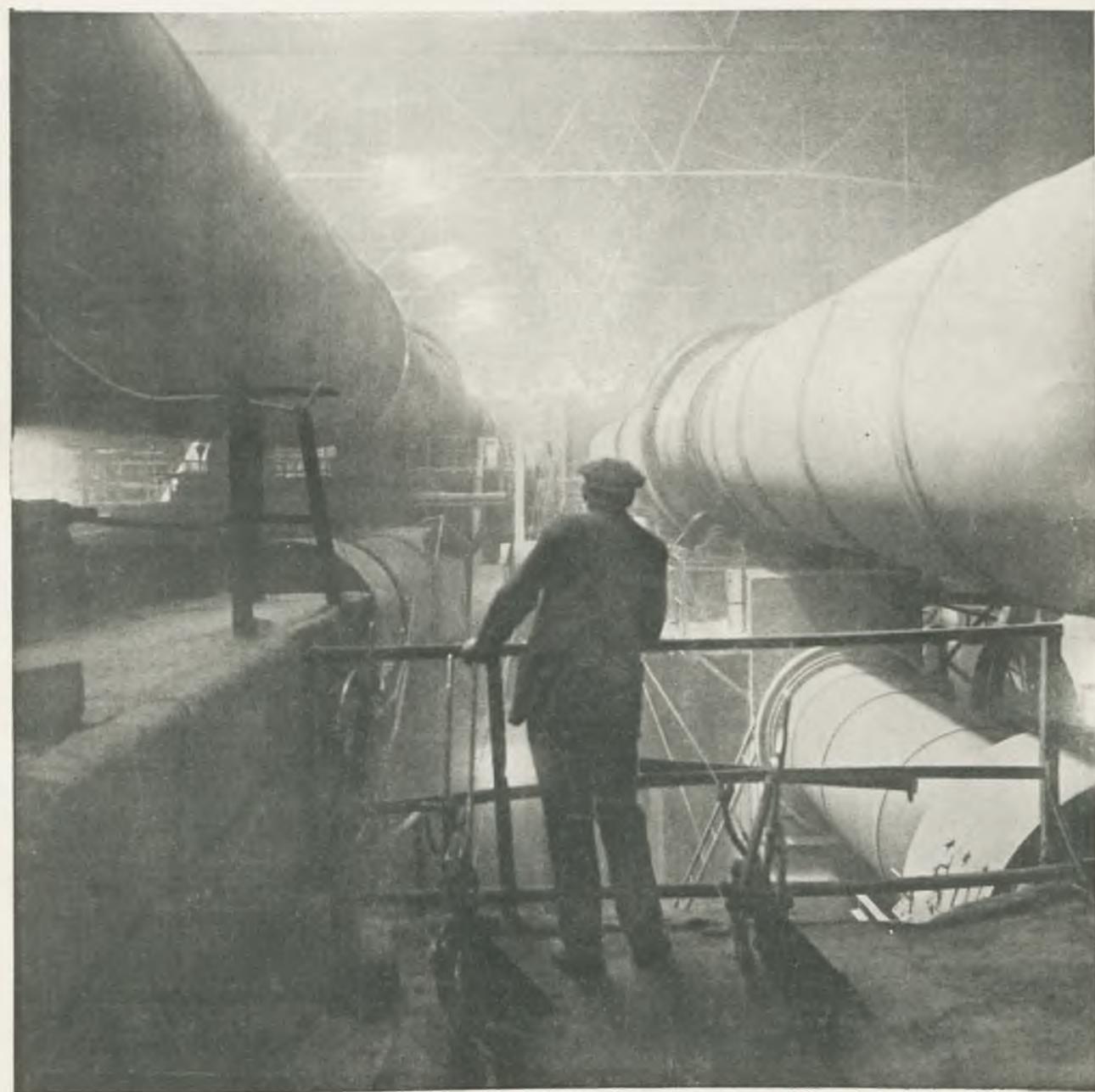
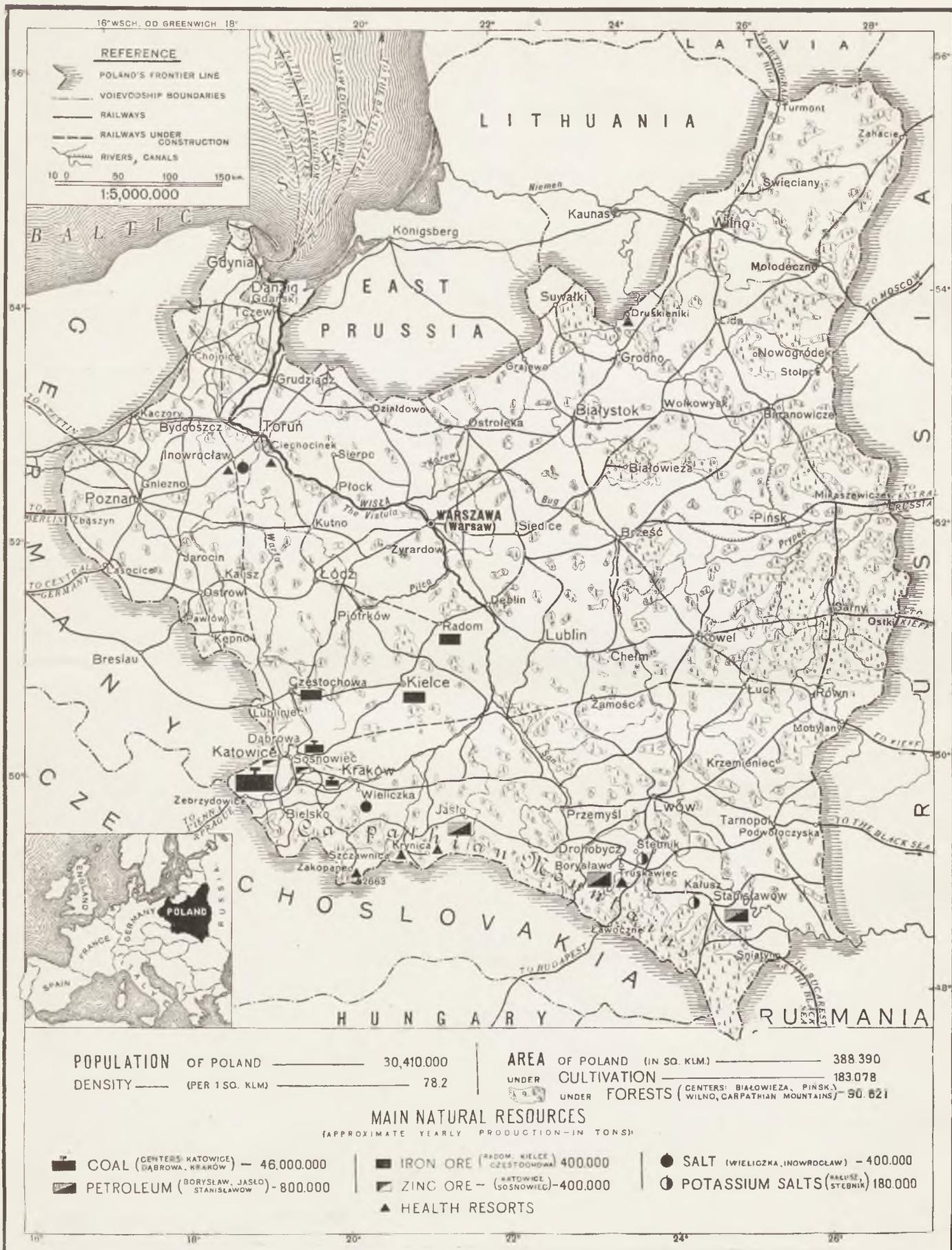


THE POLISH ECONOMIST





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A MONTHLY REVIEW OF TRADE, INDUSTRY AND ECONOMICS IN POLAND
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CEMENT FACTORY (PHOT. S. PLATER)

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ECONOMIC CONDITIONS in October were marked by the constant necessity of the business life of the country to withstand and combat adverse influences of an external origin. The depreciation of the pound sterling and of many other currencies, flurries and crises on a number of money markets together with the accompanying import restrictions and quota-systems as also exchange control and regulation, enhanced protectionist measures in many countries, a further drop in international credit confidence, dumping of all kinds and to excess,—all these factors contributed to make the period reviewed an exceptionally difficult one. None of these adverse trends or occurrences could deal any vital blow at the Polish economic system, but it cannot be denied that the shocks felt were indeed painful and in any case definitely held up any move towards improvement.

The Money Market continued to feel the great scarcity of ready money, intensified by the restrictive policies of the banks as regards credits: the Bank of Poland found the pressure for credit so great that it was forced to increase its portfolio and loan accounts to some extent, the more so as seasonal movements also applied their influence. The private banks restricted their credit activities partly because of a slight but steady withdrawal of deposits by those feeling the lack of ready money, and by foreign depositors affected by the crisis. Solvency, as a result of these credit restrictions, deteriorated somewhat.

The Foreign Exchange situation shaped rather better during October. Purchases by the Bank of Poland were only a little smaller in volume than sales. Reserves of foreign exchange shrank fairly greatly, but this was all in favour of gains shown by the gold reserve of the Bank due to purchases of bullion abroad.

Agriculture yielded an important rise in the price of corn, but this did not bring with it any greater improvement in the state of the farmers. The breeding industry, however, reported worse conditions with the prices of hogs and pork greatly depressed due to the difficulties encountered in export.

Industry was affected by the general lack of money and credit and this caused output and production to decline in volume, the more so as

tended to decline, in some branches, rather considerably.

Prices, in spite of the higher rates quoted for corn, decreased chiefly as a result of the drop in breeding product prices.

Foreign Trade turnovers declined due to lower exports (mostly agricultural produce), whilst import increased slightly. The balance of trade continued to be favourable and remained at a high level in October.

REVIEW OF THE GENERAL ECONOMIC SITUATION IN POLAND

OCTOBER 1931

	UNIT	OCT. 1930	SEP 1931	OCT. 1931 *)
STATE OF EMPLOYMENT:				
UNEMPLOYED		167,349	251,378	253,355
PRODUCTION:				
COAL	} thous. metric tons	3,662.0	3,482.0	3,767.0
OIL		56.3	51.3	52.2
PIG IRON		39.4	30.2	23.9
AGRICULTURAL INDICES: (CROP ESTIMATES)				
RYE	} thous. metric tons	.	.	.
WHEAT		.	.	.
BARLEY		.	.	.
OATS		.	.	.
PRICES:				
WHOLESALE PRICE INDEX	} (1914 = 100)	92.9	79.9	78.9
INDEX OF COST OF LIVING IN WARSAW		118.2	105.0	102.4
FOREIGN TRADE:				
IMPORTS	} million z	202.2	113.3	119.4
EXPORTS		207.9	171.5	158.2
EXCESS OF EXPORTS (+) OR IMPORTS (-)		+5.7	+58.2	+38.8
TRANSPORTS:				
RAILWAY TRAFFIC	} wagon loaded (15 tons) reg. ton	579,607	450,390	522,319
PORT TRAFFIC (DANZIG AND GDYNIA)		561,401	604,115	598,327
BUDGET:				
RECEIPTS	} million z	234.4	173.6	211.1
EXPENDITURE		233.7	182.1	215.3
MONEY CIRCULATION:				
BANK OF POLAND NOTES	million z	1,408.4	1,224.8	1,254.0
COVER IN GOLD AND FOREIGN CURRENCIES	% $\frac{0}{0}$	54.15	48.07	47.39
TOKEN MONEY	million z	238.7	242.2	244.0
CREDIT:				
(BANK OF POLAND)				
BILLS DISCOUNTED	million z	710.4	634.5	652.1
OFFICIAL DISCOUNT RATE	% $\frac{0}{0}$	7.5	6.5	6.5
FOREIGN CURRENCIES: (WARSAW STOCK EXCHANGE AVERAGE RATES)				
U. S. A. DOLLAR	} z	8.91	8.92	8.92
POUND STERLING		43.34	40.69	34.79

export conditions took a turn for the worse. The output of producers' goods shrank considerably due to a drop in investment works and in export, the founding industries being most affected. Foundry production dropped greatly but the petroleum and coal-mining industries reported enhanced extraction. The textile industries commenced ending production for the winter season and liveliness in output was reported by certain divisions engaged in the export trade.

Commerce found this year's autumn-winter season rather less lively than usual and turnovers

Railway Traffic yielded an expected seasonal growth in volume, caused by bulk transports of farm produce. Port traffic also increased in volume in spite of a short-lived strike in the Port of Danzig.

State Finance yielded a considerable improvement with receipts showing an increase and the monthly deficit brought down to a minimum figure. In November receipts exceeded expenditure by z 1.2 million.

*) Provisional figures.

AN EASTERN LOCARNO?

FOR SOME time past, a well-organised movement has been set on foot by German propaganda, fostered with a perseverance worthy of a better cause, and aimed at the integrity of Poland's sea-board province and her province of Upper Silesia. The costly campaign is kept up, crisis or no crisis, and without regard to the difficult state of world affairs, which now, more than ever, call for international appeasement and conciliation.

The German argument is that Poland's only sea-board province — Polish Pomerania — unnaturally separates Germany from East Prussia, with the result that the latter is economically crippled. It is stated that Poland has no need of maritime ports: Germany has seventeen harbours and expresses her readiness to take over Poland's two ports and to handle Polish imports and exports. The neutral reader is given the absolutely false impression that Polish Pomerania is historically and ethnically German soil and that a large German population inhabits the so-called "Polish corridor". The argument against Polish Upper Silesia is less clear and consists in insinuating that that part of Upper Silesia was given Poland in defiance of the plebiscite results.

Poland replies that her sea-board province is historically, ethnically, economically, actually and *de jure* a part of Poland; that the population of Polish Pomerania is over 90 per cent. Polish; that the Germans have never been more than an insignificant minority in that part of the world, and that East Prussia, having superlative transport and communication facilities with Germany, suffers in no wise due to its separation from the Fatherland. As regards Polish Upper Silesia, Poland states that the division of Upper Silesia took place in accordance with the Treaty of Versailles and the plebiscite terms accepted by the Germans, viz. that the province was not to be treated as a single indivisible unit with an aggregate absolute majority deciding its fate, but was to be divided into its electoral boroughs or communes and that depending on which way the voting went, the individual communes would be allocated to either Poland or Germany.

The whole question of Poland's western and Germany's eastern frontier has attracted more general attention of recent times following an intensification of Germany's propaganda on the subject and France's demand that a political truce, abandonment of treaty-revision agitation and moral disarmament be carried out if Europe is to reform her economic state and make headway against the crisis. In other words, a form of Eastern Locarno is proposed: Europe is in distress, caught in the headlong current of an unparalleled economic crisis, help can be expected from nowhere and every member of the crew must help to save the vessel. European co-operation cannot remain empty lip-service but must be expressed in practice. Germany, however, refuses to give her practical collaboration although she demands help and sacrifices from others.

German propaganda makes up for lack of facts and concrete data by constant reiteration and

plausible generalities: Senator Borah, who took up the cudgels on Germany's behalf, when pressed for evidence, was forced to admit that he had no knowledge of Central European affairs. We propose to furnish facts, proving the Polish case and completely refuting the German thesis: the data furnished can be easily checked up, in many cases by reference to German official publications.

Let us begin with a short review of East Prussian history. Geography is the skeleton, as it were, of history; a glance at the map will show that East Prussia is a natural part of the Polish hinterland and that geographically it has nothing in common with Germany proper. East Prussia was, and still is, a Germanic island surrounded by Slav peoples.

The territory known today as East Prussia was originally inhabited by Slav tribes who were converted to Christianity by the Poles as late as in the year 1234 A. D. In this pious work, a German order of crusader-knights aided (so energetically that the Prussians ceased to exist as a people), and was rewarded with grants of land, remaining, however, fiefs of the Polish crown. In 1660, the Polish King granted Prussia to the Elector of Brandenburg under conditions which did not include the ceding of Polish Pomerania.

East Prussia was until recent times regarded by the Germans not as a part of Germany, but as a colony. It was not a member-state of the German Federation (*Deutscher Bund*, 1815 — 1866). It was incorporated in the N. German Federation as recently as in 1867 and in the German Reich in 1871; the province is to this day regarded chiefly as a field for colonisation and as a strategical point in case of war. It is a colony in the fullest sense of the term: the population there is not the indigenous population but recent settlers and the descendants of German and Polish colonists; geographically it is no part of Germany; whilst the density of population in all Germany was 337.5 inhabitants per square mile in 1925, it came to only 149.9 inhabitants in East Prussia; These figures furnish a ratio which has been constant since 1870 and are explained by the fact that East Prussia is predominantly agricultural with few and weak industries, sending food to Germany and importing manufactured goods.

Colonies are usually situated in other continents: Germany has been fortunate in establishing one in Europe, relatively near, moreover, to the mother-country. This, however, is no reason why another nation should sacrifice its vital national and economic interests and a million of its people in order to beautify the map of Germany.

Let us now turn to Polish Pomerania. This land has been Polish since the birth of history in Northern Europe. The German historian Simson wrote (in 1913) that Danzig was a Slav settlement and not a German one. Pomerania was under Polish rule from at least 930 to the year 1772, i. e. for over eight centuries of authenticated history, with only an interval of 146 years when it was overrun by the Black-Cross Knights.

Polish Pomerania was seized in 1772 by Frederick II., King of Prussia, who desired to bind up East Prussia with his western possessions. The

seizure was entirely unwarranted, an attack in time of peace and was carried through in conjunction with Austria and Russia. It was of this King that Lord Macaulay, writing on the Seven Years War stated: "The evils produced by his wickedness were felt in lands where the name of Prussia was unknown; and, in order that he might rob a neighbour whom he had promised to defend, black men fought on the coast of Coromandel, and red men scalped each other by the Great Lakes of North America." It was by a similar crime that Germany seized and held Polish Pomerania until the fortunes of the Great War caused it to return to Poland.

The Prussian King stated that he would not hinder Polish trade but his word was never kept. His successors maintained the same policy. Danzig was cut off from Poland by prohibitive customs duties, embargoes, administrative chicanery and pseudo-veterinary regulations. All Poland's foreign trade had to be conducted through German ports, to the disadvantage of the Polish trader and his connections. In a word, it was Germany's policy to reserve Poland as a happy hunting-ground for the German manufacturer and merchant, to exclude all other countries from direct contact with the Polish Commonwealth. Since Danzig has been reincorporated within the Polish Customs area, its port-traffic has risen by nearly 500 per cent. as against pre-War returns. During the last ten years, Poland has done more to develop her section of the coast than Germany had done in a 100 years. The reason is clear: Poland's sea-board is vital to her but quite unnecessary to Germany.

The inhabitants of the seaboard counties of Poland are known as Kashubians: their language is a variation of Polish which differs less from standard Polish than Devonshire from Oxford English, Provençal from Parisian French, or middle-west American from that used in Boston. Yet, in order artificially to reduce the overwhelming majority of Poles over Germans in Polish Pomerania, German propaganda even before the Great War invented a new theory, viz. that the Kashubians are neither Poles nor Germans, but a separate nation. Yet the inhabitants of Polish Pomerania are as Polish in spirit, patriotism and tongue as the citizens of Warsaw or of Cracow.

During the period 1871—1912, there were 15 elections to the Reichstag in the sea-board counties of Polish Pomerania and in every case three Polish deputies were elected and not a single German. Today the province as a whole is represented in the Sejm by 14 deputies, everyone of whom is Polish. In previous elections a split Polish vote resulted in barely two Germans being elected. As a matter of fact, Polish Pomerania has the smallest percentage of national minorities out of all the voivodships of Poland.

In these conditions, it was and is hopeless for German apologists to prove that Polish Pomerania is not inhabited by an enormous Polish majority. But juggling with statistics can do wonders, especially if intended for the uncritical and ignorant. The inhabitants of the Free City of Danzig are added to the population of Polish Pomerania when necessary, parts of West and East Prussia (admin-

istratively joined to Pomerania before the War and still held by Germany) are now used to bolster up the number of Germans, half-truths are stated and facts suppressed or toned down, new nationalities (Kashubian and Mazur) are invented in order to reduce the number of Poles. The last German Census of 1910 was not on a nationality basis but on that of language used, and since no Polish schools were allowed before the War, the chances of creating a German majority virtually out of thin air appeared likely to have fair chances of success. Yet even this plan did not fully succeed in spite of intimidation, repression and chicanery of every description. The following figures are taken from the official German report for the 1910 Census and cover only those districts which today are Polish soil:

Poles, Kashubians & Mazurs	553,742 (55·7%)
Germans	423,302 (42·6%)
Bi-lingual persons	15,934 (1·6%)
Others	915 (0·1%)
Total	993,893

The figure quoted for Germans of course includes the large garrison of German civil-servants imported from Germany, teachers, police, administrative officials, etc. Since no self-respecting German would ever learn Polish, the bi-lingual persons can be included in the Polish figure, bringing it up to 57·3 per cent. of the total population. After the War, the German "garrison" returned to the Fatherland, with the result that in 1921 the Census returned the Poles at 81 per cent. of the population, a careful estimate for 1927 having raised this ratio to 90·4 per cent. There is no doubt that the Census of December 1931 will confirm this figure.

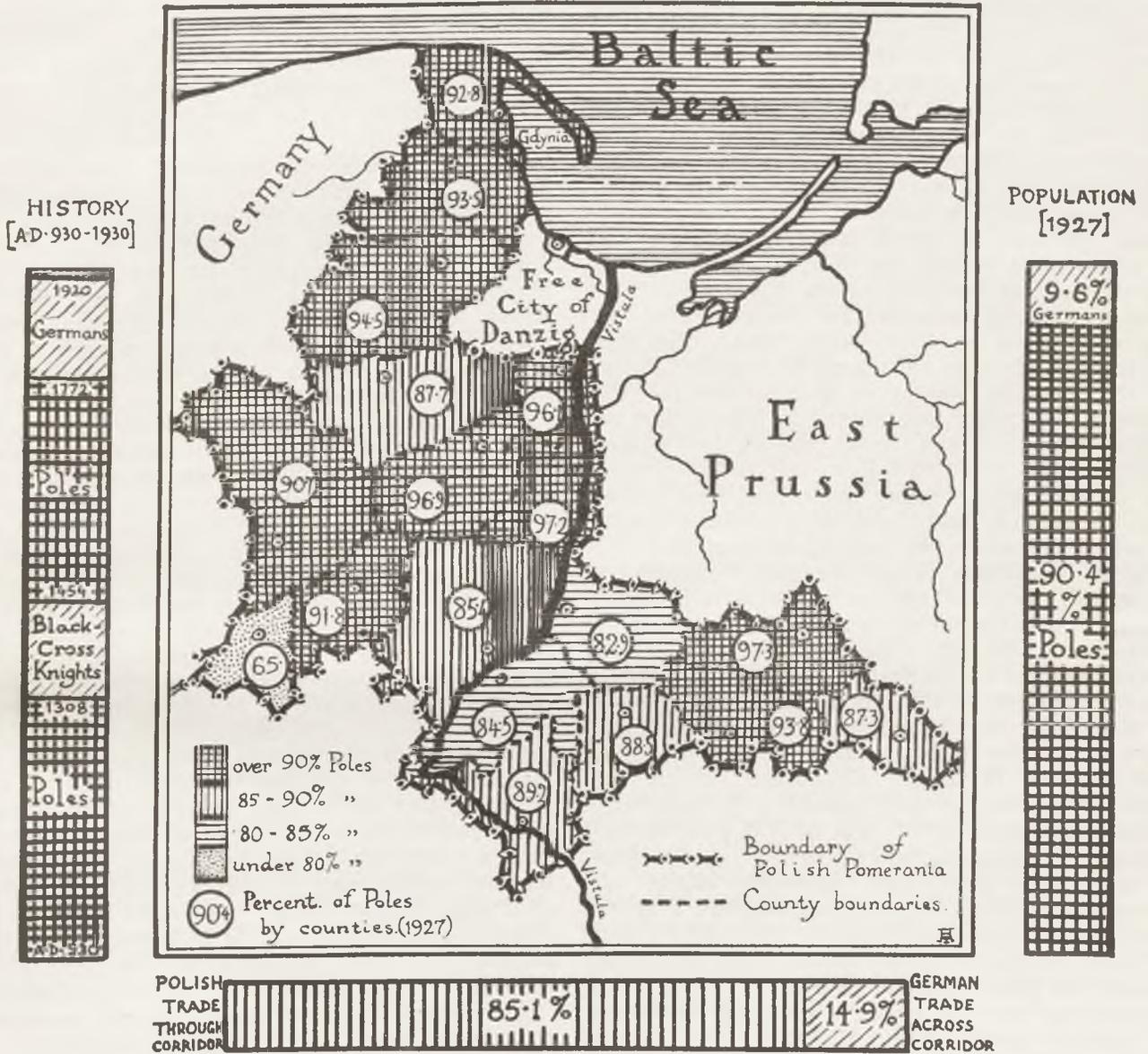
The German policy has always been to exterminate the Polish element of Pomerania and East Prussia. Regularly organised colonisation from Germany proper was instituted and, in East Prussia, is carried on to this day. Land was distributed free to German immigrants; Polish-owned estates were forcibly seized and parcelled out amongst German new-comers on the strength of the notorious "expropriation laws for strengthening the German element"; the new settlers were and are bound to boycott the Poles. No Pole could receive orders from the Government or any post in its service: all officials and State or municipal workers were imported from Germany as were also the professional classes.

The plan, however, did not foresee that an urbanisation and industrialisation of the German population always made the stay of these settlers a relatively short one, whilst the indigenous Polish population, tied to the soil by centuries of tradition, remained and even increased. East Prussia, as an agricultural province, is to this day suffering from the same disease as England: the rural inhabitants are irresistably attracted by the high wages and gay life of the cities and the population of that province even well before the War increased at a snail's pace compared to the growth in Germany proper.

What are the real facts regarding communication between Germany and East Prussia? Highly efficient

goods and passenger railway services furnish excellent, more than adequate, free and absolutely unhindered communication between the two areas. A special tribunal was set up for this traffic in 1923 and up to the time of writing, only one complaint was filed by Germany and that was decided in Poland's favour. No transit or other

Germany often states that her insolvency is due to the payment of war-reparations and to the separation of East Prussia from the Reich proper. No mention is made that Germany's borrowings exceeded her reparation payments; that she made the mistake of modernising her industries at great expense just before the crisis broke out; that money



THE CASE FOR POLISH POMERANIA

The population of the Polish "Corridor" is shown to be 90.4 per cent. Polish. The trade using the territory in question is 85.1 per cent. Polish and the history of the province emphasises its Polish character. Every election to the Reichstag before the War and to the Sejm after the War has shown that the inhabitants of this area are patriotic Poles who want to have nothing to do with Germany but to remain Polish citizens.

visa is required from passengers and no customs examinations are carried out by the Polish authorities. To German east- or west-bound traffic, Polish Pomerania is neither an obstacle nor a barrier: it only represents an uncurtailable distance factor which existed, for that matter, before the Great War also.

was borrowed for unproductive purposes; that her military and propaganda budget is far greater than before the Great War; that, in short, Germany has been living beyond her means. Just how the Polish "corridor" has been a contributory factor to her insolvency cannot be made clear — for the simple reason that it has nothing to do with Germany's

financial difficulties, unless it is that Germany has spent more than she can afford on propaganda against the existing boundary.

Only a mere fraction of Germany's trade passes across Polish Pomerania, whilst over 55 per cent, of Poland's foreign trade is routed through Gdynia and Danzig. Including transit shipments to and from Lithuania, Latvia, Russia, etc., only 1,318,000 tons and 1,530,000 tons of goods were sent across Polish Pomerania by the Germans in the last normally prosperous years of 1927 and 1928. Poland's shipments through Pomerania in the same years came to 8,620,000 tons and 10,473,450 tons respectively, and to 11,185,400 tons and 11,838,700 tons in 1929 and 1930. From the purely economic, business point of view then, Poland, it is obvious, makes better and fuller use of her sea-board province than could ever make Germany.

East Prussia's situation today is no better and no worse than before the War, allowing for the general and agricultural crisis, the loss of the Russian carrying trade and for the results of German embargoes on trade with Poland. Germany has been conducting a Customs war against Poland for the past six years: in spite of the fact that a commercial treaty was signed in March 1930 and that it has long ago been ratified by Poland, Germany has failed to follow suit to the present day. In this way, Germany has cut off East Prussia from its natural hinterland with obvious results, for which Germany can only blame herself.

Polish Pomerania is not the only "corridor" in the world. Let us take an example with which all English-speaking people are familiar: the Canadian province of British Columbia which separates Alaska from the United States. Alaska, as it happens was incorporated in the North American Union in the same year that East Prussia entered the Reich. There is also no doubt an insignificant minority of U. S. citizens in British Columbia. Yet no one thinks of demanding that Canada cede her Pacific sea-board province in the name of U. S. geographical prestige or territorial unity. In the same way, to all those who understand European affairs, the German proposition is just as absurd and unsound. East Prussia is inhabited by about 1,800,000 Germans and over 400,000 Poles and Lithuanians: the fancied interests of these German colonists cannot weigh heavier than the vital needs of a rapidly increasing and powerful nation of over 31,000,000 Poles. Poland is after all the fifth nation in Europe (excluding the U. S. S. R.) in point of population, area and production. Any attempt to restrict the free life and economic growth of the Polish Republic can only cause the postponement of European appeasement and pacification, the shattering of international co-operation, and the negation of all the ideals for which the Great War was fought.

Let us turn to the case of Upper Silesia. As already stated, its division was carried out strictly in accordance with the plebiscite terms and treaty arrangements; this cannot be denied even by the Germans but the fact can be passed over in silence. The neutral reader is skilfully given the impression that a great wrong has been done to the Germans and that the Silesian frontier is an unjust one. The plebiscite was conducted under the most

disadvantageous conditions for Poland. The Germans resorted to bribery, intimidation, wholesale murder and crime of every description in order to influence the voting. This statement appears a strong one to make, but it has been confirmed by the verdicts of German courts of law. A single German organisation committed over 200 murders in the plebiscite area on Poles or persons suspected of Polish sympathies. Hordes of "gunmen" were imported into Silesia by the Germans and so overran the country even after the plebiscite that the Polish population had to rise against them in self-defence. Over 180,000 persons were brought to Upper Silesia on the day of the polls ostensibly as Silesian-born natives. By some miracle, the number of these "re-immigrants" was in many districts more than 65 per cent. in excess of the persons really having left for Germany since 1908. These facts explain how the Germans received a small absolute majority for the whole area of Upper Silesia, and the wonder is that the final figure was not larger. Luckily the principle of allocating communes left a large majority of Poles in the eastern portion of the territory which was thereupon ceded to Poland.

Before the plebiscite, Germany declared that she could not exist without the sub-soil riches of Silesia. Poland therefore bound herself to furnish 6,000,000 tons of coal to Germany annually for a fixed minimum period. Yet the moment the term passed, Germany placed an embargo on Polish coal and barred most other imports from Poland by prohibitive duties. Germany has wilfully deprived her industries of cheap Polish coal for purely political reasons and again has no right to state that the cutting off of Germany from the Silesian coal-fields has anything to do with her present state.

Germany, of course, has other coal-fields which, to judge by the embargo on Polish coal, are quite sufficient for her needs. Poland virtually has no other coal-fields (since those of Dąbrowa have an insignificant production and could never suffice for her needs); economically therefore the riches of Polish Upper Silesia are more necessary to Poland than to Germany. In addition, an enormous majority of Poles in that area furnishes a clear case for Poland's retention of her Silesian province.

The German system is obviously to make such a nuisance and to create such confusion that ultimately people will be inclined to agree to anything for the sake of peace and quietness. But will the German demands stop if, for argument's sake, their eastern frontier be changed to please the German imperialist and Hitlerite? We venture to answer in the negative and in this opinion are confirmed by the enunciations of representative German organisations and politicians.

Public opinion in Poland, without difference of class or politics, is united and firm in its attitude as regards the present boundaries. Ethnical factors are, after all, decisive in delimiting national frontiers and this together with the economic and political importance of Poland's Silesian and sea-board provinces is so obvious that it is really surprising Germany should even think it possible to change the present state of affairs. For political

reasons, it has always been Germany's policy to cut Poland off from the sea but a thousand years of history have left the situation unchanged. Cutting Poland off from the sea would not solve any problems — it would only create a new and very serious one, that of restoring Poland's access to the sea and a million of her people.

It is really high time that those, who suggest that Poland cede parts of her territory and population should at last realise that their task is a hopeless one, doomed to failure. It can yield no good results, whilst the danger and folly of sowing discord in that manner cannot be too strongly condemned nor the resulting unfavourable repercussions on public confidence and international appeasement be too highly deplored. The current crisis is, moreover, too seriously affecting the economic life of the world to warrant even a sincere and just campaign for treaty revision at the present moment. But when the campaign is so conducted and so baseless as the one dealt with and, we believe, so conclusively refuted by us, then the burden of responsibility and blame in an unjust cause becomes really crushing.

POLISH COAL EXPORTS

WE HAVE on more than one occasion mentioned the difficulties caused to certain branches of Polish production by the fall in the sterling rate. The continued drop in the English currency has aggravated the state of affairs for those industries most engaged in export and selling their products on the basis of contracts expressed in pounds sterling. Chief amongst these industries, in the case of Poland, comes the coal trade.

The competition between Polish and English coal has been quite marked since the prolonged strike in England, when the Polish coalowners and exporters took the opportunity of entering Scandinavian and Baltic markets, subsequently retaining most of these markets as a result of the punctual delivery of the coal ordered, its high quality and grading, freedom from fines and competitive price. This competition would probably not have arisen, however, if Germany had not placed an embargo on Polish coal in 1925 although taking up 6,000,000 tons annually before that year.

The English coalowners appreciated the high standard of the Polish coal trade and its meaning as a factor in international trade: as was to be expected, therefore, the attainment of an understanding was proposed, to which Poland was of course invited. Exchanges of views were commenced and conducted under varying conditions and tendencies. The question of a friendly agreement appeared to be well on the way when the collapse of the pound sterling radically changed the whole aspect of the trade and of the competitive factors influencing it.

Were it not for this unexpected and sudden change in the situation the conclusion of an understanding could be expected to take place much sooner than it probably will. The deprecia-

tion of the pound sterling, with wages unchanged at nominal rates but really lowered by 25 or more per cent., yielded an automatic and progressive export bounty to English coal. The gains of the English coalowners, thanks to this new state of affairs, have enabled the collieries to form an export reserve fund without any efforts on their part and of course to increase the competitive ability of English coal on foreign markets. The Polish mines having no reserves and bound by a gold exchange standard currency, have found themselves in a more disadvantageous or less advantageous position as the case may be.

The Polish collieries and coal-exporters had of course many contracts expressed in sterling to execute at the time the pound slumped, and the honouring of their signatures at the greatly reduced gold prices resulted in serious losses to the whole trade. These losses were such that the reserves offered by the home trade proved insufficient to cover them and the necessity of reducing the losses on export trade arose as a question of vital importance.

The scientific examinations of the Polish coal industry conducted by the Polish Coal Commission and by the Business Conditions and Prices Institute have shown that the industry, although comparing well with those of other countries, is still undercapitalised in the direction of investment works and equipment. Of course the coalmining industry is such the whole world over, that extraction can be maintained even if the most primitive methods and equipment are used. But the increasingly keen competition of other countries makes it essential for the Polish coal industry to enhance its technical equipment and still further improve its methods of work. This appears as the most urgent and rational way of cutting costs and increasing extraction.

The coal export trade of Poland, and of England too for that matter, has always been conducted at a deficit made up for by higher domestic prices. This state of affairs has been due only to the lack of an understanding between coal-producing countries and wild competition on foreign markets with price-cutting rampant as the chief weapon of offence or defence. The home consumer has had to pay higher prices for his coal in the common interests of a favourable balance of trade being maintained. The abandonment of the export trade is also out of the question since it would lead to a growth in unemployment, and therefore for social reasons must be avoided even at a deficit.

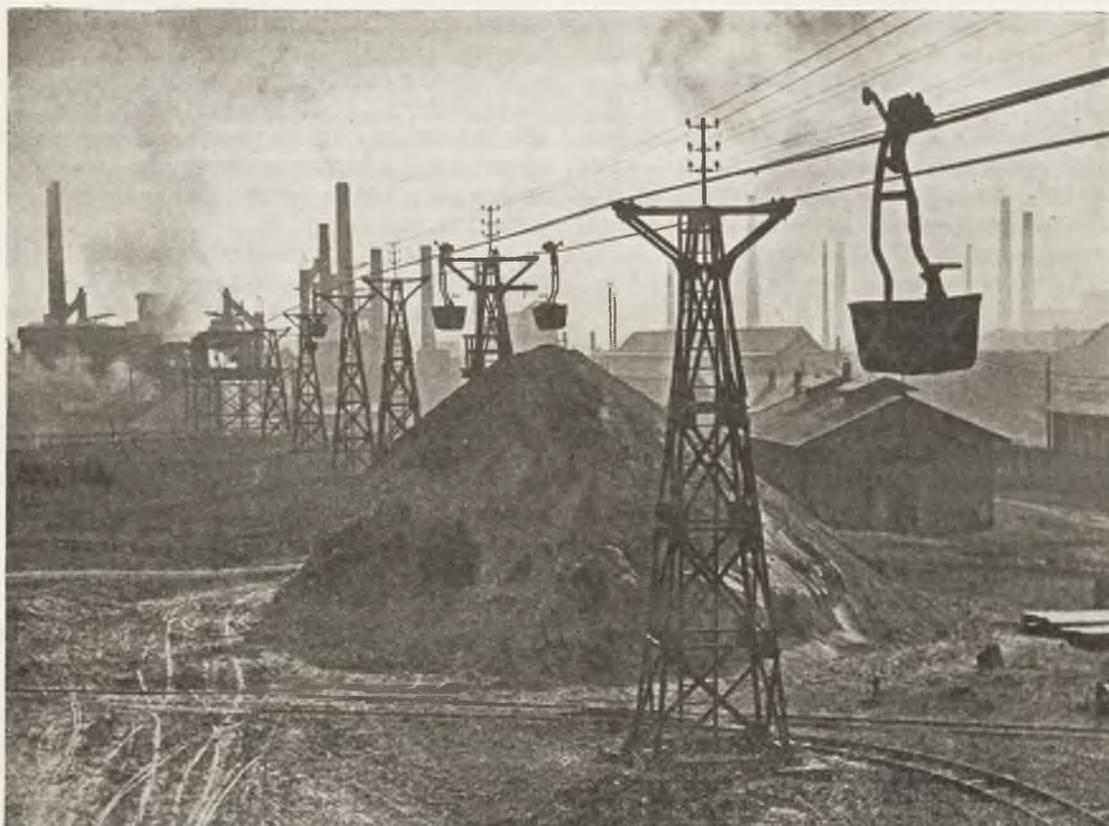
The deficit, however, must be kept as low as possible and covered from some source or other. The Polish coal industry went along the line of least resistance and requested the Government to grant its help in the form of reduced railway charges, wage-cuts, tax relief and a reduction of social insurance payments as in Germany. The Polish Government has rejected these suggestions, taking up the attitude that the losses on export should be covered by all those interested in the export being maintained. It was realised that the organisation of rational measures to meet the new situation would take some time, and the Government granted an emergency short-term loan to the collieries to help them for the time being. At the same

time the Polish authorities suggested that a special commission be formed which would draw up a plan for paying off the loan in question and simultaneously prepare the skeleton of an organisation which would enable a special internal coal fund to be created. This fund would be used to finance export transactions and would have to be created by those directly interested, i. e. by the coalowners and the miners.

After long preliminary negotiations, the proposed commission was formed and includes representatives of the Government and of the industries affected. The Commission is to control both domestic and export prices, and is to ascertain and fix the losses

depreciation as in England, or open as in Germany — will go far to decide what moves will be made in this domain. The possibility also arises that the English miners will demand higher wages since the cost of living in Great Britain is tending upwards. This should even up competitive conditions if and when it comes.

The Polish coal trade has again shown its energy and initiative by its manner of facing and coping with the crisis caused by the changes in England. There is every reason to believe that it will maintain its position and lose nothing of its export trade, counting only on its own resources and not depending on government support. Quite independ-



A COAL SIDING IN UPPER SILESIA

Polish coal, cut off from its natural markets in Germany by trade embargoes, has developed a large export trade to other countries in many parts of the world. There has never been a single case of delayed or non-delivery of orders by the Polish coal-export trade. This is due to the excellently organised machinery for settling labour disputes and to the efficient working of the railway and port systems in Poland.

on export coal with special reference to those caused by the fall of the pound sterling.

It will of course take some time for the Commission to prepare its report and recommendations to the Government. The lines followed by it in its work are in the direction of lowering all the component cost-factors entering into prices of coal and to avoid shifting the whole burden of export losses on any one of the factors involved. The question of wages will naturally arise but the subject will only be ripe for discussion when the collective agreement will come up for renewal on February 1st. next year. In any case, the tendencies noted abroad — the reductions of wage-rates in Western Europe, whether concealed by currency-

ently of these internal moves on the Polish coal market, it is sincerely to be hoped that the British coal trade will in its own well-understood interests not delay any further the attainment of an international understanding regarding the coal trade. As the matter now stands, the coal producing countries are suffering losses in order that the foreign consumer may have coal cheaper than the domestic purchaser. There is nothing to be gained by continuing uncontrolled and wild competition on foreign markets: there is everything to be gained by reaching a fair and satisfactory compromise or understanding regarding the division of foreign markets and the fixing of export prices.

PRODUCTION AND TRADE

STATE OF EMPLOYMENT. — The number of totally unemployed persons on October 31st. was very little larger than a month before and the number of short-time workers even decreased somewhat. Unemployment increased in all branches of labour except in the category of unskilled workers: this is explained by the continued fairly mild weather having made excavation and field works possible during the month in question, whilst the increase in unemployment is a natural seasonal phenomenon at this time of the year.

The following table quotes absolute figures regarding total and partial unemployment during every month last and this year:

	Totally unemployed		Short-time workers	
	1930	1931	1930	1931
January	186,427	303,148	36,663	103,707
February	249,462	345,295	88,722	94,434
March	282,568	365,648	117,973	94,148
April	295,612	379,021	109,519	118,753
May	273,351	355,102	142,647	109,442
June	228,321	320,109	127,511	153,991
July	207,258	276,378	94,065	151,077
August	194,279	261,059	78,117	119,518
September	176,810	251,608	89,811	128,491
October	167,454	251,378	63,183	125,225
November	167,349	253,355	119,498	122,853
December	211,918		97,127	

Out of those unemployed on short-time during October, 4,044 worked one day in the week, 13,602 two days, 39,641 three days, 28,806 four days and 36,760 five days in the week: the average number of days worked in this category was therefore 3.9 days in the week.

The following table gives absolute data of total unemployment by trades as on November and October 1st. this year:

	October		Nov.	+ Increase — decrease
	1 9 3 1	1 9 3 1		
mining	13,295	13,409		+ 114
foundry	2,449	2,534		+ 85
metal	22,222	23,602		+ 1,380
textile	20,192	24,702		+ 4,510
building	16,403	20,463		+ 4,057
clerical	34,230	36,038		+ 1,808
miscellaneous	142,587	132,609		- 9,978
Total:	251,378	253,355		+ 1,977

A seasonal liveliness appeared in the coal industry during October and with greater sales, the state of employment improved somewhat. Conditions in the petroleum industry remained unchanged. Other mining industries (especially in metal mining) showed a slight drop in extraction and a certain rise in unemployment.

Conditions in the founding industries changed for the worse. Exports dropped off heavily and domestic sales declined,

causing a drop in output of nearly 25 per cent. The zinc and lead foundries continued to reduce output in accordance with the resolutions of the zinc cartel. In spite of the reduced output in the foundries, employment was fairly well maintained.

Production in the metallurgical and machine industries continued to shrink. This was caused by the completion of orders for the building trades and by a drop in industrial orders. The number of men out of work in this division therefore increased during October. The agricultural machine plants were especially affected and in some factories the payroll was only 20 per cent. of the normal figure.

The Łódź cotton and woolen industries yielded no change in output and in the state of employment. A seasonal liveliness in the hosiery and knitted ware industries commenced in October. The Białystok mills were occupied to the extent of 160 per cent. of a normal shift during October; this was due to the speeding up of work on orders from England in view of the projected increase in the English Customs tariff. Exports to Great Britain increased considerably in both the fabrics and clothing divisions.

UNEMPLOYMENT RELIEF. — The Unemployment Relief Committee has announced that its work so far has yielded eminently satisfactory results in many respects. The only disappointing feature was the weak response to the plan of liquidating certain tax-arrears by the furnishing of essential commodities to be used in relief work. Public and private philanthropy, however, met the situation nobly and the material yield was more than expected.

Help from the Government has been as lavish as possible under the circumstances, the Ministry of Labour and Social Welfare having in addition arranged for $\text{z}33,900,000$ to be given.

The railway employees have bound themselves to pay in $\text{z}115,412$ per month (representing a percentage deduction from salaries) until April 1st. 1932. Owners of real-estate in the voivodship of Poznań have bound themselves to pay in a certain percentage of their gross income from rents, etc. Employees of the heavy industries in Upper Silesia have so far donated $\text{z}850,000$; the coalowners have given 6,000 tons of coal and will furnish 120,000 tons at a 31 per cent. reduction in price. The Łódź Local Committee has reported the receipt of $\text{z}166,749$ in donations, 21,000 quintals of potatoes, 1,100 quintals of rye, besides larger gifts of wheat, fire-wood, etc.

GRAIN

— The upward trend in grain prices on the Polish home market dating from the beginning of October became well defined during the first half of November. The basic cause for this strengthening in prices is doubtless to be found in the considerably lower volume of crops harvested this year. Another factor, however, was probably the drop in supply caused by lack of confidence in foreign exchanges and a preference to maintain stocks of commodities.

The following table quotes prices in Poland and abroad during the second half of October and the first two weeks of November this year:

AVERAGE POLISH AND FOREIGN CORN QUOTATIONS (per 100 kg)

Date	Poland		Berlin		Chicago
	z	\$	\$	\$	
1931					
			W H E A T		
Oct. 16-22	21.54	2.42	5.11	2.00	
23-30	22.44	2.52	5.19	2.20	
Nov. 1-8	22.94	2.58	5.44	2.42	
9-15	24.90	2.79	5.35	2.41	
			R Y E		
Oct. 16-22	22.43	2.52	4.44	1.88	
23-30	22.46	2.52	4.52	2.00	
Nov. 1-8	23.51	2.62	4.74	2.26	
9-15	23.50	2.62	4.67	2.19	
			B A R L E Y (brewing)		
Oct. 16-22	25.25	2.83	3.97	2.21	
23-30	26.60	2.92	4.03	2.20	
Nov. 1-8	27.00	3.03	4.22	2.26	
9-15	28.00	3.14	4.15	2.23	
			B A R L E Y (ordinary)		
Oct. 16-22	22.16	2.49	3.70	—	
23-30	22.50	2.53	3.83	—	
Nov. 1-8	23.00	2.58	4.12	—	
9-15	23.65	2.31	4.03	—	
			O A T S		
Oct. 16-22	21.30	2.39	3.40	1.69	
23-30	22.28	2.50	3.45	1.77	
Nov. 1-8	23.08	2.59	3.67	1.86	
9-15	24.40	2.74	3.55	1.96	

The prices of wheat became firmer during this period and surpassed those of rye during November. In most parts of the country, the prices of wheat ruled higher than export rates and foreign sales were therefore scarce, coming to only 1,674 tons. Rye quotations continued to be very firm in view of the relatively small supply from this year's Polish crops. Export during October was mainly the execution of old transactions and came to 9,554 metric tons, sent mostly to Czechoslovakia.

Barley and oats prices also rose on the Polish home market; the former exceeded, whilst the latter equalled those quoted for wheat. Barley exports grew to 34,125 m. tons and went mostly to Belgium.

The total export of corn during October amounted to 45,508 metric tons, valued at $\text{zł}10,139,000$, as against $\text{zł}7,602,000$ during September this year.

BUTTER

— The usual increase in the prices of butter which follows a shrinkage in the supply of vegetables was checked during the second half of October by the dairies receiving larger consignments of milk. This growth in the supply of milk is to be ascribed to work in the field being stopped and evoking a smaller consumption of milk by the farmers.

Conditions later proved to be more favourable. A rise in prices abroad led to a firmer tone on the home market, as can be seen from the following quotations at various centres in Poland, prices being given for first quality butter per kg. in zł :

	Oct. 15th—31st	Nov. 1st—15th
Warsaw	3.80—4.00	4.20
Łódź	4.00—4.10	4.20
Poznań	4.40	4.00
Katowice	4.00—4.30	4.10
Lwów	3.20	4.50
Wilno	3.20—3.40	4.00
Lublin	3.60—3.80	—

EGGS

— The anticipated improvement in market conditions during October failed to materialise owing to the uncertain financial and currency situation abroad. Business was therefore slack and met with great difficulties, smaller turnovers resulting with a falling market in evidence.

Towards the end of the period under review, a slightly firmer tone supervened accompanied by a better demand for larger and well graded types. Cold storage eggs however, remained in small demand not only in Poland but also in the whole world.

The Union of Dairy and Egg Co-operative Societies commenced an energetic campaign to increase the number of large and well-graded eggs being offered in order to assure the netting of better prices on export markets. The supply will probably drop off now with the approach of the cold season and prices will then doubtless increase.

The following quotations were reported from the various centres during October and November (in zł per case of 1,440 eggs):

	Oct. 15th—31st	Nov. 1st—15th
Lwów	130	199
Kraków	158	200
Łódź	145	—
Katowice	—	200

HOGS, BACON AND HAMS

— Conditions on the hog and pork market in Poland failed to yield any improvement during October this year. An increase in supply caused prices to drop to $\text{zł}65-70$ per kg. live weight. Further difficulties continued to arise on the chief foreign markets for Polish hogs: Austria introduced new restrictions on imports by tightening her control on foreign exchange dealing in connection with import transactions. It is reported that this action in restraint of foreign trade has not yet reached its culminating point and that conditions for foreign importers to that country will continue to deteriorate. France announced an embargo on slaughtered pigs, mutton and cured meats and fixed only very small import quotas for her suppliers. In these conditions, it is obvious, export could only take place with great difficulty.

The number of live pigs exported to Austria came to 20,181 head and to 2,512 in the case of Czechoslovakia. 473 head were forwarded to France. The total exports of live pigs therefore were 23,166 head for the whole month, i. e. as much as was exported in one week during past periods.

Slaughtered pigs were placed on foreign markets with greater ease. Czechoslovakia took up 15,857 head in this category, Austria 6,102 and France 549 head, making a total of 22,508 head.

Bacon killings during October came to 112,900 head; this increase was due to the enhanced supply. The situation on the English market continued to be uncertain owing to currency fluctuations; the ultimate prices received were very low when expressed in Polish currency and this caused the bacon-planters to pay lower prices to the breeders. The export of bacon during October came to 5,207 metric tons. Three new bacon-plants were opened and commenced production. Prices on the London Produce Exchange averaged about 48s. 0d. per cwt.

The export of hams to England came to 668 tons in October with prices far from profitable and a weak tendency on the market. The export of cured meats, sausages, etc. was quite lively during the month under review in spite of import restrictions on the part of France and Austria.

THE WARSAW MEAT PRODUCE EXCHANGE. — After a preparatory period of organisation a Meat Exchange was opened in Warsaw on November 16th. The existence of this institution will, it is expected, do much to

rationalise and standardise the production and sale of meat and its products. Official quotation-lists will be published three times a week, the standard nomenclature used in other countries having been adopted. A number of licensed commission-brokers has been appointed who will arrange all sales and prices according to the current demand and supply.

The Exchange has at present about 700 member-firms representing all branches of the meat trade, and numerous new applications are being received daily. The Exchange Committee is organising animal fat and raw-hide departments and expects to have these operating in the near future. At the same time, work is going ahead upon the organisation of similar exchanges in Lublin and Łódź, whilst further institutions of this kind will in time be opened where necessary all over Poland.

TIMBER

— The greatly diminished sales of timber both on the home and on foreign markets resulted in October yielding no improvement in the state of the Polish timber industry. The drop in the pound sterling rate naturally caused much confusion on the market, since exporters had been taken unawares and, having fixed prices in sterling, suffered heavy losses in many cases. The possibility of tariff increases on English timber imports further depressed the market as did also restrictions on imports to Czechoslovakia and the introduction of a quota system by Switzerland.

The following table affords data regarding the export of the more important divisions of the timber trade in Poland (in tons):

	September 1931	October
pulpwood	28,732	20,030
pit-props	19,168	9,570
telegraph poles	15,735	3,847
trunks, logs, etc.	18,237	8,418
sawn material	75,791	60,024
railway sleepers	22,334	13,665

During November the downward trend in exports continued to make itself felt in all divisions of timber production and export.

COAL

— October yielded a further seasonal improvement in the state of the Polish coal-mining industry: the slight drop in export was more than compensated for by higher domestic sales. The decrease in exports was doubtless due to the continued uncertain situation of the sterling rate which caused buyers to hold up purchases pending developments.

The following table furnishes data regarding extraction, stocks and sales

of coal in October (as against September) in thous. metric tons):

Coal mining districts	Output	Home sales	Exports	Pit-head stocks
Upper Silesia	2,755	1,321	1,119	1,666
Dąbrowa	754	425	213	694
Kraków	258	199	2	97
Total:	3,767	1,945	1,334	2,457
Sep. 1931	3,482	1,709	1,379	2,292
October in relation to September	+ 285	+ 236	- 45	+ 165

Total sales increased by 191,000 m. tons to 3,279,000 m. tons, of which volume 59.32 per cent. was sold to domestic consumers (55.34 per cent. in September). This increase was evoked by larger demand for household fuel since industrial orders fell off in volume due to seasonal factors and the deepening of the crisis. Export was conducted under difficult conditions due to the enhanced competitive ability of the English mines and import restrictions applied by many countries in order to bolster up their balances of payment. Polish coal exports were also held up to some extent by the dockers' strike in Danzig. Export orders to the Succession states increased during October, with the exception of Hungary, which had enacted an embargo on all forms of coal fuel in order to protect its currency from suffering by an unduly adverse balance of trade. Shipments to Italy fell off somewhat under the pressure of English and Soviet competition.

Coal exports are covered by the following table by sales-groups and countries (in thous. metric tons):

Countries	1928	1929	1930	1 9 3 1	1 9 3 1
	October			Sep.	Oct.
Northern markets:	583	686	614	744	763
Sweden	223	257	244	314	294
Norway	33	58	51	79	97
Denmark	172	152	164	174	218
Finland	105	52	61	82	72
Latvia	33	80	60	54	46
Lithuania	13	27	21	20	28
Estonia	2	—	6	4	4
Russia	2	5	4	6	4
Iceland	—	5	3	11	—
Central markets:	480	515	417	291	301
Austria	320	335	272	139	211
Hungary	87	103	72	43	17
Czechoslovakia	73	77	73	59	73
Other markets:	158	198	228	243	160
France	33	91	108	50	47
Italy	39	56	76	95	51
Rumania	24	17	14	6	4
Switzerland	10	15	13	10	11
Holland	15	10	5	15	11
Belgium	7	—	2	61	26
Yugoslavia	30	9	10	5	10
Various	5	28	—	7	6
Danzig	28	43	43	33	36
Bunker coal	55	73	84	60	68
Total:	1,310	1,493	1,386	1,379	1,334

In order the better to maintain coal-export markets in the Baltic states, France, Belgium and Holland, the

Polish mine-owners formed an export convention governing the Polish coal-trade with these countries. This step is expected to yield good results in presenting a united front to competition from other countries.

The number of colliers at work on October 31st. was 107,681 as against 107,341 on September 30th. Unemployed colliers at the end of October came to only 13,409 men. The average output per man-shift for all Poland came to 1,460 kg. and to 1,579 kg. in the case of Upper Silesia. Wages remained unchanged at the old level.

The average prices of coal f.o.b. Danzig or Gdynia (immediate delivery) tended upwards and came to 12s. 9d. per m. ton for Upper Silesian large. The concluding of long-term contracts was avoided by both buyers and sellers in view of the uncertain exchange situation in Europe. Railway tariff rates remained unchanged both at home and abroad. Marine freights tended upwards for immediate loading, freight charges having been fixed in the currency of the country of destination.

The output of coke increased to 125,176 m. tons but sales dropped by 3,861 m. tons to 146,642 m. tons of which 100,933 tons were sold at home. Exports of coke dropped somewhat due to the currency restrictions enforced in Austria and the drop in consumption on the part of the Austrian factories. The production of briquettes in October came to 32,533 m. tons, i. e. 3,929 m. tons more than in September. Sales came to 31,902 m. tons. The extraction of lignite during October came to only 3,629 metric tons.

PETROLEUM

— The extraction of crude oil during October came to 52,155 m. tons (51,345 m. tons in September) of which 31,635 m. tons were Borysław Standard Crude. Domestic consumption grew slightly (especially kerosene) but remained about 10 per cent. below last year's figures. The refineries were well engaged and export orders were fairly lively.

Wages in the petroleum industry remained unchanged and no labour conflicts were reported. Reductions in personnel continued but remained on a small scale; the number of unemployed in the Drohobycz area was reported at 5,417 men, i. e. 621 more than on September 30th. Negotiations continued in respect of a stabilisation of wages at the July 1931 level and

a reduction of hours of labour to six hours per day. The number of men at work in the petroleum industry came to 9,350 workers (9,400 on September 30th and 10,640 on October 31st., 1930).

Boring operations were weakly conducted during October. One new oil-field was registered at Rachin and two at Stara Wieś and Krosno. Four new wells were opened and five temporarily stopped wells resumed operations. Four new derricks were erected and work was stopped on five borings in course of construction. Pioneer boring yielded no results during the month in question. The pumping of compressed air into the borings at Schodnica continued (Marietta System) and the production of the crude rose over 100 per cent. as a result; the application of this system is being extended and its use is spreading amongst the petroleum mining companies in Poland.

The price of Borysław Standard Crude was fixed at $\text{z}1,595$ per 10-ton cistern by the Polmin Refineries Co. as against $\text{z}1,604$ in September and $\text{z}1,606$ in August this year. Domestic prices remained firm but export quotations exhibited the downward trend associated with the working of the crisis.

The output of earth gas during October came to 36,200 cub. m. (35,795 cub. m. in September and 40,599 cub. m. in October 1930) of which volume 23,150 cub. m. were used for the production of gasoline (petrol). Twenty-three gasoline plants were operating in October and a new plant was opened by Messrs. Perkins, McIntosh & Zdanowicz at Bitkow. The average price of earth-gas used as fuel was set at $\text{z}4.82$ per 100 cub. m. The price of gasoline was quoted at $\$685$ per 10-ton cistern.

The condition of the petroleum refining industry is shown by the data in the following table (provisional data in metric tons):

	September	October
	1 9 3 1	
throughput of crude oil	53,815	56,272
output of petroleum products	49,406	52,139
home consumption	37,951	38,347
exports	17,215	24,429
stocks of petr. prod. at the end of the month	240,852	233,666
number of workmen employed	3,774	3,766

The output, sales and stocks-on-hand of the principal petroleum products during October are quoted in the following table (provisional data in m. tons):

	Gasoline	Kerosene	Gas oil	Lubricating oil	Paraffine wax	Total
output	10,786	16,749	11,377	7,971	2,508	52,139
home consumption	7,366	15,143	6,125	4,381	729	38,347
exports	7,202	4,956	5,300	2,490	2,201	24,429
stocks on Oct. 31st	26,135	36,269	21,990	42,218	5,310	233,666

IRON

— Conditions in the iron and steel industries during October were somewhat worse than in September. Heavy losses were suffered on Soviet orders through the depreciation of the pound sterling, all transactions with the U. S. S. R. having been expressed in that currency. The most serious trouble, however, was met in arranging for the discounting of Soviet bills and great difficulties were met in arranging this at home or on foreign money markets. This makes chances for future orders being accepted extremely problematical. The difficulties met in discounting the bills in question made it hard for the foundries to cover their current expenditure and solvency deteriorated somewhat. Domestic orders remained at a low level and sales failed to increase in volume. Export sales slumped rather heavily as compared with preceding months, consignments to U. S. S. R. having shrunk for the reasons quoted above. Pipe and tube sales were well maintained on the home market.

The extraction of iron-ore reacted in sympathy with the depression felt in the foundries and steel plants. Extraction of the ore came to 20,229 metric tons as against 20,317 tons in September and 39,885 m. tons a year ago. Iron-ore imports in the month under review came to 47,459 m. tons as against 32,375 m. tons in September.

The output of the foundries is depicted in the following table (in metric tons):

		Pig iron	Steel ingots	Rolled products	Pipes
Sept.	1931 ¹⁾	30,178	92,667	71,193	6,058
Oct.	" ²⁾	23,856	67,715	52,749	6,279
"	1930	39,260	113,567	79,508	7,085

Domestic sales of pig-iron dropped from 13,056 tons in September to 9,150 tons in October. The output of steel dropped by 40.4 per cent. below the October 1930 figure, whilst that of the rolling mills fell off by 33.8 per cent. Domestic sales came to 36,910 m. tons and exports dropped to 19,479 tons.

Stocks on hand remained firm at their previous level. The pipe plants yielded a better picture and even increased output by 3.5 per cent. to a level only 11.4 per cent. below the figure for October last year. Pipe stocks came to about a fortnight's production.

The number of workers employed in the foundries was returned at 38,273 men in October 31st. as against 38,537 on September 30th. The figure for October 1930 was 41,922 men employed. Foreign trade in foundry products during October and September this year and October last year is shown in the following table (in metric tons):

	Imports			Exports		
	Sep. 1931	Oct. 1931	1930	Sep. 1931	Oct. 1931	1930
pig iron	166	146	493	251	157	71
rails, iron and steel articles	1,118	1,280	2,190	26,905	16,128	21,325
iron and steel sheets	770	793	963	6,770	3,351	6,535
pipes	66	58	125	4,252	4,784	4,963
Total:	2,120	2,277	3,771	38,178	24,420	32,894

The drop in exports was, as can be seen, quite considerable (36 per cent.) and 25.5 per cent. as compared with the corresponding month of last year. The value of October exports was returned at zł 9,950,000 as against the zł 13,833,000 reported for September and the zł 12,795,000 for October 1930.

ZINC AND LEAD

— Conditions in the lead and zinc industries of Poland yielded almost no changes during October; prices remained at a low, unprofitable level with the demand very weak. In nominal sterling quotations the prices were rather higher, but expressed in gold were actually lower: on October 30th. zinc was quoted at £ 13.2s.6d. and lead at £ 13.8s.9d. per ton.

The October session of the Zinc Cartel decided to reduce output of the metal by a further 10 per cent. and this will cause the Polish works to reduce production and cut their pay-

rolls. The necessity of reducing overhead charges again appeared but with greater force and the question of closing the less efficient foundries was again brought up. Zinc sales shrank considerably both in Poland and abroad; stocks on hand were reported as being equivalent to a month's production.

The state of the lead industry was no better than that of the zinc trade. Low prices continued to depress the market and production in general. Mines extracting lead ore were active only in Upper Silesia the remainder having been closed down until better times return. Total extraction of zinc and lead ore in October came to 34,446 m. tons as against 33,144 tons in September and 94,594 tons a year ago. Imports were 12,302 m. tons of zinc ore and 605 tons of lead ore.

The output of the zinc and lead foundries is quoted in the following table (in metric tons):

	Sulphuric acid 50° Be	Zinc	Zinc sheets	Raw lead	Silver (kg)
Sep. 1931 ¹⁾	11,760	8,707	1,381	3,352	1,352
Oct. " ²⁾	14,008	9,937	1,396	2,671	650
" 1930	23,425	14,760	1,935	3,192	2,571

The export trade of the zinc and lead foundries yielded worse results than in September as can be seen from the following data:

		Zinc (dust incl.)	Zinc sheets	Refined lead	Total
Sep. 1931	m. tons	zł 8,595	599	2,440	11,634
	thous. of	4,441	433	1,335	6,209
Oct. "	m. tons	zł 6,733	455	1,184	8,372
	thous. of	3,149	331	632	4,112
" 1930	m. tons	zł 11,821	828	1,415	14,064
	thous. of	7,948	654	1,084	9,686

As can be seen from the foregoing, exports slumped by 28 per cent. in point of volume and by 33.7 per cent. as regards value. Compared with October 1930 figures, the export in the corresponding month this year was 40.5 per cent. lower in volume and 57.5 per cent. less in value. The average price per ton exported came to zł 492 as against zł 688 in October 1930.

MOVEMENT OF PRICES. — The general restriction in the granting of credits has been holding up the shaping of commercial turnovers and even that of demand. The stocks of commodities, depressing the market, are at present

not excessively great but price-cutting and bargain sales in order to attract ready money from clients are often remarked and have a demoralising effect on the market, especially in the retail trade. Currency restrictions and import embargoes or contingent in certain countries have also done more to disorganise matters for export pro-

ducts in Poland than in other countries. This applies especially to the breeding industries and trades. The tone of prices was still markedly pessimistic and these continued to tend downwards as

¹⁾ Corrected figures.

²⁾ Provisional figures.

¹⁾ Corrected figures.

²⁾ Provisional figures.

can be seen from the following table of index figures (1914 = 100):

	Wholesale price index	Retail price index	Cost of living index
October 1930	92.9	147.3	117.2
November "	93.1	149.4	119.2
December "	90.7	145.2	117.7
January 1931	84.8	135.9	109.6
February "	85.8	135.5	109.4
March "	86.6	135.2	108.6
April "	88.9	137.4	108.7
May "	88.4	137.8	108.8
June "	86.9	136.3	107.3
July "	83.4	132.3	105.4
August "	81.7	125.8	104.3
September "	79.9	126.4	105.0
October "	78.9	122.7	102.4

It will have been seen from the above that the wholesale-price index dropped by 0.5 per cent., that for retail prices by 2.2 per cent., and the cost-of-living index by 1.5 per cent. The difficulties felt by the retail trade have therefore caused its prices to move down and narrow the gap between wholesale and retail prices.

The drop in the wholesale-price index was caused by the prices of agricultural products decreasing by 1.0 per cent., groceries falling by 3.2 per cent. with industrial prices remaining unchanged. The fluctuations in the agricultural products group were not uniform: plant products grew in price during October by 6.1 per cent. due to the rise in corn prices. Breeding products, however, dropped in price as a group by 9.8 per cent., as a result of export difficulties and the improvement in plant prices gained by the farmers causing them to diminish the supply of live-stock offered for sale.

The industrial commodities price index oscillated only very little, i. e. gaining 0.1 per cent. as a net result by the end of the month. This was brought about by the index of textile goods rising owing to higher quotations for wool and raw cotton. The prices of coal and timber remained unchanged, but the index for metals yielded a drop of 0.6 per cent. due to lower prices for zinc and lead. The group of remaining articles showed a gain of 0.6 per cent. as result of enhanced prices for certain chemical products.

The drop in the retail-price index was caused by a decrease of 4.8 per cent. in the prices of agricultural goods with industrial prices unchanged. The cost-of-living index dropped owing to foodstuffs being cheaper by 3.5 per cent., all the other component items of the index remaining constant.

VARIOUS

— According to the U. S. Federal Census Bureau, there are 3,342,198 persons of Polish nationality or first-generation descent in the United States.

Including the large number of second-generation American citizens of Polish origin, the round figure of 5,000,000 is yielded.

— The Polish State Ry. Administration has recently been conducting trials with a view to speeding up long-distance runs on its lines. The Warsaw-Poznań express made its run in four and a half hours and at times attained the speed of 120 km. an hour.

— Poland's horse exports were 51,217 head in 1930, having a declared value of zł 13,658,000. This year's export will be about 30 per cent. larger, 20 per cent. of the horses being draught animals and pit ponies, whilst the remainder was slaughter house material sent to France, Belgium, Denmark and Sweden, since horse-flesh is not eaten in Poland.

— Polish foundries have received a large order for railway equipment (valued at 5,000,000 Swiss francs) from the Yugoslav railways. The transaction is an exchange one for tobacco sold to Poland and half of the material ordered has already been delivered from stock.

— The s. s. "Dalgas" of New Orleans unloaded 7,350 bales of raw cotton at Gdynia in less than 24 hours towards the middle of November. The shipment is a consignment stock for the account of American exporters. (P. A. T.)

— An embargo has been placed on the following chemical imports by the Polish Government: ammonium chloride, ammonium carbonate, potassium salt petre and nitric acid of 40° Bé and less. In special cases, import permits will be granted by the Ministry of Industry and Commerce. ("Dz. Ust. R. P.", No. 98, 1931).

— Poland imported fresh fruit to the value of zł 12,411,000 during 1930, the chief items having been lemons, oranges grapes, peaches, apricots, etc.; 90 per cent. of this trade came from Italy.

— A conference of the chief agrarian countries of Europe is to take place at Sofia on December 10—13th. this year. Delegates of Poland, Rumania, Hungary, Czechoslovakia, Yugoslavia, Estonia, Bulgaria and Latvia will attend the session. The conference will exchange views and reports as to what has already been achieved in the domain of agrarian reform in Europe and will lay plans for the future, particularly for the coming year. (Iskra)

— The Lublin Hops Fair was quite successful this year, many foreign buyers having attended. The crop is said to be of exceptionally high quality and prices ranging from zł 34 to zł 80 were received. Owing to the drop in the sterling rate, transactions with England and Ireland have fallen off in volume.

— Poland is, after Russia, the largest producer of flax in the world. The current crop is better than last year's and many transactions have been put through with home and foreign buyers. Prices varied (according to quality) from £ 15.10s. 0d. to £ 36.10s. 0d. (gold) per m. ton ex Polish frontier or f. o. b. Riga. (P. A. T.)

— The International Agrarian Mortgage-Credit Association of Geneva has announced that its capital of 25,000,000

Swiss fr. has been oversubscribed and that it will commence operations within a few weeks. Poland, which was one of the initiators of the project, was also one of the subscribing countries.

— The Zygmunt Oil-well (Boring No. 5) at Borysław struck petroleum on October 27th. at the depth of 1,528 metres, the average daily output being 155 tons and 4 cub. m. of earth gas per minute. (P.A.T.)

— Mr. Willys, the well-known automobile manufacturer and U. S. ambassador at Warsaw, stated in an interview on his arrival at New York that Poland is showing great energy and courage in combating the crisis and that the country passed through the German and English currency flurries relatively untouched. He added that Poland has reduced her State expenditure to a minimum and is conducting a policy of peace and international appeasement in all her relations.

— The Polish-Palestine Chamber of Commerce is to organise a stand and information bureau at the Oriental Fair which is to be held at Tel-Aviv from April 7th. to 30th. next year.

— The Polish State Tobacco Monopoly has signed a contract for a first delivery of 1,000,000 kg. of tobacco from Greece; the order is said to be in connection with an exchange transaction for Polish produced manufactured goods.

FOREIGN TRADE

— Exports from the Polish Customs area during October this year were for the value of zł 158,207,000 with imports returned at zł 119,410,000. The favourable balance of trade therefore came to zł 38,797,000 (zł 58.2 million in September). The lower favourable balance was due to a growth in imports and to a drop in exports. Compared with September 1930 exports have fallen by zł 13.3 million and imports by zł 6.1 million.

It is of interest to note that imports to Poland have been showing a tendency to increase month by month. Thus in August they came to zł 109.1 million, in September to zł 113.3 million and in October to zł 119.4 million. No one special article or division appears to be the cause of this growth since every month's growth can be traced to a different commodity group. Comparing October and September figures for this year, a growth in iron-ore imports is evident (zł 443,000; September also resulted in a growth in this group), technical plant oils (zł 455,000 increase) and one of zł 205 million in the animal fats division, a growth of zł 1,924,000 was evinced by the metal

goods branch of import (which includes a gain of £ 1,260,000 accounted for by scrap iron), engines (a gain of £ 375,000), apparatus and electrotechnical goods (one of £ 1,551,000), automobiles (a gain of £ 161,000, raw cotton (£ 580,000 increase), wool (£ 1,159,000 more in October) and cotton fabrics, which gained £ 685,000. On the whole, the items showing increases cover the raw materials group: this is all the more striking since the index of industrial production still shows a downward trend.

Imports of rice dropped by £ 2,837,000 in October as against the September figure; this is easily explained by the large shipments reported in the latter month. A smaller drop (£ 1,566,000) was returned for imports of artificial fertilisers. Machine imports declined in volume by £ 835,000. Rags for the paper industry, jute, yarns and woolen and silk fabrics also returned a lower import in October.

It would seem that Poland's imports have become stabilised at the present level; this, however, only represents present conditions, and changes brought about by future events may work both ways. In any case, this growth in imports is interesting insofar as the tendency is for imports in the whole world to decrease rather to stabilise, to say nothing of increase: this observation applies especially to Central Europe, where imports are drastically reduced by administrative measures and exchange restrictions. Poland has not introduced any extraordinary measures for cutting the volume of imports and in this respect she can be stated to be one of the very few outstanding examples of such policies not only in Europe but even in the whole world.

The drop in Polish exports applies to almost all divisions of foreign trade. Enhanced export trade was reported during October chiefly in the case of seasonal goods such as barley, seeds, pod-plants and poultry, and, of course, coal. Coal exports increased by £ 1,804,000 in value. Certain manufactured articles, such as rubber footwear, artificial manures, pipes, woolen yarns, and clothing also reported gains. Poland's chief export commodities (breeding products, sugar, timber and wooden articles, petroleum products, iron, zinc and lead foundry products, textiles, etc.) all either showed a distinct drop in export or failed to yield the expected seasonal growth in sales. There can be no doubt that, apart from the working of the crisis, this shrinkage in exports was caused

by the import restrictions of other countries, whether in the form of import quotas in the western states or exchange restrictions in the central states of our continent.

Export to England was without doubt much enhanced by the realisation that November would bring increases in Customs duties: this, however, would apply more to industrial articles than to foodstuffs or raw materials. The still uncertain currency situation in England continued to depress the food export trade to that country. Conditions in other countries were all more or less unfavourable for Polish trade and the future holds little possibility of improvement in that respect. Hardly a single day passes without news being received of some new restriction, embargo or obstacle being raised to foreign trade. The change in England's commercial policies, however, is quite a rational one and was in fact foreseen as a necessity in an article in our May issue.

Polish exporters, in these conditions, have to exert themselves to the utmost in order to find new markets to take the place of the old ones now barred, or almost so, to them. No speedy results can be expected in this direction, for the gaining of new customers now, in time of crisis, is exceptionally difficult. However, no opportunity is being lost and the enterprise and efficiency of the Polish exporters should bring the desired results. Poland's liberalism in her foreign trade policies and her refusal to apply the exaggerated restrictive measures introduced by most other countries will, in conjunction with a falling export, probably result in a serious reduction of her favourable balance of trade during the coming months. As long, however, as no trade deficit threatens, her policies will be fundamentally maintained as they are today.

POLISH - AUSTRIAN CLEARING AGREEMENT.—The foreign exchange restrictions introduced by the Austrian government some weeks ago have made it impossible for Polish exporters to receive amounts due to them in many cases. Austrian firms exporting to Poland, on the other hand, experience no difficulty in receiving their money since there are no restrictions on foreign exchange buying or selling in Poland. This state of affairs was obviously unsatisfactory and the Bank of Poland concluded an agreement with the National Bank of Austria in order at least partially to regulate matters.

The agreement arranges for Polish citizens being debtors for any title

whatsoever of Austrians, depositing the sum owed in zlotys at the Bank of Poland for the account of the Austrian central bank. As regards sums owed to Poles by Austrian nationals, a similar procedure is to be arranged at Vienna for the account of the Bank of Poland. The two central banks will inform each other of the deposits received and arrange to clear Austro-Polish debts by mutually compensating payments.

This arrangement is expected to be of great use to Polish exporters since it will place Austro-Polish trade settlements upon a more satisfactory basis.

TRANSPORTS

RAILWAY TRAFFIC.—As is usual during October, a further seasonal growth in railway transports was noted in that month this year. The average daily loadings of 15-ton wagons rose from 15,013 in September to 16,849 in October.

The following table affords data regarding the 15-ton car-loadings accepted by the Polish State Railways during October this year compared with past periods;

	Oct. 1930	Sep. 1930	Oct. 1929
Loaded on the Polish State Railways: destined for home stations	13,501	9,848	11,845
destined for abroad	3,802	3,667	3,544
Total:	17,303	13,515	15,389
received from abroad	418	360	344
transit via Poland	974	1,138	1,116
Total:	18,695	15,013	16,849

The above figures show that the general increase in loadings was due almost entirely to greater shipments to home destinations. Loaded cars from foreign countries and transit shipments fell off in volume.

The average daily loadings for home destination can be classified as follows by categories of commodities transported:

	Oct. 1930	Sep. 1930	Oct. 1929
coal, coke	3,494	3,151	3,533
crude oil	207	201	195
timber	655	581	620
agric. produce	3,543	882	2,679
raw materials	1,893	1,637	1,379
various	3,709	3,396	3,439
Total:	13,501	9,848	11,845

These data show that the growth in internal transports was chiefly due to a sharp rise in consignments of farm produce, bulk loadings being again predominant (mostly sugar-beets and potatoes). Loadings of coal likewise grew quite considerably in connection with a natural increase in consumption during the colder months.

CENTRAL EUROPEAN AND ORIENT RAILWAY UNION. —

An international organisation under this title has been formed by Poland, Czechoslovakia, Austria, Hungary, Rumania and Yugoslavia on the one part and by Turkey, Greece and Bulgaria on the other. The organisation has arisen as a result of protracted negotiations and conferences in respect of direct railway goods tariffs between the various countries in question. The rates will be fixed by mutual agreement and will be competitive as regards other land or sea routes. The matter should be concretely concluded in the near future and will have much influence upon goods traffic using the important trade-routes of the Baltic—Black Sea and Aegian Sea land-bridges instead of the roundabout sea route.

PORT TRAFFIC. — Ship traffic in the Port of Danzig was smaller in October than in September or in the corresponding month of last year. The number of entrances came to 504 of 336,092 net reg. tons (360,049 net reg. tons in September) and clearances were reported at 499 vessels of 333,035 net reg. tons (366,535 net reg. tons). The total tonnage of vessels entering the Port during the first ten months of the current year came to 6,736,526 net reg. tons as against 6,926,915 net reg. tons for the corresponding period of 1930.

The nationality of vessels entering and clearing from the Port of Danzig in October is given below:

	Arrivals:		Departures:	
	ships	net reg. tons	ships	net reg. tons
Poland & Danzig	26	25,047	18	17,993
Germany	130	64,987	133	66,676
Finland	12	6,227	15	9,120
Estonia	26	12,717	24	10,227
Latvia	19	17,730	18	15,633
Lithuania	6	1,776	5	1,191
Sweden	113	60,442	118	60,642
Norway	25	16,471	26	16,694
Denmark	92	64,201	89	66,053
Great Britain	12	15,237	10	12,276
Holland	14	5,004	12	4,318
France	12	14,631	14	16,841
Italy	5	17,369	4	12,256
Other	11	14,252	13	23,215
Total:	504	336,092	499	333,035

The goods turnovers of the Port in the month under review (according to provisional data) came to 686,128 m. tons as against 778,405 m. tons in September. Export dropped to 632,848 m. tons and import to 53,280 m. tons. The drop in goods traffic was caused by a strike of port workers and dockers at Danzig during the first half of October. The

chief export product was, as usual, coal, which was returned at 545,902 m. tons as against 599,903 m. tons in the previous month. Timber exports fell off greatly to 27,230 m. tons (55,748 m. tons in September), probably as a result of the English crisis. Corn exports came to 19,950 m. tons, sugar to 6,005 tons, mineral oils to 3,300 tons and general cargo to 30,460 m. tons. Imports were marked by only two more important individual items apart from general cargo, which came to 38,917 m. tons: ores accounted for 38,917 m. tons and artificial manures for 4,098 m. tons. Passenger traffic fell off greatly in connection with the cold weather and was returned at only 136 arrivals and departures.

The turnover of goods in the Port of Gdynia during October assumed large proportions (547,000 tons) and was therefore larger than the record turnover in July this year, when it came to 503,112 tons. As compared with September, imports increased considerably and amounted to 53,733 tons, the main items being scrap iron (36,552 tons), phosphate rock (7,742 tons) and iron ores (5,654 tons). As regards rice and Thomas slag imports, these came to almost nil as is usual at this time of the year. On the other hand there was considerable increase in the bulk shipments owing to several vessels destined for Danzig entering Gdynia port during the strike in Danzig. On the export side there was a considerable increase as compared with September: from 429,475 tons to 493,279 tons, i. e. by 15 per cent. Contrary to the usual practice, this increase is not only to be attributed to the growth in coal exports but to many other products, as bacon and ham, eggs, potatoes, husked rice, etc. As regards the export of textile goods, it is increasing very favourably and from the beginning of the year there were exported 2,168 tons through the Port of Gdynia. Coal exports increased slightly compared with the preceding month (433,900 tons as against 388,916 tons in September).

The movement of ships and their tonnage during the month of October reached a very high level: 315 vessels aggregating 262,725 net reg. tons entered the port and 318 ships with 265,292 net reg. tons left the port. As usually Sweden occupied the first place in this

traffic, then came Poland, Germany, Denmark, United States, etc.

Passenger traffic was at a very low level (640 persons arrived and 381 left the port).

KARLSKRON - GDYNIA LINE. —

A general meeting of the Polish-Swedish Shipping Line was held at Göteborg (Sweden) in November at which representatives of the Swedish-American Line, of the Towns of Gdynia and of Karlskron were also present. It was decided to inaugurate a new regular service connecting Karlskron with Gdynia, the first vessel to leave being the s.s. "Borgholm" scheduled for December 7th. The "Hamburger Fremdenblatt", writing of this new service states that it will prove a serious and efficient competitor to the Sassnitz ferry line. There is no doubt that the new line will be an important link in the transport service offered by Poland in traffic between North and South Europe, whilst the organising of a free port area at Gdynia, at present being considered will do much to raise the status of Gdynia and assure profitable business to the lines using Gdynia as a home port or as a port of call.

Hardly a day passes without enthusiastic descriptions and opinions being published in the foreign general and professional press regarding Gdynia and its surprising growth from a small fishing village to a large, ultra-modern commercial port within the short space of some five or six years. The "Lavoro Fascista", one of the leading newspapers of Italy, calls the port "a miracle of human enterprise and energy" and foresees that it will shortly become the most important port on the Baltic after Danzig.

AERIAL COMMUNICATION IN OCTOBER. —

The total number of flights (scheduled and extra) made in this month was 450 as against 483 in the preceding month, and the distance covered by airplanes declined from 129,227 km to 86,996 km. This falling off in the traffic is accounted for by unfavourable weather conditions in consequence of which the regularity of flights also dropped from 97.8 per cent to 97.2 per cent. During the period under review there was a considerable decrease (from 1,460 to 723) in the number of passengers carried. Similarly the volume of goods transported diminished from 40,542 kg to 29,526 kg and that of mail from 4,795 kg. to 3,135 kg.

FINANCE AND BANKING

STATE REVENUE AND EXPENDITURE.—State receipts during October of this year came to £211·1 million. Of this amount £107·5 million were yielded by public levies, £19·6 million by administrative receipts, £17·1 million by State enterprises and £66·9 million by the State Monopolies. Compared with receipts netted in September 1931, October revenue was greater by £37·5 million, public levies accounting for £25·1 million of the increase, administrative receipts for £2·6 million, the Monopolies for £6·8 million and State enterprises for £3·0 million. Compared with October 1930, the drop in receipts is shown to be £23·3 million, mainly due to a drop in Customs receipts and in the Industrial Tax.

During the seven months passed of the current fiscal year (April-October), total receipts came to £1,351·1 million, which is 47·13 per cent. of the total estimated for the whole year and 49·16 per cent. of the aggregate sum received in 1930/31. Of this total figure, £700·5 million were given by public levies, £157·1 million by administrative receipts, £95·4 million by State enterprises and £398·1 million by State Monopolies.

Compared with the corresponding seven months of the 1930/31 fiscal year,

revenue dropped by £246·4 million, of which amount public levies accounted for £149·9 million, administrative receipts for £45 million, Monopoly payments for £84·8 million and State enterprise payments for £33·3 million.

Budgetary expenditure during October of this year came to £215·3 million, i. e. £33·2 million more than in September. This growth was caused by increased disbursements for the account of the National Debt (£18·3 million), of the Ministry of Education (£4·8 million), of the Ministry of Labour (£3·9 million) and remaining items (£6·2 million).

Compared with expenditure incurred in October 1930, State disbursements in the period under review were smaller by £18·4 million. During the first seven months of the 1931/32 fiscal year (April-October), the total expenditure amounted to £1,479·4 million, i. e. 51·62 per cent. of the sum estimated for the whole year in the 1931/32 budget, and 52·65 per cent. of the actual expenditure effected in the whole year 1930/31. This aggregate sum of expenditure was disbursed as follows: wages and salaries £552·2 million, pensions and disabled soldiers' grants and National Debt £368·1 million, remaining items £559·1 million.

Compared with the results of the corresponding period of the 1930/31 fiscal year, disbursements in the current fiscal year were lower by £112·6 million in spite of the fact that the service of the National Debt demanded £36·6 million more, that unemployment relief has so far accounted for £20 million more than in the corresponding period of 1930/31 and that grants to disabled soldiers were £5·7 million more than last year. The economies effected in the remaining items of expenditure therefore came to over £170 million.

CHANGES IN TAX LEGISLATION.—During the last session of the Sejm a number of bills presented by the Government in respect of changes in tax legislation were approved and passed by that body. Further bills are now being considered by the Sejm, which cover other amendments reforming and in some cases reducing the incidence of taxes burdensome to business at the present time. The new legislation thus enacted represents an effort made to adapt the fiscal system to the changes wrought in the social and State income of the country by the economic crisis. The amendments have been so framed that they will not bear down upon the machinery of production: they will affect direct taxation and income-tax in the first place. The total increase in fiscal receipts is expected to be about £120 million, whilst the reductions envisaged in the Turnover Tax will probably result in a loss of about £45 million during the year.

The following are the new taxes and amendments mentioned above:

Income-tax on bonuses.—This tax is a new one; its incidence falls on directors of industrial enterprises and is levied on their bonuses. The former system of taxing such income was such that the receipts were insignificant. Under the present law, all sums, without regard to the form or manner of payment, paid to directors (but excluding their salaries) will be liable to taxation under a special schedule. This tax is expected to yield an additional sum of about £6,000,000.

Income-tax.—This is an old tax on wages and salaries which has been reformed to cover the cases of persons having several salaries in different enterprises. Hithertofore, these salaries had been taxed at the source according to the scale for each individual sum. The new law calls for the lumping together of such salaries for every person liable, with the result that a higher, progressive scale will be levied. This reform is expected to result in an increase of £10,000,000 in Income-tax receipts.

Extraordinary supplement to the income-tax.—This tax has only a temporary character. It is to be applied progressively and will

STATE REVENUE AND EXPENDITURE

	Revenue (in millions of £)		Expenditure (in millions of £)	
	actual Oct. 1931	annual 1931/32 budget estimates	actual Oct. 1931	annual 1931/32 budget estimates
A) Civil service	127·0	1,848·1	215·2	2,851·9
including:				
Ministry of Foreign Affairs	1·3	11·4	4·4	51·1
" " War.	0·4	5·2	65·3	836·2
" " the Interior	1·0	12·7	20·2	253·3
" " Finance	112·3	1,692·7	10·1	137·3
" " Justice	4·4	44·5	8·6	129·8
" " Industry and Commerce	1·1	14·4	2·0	33·8
" " Agriculture	0·5	9·7	1·8	48·8
" " Education and Religions	0·3	4·9	31·6	445·2
" " Public Works	1·6	18·6	6·0	118·6
" " Labour and Social Wel- fare	0·1	1·0	11·2	104·3
" " Land Reform..	0·1	6·8	1·5	51·1
Pensions	3·9	24·9	13·3	131·4
Grants to disabled soldiers	—	—	14·6	163·5
State liabilities	—	—	22·3	315·1
B) State enterprises..	17·1	136·6	0·1	14·0
C) Monopolies	67·0	882·0	—	—
Total A + B + C:	211·1	2,866·7	215·3	2,865·9



BUNKERING AT GDYNIA

Hardly a month passes without Poland's new harbour breaking its records for goods turnovers or port traffic. It is the most modern port on the Baltic, scientifically constructed and absolutely safe in all weathers and never freezes up. It offers great opportunities for business of all description: real-estate, building, brokerage, transport, industry and commerce.

be from $\frac{1}{2}$ per cent. to 4 per cent. for funded income, and from $\frac{1}{2}$ per cent. to 10 per cent. for unfunded. This measure is really a reform, since it relieves unfunded income-tax payers and supplants the former supplementary tax on income.

Beer, wine and mead excise tax. — This tax has been raised and the special tax on beer production repealed. The Beer Tax was not valorised in 1927 with the result that it was in effect decreased in gold value. The tax on home-produced wines was hitherto very low since the wine industry, was considered to be an infant industry. Its position today is much stronger than in past years and it will be able to stand this new burden. The Act covering this tax foresees an absolute control by the Treasury Authorities over all establishments producing wines, including the right of closing such which fail to meet requirements and regulations. The whole trade will therefore gain in efficiency and will ultimately consolidate its position still more.

Electric-current tax. — The incidence of this new levy will be indirect. For power plants belonging to collieries it will be equal to 30 per cent. of the gross income, for plants partly used for mining or founding enterprises the tax will be 20 per cent., whilst for other plants it will amount to 10 per cent. Current produced for own use, for Government or municipal institutions, etc. will not be taxed. The tax will not be levied in the voivodships

of Wolyn, Nowogrodek and Tarnopol in order not to hinder the development of electrification, which in those regions leaves much to be desired.

Tax on urban and certain rural real-estate. — This tax will be increased by 7 to 10 per cent. If necessary, the Treasury will be able to increase its levies on apartments and flats by 5 per cent; sums received from this tax will not be used for fiscal purposes but for urban housing schemes.

Turnover-tax amendment. — This has not yet become law. When it does, it will be introduced in three phases ending on January 1st., 1934; the final reduction of the tax schedules for industry will not, however, take place until 1937. The compensatory tax on imported goods (paid by the receiver or consumer) will not be applied until fixed norms for domestic industry will have been determined on.

Amongst other, minor legislation, an act was passed authorising the Minister of Finance to accept certain arrears of tax payments in kind; this is in connection with unemployment relief action and changes in tax legislation regarding co-operative societies.

SOVIET SOLVENCY. — Rumours current regarding the insolvency of the U. S. S. R. have aroused a natural interest. The Soviets took up about 5 per cent. of Poland's exports in 1930 and over 7 per cent. during the current year, in both cases medium-term credit

having been granted in almost all the transactions. According to the opinions of Polish economists specialising in Russian matters, there is, however, little ground for serious disquiet for the time being. It would obviously not be to the interest of the U. S. S. R. to suspend payments and in addition there appears to be no reason why insolvency should supervene.

The great bulk of Soviet purchases covers commodities used as investments in the accomplishment of the Five-year Plan. A suspension of payments would naturally render the conclusion of the Plan impossible by the delivery of the necessary materials and machines being held up. The rumours in question probably have their origin in the reporting of great difficulties in realising the Plan and in the possibility that further work on its accomplishment may be held up for an indefinite period. It should be remembered, however, that those reports, although covering the state of affairs six months ago, have only recently made their way to Western Europe. Since that time, conditions in Russia have improved so far that the suspension of the Five-year Plan no longer appears probable. The extraction of coal, which had been one of the weakest points in the execution of the Plan, is at present 40 per cent. greater than in the spring of this year. The average daily production of tractors at Stalingrad has risen from a few units to 102 at present. Analogous examples can be cited covering many other cases. The increase in the speed and volume of production therefore

calls for further buying abroad, and this means that current obligations must be honoured.

There are a number of industrial establishments building in the U.S.S.R. which, although uncompleted, have already cost about three milliard roubles to erect. A cessation of construction would mean that this large sum would be more or less wasted and this would have not only economic but also political repercussions. There is therefore every reason to believe that the desire to avoid insolvency is a real and sincere one.

Soviet paying ability is, however, another matter. It is a function of their export trade (goods and gold) and there are no other assets in the balance of payments apart from this trade. This export is meeting with growing difficulties arising out of the drop in prices of raw materials and the English crisis: England, it should be remembered, is Russia's chief export market. In spite of these unfavourable conditions, however, Russia's export trade remains at the level of about \$500,000,000 per annum. The total sum owed to foreign suppliers has been estimated at about \$1,000,000,000. A certain equilibrium between income and debts arises in view of the fact that the credits granted to Russia are for two-year and often for four-year periods.

In order to attain a more exact understanding of the situation, it would be well to examine Russia's obligations payable during the current year. The average term of the credits granted is about two years and the sum of \$175,000,000 is calculated as being payable in 1931, representing goods purchased in 1929. National income accruing from the export trade this year will therefore be more than ample to cover current indebtedness. During 1932, credits amounting to about \$300,000,000 for goods delivered in 1930 will become payable. In the improbable event of Soviet exports dropping below that figure, the U.S.S.R. will certainly find it difficult to pay its way during the coming year.

The situation in 1933 will be undoubtedly much more difficult than in the current and in the coming year since purchases during 1931 have been rather large. It is, however, difficult and indeed impossible to foresee the course of future events at such a remote date.

STOCK EXCHANGE

— The abandonment of dollar hoarding by the general public, reported in our last issue, was continued during October with the result that the rate for notes fell still further. An enhanced demand for gold became apparent during the month. The price of actual dollar notes fell from zł 8.91 per dollar on October 1st. to zł 8.82 on the 10th., but following the Washington Conference and the announcement that the

E X C H A N G E S		par value	October 1—30	October 31st	November 30th
Warsaw Exchange					
London	£ 1	43.39 ¹ / ₄	34.77 ⁷ / ₁₀	34.25	31.10
New York	\$ 1	8.921	8.92	—	8.921
New York Cable	\$ 1	8.925	8.92 ¹ / ₃	8.92	8.920
Paris	Fr. Fr. 100	35.—	35.14 ¹ / ₄	35.05	34.90
Brussels	Belg. 100	124.50	125.01 ¹ / ₅	124.45	—
Zurich	Sw. Fr. 100	173.72	174.92	173.65	173.19
Milan	Lire 100	46.71	46.38 ¹ / ₂	—	46.—
Amsterdam	Fr. 100	358.31	361.32 ¹ / ₃	—	358.60
Vienna	Sh. 100	125.48	—	—	—
Prague	Kc. 100	180.62	26.41 ¹ / ₂	26.39	26.43
Stockholm	Kr. 100	238.89	—	—	—
Foreign Exchanges					
London	£ 1	43.38	35.07 ¹ / ₂	35.—	31.50
New York	zł 100	11.22	—	—	—
Zurich	zł 100	58.14	57.17 ¹ / ₅	57.40	57.60
Vienna	zł 100	79.55	—	—	79.56
Prague	zł 100	55.36	377.55 ¹ / ₃	—	378.—
Berlin	zł 100	47.09	47.28 ¹ / ₅	47.35	47.35
Danzig	zł 100	57.63	57.14 ⁷ / ₁₀	57.24 ¹ / ₂	57.45

dollar cover would be fully maintained, a quieter trend ensued and offerings of dollar notes fell off sharply. The rate moved up to zł 8.89 and stabilised at zł 8.86¹/₂ towards the end of the month, rising to zł 8.87 by the middle of November.

The demand for gold on the part of the public gradually subsided and was quite normal towards the end of the period covered by this report. The prices of gold coins returned to normal and lost their premium.

The foreign exchange market was well stabilised during the period covered herein, with the exception of sterling which continued to be weak, especially during November 1st.—10th. Certain other exchanges finished this period with losses in quotations. The pound sterling fell by zł 25; New York cables by zł 0.7, with little demand for transfers or drafts on New York evident; quotations on Paris fell by zł 10 per 100 fr., Prague and Brussels by zł 5 and Zurich exchange by zł 1.35 per 100. No Dutch florin transactions were quoted for September 30th. and October 31st. but a rise in price is apparent from arbitrage calculations. Quotations on

Milan were firm although the demand for transfers was very weak. No official rates were quoted for Scandinavian and Austrian exchanges in view of the wide discrepancy between buying and selling prices.

The demand for foreign exchanges was quite normal during October. The zloty rate abroad exhibited a firmer trend and Danzig was the only centre to report a lower price for Polish currency. For some time past, New York has not quoted the zloty rate; this is doubtless caused by the uncertainty regarding the dollar curtailing buying of dollars by Polish nationals.

S H A R E S

The economic crisis appears to be increasing in intensity and it has now had a most unfavourable influence on bond and share turnovers. The great lack of ready money, which is so keenly felt in Poland, has naturally caused the general public to lose interest in stock exchange dealing. Thus, in many cases no quotations are given for certain stock since the required minimum number of shares per transaction was not attained during

S H A R E S	Oct. 1—30	Oct. 31st	Nov. 30th	Nominal
Bank of Poland	110.30	110.—	109.—	zł 100.—
Potassium Salts Exploitation Co. ...	80.—	—	92.—	zł 100.—
Siła i Światło Electric	35.—	—	—	zł 50.—
Częstocice Sugar works	27.—	—	—	zł 100.—
Warsaw Coal-mining Co.	18.25	—	—	zł 100.—
Lilpop, Rau & Loewenstein	12.65	13.65	—	zł 25.—
Warsaw Parowozy Locomotives ...	12.50	—	—	zł 25.—
Starachowice Steel	6.10	—	—	zł 50.—
Haberbusch & Schiele Breweries ...	55.20	—	—	zł 100.—
Warsaw Sugar Factories	—	—	18.50	zł 100.—

State, Municipal & Land Loans		Oct. 1—30	Oct. 31st	Nov. 30th	Nominal
5%	Conversion Loan	41'55	41'25	41'75	z 100 --
7%	Stabilisation Loan	54'90	55'75	56'25	\$ 100 --
6%	External Dollar Loan 1920 . . .	58'25	—	—	\$ 100 --
3%	Premium Building Loan	31'20	—	31'75	gold z 50 --
4%	Premium Investment Loan	75'70	—	80 --	gold z 100 --
10%	Railway Loan (1st series)	101'10	—	—	gold fr. 100 --
8%	National Economic Bank Bonds . . .	94 --	94 --	94 --	gold z 100 --
8%	State Land Bank Bonds	94 --	94 --	94 --	gold z 100 --
8%	National Economic Bank Com- munal Bonds	94 --	94 --	94 --	gold z 100 --
4%	Land Credit Association Bonds . . .	37'50	—	—	z 100 --
4½%	Land Credit Association Bonds . . .	43'15	42.25	41 --	z 100 --
8%	City of Warsaw Credit Asso- ciation Bonds	63'10	64'50	64'55	z 100 --
5%	City of Warsaw Credit Asso- ciation Bonds	51'20	55.50	—	z 100 --
4½%	City of Warsaw Credit Asso- ciation Bonds	47'50	—	—	z 100 --

the sessions. Bank of Poland stock proved active and many transactions were concluded every day; it ended the month, however, with a net drop of z 2'50 in its rate. Potassium Salts dropped by z 5 per share; Sila & Swiatlo Electric and Czystocice Sugar were actively dealt in but also suffered losses. Warsaw Coal mining were popular and improved their quotation from z 17 to z 18'50. Lilpop, Rau & Lewenstein Carworks were also in fairly large demand and rose to z 13'25. Ciegielski Engineering and Parowozy Locomotives were dealt in at prices far below their intrinsic and par values. Habersbusch Breweries dropped from z 55 to z 53.

STATE, MUNICIPAL AND LAND LOANS

In spite of the slackness in the various money markets of the world, interest-bearing securities seemed to improve their position during the period here reviewed. The 7 per cent. Stabilisation Loan bonds were much sought after and the price appreciated. The 6 per cent. Dollar Loan bonds, the 3 per cent. Premium Building Loan and the 10 per cent. Railway Loan all finished the month with higher quotations. The 5 per cent. Conversion and the 4 per cent. Premium Investment Loan fell off in price. The 8 per cent. mortgage bonds of the National Economic Bank and of the State Land Bank remained, as usual, firmly at their old level. Private mortgage bond issues, both rural and urban, likewise tended upwards in price, with the exception of 4½ per cent. rural mortgage-bonds which finished the month at a rather lower quotation than in September.

BANK OF POLAND

— The balance of foreign exchange trading by the Bank of Poland during October this year was fairly satisfactory, having yielded a deficit of only z 15 million. It is true that the September deficit was half as small and that August even yielded a surplus of buying over selling, but these were marked by extraordinary inflows of foreign exchange from loans and foreign credits. The amounts accrued from such sources in October came to only z 21 million, i.e. to barely 15 per cent. of the total sum received. It was due to this item of the purchase account decreasing that the total of exchanges purchased dropped from z 181'6 million in August and z 179'6 million in September to z 135'7 million in October.

Sales decreased from z 170'4 million in August and z 187'2 million in September to z 151'1 million in October. Sales to private banks and persons as also to other countries remained virtually at their September figure (z 129 million as against z 130 million). Sales to the Government (for the service of the National Debt), however, dropped from z 55'5 million in September to z 21 million in October.

Comparing the Bank's balance of foreign exchange trading for October 1931 with that returned last year in the corresponding month, it is seen that sales have fallen by z 18 million (of which private sales fell by z 9 million) and that purchases in that month this year were lower by z 51 million.

The foreign exchange reserves of the Bank, in spite of the fairly favourable outcome of trading, dropped from z 250 0 million to z 209'9 million, chiefly

due to the conversion of foreign exchange into gold bullion in accordance with the Bank's present policy. The Bank's purchases of gold that month came to z 25'9 million, this sum more or less covering the drop in foreign exchange reserves, ear-marked as cover for the circulation and slight liabilities, and which fell to z 78'3 million as on October 31st. The gold stocks of the Bank on that day were valued at z 107'6 million. The usual over-the-counter purchases of gold came to about z 100,000 during October. Foreign exchange reserves not included in the cover shrank from z 134'1 million to z 131'5 million on October 31st.

Stocks and holdings of foreign exchanges and of gold forming the cover of the note-issue and of sight liabilities were as follows on the dates indicated below (million of z):

	Jan. 1st	Sep. 30th	Oct. 31st
gold	562'2	568'1	594'0
foreign currencies	288'4	115'8	78'3
Total:	850'7	683'9	672'3

The above-mentioned foreign exchange and gold cover was 47'39 per cent. of the note-issue and sight liabilities on October 31st. as against 55'29 per cent. on January 1st. and 48'07 per cent. on September 30th. this year, the statutory minimum being 40 per cent. The gold cover taken alone, with a minimum of 30 per cent. as binding, amounted to 41'87 per cent. on October 31st., to 36'54 per cent. on January 1st. and 39'92 per cent. on September 30th., 1931.

The drop in the ratio of foreign exchange and gold cover is in good proportion to the absolute drop in the figures of the reserves in question. The total of the note circulation and of immediate liabilities showed hardly any change in October (z 1,418'6 million as against z 1,422'7 million on September 30th. The note issue grew from z 1,224'8 million to z 1,254'0 million but sight liabilities dropped off in volume from z 198'0 million to z 164'6 million.

The decrease in sight liabilities was not solely caused by current account credit balances (which in October dropped only from z 148'6 to z 138'7 million) but also by other obligations, the chief item being a shrinkage of z 17'4 million in the Match Monopoly deposit account. The decrease in current account balances affected only the Treasury accounts, which decreased from z 18'8 million to z 7'9 million, private accounts having even improved their balances from z 129'8 million to z 130'9 million.



THE BANK OF POLAND BUILDING, WARSAW

It is here that the policies affecting the Polish currency are framed and carried out; the Polish Zloty is one of the few currencies in Europe which has passed through the current year's financial and exchange flurries without loss or depreciation.

Closely connected with the growth of £154.4 million in the note-issue, was the drop in current account balances and the increased credit activity in the Bank. The domestic bill portfolio grew during October by £17.7 million but was less by £58.6 million than the figure quoted a year ago. Collateral security loans grew by £10.1 million, this causing the present total to be £36.7 million more than on October 30th., 1930. The foreign bill portfolio, on the other hand, shrank by £13.3 million. Other items of the bank cover showed slight increases with the exception of the Treasury debt, which remained constant. The whole bank cover presented itself as follows (in million £):

	Jan. 1st	Sep. 30th	Oct. 31st
		1931	
hills	672.0	634.5	652.1
foreign bills of exchange	107.1	120.1	106.8
Polish silver coins and token money	12.2	29.6	31.4
loans against securities	86.3	102.8	112.9
own interest-bearing securities	8.8	13.7	13.9
liability of the Treasury	—	20.0	20.0
Total :	886.5	920.8	937.2

November, as regards foreign exchanges dealing, proved to be most favourable for the Bank. Purchases in this domain exceeded sales by £13 million, and it is worthy of special note that this result was attained without the help of any special extraordinary inflows from State loans or the Bank's credits. The latter item, for example, accounted for £60 million in September and £21 million an October. Total purchases of foreign exchanges by the Bank during November came to £118.2 million, while sales slumped to £105.3 million as a result of a sharp drop in the demands of private banks and persons.

The foreign exchange reserves of the Bank grew, however, very little: to £210.9 million. This was because gold was bought with a large part of the foreign exchanges acquired, i. e. for £3.6 million. The gold and foreign-exchange cover of the circulation and sight liabilities on November 30th. totalled £682.0 million. this affording 48.04 per cent. (cover 47.39 per cent on October 31st.). The activities of the Bank were therefore marked by a certain improvement both as regards exchange dealing and credit operations.

L A T E S T N E W S

WARSAW EXCHANGE:

	Nov. 20, 1931	Nov. 30, 1931
\$ 1 =	£ 8.928	£ 8.921
£ 1 =	„ 33.55	„ 31.10

BANK OF POLAND:

(in £: 000's omitted)

	Oct. 31, 1931	Nov. 20, 1931	Nov. 30, 1931
ASSETS:			
Gold reserve	594,014	595,851	597,662
Foreign balances	78,332	81,899	84,381
Foreign balances (not included in the cover)	131,518	128,353	126,492
Silver & token coins	31,434	31,983	31,052
Bill portfolio	652,147	620,812	635,971
Collateral loans	112,907	113,362	114,846
Own securities	13,880	14,089	14,351
Treasury debt	20,000	20,000	20,000
Other assets	241,550	244,292	255,656
LIABILITIES:			
Capital and reserves	264,000	264,000	264,000
Current accounts	138,810	226,467	179,052
Other accounts	25,796	37,111	29,664
Note issue	1,418,631	1,389,869	1,419,628
Other liabilities	286,273	289,872	289,886
% gold & exchange cover	47.39	48.76	48.04

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