 kg. (item 218 of the Customs Tariff) would stimulate export, with the natural result that before the next harvest, lack of adequate supplies would send home prices up. Therefore the rye export duty decree has been prolonged to July 31, 1929 ("Dz. Ust. R. P." No. 85, item 753). This date has been set so far ahead so that the Government may be free to choose the most favourable date for introducing unrestricted export once the amount of the rye surplus has been ascertained.

Import of rye is allowed free of duty, since adequate home supplies and higher prices abroad are in themselves sufficient protection against excessive import.

The prohibition of import of wheat alluded to above requires, to be logical, a similar decree regarding wheat flour, therefore the prohibition of import of wheat flour has been prolonged to March 31, 1929 ("Dz. Ust. R. P." No. 85, item 747). However, the export duty on wheat flour (item 249 of the Customs Tariff) has not been prolonged as this export is never large and, therefore, is attended by no danger, while it is well for the milling industry to have the option of free export in case of an excess of production. This regulation again indicates the tendency of the Government to foster the export of the finished product, and its disinclination to allow export of raw materials.

It was, therefore, in keeping with the policy of the Government to prohibit the import of rye flour by a decree which appeared in the "Dz. Ust. R. P." No. 85, item 747, which is valid until March 31, 1929. Further protection to the home flour-milling industry has thus been assured.

The export duty on rye flour which is zł 15 per kg. has been prolonged until July 31, 1929 ("Dz. Ust. R. P." No. 85, item 753). The underlying reason is identical with that for rye: i. e., the safeguarding of home supplies.

Besides the above, further regulations have been made in the foreign trade of barley, groats and certain fodder products.

Thus the prohibition of import of barley groats has been prolonged to October 31, 1928 ("Dz. Ust. R. P." No. 85, item 748), in order to protect the home products against German exports.

In view of the shortage of fodder in Poland as well as in other countries, limitations have been placed on the export, since a decrease of the present supply on the home market would harm stock breeding.

Therefore export duties on oats have been fixed at zł 10 per 100 kg. and on hay at zł 15 per cent per 100 kg. The new decree is valid until May 31, 1929 ("Dz. Ust. R. P." No. 85, item 755).

The duty on the export of bran has been reduced from zł 7.50 per 100 kg. to zł 5 per 100 kg.; no certificates for the free entry of rye and wheat bran, however, will be issued. Likewise, an export duty of zł 10 per 100 kg. has been placed on oil cakes but the Treasury reserves the right to free from export duty oil cakes manufactured from imported flax seed.

The export duty on sugar beets of zł 2 per 100 kg. is prolonged without change ("Dz. Ust. R. P." No. 116/27, item 989).

The Minister of Industry and Commerce reserves the right to permit the entry of certain quantities of the products mentioned in this article. All the new regulations with the exception of that for oil cakes, which has not yet been announced, came into force on October 1, 1928.

DUTY REFUND WHEN EXPORTING BACON AND HAMS. — In order to foster the export of bacon and hams, a duty refund on materials imported for their preparation has been introduced. The rate of refund for such materials is zł 15 per 100 kg. of exported bacon or hams in the natural state or when packed in hermetically sealed containers.

DUTY REFUND WHEN EXPORTING TEXTILE MACHINERY. — In order to foster export of textile machinery manufactured in Poland, a decree has been drafted by which a refund of duty is payable on exporting this machinery. The refund is calculated on a scale based on the value of the parts of foreign origin incorporated in the machinery.

The machinery listed in item 167, pts. 22, 23, 24 a, b, c and 25 of the Customs Tariff is subject to the new decree. The amount of refund will be zł 29 per 100 kg.

At the time of publication of the decree heretofore permitted "finishing trade" or export to other countries before completion of the product, is abolished.

TRANSPORTS

RAILWAY TRAFFIC IN SEPTEMBER. — The traffic on the Polish State Railways during September increased slightly. The average daily movement of 15-ton trucks rose from 18.294 in August to 18.334 or by 0.2 per cent, while in comparison with September 1927 it increased by 1.330 or 7.8 per cent. The increase is due to transports of seasonal products though these have been delayed owing to the late harvest. Especially was this so in the case of beets, which averaged only 51 wagons per day.

The average daily loadings of 15-ton goods wagons were as follows:

	August 1928	Sept. 1928	Sept. 1927
loaded on the Polish State Railways: destined for local stations	12,644	12,658	11,743
destined for abroad	3,737	3,753	3,545
Total:	16,381	16,411	15,279
received from abroad	711	688	594
transit via Poland	1,202	1,235	1,113
Total:	18,644	18,334	17,004

Traffic between home stations increased by an average of 30 goods wagons daily, transit by 33 and cars received from abroad decreased by 23.

The following statement shows the daily car-loadings of the different groups of merchandise despatched to local stations:



SEWING DEPARTMENT AT A POLISH SHIRT MAKING FIRM
(PHOT. S. PLATER)

	August 1928	Sept. 1928	Sept. 1927
coal, coke and briquettes	3.347	3.355	3.373
crude oil and petroleum products	185	188	150
timber	1.065	934	885
agricultural products	843	1.258	1.148
raw materials and industrial products	2.928	2.702	2.404
various	4.821	4.241	3.774
Total:	12.444	12.658	11.734

An important rise is seen in transports of agricultural products and coal, by an average of 395 cars daily and a fall in those of industrial products (by 226) owing to the approach of the end of the building season.

The following statement gives the average daily car-loadings of the different groups of merchandise despatched to foreign countries (in 15-ton wagons):

	August 1928	Sept. 1928	Sept. 1927
coal, coke and briquettes	2.469	2.598	2.271
crude oil and petroleum products	61	51	44
timber	919	726	907
agricultural products	73	88	92
various	215	290	231
Total:	3.737	3.753	3.545

During September the consignments of coal for export grew, while those of timber fell off.

PORT TRAFFIC.—There were no significant changes in September as compared with August.

Ship tonnage calling at the port of Danzig was less, the freight handled greater. 532 ships aggregating 342,291 net reg. tons entered in September (359,004¹) and 546 aggregating 342,584 net reg. tons (344,513) left the port. In comparison with September 1927, the increase in the tonnage entering was 25,000. During the three quarterly periods of 1928, the traffic was greater by 43 per cent than in the corresponding periods of the previous year.

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

	Arrivals:		Departures:	
	shlps	reg. tons	shlps	reg. tons
Poland & Danzig	23	15,567	26	15,357
Germany	169	78,284	173	84,306
Finland	8	12,287	7	11,012
Estonia	7	1,869	13	3,857
Latvia	28	22,412	28	20,192
Sweden	93	42,954	99	47,656
Norway	40	27,373	43	26,439
Denmark	88	63,019	82	58,108
England	32	38,864	29	35,899
Holland	12	10,095	14	11,194
France	14	14,905	13	13,418
Italy	4	11,272	2	6,337
Greece	4	2,402	10	8,420
Turkey	5	50	3	53
Chile	2	366	1	133
Czechoslovakia	3	52	3	203
Total:	532	342,291	546	342,584

¹ The figures in brackets are for the month of August.

The Polish flag occupied the 10th place during September.

The freight traffic in Danzig is given in the following statement (in tons):

	Imports:		Exports:	
	August	Sept.	August	Sept.
grain	6.112	2.585	670	8.410
sugar	—	—	2.412	1.890
herring	9.881	10.408	—	—
groceries and foodstuffs	4.428	3.975	1.641	3.601
artificial fertilizers and chemicals	23.444	19.666	2.085	1.490
timber	—	—	66.281	48.325
cement	—	—	6.543	7.716
building materials	3.221	1.910	—	—
coal	2.430	2.273	438.788	456.045
mineral oils	1.553	2.240	2.951	1.645
ores	7.211	27.310	—	—
scrap iron	22.411	37.572	—	—
iron	1.099	1.025	—	—
various	1.311	2.580	2.791	4.879
Total:	83.101	111.544	524.162	534.001

Thus, it is seen that the quantity of freight handled increased. Imports rose by 30,000 tons, or 34 per cent and exports were unchanged. In imports, grain, as was to be expected, fell and so did artificial fertilizers and chemicals, while herring and groceries did not change. A favourable sign was the increase in iron ore from 7,000 to 27,000 tons, and in scrap iron from 22,000 to 37,000 tons. These latter products are gradually becoming the chief imports through Danzig; the temporary absence of iron

ore during the preceding months was caused by the miner's strike in Sweden. The imports of mineral oils were interesting in that for the first time since the War they exceeded exports.

In export through Danzig, corn and other foodstuffs increased, cement rose slightly and coal to a greater extent. On the other hand, timber exports fell to 48,000 tons, a figure unknown since the beginning of 1925. Timber trade through Danzig has suddenly received a serious set-back, and it is doubtful whether it will recuperate in the near future.

Coal (excluding bunker coal), was exported to the following countries (in tons):

Switzerland	154,161
Denmark	123,820
Finland	50,367
Italy	35,731
Norway	30,910
France	30,010
Latvia	23,525
Germany	8,116
Lithuania	5,788
Spain	5,250
Russia	5,000
Belgium	1,900
Holland	745
Total:	475,323

The passenger traffic was as follows:

	Arrivals persons	Departures persons
Danzig bay	2,675	4,668
Ljban	80	47
Copenhagen	152	167
London	97	497
Hull	35	422
New York	135	499
Riga	—	6
Helsingfors	14	—
Total:	3,188	14,256

At Gdynia, 114 vessels called, aggregating 102,212 net reg. tons (108,473), and 118 aggregating 111,269 net reg. tons departed (102,431). The number of ships was greater in September than in August, but their average tonnage was less.

The freight turnover rose considerably to 204,260 tons. In imports it fell to the exceedingly low figure of 7,035 tons (39,403 tons), while in exports it rose to 197,230 tons, the bulk of which was 185,716 tons of coal (165,312 tons), and 11,345 tons of bunker coal (8,940 tons).

The nationality of the ships calling at Gdynia was as follows:

	Arrivals:		Departures:	
	August	Sept.	August	Sept.
Poland & Danzig	11	12	11	12
Germany	18	18	18	17
Sweden	37	34	41	33
Norway	11	7	11	9
Denmark	6	9	6	8
Latvia	12	18	11	19
Holland	1	1	1	1
England	8	6	5	9
France	6	5	5	6
Estonia	—	3	—	3
Finland	—	1	—	1

The number of passengers leaving the port was 2,283.

THE FIRST ATTEMPT TO OPERATE THE PORT OF TCZEW.

— The shipping company "Wisła-Bałtyk" has ceased operations as a coal transporting company, sold out its tugs and barges and now only controls the harbour. Its system of transportation has proved impracticable; Polish public opinion has attached much importance to the operation of the port of Tczew and anticipated that with Danzig and Gdynia it would play a certain rôle in Polish international trade and that at least a portion of the seaborne trade would be effected through this harbour. The failure of the first trial is therefore a disappointment to the commercial and industrial circles which are interested in shipping. In the German press this development has been received with satisfaction and unfavourable comments about Polish shipping based on distorted facts have been circulated. It may be of interest therefore to throw some light on the circumstances under which the liquidation of the "Wisła-Bałtyk" Company has taken place.

The original plan which induced exporters of coal to use the port of Tczew was quite sound and it would have led to good results if it had been properly executed. A group of coal owners intended to send their coal by means of light and shallow craft down the Vistula and to tranship it into seagoing steamers at Tczew. It was the first attempt to transport coal economically to the seacoast and this would have enabled a comparison to be made of the actual costs of transport by rail and water. But the original plan was abandoned and the coal was despatched by rail and there transhipped not into sea going vessels but into lighters which were handled by small tugs. Opinion was divided as to the advisability of using this mode of transport. At present, the Company has come to the conclusion that this scheme cannot be carried on at a profit; but this failure does not prove in the least that the port of Tczew is not suitable for seaborne trade. On the contrary, it has become clear that Tczew can accommodate medium-sized steamers of the type generally serving the Baltic. Moreover, the railway junction at Tczew is very extensive and if a river port which can also handle maritime traffic is to be established in Poland then Tczew is the most suitable place for it. A new harbour situated at the estuary of the Vistula may ease the strain on Danzig in condition, however, that it is essentially a river harbour and is in a position to handle consignments coming from the hinterland by river craft.

On the other hand, as long as the consignments come to Tczew by rail and as long as the railway traffic interferes with Danzig and Gdynia, the port of Tczew loses its rôle as a river harbour; there is no doubt that the failure will in a way prove useful because the Zjednoczone Towarzystwo Żegluga, one of the main shipping companies on the Vistula, is now being reorganised and the experience gained in connection with the liquidation of the "Wisła-Bałtyk" Company will prove valuable.

POLISH SHIP LOADING INVENTION.

— The Ministry of Communications has recently approved the construction and putting into operation of an invention for loading steamers. Two technical engineers, G. Willimek and W. Koziatowski are the inventors of this appliance for unloading open freight cars of coal, ores and similar mass products. The appliance consists of an arrangement by which the base of the car is held immovable, the car is then lifted, turned on a horizontal axis through an angle of 135° and the contents dumped through a manifold which permits of simultaneous loading from one car through two ship's hatches.

The invention is specially planned to obviate the possibility of straining either the sides, ends or underbody of the freight car. This is the reason why the car is turned on a horizontal axis, since the usual method of turning on end damages the bumpers and puts undue strain upon the sides. Any size or type of open car can be handled; the electrical energy necessary is 55 KW while three to four men can carry out the operation. The cost of loading will come to about zł 0.06 per ton, when the appliance is run at capacity.

Messrs. "Bomag" of Berlin have undertaken the construction of the apparatus and the cost thereof has turned out to be lower than anticipated. The appliance is guaranteed to unload 20 open railway wagons of any size in one hour, but the actual rate will be between 20 and 30 per hour.

This rail to ship "Z" loading appliance, as it is called, will enable a 3,000 ton vessel to be loaded in 5 hours. As soon as ready, it will be installed in the Polish port of Gdynia.

GDYNIA SUPPLIES BUNKER COAL. — On September 16th there called at Gdynia for the first time, a steamer for the sole purpose of coaling. This was a Latvian steamer, the "Windau", which took 150 tons of bunker coal. This is a significant and highly gratifying development. Steamers calling at Gdynia for coaling purposes do not pay any port charges either entry or exit.

As soon as the breakwater is connected with the coal mole, six berths will be provided for ships specially coming in to take bunker coal. It is also proposed to erect a special bunker coal station, conveniently situated and provided with the latest types of loading appliances, which no doubt will contribute materially towards the development of the port of Gdynia, which, in turn, will favourably affect the Polish coal trade.

AERIAL COMMUNICATION IN AUGUST.

— There was a decrease in air traffic when compared with the preceding month, which is usual at this time of the year.

The number of flights (scheduled and extra) was 370, as against 401 in the preceding month, and the distance flown 121,900 km. (in August 131,764 km.). The number of passengers carried declined considerably, from 929 in August 796 to in

September. The transport of freight decreased slightly, from 28.021 kg. to 27.654 kg., and that of mail from 3.804 kg. to 3.428 kg.

AIR POST.— The existing regulations for the air post have been fixed as follows:

Official and private mail, i.e., letters, post-cards, printed matter, samples and parcels without declaration of value may be sent by aeroplane as ordinary, registered or special delivery.

Parcels may not exceed in size 50 × 50 × 100 cm., or 20 kg. in weight within the frontiers of Poland and the

Free City of Danzig, and 10 kg. for transmission abroad.

The parcels must have printed in colour at the side of the address "lotnicza" for home delivery and "parawion" for abroad.

Air mail must be stamped to the full amount, otherwise it will be sent by the usual channels, unless the additional payment be obtained from the sender.

In accordance with a decree of the Minister of Posts and Telegraphs dated August 11, 1928 ("i.z. Ust. R. P." No. 79, item 698) the fee for air mail delivery at home and abroad is composed of: a) the usual fee and, b) a special fee for air transport. The special fee is equal to the usual fee for delivery at home or abroad, except to Morocco,

in which case it is double and Senegamba (Port Dakar), where it is four-fold.

Mail should be stamped by air-mail stamps to at least half the amount necessary, the remainder to be covered by ordinary stamps. In cases, however, of large charges the whole may be covered by ordinary stamps.

Ordinary letter mail may be posted in the special air-mail boxes.

LETTER TELEGRAMS.— Letter telegrams between Poland and Holland came into force on October 1, 1928. The rate is gold Fr. 0.13 per word, and the minimum charge gold Fr. 2.60.

Such telegrams must not be in code and in one of the following languages: Polish, German, French, English or Dutch

FINANCE AND BANKING

STATE REVENUE AND EXPENDITURE IN SEPTEMBER and for the first half of the 1928/29 budgetary year were as follows (in millions of zł):

Similarly as in the past few months September showed an excess of revenue over expenditure, the surplus being zł 10.3 million.

	Revenue		Expenditure	
	actual	estimated for 1928/9	actual	estimated for 1928/9
A) Civil service	146.9	1.578.8	228.0	2.508.5
The President of the Republic.	—	8.2	0.3	3.3
The Parliament.	—	0.3	1.0	10.6
State Control	—	0.1	0.6	5.0
Council of Ministers	—	—	0.2	2.2
Ministry of Foreign Affairs	0.5	10.9	1.8	52.3
" " War.	0.8	3.8	69.0	740.8
" " the Interior	1.5	17.4	18.6	217.8
" " Finance	133.5	1.392.7	10.9	130.1
" " Justice	2.9	37.1	9.4	108.2
" " Industry and Commerce	0.8	10.7	6.1	47.9
" " Transport	—	0.5	1.6	16.1
" " Agriculture	1.3	14.6	5.5	55.3
" " Religious Cults and Education	0.4	10.8	31.9	299.0
" " Public Works	2.6	39.2	10.6	136.8
" " Labour and Social Protection	0.2	0.8	4.1	61.3
" " Land Reform	0.2	3.1	4.1	53.3
" " Posts and Telegraphs	—	—	0.3	2.4
Pensions	2.2	27.1	10.0	102.8
Grants to invalids	—	—	19.7	132.1
State liabilities	—	9.5	22.3	231.2
B) State enterprises	13.6	199.6	0.1	19.8
C) Monopolies	77.9	876.6	—	—
Total A + B + C:	238.4	2.655.0	228.1	2.582.3

Taxes gave zł 131.6 million and State Administration zł 146.9 million. In the section of State Undertakings (apart from the smaller revenue from the

State Printing Works, Posts and Telegraphs and the Government-controlled Coal Mining and Foundry Undertakings), State Forests transferred to the Treasury

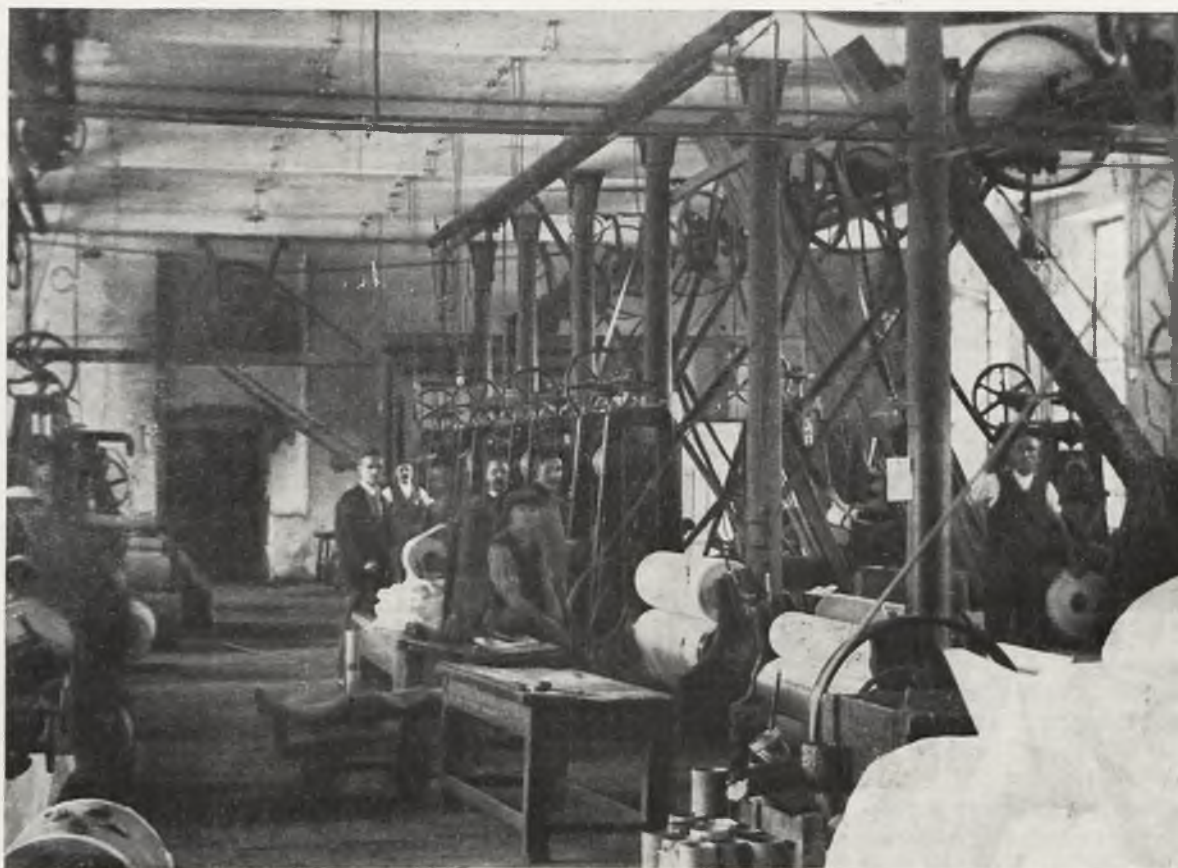
zł 13 million in September and zł 42.5 million since the beginning of the current budgetary year, which represents 53.3 per cent of the total anticipated for the whole year. The State railways, although working at a profit, have only transferred up to the present zł 5.7 million. This small payment to the Treasury is explained by the fact that the programme of capital investment, including the construction of new lines, is taking up most of the surplus. It should be stated that the construction of the Upper Silesia Gdynia railway line and the reconstruction of the Warsaw junction is involving large expenditure.

State Monopolies gave zł 77.9 million.

The expenditure of the Treasury remained at about the same level as in the past few months. That of the Ministry of Industry and Commerce was slightly higher owing to large payments being made in connection with the construction of the port of Gdynia, also, in connection with the service of the foreign loans large instalments fell due during the period under review. State Undertakings, apart from the Polish Telegraphic Agency, made no disbursements of note.

During the past half year the revenue of the Treasury was zł 1.393.1 million and the expenditure zł 1.332.3 million; the favourable balance amounted thus to zł 60.8 million. The revenue and expenditure for each month since the beginning of April are given below (in millions of zł):

	Revenue	Expenditure	Surplus of revenue
April 1928	222.5	213.2	9.3
May "	244.0	230.3	13.7
June "	216.6	206.2	10.4
July "	233.8	224.0	9.9
August "	237.8	230.5	7.2
September	238.4	228.1	10.3



ONE OF THE WORKSHOPS AT THE "MIRKÓW" PAPER MILL
(PHOT. S. PLATER)

In relation to the amount assessed in the budget, including the 15 per cent bonus to the State employees foreseen in article 5 of the Treasury Law of June 21, 1928, the expenditure for the six months amounted to 49·8 per cent; this is all the more worthy of note as, in the first half of the budget year, large investments are included especially for building purposes, and it is a period generally less favourable than the latter half of the year. The revenue for the same period represented 52·5 per cent, as compared with the total estimated for the whole year.

As already stated the second half of the budgetary year shows usually larger revenue. And it is therefore quite certain that budget equilibrium will be easily maintained in the current year.

TAXES IN SEPTEMBER. — The revenue from taxes and monopolies amounted to z 209·5 million which was slightly above the average for the first six months of the current budgetary year. An enormous increase is noticeable as compared with the corresponding period of last year, when the revenue from these sources amounted to z 165·9 million.

During the first six months of the current year, taxes and monopolies brought in z 1.233·2 million, as compared with the anticipated revenue for the whole year of z 2.183·9 million, which represents well over 56 per cent. On the whole, the first half-year is less favourable to the Treasury than the last two quarters and it is certain therefore that the estimated revenue will be exceeded. The revenue from the taxes and monopolies during the first six months of the current year are given below (in millions of z):

	1927	1928
April	162·8	192·2
May	178·4	219·0
June	151·7	191·2
July	169·8	207·8
August	154·5	213·5
September	165·9	209·5
Total:	983·1	1.233·3

The revenue from ordinary taxes amounted to z 121·0 million, as compared with z 94·9 million in September of last year. These taxes have returned z 737·6 million during the first six months of the budgetary year, which represents 62·7 per cent of the estimated amount for the whole year.

Direct taxes brought in September z 48·9 million, as compared with z 59·8

million in August and z 35·0 million in September 1927. The revenue from this source is composed of the following items: the Land Tax — z 2·9 million, the Tax on Urban and certain Rural Real Estates — z 4·6 million. The Industrial Tax — z 26·4 million and the Income Tax — z 10·0 million.

During the first six months of the budgetary year, direct taxes have brought z 337·3 million which represents 64·7 per cent of the estimate for the whole year. This percentage would have been still larger but for the fact that the greater part of the Land Tax is payable in the second half of the budgetary year, after the harvest. Up to the present, the amount paid in on account of this tax has only amounted to z 16·3 million, or 27·12 per cent of the estimate.

Indirect taxes gave in September z 146 million, which is z 0·5 million less than in the preceding month. In September 1927, indirect taxes gave z 12·5 million. The chief amounts were: the Sugar Tax — z 9·7 million; the Mineral Oil Tax — z 1·9 million; the Beer Tax — z 1·6 million; the Yeast Tax — z 0·5 million. Indirect taxes have given z 89·5 million during the first six months of the current budgetary year,

which compared with the anticipated amount for the whole year represents over 56 per cent.

During the period under review customs duties brought in zł 42.7 million, as compared with zł 33.8 million in August and zł 28.7 million in September 1927. This increase is attributable not only to the rise, in imports, but also to the readjustment of the customs tariff to the new monetary unit, which took place in the spring. The revenue from the customs for the six months amounted to zł 212.8 million, the anticipated amount for the whole year being zł 333 million. Stamp fees and similar charges gave zł 15.7 million, the corresponding figures for August last and September 1927 being zł 14.7 million and zł 13.7 million. The total receipts from this source amounted to zł 98.0 million during the period from March 31st to September 31st, or 59.4 per cent of the estimated amount for the year. Of the extraordinary revenues, the Property Tax returned the comparatively small amount of zł 2.1 million.

The 10 per cent Extraordinary Supplementary Tax brought in September zł 7.6 million and for the first half year — zł 53.1 million. The latter figure represents 64.7 per cent of the estimates for the whole year.

The State Monopolies showed a comparatively large revenue, amounting to zł 77.9 million, which sum includes zł 38.2 million from the State Spirit Monopoly, zł 34.0 million from the Tobacco Monopoly, zł 4.2 million from the Salt Monopoly, zł 0.7 million from the Match Monopoly and zł 0.8 million from the Lottery. During the first six months the revenue from the State Monopolies amounted to zł 430.9 million, or 49.15 per cent of the estimated amount for the whole year.

A comparative table showing the revenue from Taxes and Monopolies is given below (in millions of zł):

	Actual revenue: th of the yearly budget for			
	1928	1928	1927	1928/29
Direct taxes	59.8	48.9	37.9	43.4
Indirect taxes	15.1	14.6	13.7	13.3
Customs duties	33.8	42.7	28.7	27.5
Stamp fees	14.7	15.7	14.6	13.8
<hr/>				
Total of the ordinary public levies:	123.4	121.9	94.9	98.0
Property Tax	1.5	2.1	1.9	4.2
10 per cent Extraordinary Tax	8.9	7.6	6.4	6.8
<hr/>				
Monopolies	79.7	77.9	62.7	73.0
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Total of public levies and monopolies:	213.5	209.5	165.9	182.0

STOCK EXCHANGE

FOREIGN CURRENCIES

— Most of the foreign exchanges, as may be seen from the table given below, had a downward tendency during the period under review; this applies to drafts on London (a decline of zł 0.03, $\frac{1}{3}$ per Pound Sterling) on Brussels, zł 0.04, Zurich zł 0.11, Milan zł 0.10 Vienna zł 0.17 and on Stockholm zł 0.29, (per 100). Of the other European currencies drafts on Amsterdam, Prague and Paris showed an upward trend while those on New York continued to be stable as before. The Złoty exchange on the international stock exchanges was inclined to rise, which is confirmed by the quotations on the Zurich, Vienna, Prague and Danzig stock exchanges. The turnover in foreign currencies and drafts on the Warsaw Stock Exchange declined during September by 17 per cent which is accounted for by the close of the holiday season during which a large number of Polish citizens go to foreign health resorts. The decline in the turnover of foreign currencies and drafts is usually smaller at this time of

		31.8	3—8.9	10—15.9	17—22.9	24—28.9	29.9	par value
Warsaw Exchange								
London	£ 1	43.2735	43.26½	43.2484	43.283	43.24½	43.24	43.38
New York	\$ 1	8.90	8.90	8.90	8.90	8.90	8.90	8.90
Paris	Fr. Fr. 100	34.82½	34.83	34.8267	34.831	34.86	—	172.00
Brussels	Belg. 100	123.98	123.97	123.94	123.92	123.94	—	123.95
Zurich	Sw. Fr. 100	171.71	171.70	171.64	171.58	171.59	171.60	172.00
Milan	Lir. 100	46.72	46.70	46.63	46.63	46.63	46.62	172.00
Amsterdam	Fl. 100	—	357.52	357.42	357.52	357.59	—	358.31
Vienna	Sh. 100	125.65	125.65	125.60	125.49	125.50	125.48	125.43
Prague	Kcz. 100	26.42	26.42½	26.42½	26.42½	26.42½	26.42½	180.62
Stockholm	Kr. 100	238.80	238.67½	238.62	238.61	238.51	—	238.89
Foreign Exchanges								
London	£ 1	43.30	43.28½	43.25¾	43.25½	43.21½	43.25	43.38
New York	zł 100	11.25	11.25	11.25	11.25	11.25	11.25	11.22
Zurich	zł 100	58.20	58.203	58.22	58.21	58.22½	58.25	58.14
Vienna	zł 100	79.53	—	79.60	—	—	—	79.72
Prague	zł 100	377.52½	377.61½	377.55½	377.69	377.69	—	55.36
Berlin	zł 100	47.025	47.046	47.05	47.06	47.05	47.025	47.09
Danzig	zł 100	57.77½	57.81	57.83	57.83	57.83	—	57.63

the year. Similarly as in the month of August the volume of business in Sterling Exchange was the largest, which fact was explained in our last report.

SHARES

The share market continued to be inactive and the tendency was weak.

Private orders placed with the banks were on a small scale, outside brokers continued to purchase on a small scale, owing to lack of liquid capital. The

Industrial shares	31.8	3—8.9	10—15.9	17—22.9	24—28.9	29.9	Nominal
Bank Polski	181.75	181.40	180.05	178.50	178.—	178.—	₺ 100.—
Bank Dyskontowy Warszawski	134.50	134.50	135.—	134.50	135.—	—	₺ 100.—
Bank Handlowy w Warszawie	—	117.—	117.—	117.—	117.—	117.—	₺ 100.—
Bank Zachodni	33.25	33.40	33.25	32.50	32.50	32.50	₺ 25.—
Bank Zw. Sp. Zarobkowych	—	81.35	—	80.—	80.—	—	₺ 100.—
Warsaw Coal Mining Co.	—	100.—	101.85	98.50	160.10	106.—	₺ 100.—
Chodorów	—	183.—	—	200.—	200.—	200.—	₺ 100.—
Cegielski	—	47.60	—	46.75	46.—	45.50	₺ 50.—
Zieleniewski	—	—	—	134.—	128.—	128.—	₺ 100.—
Norblin, Buch & Werner	245.—	255.—	242.50	—	235.—	—	₺ 100.—
Starachowice	54.25	54.60	54.15	52.45	51.95	51.50	₺ 50.—
Lilpop, Rau & Loewenstein	41.75	40.85	40.30	39.—	39.35	39.—	₺ 25.—
Ostrowiec (b series).	124.—	125.45	120.40	114.70	115.30	117.—	₺ 50.—
Modrzejów	43.—	42.90	41.—	41.—	40.—	39.50	₺ 50.—
Rudzki	49.—	—	44.55	42.—	42.—	—	₺ 50.—
Warsz. Sp. Akc. Budowy Parowozów	42.—	40.80	40.—	39.—	39.75	—	₺ 25.—
Żyrardów	—	—	—	—	—	—	Mk. 540.—Rb. 250
Zawiercie	—	27.15	25.55	—	23.—	21.—	₺ 60.—
Standard Nobel	—	32.50	31.85	30.25	29.—	—	₺ 50.—
Borkowski (Elibor)	—	17.35	17.75	—	17.25	—	₺ 25.—
Wysoka	—	—	222.—	—	—	—	₺ 100.—
Siła i Światło	147.—	152.—	140.—	—	139.—	152.—	₺ 50.—

purchases for foreign account were also restricted. The result was that most of the shares, and especially those of the metallurgical group, showed a downward trend. Bank shares showed little variations apart from a slight decline in those of the Bank of Poland, while those of the Bank Dyskontowy, the Bank Handlowy, and the Bank Zachodni even showed a slight upward, trend owing to increased demand but, on the whole, the volume of business transacted

was comparatively small, due to the fact that these shares are in strong hands and are not readily available. Despite reduced turnover and general weakness some shares displayed strength. Thus, the Warsaw Coal Mining Company shares rose by ₺ 6 and there are rumours that foreign markets have, of late, taken an active interest in these shares. Chodorów shares, which are also quoted on the Kraków and Lwów exchanges, gained ₺ 13 per share during the month. Finally,

Siła i Światło were subject to fairly large fluctuations at the beginning of the month, an increase of ₺ 5 being recorded but subsequently, owing to large parcels being thrown on the market, the quotations dropped for a few days and then again showed a strong upward tendency at the end of the month, the ultimate gain as compared with the end of August being ₺ 5 per share. It is generally anticipated that the share market will become firmer during the next month.

State, Municipal & Land Loans	31.8	3—8.9	10—15.9	17—22.9	24—28.9	29.9	Nominal
5% Conversion Loan	67.—	67.—	67.—	67.—	67.—	67.—	₺ 100.—
7% Poż. Stabilizacyjna	92.50	—	92.50	93.75	94.—	—	\$ 100.—
6% External Dollar Loan 1920	84.—	85.65	86.50	86.45	86.45	86.50	\$ 100.—
4% Poż. Prem. Suwestycyjna	—	130.—	128.45	124.45	121.10	120.—	₺ 100.—
5% Premium Dollar Loan (2nd series).	93.25	89.35	91.40	91.65	91.70	93.—	\$ 5.—
10% Railway Loan (1st series)	104.—	103.50	103.20	103.—	103.—	103.50	gold Fr. 100.—
8% Bank Gospodarstwa Krajowego Bonds	94.—	94.—	94.—	94.—	94.—	94.—	gold Fr. 100.—
8% State Land Bank Bonds	94.—	94.—	94.—	94.—	94.—	94.—	gold Fr. 100.—
8% Com. Oblig. of the Bank Gospodarstwa Kraj.	94.—	94.—	94.—	94.—	94.—	94.—	gold Fr. 100.—
8% Land Credit Association Bonds	—	—	79.—	79.—	79.—	79.—	₺ 100.—
4% Land Credit Association Bonds	—	—	—	47.95	—	—	₺ 100.—
4% Land Credit Association Bonds	53.75	53.10	52.85	52.40	52.25	51.50	₺ 100.—
8% Credit Soc. of the City of Warsaw Bonds	74.—	74.—	73.45	71.80	71.50	71.—	₺ 100.—
5% Credit Soc. of the City of Warsaw Bonds	59.—	59.25	58.50	58.50	58.—	57.25	₺ 100.—
4% Credit Soc. of the City of Warsaw Bonds	—	52.75	—	52.50	52.—	—	₺ 100.—

STATE, MUNICIPAL AND
LAND LOANS

As regards the investment market, Government bonds were much more in favour than those of private institutions. The 6 per cent Dollar Loan rose by about 3 per cent, whereas a slight decline, of about 0.5 per cent was reported in the case of the 10 per cent Railway Loan. The 7 per cent Stabilisation Loan of 1927 as well as the 4 per cent Premium Investment Loan have been introduced on the Stock Exchange. The first rose by about 1.5 per cent and the second after frequent fluctuations decreased by z 10 per bond. The reason for this decline is to be attributed to the fact that a portion of this loan was subscribed for speculation and the subscribers are now unloading as they cannot keep the stock owing to the lack of money. The quotations for the remaining Government bonds were maintained at their previous levels. Investment stocks of private institutions were little in demand and lost some points. This, however, must be regarded as a temporary phase as it is stated in well informed circles that the foreign markets, attracted by the low quotations of the Polish mortgage bonds, are beginning to display an increasingly growing interest in this class of bonds.

THE DEVELOPMENT OF DEPOSITS IN CREDIT INSTITUTIONS.

— Since the stabilisation of economic conditions in Poland in the middle of 1926, and especially that of the currency (at first *de facto*, and then *de jure*), there has been observed a strong increase in the amount of deposits placed in credit institutions. In the beginning the rise in deposits was only seen in State institutions, but as confidence in private institutions — undermined by the crisis of 1925 — grew, the deposits there also began to grow considerably. At the same time it can be observed that capital-forming deposits (savings accounts and fixed-term deposits) are growing more rapidly than cash reserves such as current accounts.

The following statement gives the development of deposits during the two years from the middle of 1926 to the middle of 1928:

	Total deposits Increase during the half-year	
	millions of z	%
July 1, 1926	746.9	-
Dec. 31, "	1,219.0	63.2
June 30, 1927	1,469.9	20.6
Dec. 31, "	1,905.3	29.6
June 30, 1928	2,440.7	28.1

Thus, we see that during the above period deposits rose by z 1,693.8 million or 227 per cent.

The distribution of deposits among the various types of institutions is shown in the following table (in millions of z):

	July 1st 1926	June 30th 1927	June 30th 1928
The Bank of Poland	53.4	113.4	170.3
State banks	115.4	312.2	484.5
The Post Office and other savings banks and co- operative institu- tions	213.4	450.4	822.3
Stock banks	352.9	568.1	927.1
Other institutions	11.8	25.8	36.5

During the first year of the above period the increase in deposits is most marked in the case of savings institutions and State Banks, while during the second year the most important development is in the case of savings institutions and stock banks.

The changes, during the two years, in the nature of deposits were as follows (in millions of z):

	Gold capital forming deposits	Saving deposits (included in 1st column)	Cash reserves
July 1, 1926	313.4	155.8	433.5
Dec. 31, "	487.7	236.9	731.3
June 30, 1927	658.9	339.6	811.0
Dec. 31, "	879.2	473.6	1,025.8
June 30, 1928	1,246.7	674.7	1,194.0

From the above it is seen that capital-forming reserves rose fourfold, while cash reserves were 2.75 times larger. On June 30, 1928 capital-forming deposits were 51 per cent of the total deposits, and cash reserves were 49 per cent.

The statements given above, compiled by the Chief Statistical Office do not take into account district and country savings institutions. Moreover, on account of insufficient data, the deposits of one banking house with another have not been eliminated.

The strong growth of capital in Poland has acted as a stimulant on the economic development of the country, for it provided the means for supplying the credit which was so necessary; however, the greater rate of development in production has led, in spite of the increasing inflow of deposits, to severe stringency on the money market.

BANK OF POLAND

— The currency turnover in September showed further improvement. The inflow of foreign currencies and drafts to the Bank of Poland amounted in September to z 108.7 million, as compared with z 92.7 million in August and z 78.3 million in July, while the sales were maintained at about the same level, that is z 120.3 million in September, z 118.0 million in August and z 126.0 million in July. Thus, the balance of the movement of foreign currencies at the Bank of Poland amounted only to z 11.5 million in Septem-

ber, whereas the corresponding figures for August and July were z 25.3 million and z 47.7 million respectively.

The increase in the purchase of foreign currencies and drafts in September, as compared with the preceding month, is accounted for by a larger inflow of short term credits from abroad, whereas the maintenance of sales at last month's level, despite the growth in the purchases by Government Departments from z 29.9 million to z 47.1 million in connection with the service of foreign loans is explained by a considerable decline in the purchases made on the Stock Exchange (from z 88.1 million to z 73.0 million) which is due to the stringent conditions ruling on the money market, especially at the end of the month.

Thanks to the decline in the adverse currency balance, the fall in the bullion and foreign currency reserves of the Bank was less and amounted to z 16.8 million as far as the reserves, included in the cover, and sight liabilities were concerned. The reserve of foreign currencies and drafts not included in the cover for the notes in circulation rose by z 0.6 million, as it stood at z 199.6 million at the end of August and at z 200.2 million at the end of September.

The value of the bullion and foreign currencies included in the statutory cover of the notes in circulation and sight liabilities declined during the month from z 1,086.3 million to z 1,069.5 million. The bullion reserves, thanks to the purchases of gold and silver by the provincial branches of the Bank, rose from z 606.7 million to z 607.0 million, whereas the value of foreign currencies declined from z 479.6 million to z 462.4 million.

The value of gold held abroad remained unchanged at z 195.3 million that kept at the vaults rose by z 161,000 to z 407.8 million and that of silver calculated in gold rose by z 206,000 to z 4.0 million. During the first three quarters of 1928, the bullion and foreign currency reserves declined from z 1,207.4 million to z 1,069.5 million or 11.4 per cent. The changes in the bullion and foreign currency reserves used as cover for the bank notes in circulation and sight liabilities in September and since the beginning of the year are given below (in millions of z):

	January 1st	August 31st	September 30th
gold	517.3	602.9	603.0
silver	2.6	3.8	4.0
foreign currencies and liabilities	687.5	479.6	462.4
Total:	1,207.4	1,086.3	1,069.5

	AUGUST 31st		SEPTEMBER 10th		SEPTEMBER 20th		SEPTEMBER 30th	
Assets:								
Bullion:								
gold in vaults - - - -	407,589.800·06		407,648.928·71		407,702.455·16		407,751.491·68	
„ abroad - - - - -	195,289.774·72		195,289.774·72		195,289.774·72		195,289.774·72	
silver (gold value) - - -	3,796.008·11		3,890.783·21		3,984.298·93		4,001.550·25	
	606,675.582·89		606,829.486·64		606,976·528·81		607,042.816·65	
Foreign currency, drafts and assets - - - - -	479,599.611·94	1,086,275.194·83	467,336.848·46	1,074,166.335·10	467,167.829·51	1,074,144.358·32	462,437.734·84	1,069,480.551·49
Foreign currency, drafts and assets not included in the cover - - - - -		199,587.750·90		204,240.023·06		203,697.377·34		200,209.494·61
Silver and token coins - -		1,146.059·08		1,547.394·17		5,790.355·32		720.921·79
Bills of exchange - - - -		633,252.098·05		631,441.607·51		638,050.961·94		660,031.269·55
Loans against securities -		74,774.259·65		75,016.430·10		77,086.612·42		83,919.415·60
Own interest-bearing securities - - - - -		5,768.919·75		6,101.715·83		6,979.378·76		9,315.048·35
Reserve funds invested in the securities - - - -		55,647.184·71		55,647.184·71		55,647.184·71		55,659.549·23
Loans to Government - - -		25,000.000·—		25,000.000·—		25,000.000·—		25,000.000·—
Property - - - - -		20,000.000·—		20,000.000·—		20,000.000·—		20,000.000·—
Other assets - - - - -		66,828.142·80		74,565.572·39		76,176.110·05		75,494.752·73
		2,168,279.609·77		2,167,726.262·87		2,182,572.338·86		2,199,851.003·35
Liabilities:								
Capital - - - - -		150,000.000·—		150,000.000·—		150,000.000·—		150,000.000·—
Reserve fund - - - - -		94,434.640·—		94,434.640·—		94,434.640·—		94,434.640·—
Sight liabilities:								
current accounts of State institutions - - -	301,984.766·82		261,593.519·50		310,916.627·24		274,512.219·82	
outstanding current accounts - - - - -	129,124.863·59		190,724.064·41		187,123.859·59		130,506.913·99	
silver purchases a/c - - -	84,000.000·—		84,000.000·—		84,000.000·—		84,000.000·—	
State credit fund a/c - -	32,935.243·94		27,635.216·07		27,574.636·74		27,574.636·74	
various accounts - - - -	5,525.592·17		5,732.867·04		5,424.867·06		5,244.311·03	
	553,570.466·52		569,685.667·02		615,039.990·63		521,838.081·58	
Notes in circulation - - -	1,206,677.880·—	1,760,248.346·52	1,187,577.200·—	1,757,262.867·02	1,154,770.710·—	1,769,810.700·63	1,261,387.990·—	1,783,226.071·58
Special account of the Treasury - - - - -		75,000.000·—		75,000.000·—		75,000.000·—		75,000.000·—
Other liabilities - - - - -		88,596.623·25		91,028.755·85		93,326.998·23		97,190.291·77
		2,168,279.609·77		2,167,726.262·87		2,182,572.338·86		2,199,851.003·35

In proportion to the amount of the bank notes in circulation and sight liabilities, the above mentioned bullion and currency cover was 59·97 per cent on September 30th, 61·71 per cent on August 31st, and 72·61 per cent on January 1st of this year. The comparatively larger fall in the percentage than in the amount of the cover is to be attributed to a simultaneous increase in the value of the notes in circulation and sight liabilities from zł 1.760·2 million to zł 1.783·2 million. The banknote issues have risen only from zł 1.206·7 to zł 1.261·4 million, whereas the sight liabilities have declined from zł 553·6 million to zł 521·8 million.

The fall in the sight liabilities was caused for the most part by the decrease in the balances on current accounts from zł 431·1 million to zł 405·0 million (the accounts of various Government Departments declined by zł 27·5 million, while private accounts rose by zł 1·5 million). In addition zł 5·4 million were used from the State Credit fund, for

investment purposes as foreseen in the Stabilisation Plan.

The increase in bank notes in circulation despite the decline in bullion and foreign currency reserves, is partly accounted for by the fall in the balance on current accounts and partly by the rise in credits granted by the Bank. Thus, the amount of bills in portfolio rose further from zł 633·3 million to zł 660·0 million and as at the same time the amount of discount credits granted remained unchanged, the ratio of credits employed to those granted rose from 79·1 per cent to 82·5 per cent. The value of loans against securities rose from zł 74·8 million to zł 83·9 million.

The other items of the Bank cover for the notes in circulation and sight liabilities did not show any variations.

The amount of silver and token coins decline by zł 0·4 million and the value of securities held by the Bank rose by zł 3·6 million during the month; the debt of the Treasury remained unchanged at zł 25 million. The Bank

cover since the beginning of the year and at the end of August and September is given below (in millions of zł):

	January 1st	August 1st	September 1st
bills	460·7	633·3	660·0
Polish silver coins and token money	17·0	1·1	0·7
loans against securities	41·5	74·8	83·9
own interest-bearing securities	5·8	5·8	9·3
liability of the Treasury	25·0	25·0	25·0
Total:	550·0	739·9	779·0

PRIVATE BANKING DURING THE FIRST HALF OF 1929. — The development of private banking which took place after acute crisis in the year 1925 and part of 1926, continued during 1927 and even increased during the first half of the present year. A comparison of the bank statements for December 31, 1927 and June 30, 1928, shows a large gain in the totals of the balance-sheets, and strong increase in deposits of all kinds; also a rise in credits, liquid assets, and earning ability.

Capital and reserves, during the period under review (i. e., the first half-year of 1928), increased from zł 199·9 million to zł 225·1 million, as follows (in millions of zł):

	December 31 1927	June 30 1928
Stock capital	173.7	185.8
Reserve capital	16.6	20.7
Other reserves	8.6	17.2
Amortisation fund	0.9	1.9

Thus, stock capital and reserve capital show increases. As a matter of fact, the latter was augmented owing to special allocations made at the close of the year, and so did not raise the actual resources of the banks.

A larger increase took place in deposits as is seen from the following statement (in millions of zł):

	December 31 1927	June 30 1928
Deposit accounts	492.3	647.1
Current accounts	307.2	259.3
Other banks accounts ("Loro")	13.0	92.3
Accounts with foreign banks ("Nostro")	165.5	239.8

An analysis shows that deposits proper rose by zł 154.8 million or 31.4 per cent (during this period the currency in circulation rose by zł 122 million). Credit balances of current accounts showed decrease by 15.6 per cent, which took place mainly during May and June. It was during this time that an increase in the supply of foreign credits to Polish banks caused the credit balances of foreign banks ("Nostro" a/c) to rise considerably. During this half year the deposits of foreign correspondents "Nostro" increased by zł 74.3 million or by 44.9 per cent.

The different types of deposit accounts during the period were as follows (in millions of zł):

	December 31 1927	June 30 1928
Deposits:		
term	332.3	292.0
on demand	203.4	262.3
savings and special accounts	67.2	92.9

Short-term credits granted by private banks totalled at the end of 1927, zł 1,254.3 million, and June 30, 1928 zł 1,512.3 million; thus they rose during the half-year by zł 318.1 million or 25.4 per cent.

In order to increase the credits granted the banks employed both the greater deposits and augmented capital. Re-discount of bills of exchange increased from zł 258.1 million to zł 344.8 million i.e., foreign re-discounts rose from zł 40.6 million to zł 55.9 million, and re-discounts at the Bank of Poland from zł 217.5 million to zł 288.9 million.

Discount credits showed the largest rise, while loans for fixed periods even decreased, as is shown by the following statement (in millions of zł):

	December 31 1927	June 30 1928
Discounted bills	613.5	853.8
Current accounts (debit balances)	613.3	694.0
1) secured	404.6	479.7
a) by bonds	58.2	56.3
b) by bills with 2 signatures and letters of guarantee	144.7	179.7
c) by mortgage	129.8	173.1
d) by goods and bills of lading	71.9	70.7
2) not secured	208.7	214.2
Fixed term loans	27.5	24.6

Thus, discount credits rose by 39.2 per cent. As regards credits on current accounts, un-secured credits rose, the larger rise was in secured credits, and especially those secured by mortgage, by bills of exchange and by letters of guarantee.

The bills of exchange protested declined during the period under review, from zł 11.2 million to zł 9.2 million.

The ratio of bills re-discounted to bills discounted was at the end of 1927, 42 per cent; at the end of the first half year of 1928 this ratio was 40 per cent.

The ratio of liquid assets to liabilities rose from 53.2 per cent to 54.9 per cent; thus, on December 31, 1927 the liquid assets (cash in hand, net bills in portfolio, foreign currency and "Nostro" bank accounts) were zł 552.6 million, and on June 30, 1928 they were zł 680.0 million; the liabilities (deposits of every kind, including the credit balances of current accounts and "Loro" correspondents accounts and "Nostro" foreign bank accounts) at the respective dates increased from zł 1,037.9 million to zł 1,238.5 million.

Emergency cash (which includes cash in hand, foreign currencies and "Nostro" bank accounts) relatively declined, the ratio thereof to liabilities being on December 31, 1927, 19 per cent, while at the end of June, 1928, it was 14 per cent. The reasons were mainly in the decline in cash balances and deposits in the Bank of Poland and the State banks, and partly in the decrease of "Nostro" bank accounts.

The earning ability of private banks during the first half-year of 1928 improved, owing mainly to the broadening of their scope of operations. Overhead expenses were zł 45.8 million, and the income from interest and commission was zł 62.2 million; thus, overhead expenses were 73.6 per cent of income.

The ratio of overhead expenses to deposits was, for 1927, 8.5 per cent while for the first half-year of 1928 (calculated on a yearly basis) it was 8.2 per cent.

LATEST NEWS

WARSAW EXCHANGE:

	10.10.28	20.10.28
\$ 1 = zł	8.90	8.90
£ 1 = ,	43.25	43.25

BANK OF POLAND:

ASSETS:	10.10.28	20.10.28
Gold and silver reserve. zł	607,138.931.11	609,519.805.66
Foreign balances . . . ,	470,523.911.97	470,105.451.45
" " (not included in the cover) ,	198,463.914.72	197,651.447.40
Bills of exchange . . . ,	641,212.843.18	634,265.010.92
Loans against securities ,	83,201.862.40	83,363.168.85
LIABILITIES:		
Notes in circulation . . . ,	1,237,042.800.00	1,202,779.620.00
Current accounts . . . ,	418,393.610.70	447,164.594.66
Other sight liabilities . . . ,	118,224.469.50	118,884.518.29
BANK NOTES COVER (bullion & foreign currencies)	60.76%	61.04%

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