Jacek Luszniewicz


Abstract

The article constitutes the second part of the study analysing the development of the public sector in the economy of the Second Polish Republic in the period from the regaining of independence in November 1918 to the coup of May 1926. The first part, published in the previous issue, concerned the period of 1918–1923. The second part presents the etatist policy of the last years of parliamentary democracy, in particular, the policy implemented by the government of Władysław Grabski which was formed in December 1923. This government, functioning until November 1925, has markedly contributed to the further growth of the state sector through, inter alia, the reform of treasury monopolies, reorganization of commercial banking and activation of investments in industry and infrastructure. The strengthening of the etatist tendencies which took place in 1923–1925 also impacted on the policy of the government of Aleksander Skrzyński, which was operating from November 1925 to April 1926. The conclusion of the article is the claim that the state sector in the economy of the Second Polish Republic in 1918–1926 was undergoing the process of continuous growth.

Keywords: the Second Polish Republic, economy, etatism, the period of 1923–1926

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1 The first part of the article covering the period of 1918–1923 is available in "Studia i Prace. Kwartalnik Kolegium Ekonomiczno-Społecznego SGH" 2018, No. 3(35)/2018.

Grabski’s government rechannelled etatization (December 1923-November 1925). On the one hand, his cabinet privatized the central issuing bank, replacing the state Polska Krajowa Kasa Pożyczkowa (PKKP) with the private Bank Polski S.A. (The State Treasury was to possess a symbolic 1% of the share capital), established, in place of the Państwowe Zakłady Grafiiczne, the state-private Polska Wytwórnia Papierów Wartościowych S.A. (with a 40% share of the state) and forced MSWojsk. to get rid of all the shares of the 'Pocisk' company (50% of the share capital of the company). On the other hand, other government measures – the reform of treasury monopolies, the reorganization of commercial banking, the stimulation of investment in industry and infrastructure, and the revival of commercialization – brought about, in general, further expansion of state ownership, and pushed this trend to continue in the future. Moving “from the slogans of lease or sale of state assets to the policy of healing the state economy”, thanks to which it ensured “consolidation and strengthening of etatism”, Grabski’s government robbed state entrepreneurship of its extraordinary status, making it an ordinary and lasting element of the economic policy, which being no longer in the transitional domain, could openly expand its borders.

As part of the tax reform, first – as early as in 1924 – action was taken to make sure that the law on commercial and manufacturing tobacco monopoly was fully implemented. It had been in force since mid-1922, but due to a lack of financing, it had failed to include the production sphere. Now the delay was successfully com-

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2 As of the end of 1926, the State Treasury’s share was 0.54%. S. Kruszewski, Majątek państwa polskiego na dzień 1 stycznia 1927 r., Ministerstwo Skarbu (Ministry of Treasury), Warszawa 1931, p. 363.
3 J. Gołębiowski, Sektor państwowy w gospodarce Polski międzywojennej, PWN, Warszawa–Kraków 1985, pp. 50–51. The rest of PWPW’s shares were held by the Bank of Poland.
4 MSWojsk. withdrew from ‘Pocisk’ S.A. Ammunition Factory at the beginning of May 1924. The company was to supply rifle and artillery ammunition. Despite the government’s pre-payment of this production, it did not comply with the contract. After the de-etatization, the ‘Pocisk’ company continued to receive large orders from the state. W. Roszkowski, Kształtowanie się polskiej gospodarki państwowej w przemyśle i bankowości w latach 1918–1924, PWN, Warszawa 1981, p. 140; T. Grabowski, Inwestycje zbrojeniowe w gospodarce Polski międzywojennej, Warszawa 1963, MON, pp. 50–52. Grabski’s government declared readiness to sell off a number of other state-owned enterprises and shares, which, however, ultimately did not happen. In the case of several other companies, it firmly ruled out de-etatization. This concerned, among others, nitrogen fertilizer factories in Chorzów, which after the takeover from German owners, were intended to be handed to a private consortium with the participation of the State Treasury.
6 Private factories of tobacco products were to be forcibly nationalized for compensation payable partly in cash. During the transitional period, whose length was not determined by the legislator, owners of some
pensated for within a few months’ time. The following year saw the extended restoration of the alcohol monopoly, extension of the salt monopoly across the entire country and emergence of the match monopoly. The main stimulus behind the changes was of financial nature, but some of them also contributed to an enlargement of the state sector.

The most far-reaching effects of etatization affected the tobacco industry. The beginning of 1924 saw 99 private tobacco, cigars and cigarettes manufacturing factories, none of which, however, made it till September that year. The major part was closed, and the largest 12 were transformed into state units. Such an eradication of the private tobacco industry was made possible by a loan taken out in Italy via Banca Commerciale Italiana (March 1924). It covered the costs of buying and closing private factories and compensations for the redundant workers and officials. At the end of 1925, the tobacco monopoly owned 21 manufacturing facilities, including those inherited from the invaders, as well as established and purchased before obtaining the loan.

Strengthening of etatism was visible also in the sphere of trade, which was mostly transferred to a licensed private initiative. As of December 31, 1925, the state was in possession of 22 warehouses (mainly tobacco products, but also raw material and mixed assortment), 3 tobacco purchasing offices, 2 crop inspectorates, 8 specialist retail stores and 10 sales branches at state-owned factories. Less private etatization was experienced by the private alcohol industry. The restored treasury monopoly, in addition to the purchase and sale of pure grain alcohol for domestic use, also included the production and sale of alcohol, yet exclusively bottled pure grain alcohol and pure vodkas. The rest, that is all distillation (agricultural and industrial),

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8 Settlement of the etatization and liquidation of tobacco plants lasted until the budget year 1933/1934. It consumed 38% of the real sums received from the Italian loan (it was nominally 400 million lire, but actually 287 million was transferred). Z. Landau, *Pożyczka tytoniowa*, ”Zeszyty Naukowe SGPiS” 1956, Vol. 3, p. 79, 80. Therein a critical analysis of the causes, conditions and use of the Italian loan (pp. 61–81).

9 P. Grata, *Miejsce..., op.cit.*, pp. 90–92. Cf. *Polski..., op.cit.*, pp. 17, 48; I. Weinfeld, *Skarbowość polska*, Lwów 1926, p. 145. Before March 1924, the monopoly owned nine tobacco factories – four in Małopolska (taken over by the Austrian state), four in the Post-Russian territories (two from the monopoly, one set up from scratch and one purchased from a private owner) and one in Wielkopolska (purchased in January 1924).

rectification of pure grain alcohol (in independent plants and distilleries), the production of flavoured vodkas (including liqueurs, rum, etc.) and the major portion of alcoholic beverages (except wholesale bottled alcohol and flavoured vodkas) were left out of the scope of the monopoly. Moreover, the extensions to the version from before November 1921 were implemented very gradually. In 1925, they only included the bottling of bottled grain alcohol. In the case of pure vodkas, the implementation started in January 1926 with six eastern voivodships (Vilnius, Nowogródek, Polesie, Wołyń, Stanisławów, Tarnopol), and was completed in April 1927 with the Poznań and Pomeranian voivodships.

As a result, private factories, after obtaining temporary concessions, could bottle pure vodkas in the first year of the monopoly, and in 1926 only a few voivodships had to withdraw from it. The state was building its own production apparatus very slowly, for now preferring commission agreements, concluded both for the bottling of bottled grain alcohol, and – from 1926 in the eastern territories – pure vodkas. Just before the May coup, the state-owned only three vodka factories – in Warsaw, Sieradz and Kowel. Formally, they had belonged to the state sector before, but prior to 1925, they had been in private leases, which now – after a short-term transition to commission agreements – were terminated. All registered production points of strong alcohols in 1925 amounted to 612 and a year later – to 586.

11 The Act of July 31, 1924 on the spirits monopoly, Journal of Laws 1924, No. 78, item 756, art. 1, 12, 15–16, 20, 22, 30, 33, 59; I. Weinfeld, Skarbowość…, op.cit., pp. 134–135, 137–140. Also, alcohol exports were not subject to monopoly. For the majority of non-monopolitical activities within the spirits industry, the private initiative needed the approval of the tax authorities. It was granted in the form of concessions, permits and various types of contracts.


13 In addition, it was ordered that pure vodka should be produced in other premises than quality vodka and similarly grain alcohol should be stored separately for both purposes. The deadline for implementation, originally four months, was postponed several times, eventually till the end of 1926. The Regulation of the Minister of the Treasury of March 12, 1925 on the production and sale of non-market vodkas, Journal of Laws 1925, No. 28, item 201, § 3–7, 54–60; Państwowy…, op.cit., p. 192.

14 In total, in 1925 and 1926, 13 private companies became partners in the spirits monopoly as regards commission contracts. Ibidem, pp. 217–221.

15 Subsequent state-owned vodka factories were to be established in the facilities of the former Russian monopoly (again taken over by the State Treasury), founded ‘in cruda radice’ (“raw root”) (on land acquired specifically for this purpose) and even located in plants with a different production profile (for example, a match factory). However, the practical effects of these projects had to wait. Ibidem, pp. 43–46, 214–215; P. Grata, Przemysł gorzelniczy…, op.cit., p. 58.

16 In 1924, registers showed as many as 1775 factories, in 1927 – only 255. Państwowy…, op.cit., pp. 190–192, 204; P. Grata, Monopol skarbowy w polityce podatkowej Drugiej Rzeczypospolitej, Rzeszów 2009. Before restoring the treasury monopoly, the vodka factories could bottle it into containers of any capacity. As a result, the strong alcohol companies bought excise patents similar to outlets with licence to sell alcoholic beverages. Hence the astronomical number of registered factories in 1924. The subsequent decline
The situation in the rectification industry contrasted with the marginal role of state ownership in the vodka production. In 1925, the state acquired two large independent rectifications (in Starogard and Toruń), and leased the third – the largest in Poland (based in Warsaw) – from the private capital. The potential of these plants comprised around 20% of the processing capacity of the entire alcohol purification industry. The state also emphasized its ownership in the trade of bottled grain alcohol, organizing in 1925 14 own warehouses, and by the end of the next year, 56 more. Private wholesalers operating on a commission basis were almost twice as many, but the etatization trend had already been launched. At the same time, state retail stores were not significantly more important. 23 of them were established on the border with Romania in order to limit alcohol smuggling from that country. In other parts of the country, such stores were not set up. There were approximately 20,000 private retail stores for the sale of spirits.

Territorial unification of the salt monopoly, formally exclusively commercial (internal trade, export, import), brought no ownership consequences. In the trade of edible salt, the state limited the role of an intermediary obtaining it from producers and distributing it between wholesalers, with a top-down definition of turnover and price conditions. Wholesale and retail remained the domain of the private initiative, yet the former was additionally licensed. But ownership changes, at least larger, would not even have existed if the all-Polish salt monopoly had also encompassed production. Almost all mines and saltworks of edible salt had already been etatized as post-annexation possessions. They were mainly located in Galicia, outside

resulted not only from the regulation of the method of bottling but also from the drastic – nearly 50-fold – increase in patent fee for the processing of spirits and generally higher costs of producing flavoured vodkas than pure ones.

17 In the 1924/1925 budget year there were 68 independent rectifications (not related to distilleries), and in 1925/1926–59. P. Grata, Przemysł rektyfikacyjny w Polsce w okresie istnienia Państwowego Monopolu Spirytusowego (1925–1939), “Kwartalnik Kultury Materialnej” 2014, no. 1, pp. 57–59. The rectification of pure grain alcohol by the state in its own factories went beyond the statutory scope of the tax monopoly. However, there was no formal ban, and one of the regulations allowed state enterprise in the areas related to the implementation of the spirit monopoly. The Regulation of the Minister of the Treasury of 25 January 1925 on the organization of the Directorate of the State Monopoly of Spirit (D.P.M. S.), Journal of Laws 1925, No. 14, item 95, §1, 5.


19 The Regulation of the President of the Republic of Poland of 30 December 1924 on the introduction of a uniform monopoly on the sale of salt throughout the Republic of Poland, Journal of Laws 1924, No. 117, item 1043, §1 and 12. Until then, the salt monopoly had been in force only in the territories of the former Austrian (production and trade) and Russia (trade) partitions.

20 Regulation of the Minister of the Treasury of February 19, 1925 on the implementation of the Regulation of the President of the Republic of Poland on the introduction of a uniform monopoly on the sale of salt throughout the Republic of Poland, Journal of Laws 1925, No. 19, items 142, §4–8. In 1925, the tax authorities issued 1248 concessions for wholesale trade in edible salt. No concessions were required for retail sales. I. Weinfeld, Skarbowość…, op.cit., p. 147; P. Grata, Miejsce…, op.cit., p. 105.
of which the state had only two salt evaporation ponds. The only large private mine was operating in Wapno. It belonged to the ‘Solvay’ plants, which had obtained the permission for the operation by the Prussian government. The permission was confirmed by the authorities of the Second Polish Republic, in 1922 granting the company a concession for further extraction and sale of the Wapienska salt. In addition, private capital used two more small saline sources in Barycz near Wieliczka and Solno near Inowroclaw.

The match monopoly, existing since October 1925, was immediately leased for 20 years to the Swedish-American private company Ivar Kreuger in exchange for a loan to the Polish government and provision of other financial resources. The monopoly was of production and partly commercial nature (only for imports). Established by the lessee on the basis of an agreement with the Polish party, Joint Stock Company for the Exploitation of the State Match Monopoly (S.A. EPMZ) in Poland, by the end of 1925 was supposed to buy out all private match factories on behalf of and for the Treasury, and then either run or close them. Yet this plan was not fulfilled. Out of several non-state matchmakers operating before October 1925, the funds were allocated only to minor ones, which, however, were shut down, with compensation paid to employees. The largest ten factories, with over 90% share in the industry output,

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21 Salt plants in Ciechocinek and Inowroclaw. Both before and after the territorial extension of the monopoly, the state owned 13 salt evaporation ponds in total; 11 were operated directly (the majority managed by MPiH, the salt plant nearby saline springs in Ciechocinek – managed by the Ministry of Health), 2 – through the state-private TESP company. I. Weinfeld, Skarbowość…, op.cit., p. 146.


23 The Match Monopoly Act, adopted in mid-July 1925, entered into force on October 1 of the same year. Kreuger, whose conglomerate had previously made part of the Polish match industry dependent, made the leasing deal in September 1924. The preliminary agreement was signed on July 23, the final – September 19, 1925. The group lent the Polish government 6 million dollars, of which 5.5 million was allocated to the Monopoly Investment Fund and another 5 million was exchanged for shares in the leasing company. Z. Landau, Działalność Koncernu Kreugera w Polsce, “Przegląd Historyczny” 1958, Vol. 1, pp. 97, 99–100, 104, 119. Conditions for the lease and use of funds made available by the concern were unfavourable for the Polish party. More on this subject, cf. ibidem, p. 106; H. Tennenbaum, Struktura gospodarstwa polskiego, Vol. I, Formy produkcji i zbytu, (n.p.) Warszawa 1932, p. 150 ff.

24 Act of 15 July 1925 on the match monopoly, Journal of Laws 1925, No. 83, item 561, art. 1. Additionally, the export of matches was hampered (the need to obtain a waiver from the monopoly) and the production and sale of lighters (the need for a permit, tax increase). Ibidem, art. 4, 6–9, 22.

25 Ibidem, art. 17–18; Regulation of the Minister of the Treasury of 25 September 1925 on the implementation of the Law on monopoly match, Journal of Laws 1925, No. 100, item 707, § 2; 5; P. Grata, Miejsce…, op.cit. p. 83. However, since October 1 private entities had not produced on their own. They remained under the management of S.A. EPMZ, or acted on the basis of agreements concluded with it. The parties could set the buy-out prices directly or with the help of ministerial commissions estimating the value of individual plants. The costs of etatization, including compensation for redundant employees, were to be covered from the aforementioned Investment Fund. After the lease, all the preserved match factories were to become the property of the Treasury.
were taken on lease as private. In other words, instead of etatization, one could witness a concentration of production under S.A. EPMZ.\textsuperscript{26} From the Kreuger’s point of view, this was quite rational: as it had already controlled part of the incriminated ‘ten’, it did not need to buy it and bear the extra costs.\textsuperscript{27} After the May coup d’état, discontinued etatization became a matter of dispute, which was concluded in mid-1928 by an amicable agreement about a buyout by the lessee company of subordinate factories at a lowered lump-sum price.\textsuperscript{28}

The most important contribution of Grabski’s government to the development of etatism in the Second Republic of Poland turned out to be the reorganization of state commercial banking. It was carried out in May 1924, integrating the three state-owned post-Galician institutions – PBK (Polski Bank Krajowy), PBO (Państwowy Bank Odbudowy) and ZKMM (Zakład Kredytowy Miast Małopolskich) – already operating nationwide, into one, also state-owned Bank Gospodarstwa Krajowego (BGK). The new and more powerful capital bank was to facilitate the implementation of the government’s goals, not covered by budget financing. It provided short- and long-term loans, granted financial guarantees, increased share capital and bought shares of enterprises and banks. It served both the public (state, communal, co-operative) and private (enterprises and banks) sectors. If a given entity was considered to be valid for military or general economic reasons, BGK continued lending or other forms of support even in the event of insolvency. Sometimes it undertook corrective actions. As a result, it gradually came into possession of an increasing number of external participations, which, unlike the ones inherited from PBK, could be large and even with majority shareholding. As a consequence, BGK took over the ownership and management functions. The effects of this practice, dating from the economic downturn accompanying the second inflation, were accurately reflected in the term ‘BGK concern’.\textsuperscript{29}

Until the May coup in 1926, BGK had managed to gain or increase shares in, among others, the Towarzystwo Starachowickich Zakładów Górnich, Zakłady Mechaniczne ‘Ursus’, chemical factories ‘Azot’ in Jaworzno, ‘Boruta’ in Zgierz and the Podkarpackie Towarzystwo Elektryczne in Lviv. In the first of these companies, it held a majority shareholding (55%), whereas in both chemical factories – a minority


\textsuperscript{27} Z. Landau, Działalność..., op.cit., pp. 96–97; P. Grata, Miejsce..., op. –cit., pp. 112–113.

\textsuperscript{28} Z. Landau, Działalność..., op.cit., p. 110.

but in fact with the power of managing. BGK also took over Treasury shares in the S.A. Exploatacja Soli Potasowych 'TESP' (67% of share capital). 30 One thing these companies had in common was making or possessing the ability to make military orders. Debt conversion to BGK's capital involvement generally did not eliminate all unpaid financial liabilities of individual companies, thus creating a prospect of further-reaching etatization. 31

During Grabski's government, plants erected as part of the arms industry expansion programme, implemented from 1922 under the auspices of CZWW, gradually began to operate. In 1925, the gunpowder and explosives factory in Zagożdżon was at the its height, with two of the three departments already operating. Hand weapon factories in Radom and an ammunition factory in Skarżysko managed to run departments that produced tools and spare parts for the machines installed. In 1926, shortly before the May coup, the screw gauge factory in Warsaw's Żoliborz district started operating partially. 32 These were all state-owned enterprises being erected or having been erected from scratch. The beginnings of their start-up coincided with the second inflation and the economic downturn. It was necessary to reduce budget expenditures, also in the military sector. This slowed down not only the implementation of the new investment programme, but also the transformation in the existing arms factories, such as Warsaw PFK. 33 Regardless of the above-mentioned complications, the state's aspiration to become the main producer of military equipment became a fact.

It was also possible to revive work at the port in Gdynia, which at the beginning of 1924 had been completely withheld due to lack of funds. Progress was achieved thanks to attracting foreign capital or, more precisely, to the agreement with the specially created Polish-French Consortium of Port Construction in Gdynia, which undertook the loan implementation of the investment in 1924–1930. Soon an additional protocol was signed announcing the completion of construction in 1929. A promising beginning of the cooperation proved to be a prelude to a serious conflict in the first months of 1926, during which the parties mutually accused each

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32 J. Golębiowski, Przemysł wojenny w Polsce, WSP, Kraków 1990, pp. 61–62. According to the original intentions of MSWoJ, the four factories built were to be completed in 1924–1925.
other of failing to reach the agreements. The culmination came with the temporary freezing of construction works by the Consortium. Nevertheless, the critical point in the implementation of the investment was exceeded. One of the marinas, the southern pier and part of the northern one were built, and the first mechanical loading devices were ordered. The determination of the state to create a port alternative to the Free City of Gdańsk increased in the face of and after the outbreak of the customs war with Germany.

It is also worth mentioning modernization investments in nitrogen plants in Chorzów. Additional production departments were opened, new furnaces were installed, and new types of fertilizers were launched onto the market. In 1925, production rates achieved in the German period were exceeded. What is more, the factory began to generate profit, even though its main product – nitrite – was sold at lower prices. This contributed to considering making a new investment – a synthetic ammonia factory. It had already started operating during the rule of sanation in Mościce near Tarnow. The achievements of Grabski’s cabinet in terms of commercialization were limited to granting several state-owned industrial enterprises and public utilities the status of legal persons, the obligation to manage according to merchant principles and a certain degree of independence as part of general ministerial supervision. The most important of these units were the Chorzów factory and state forests. In the case of the latter, the special status was abolished after six months, but the company kept its organizational separateness. However, attempts to introduce similar solutions to state railways failed. The actual progress in the field of commercialization, including strengthening the position of the state monopolies, modification of the statute of PKO, growth in the ‘Przedsiębiorstwa’ group and the composition of CZWW, was therefore not significant. What counted, however, was

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the very prospect or, arguably, even illusion, which brought the state sector closer to the rules prevailing in private entrepreneurship. This validated state property as an integral and key element of the economic system of the Second Polish Republic.

Alexander Skrzyński’s coalition cabinet, formed after Grabski’s resignation, stayed in power less than half a year (November 1925 – May 1926). With regard to the economic policy, it focused mainly on the fight against the second inflation, in which the Minister of the Treasury, Jerzy Zdziechowski, played a large and positive role. The issue of the state sector turned out to be of secondary importance. It is difficult in this situation to generalize the government’s position in terms of ‘pros’ or ‘cons’, but the opinion that it presented an anti-etatist programme is unfounded. Indeed, budget funds for state-owned enterprises were limited, but this was due to the priority of austerity measures. On the other hand, a high-profile resignation from the sequestration and expropriation of Giesche S.A. (coal, zinc and lead mines, zinc and lead smelters, fertilizers and porcelain factories, land estates), indebted for tax arrears, was caused by calculations to raise American capital, which took the side of the German company. Parallel to many sections, Skrzyński’s government supported or at least inscribed into the etatist consequences of Grabski’s policy, with the above-mentioned enlargement of state ownership within the tobacco and spirit monopolies or the continuation of new investments in the military industry under the aegis of CZWW. But Skrzyński’s cabinet also gave unequivocal support to the construction of the port in Gdynia, exercised power during the increase in the carrying amount of BGK’s external shares, claimed for commercialization, and not, for example, the privatization of the state sector. Therefore, there was practically no revision of the achievements of Grabski’s government in the field of state ownership.


39 The government coalition was really diverse: ranging from the Polish Socialist Party (PPS) and politicians close to Pilsudski, through the PSL-Piast, the National Workers’ Party and the Christian Democrats, to representatives of the National Democrats.

40 It is significant that its various contexts were only briefly mentioned by W. Morawski, Polityka gospodarcza rządu Aleksandra Skrzyńskiego, PWN, Warszawa 1990, pp. 7, 21, 66, 72–73.


43 T. Lulek, Przedsiębiorstwa państwowe, [in:] Etatyzm..., op.cit., p. 245; W. Morawski, Polityka..., op.cit., pp. 7, 72.
5. Conclusion

The conducted analysis did not indicate a decrease with regard to the size of state entrepreneurship neither between March 1921 and December 1923 nor in the year of 1923 itself. There was no slowdown of the etatist trend starting from 1925 or occurring in 1926. Thus, it should be stated that the development of the state sector in the economy of the Second Polish Republic in the period of 1918–1926 was a continuous process.

The claims concerning the temporary reversal of the tendency starting with 1921 result from a misunderstanding. After the end of the wars for the eastern border, there emerged a specific, significant reduction of other forms of interventionism, but the general tendency did not concern etatism, which appeared to increase, for instance, due to acquiring the property which previously was taken over by the partitioning powers or expanding of the territory of the state. It is important to note that it was the period when many projects were initiated, for example, military investments, the construction of the port in Gdynia, organisational transformations and other enterprises which emerged as new state entities.

Considering the valuation of the undertakings, from the outset, the majority of the capital was allocated to transport, forestry, communications and telecommunications, altogether constituting over 90% of the total state assets. Also, the etatisation of banking, including credit-related activities, was on the increase. Statistically, the state ownership expansion was most visible in the area of industry and mining. According to Roszkowski's rough calculations, at the end of 1923, the state property located there was estimated at three times the value of the same in 1921 and more than three times of the respective value of 1920. The number of employees was also growing constantly.

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45 Cf.: Memoriał o znaczeniu gospodarczym Polski dla Rady Wykonawczej Ligi Narodów, Part 2, “Praca i Opieka Społeczna” 1922, Iss. 1, pp. 93–94; J. Gołębiowski, Sektor…, op.cit., p. 270 (Table 34).
47 Ibidem, p. 154 (Table 4), pp.170–172, 232. A slight decrease in employment in etatist industry and mining in 1923 resulted from the fact that until 1922 Roszkowski included Żyrardów plant among the state property. The arguments – though not very convincing ones – were considerable investments made by the state in the period of compulsory administration. After excluding the Żyrardów plant from among the state assets, the general employment in the state-owned industry and mining enterprises in 1922–1923 tends to grow.
In the period of 1924–1926, the increase in the value of state property in industry and mining – at comparable prices – amounted to around 40%. The activities of Grabski’s government had a fundamental impact on this situation: the extension of some treasury monopolies (tobacco and spirits), sustaining the ongoing state investments (not only in the military sphere) as well as the establishment of BGK and the initiation of the financial operations (the beginning of the future ‘concern’ (i.e. conglomerate). The last real functioning cabinet of the period of parliamentary democracy, headed by Skrzyński, in each of these areas appeared to follow in the footsteps of its predecessors and continued the previously implemented policies.

One of the features of Polish etatism of the period of 1918–1926 was a high degree of concentration of state capital in the infrastructure with its high dispersion in industry and mining. At the end of this period, only PKP and Lasy Państwowe assets alone accounted for 67% and more than 24% of the then economic domain of the Second Polish Republic, while the industry and mining, characterised by the highest dynamics, constituted less than 5%. In the case of banking (BGK, PBR, PKO, shares in private banks) the percentage was below 1%, but the actual situation was confirmed by the dominance in financing the needs of the economy. In the years of 1925–1926, state-owned banks provided about 90% of the long-term credit and nearly 50% of the short-term credit. This, of course, resulted from the weakness of private banking, but since 1924 also from the intentional policy of the Second Polish Republic. Another feature of the etatised sector was the diversity and multilevel nature of the ownership forms: from direct ownership and capital shares of the State Treasury, through entrusting its domain particles under the management of economic departments, to transferring them to banks and enterprises. This created a complicated and frequently not very hierarchical and personal relationship.

The state property in industry and mining appeared to be distributed rather randomly. One may refer to the system etatism, starting from 1922, only in the area of military production. As a result, at the end of 1926, it accounted for approximately one-fourth of the general value of state-owned production. The organisational experience acquired via CZWW, controlling the key part of the military industry, was also significant. The experience was used in the following years when other groups of

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48 Cf.: Table 1 and Table 2.
49 J. Golębowski, Sektor..., op.cit., p. 270 (Table 34).
state-owned enterprises were establishing. The remaining parts of the state domain in industry and mining, including the Treasury monopolies, organised and expanded by Grabski government, increased with the ad hoc determination of the economic needs and priorities of the state. The most important "flywheel" of the etatism was obtaining, along with the expansion of the territory, more and more objects which were previously owned by the partitioning metropolis. This was also the reason behind the necessity to make modernisation investments. In contrast to the military industry, new state-owned enterprises were created here by way of organisational transformations and taking over capital shares rather than investments in "a raw root".

Table 1: The largest state organizational units in industry and mining at the end of 1923 (according to the total value, in PLN million as of 1927)

<table>
<thead>
<tr>
<th>No.</th>
<th>Name</th>
<th>Value</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Polskie Kopalnie Skarbowe na Górnym Śląsku (leased by Polskie Kopalnie Skarbowe na Górnym Śląsku Spółka Dzierżawna S.A. in Królewski Huta /'Skarboferm'/ – 50% state share)</td>
<td>78.0</td>
<td>the value of hard coal mines and share in the company, &quot;Król&quot;, &quot;Bielszowice&quot; and &quot;Kourów&quot; mines with a coking plant, briquetting plant, brickyard, distillery, land estates, etc.; excluding the value of coal deposits</td>
</tr>
<tr>
<td>2</td>
<td>Państwowa Fabryka Związków Azotowych in Chorzów (1922–1923 administered by 'Azot' S.A. in Jaworzno – 6.5% state share; from July 1923 managed by MPH)</td>
<td>50.0</td>
<td>etatism challenged by German owners to domestic and foreign courts</td>
</tr>
<tr>
<td>3</td>
<td>Centralny Zarząd Wytwórni Wojskowych (status of a state-owned enterprise, without legal personality or separate property)</td>
<td>26.0</td>
<td>rifle factory (Warsaw), wagons and rolling stock factories (Kraków and Poznań), field kitchens manufacturer (Rzeszów) and four factories under construction (Radom, Starzyko, Warsaw, Zagórzdon)</td>
</tr>
<tr>
<td>4</td>
<td>MPH salt evaporation ponds (the majority managed by Dyrekcja Główna Państwowych Zakładów Górnicych i Hutniczych at MPH – salt department, salt evaporation ponds in Kalusz and Stebnik leased by S.A. Eksploatacji Soli Potasowych &quot;TESP&quot; – 67% state share in the lessee company)</td>
<td>21.2</td>
<td>the value of mines and salt plants as well as share in the lessee company; mines and (or) salt plants in Bochnia, Bolechów, Dolina, Drobobycz, Inowroclaw, Kalusz, Kosów, Lack, Lanczyyna, Stebnik, Wieliczka; excluding the value of salt deposits</td>
</tr>
<tr>
<td>5</td>
<td>military industry plants managed by and in joint ownership of MSWojs</td>
<td>17.0</td>
<td>the value of plants and shares in private companies; weapons and ammunition factories; military, communications, sapper, automotive or aviation workshops</td>
</tr>
<tr>
<td>6</td>
<td>Państwowa Fabryka Olejów Mineralnych 'Polmin' (managed by Dyrekcja Główna Państwowych Zakładów Górnicych i Hutniczych at MPH – oil department)</td>
<td>16.0</td>
<td>an oil refinery in Drobobycz; outside the city also: a water station, oil receivers, brickyards, land estates, etc.</td>
</tr>
<tr>
<td>7</td>
<td>Państwowe Zakłady Graficzne in Warsaw (status of a state-owned enterprise, without legal personality or separate property)</td>
<td>10.0</td>
<td>manufacturer of banknotes, securities, stamp signs, coins, etc., also a paper mill</td>
</tr>
<tr>
<td>8</td>
<td>Zakłady Górniczo-Hutniczne (leased to Towarzystwo Franko-Rosyjskie in Dąbrowa Górnicza)</td>
<td>9.0</td>
<td>'Konstanty' zinc smelter, coal and calamine mines, etc.; excluding the value of deposits</td>
</tr>
</tbody>
</table>

53 In 1927 CZWW itself was replaced by Państwowe Wytwarzanie Uzbrojenia.
Table 2: The largest state organizational units in industry and mining at the end of 1926 (according to the total value, in millions (PLN) from 1927)

<table>
<thead>
<tr>
<th>No.</th>
<th>Name</th>
<th>Value</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Polskie Kopalnie Skarbowe na Górnym Śląsku (leased by Polskie Kopalnie Skarbowe na Górnym Śląsku Spółka Akcyjna, S.A. in Królewska Huta, ‘Skarbower’ – state share 50%)</td>
<td>79.4</td>
<td>the value of hard coal mines and share in the lease company; ‘Krol’, ‘Bieszczowice’ and ‘Kurów’ mines with coking plant, briquetting, brickyard, distillery, land estates, etc.; excluding the value of coal deposits</td>
</tr>
<tr>
<td>2</td>
<td>Państwowy Monopol Spirytusowy (status of a state-owned enterprise; with legal personality and separate property)</td>
<td>75.2</td>
<td>vodka production plants, spirit rectification plants, wholesalers and retail shops as well as resale plants and wholesalers</td>
</tr>
<tr>
<td>3</td>
<td>Państwowa Fabryka Związków Azotowych w Chorzowie (status of a state-owned enterprise; with legal personality and separate property)</td>
<td>69.1</td>
<td>etatisation recognised in May 1926 as in compliant with the Geneva Convention by the Permanent Court of International Justice, (the issue of compensation was settled after 1926)</td>
</tr>
<tr>
<td>4</td>
<td>Centralny Zarząd Wytwórni Wojskowych (status of a state-owned enterprise; without legal personality and separate property)</td>
<td>61.9</td>
<td>rifle factory (Warsaw), munitions and fuses factories (both in Warsaw), caps and hoods (Toruń), explosives (Bydgoszcz), wagons (Cracow), field kitchens (Rzeszów), also arms factories under construction (Radom), producers of ammunition (Skarżysko), gunpowder and crushing materials (Zagożdżon) and tests (Warsaw)</td>
</tr>
<tr>
<td>5</td>
<td>Polski Monopol Tytoniowy (status of a state-owned enterprise; with legal personality and separate property)</td>
<td>60.9</td>
<td>factories, warehouses and retail outlets of tobacco, cigarettes cigars and snuffs, etc., purchasing offices and tobacco-growing inspectorates</td>
</tr>
<tr>
<td>6</td>
<td>Państwowa Fabryka Olejów Mineralnych ‘Polmin’ (managed by Dyrekcja Główna Państwowych Zakładów Górnich i Hutniczych at MPH – oil department)</td>
<td>26.0</td>
<td>an oil refinery in Drohobycz, outside the city also water stations, oil receivers, brickyards, tile factory, etc.</td>
</tr>
<tr>
<td>7</td>
<td>MPH salt evaporation ponds (managed by Dyrekcja Główna Państwowych Zakładów Górnich i Hutniczych – salt department, salt evaporation ponds in Katusz and Stobnik leased by S.A. Eksploatacja Soli Potasowych ‘TESP’ – 87% of state share in the lessee company)</td>
<td>21.4</td>
<td>the value of the mines and brewhouses and the share in the leased company; mines and edible salt-works in Bochnia, Bolechów, Valley, Drohobycz, Inowroclaw, Katusz, Kosowo, Lacko, Łączyn, Stobnik, Wieliczka; excluding the value of salt deposits</td>
</tr>
</tbody>
</table>
The systematic nature and the scale of the etatisation of the economy in the period of 1918–1926 do not indicate that under the conditions of the Second Polish Republic the parliamentary democracy created less favourable political environment for the growth of the state sector than the forms of authoritarianism emerging later.\textsuperscript{54} Not surprisingly, since the parties which were the greatest supporters of free elections, the tri-partite division of power and civil liberties, i.e. the PPS and the left-wing of the peasant movement (headed by PSL-’Wyzwolenie’), in economic matters, including the issue of property ownership, took a position which was far from economic liberalism. The strongest centre groups, PSL-’Piast’ and the Christian democracy, frequently forming government coalitions, slightly, though clearly distanced themselves from private entrepreneurship. The predilections for etatism were most pronounced among the representatives of the Piłsudski camp (Julian Husarski, Stefan Starzyński and others). Paradoxically, the greatest protector of the private property was the national democracy supporters, which despite being a political victim of the May coup, presented, especially in its liberal fraction, the strongly and cumulatively ambiguous approach to the parliamentary democracy.\textsuperscript{55}

\textsuperscript{54} From this point of view the authoritarian rule of sanation can be divided into three sub-periods: the so-called bartłowanie (1926–1929/1930), the rule of colonels (1929/1930–1935) and the period after the April constitutions and the death of Piłsudski (1935–1939). The term ‘bartłowanie’ comes from the surname of the re-elected prime minister, Kazimierz Bartel. The ‘clonels’ were a group of Piłsudski’s closest collaborators who often held this particular military rank, leading the majority of governments in the first half of 1930s and seeking to intensify the form of dictatorship which was being implemented.

The attitudes sympathising with the national democracy and supporting Piłsudski followers prevailed also among the liberal academic economists. Stanisław Głąbiński played a crucial role in the leadership of the National Democrats and represented this fraction in the parliament (initially as a Member of Parliament, and from 1928 to 1935 as a senator). Roman Rybarski (MP in the period of 1928–1935) also played an important part as a member of a nationalistic movement. Also, Heydel and Edward Taylor supported the National Democracy. The first, who was close to the first democratic tradition of Polish nationalism, did not engage in party activities, being satisfied with the leadership of the Klub Narodowy (National Club) at the beginning of the 1930s. Taylor was a member of the Supreme Court of Związek Ludowo-Narodowy (People's National Union) and took on numerous expert roles for the party (also after the transformation of ZLN into Stronnictwo Narodowe in 1928). In turn, Krzyżanowski was closer to the Piłsudski supporters and became an MP for the sanation rule of Bezpartyjny Blok Współpracy z Rządem. However, he accepted only the ‘soft’ authoritarianism, which prompted him in 1931 to resign from the parliament mandate (against the background of several opposition leaders being arrested). Another well-known representative of the liberal trend of the academic economics, Władysław M. Zawadzki, was a member of the sanation administration as the Minister of Treasury in the period of 1932–1935. At the time, the leading group was the so-called group of colonels, strongly supporting the authoritarianism and working on the constitution which was to abolish the tri-division of power and limiting voting rights.

All in all, the practical political liberalism of the Second Polish Republic was often accompanied by the support, and at least with the tolerance for the etatisation of the economy, while the theoretical economic liberalism – with the acceptance of the limiting or even liquidation of the parliamentary democracy. This rule was encompassing the supporters of the active economic role of the state among the Piłsudski supporters. They chose a course leading toward political authoritarianism. After the Sanation camp took power in 1926, they pursued a policy – though without significant successes – aimed at further etatisation of the economy.


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