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THE HISTORY OF JOINT-STOCK COMPANIES
IN THE SECOND POLISH REPUBLIC
AS EXEMPLIFIED BY WSPÓLNOTA INTERESÓW
GÓRNICZO-HUTNICZYCH SA
(MINING AND METALLURGY COMMUNITY
OF INTERESTS JOINT STOCK COMPANY)

Abstract: The article focuses on problems related to capital in Katowicka Spółka Akcyjna dla Górnictwa i Hutnictwa SA (Katowice Mining and Metallurgy Joint Stock Company) and Górnośląskie Zjednoczone Huty "Królewska" i "Laura" (Upper Silesian United Metallurgical Plants "Królewska" and "Laura") in the years 1918–1939. The article examines particular issues of the Upper Silesian industry after the Great War, namely: concentration of foreign capital in the mining and metallurgical industries; great mining and metallurgical enterprises in the periods of both industrial prosperity and crisis; attempts to limit the influence of foreign capital following the introduction of judicial supervision over Katowicka Spółka Akcyjna dla Górnictwa i Hutnictwa SA and Górnośląskie Zjednoczone Huty "Królewska" i "Laura" SA; the emergence of Wspólnota Interesów Górniczno-Hutniczych SA (Mining and Metallurgy Community of Interests Joint Stock Company) in the final years of the Second Polish Republic.

Key words: Second Polish Republic, mining and metallurgical industry, foreign capital, Wspólnota Interesów Górniczno-Hutniczych SA.

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INTRODUCTION. THE CONDITION OF INDUSTRY IN UPPER
SILESIA AFTER THE GREAT WAR

On May 15, 1922, the Geneva convention on Upper Silesia was signed. As a result, mining and metallurgical enterprises, which up to that point had successfully functioned within the same structures, found themselves

separated by the new border. Despite the already heightened tension, the exchange of raw materials, semi-finished products and materials intended for further processing by particular enterprises occurred more or less as it had before the Great War. Also, the consistent decreases in the value of both the German rentenmark and the Polish mark fostered cooperation among the companies. In the period of hyperinflation, the rate of the Polish currency was lower, which meant that the Polish currency was used for most interbank transactions (as well as savings). Further co-existence of the enterprises was put to a halt by the introduction of new currencies – first the Polish PLN (on April 1, 1924), and then the German reichsmark (on August 30, 1924). The revaluation of the Polish PLN and subsequent monetary inflation caused the Polish currency to lose its advantageous position to the reichsmark (further referred to as “rm”). Changes in currency preferences played a significant role in the functioning of enterprises, as all financial operations, including settlements, loans and deposits, were conducted based on the German banking system, which resulted in increased costs of production in comparison to the Western Silesia, and decreased competitiveness.¹

Along with the stabilization of the Polish PLN in the second half of 1926, the number of government procurements also increased, and export prices dropped. Products were still being sold in the neighboring market due to dumping prices and the contacts maintained by individual enterprises, but soon after, meticulously introduced customs retorsions led to a complete suspension of transactions.² It is also worth noting that the largest enterprises in the Silesian autonomous region were managed by stockholders of German nationality, less frequently Austrian or Czechoslovakian,

¹ National Archive in Katowice (Archiwum Państwowe Katowice, later referred to as “APKat”), Silesian Regional Office – Industry and Trade Department (Urząd Wojewódzki Śląski, Wydział Przemysłowo - Handlowy, later referred to as “UWŚl. WP-H”), sign. 1655, c. 4-5. A letter from the Border Committee to UWŚl concerning the work of the representatives of the Polish government in the Surveying Committee, August 12, 1922, sign. 221, c. 8-30. A report of the UWŚl WP-H on the condition of the Silesian industry for the year 1924, sign. 202, c. 3-4. A paper of UWŚl WP-H for the Ministry of Industry and Trade concerning ownership transformations in Upper Silesian industry (1922-1928), December 1, 1928, sign. 202, c. 1-2. A paper of UWŚl WP-H for the consul of the Republic of Poland in Bytom concerning the contribution of German capital in Upper Silesian industry, March 31, 1931.

² APKat, UWŚl WP-H, sign. 232, c. 1-9. A paper of UWŚl – Upper Silesian industry (no date), sign. 2438a, c. 2-3. Minutes of the conference on the Polonization of Upper Silesian industry (no date).

while workers were mostly of Polish origin. This dichotomy generated a number of political and economic problems [Ignaszewski J. 1938: 6–13; Popkiewicz J., Ryszka F. 1959: 210–212; Jaros J. 1969: 170–174; Landau Z., Tomaszewski J. 1964: 243–246; Landau Z., 1971: 200–203].

CONCENTRATION OF FOREIGN CAPITAL IN THE MINING AND METALLURGICAL INDUSTRY

Under the Geneva Convention on Upper Silesia, almost all property of Katowicka Spółka Akcyjna dla Górnictwa i Hutnictwa (later referred to as “Katowicka Spółka Akcyjna”) and Górnośląskie Zjednoczone Huty „Królewska” i „Laura” SA (later referred to as “Górnośląskie Zjednoczone Huty”) was located within the Silesian administrative region. The Katowicka Spółka Akcyjna company managed the following facilities: black coal mines “Ferdynand” in Katowice, “Mysłowice” and “Florentyna” in Łagiewniki; as well as ironworks: “Bismarck” in Hajduki Wielkie, “Hubertus” in Łagiewniki, “Falva” in Świętochłowice, and “Silesia” in Paruszowiec. Fitznerowska Fabryka Śrub i Nitów (Fitzner Screws and Rivets Factory) in Siemianowice and Zakłady Przetwórcze (Processing Plants) in Chorzów supported the production cycle. Another company, Górnośląskie Zjednoczone Huty (Upper Silesian United Metallurgical Plants) had three coal mines: “Hrabina Laura” in Chorzów, “Richter” in Siemianowice, and “Dębieńsko” in Czerwionka; and the following metallurgical plants: “Zgoda” in Świętochłowice, “Marta” in Katowice, “Królewska” in Królewska Huta and “Laura” in Siemianowice. These companies co-operated with numerous iron ore mines, sand mines, power plants, coking plants, foundries, forests, and other facilities.

Among the enterprises in the list, the “Bismarck” and “Falva” ironworks struggled the most with adapting their supply to the demands of the market. In the period of the Great War, their products satisfied the needs of the military and arms industry. What was also problematic for other enterprises was the fact that they used to work as a conglomerate of companies, closely cooperating in various stages of the production process. Due to the Convention, these bonds were first loosened, and then completely broken. After 1922, metalworking articles and raw materials for further processing were transported to plants situated on the other side of the border. At the same time, finished goods products, as well as raw materials (scrap metal, iron ore, coking coal, and coke) were imported to be sold in

Poland. As the customs war started, the plants were cut off from their export and import markets. Only at this point did a long adaptive process start, which involved a recreation of the bonds of cooperation, but among the enterprises located within the Silesia autonomous region.³

Once the division of the Upper Silesia region was complete, one could observe efforts of German capital holders aiming at regaining the lost property and achieving maximum financial gains. However, in most cases, their main focus were transactions in securities, rather than capital-consuming investments in upgrading the plants. Friedrich Flick's pyramid scheme is one interesting example of that. Foundations for the future holding were created during a new issuance of securities by the "Bismarck" ironworks. However, the capital collected this way was not paid into the company accounts or invested. Instead, it was used for speculation. It was used to purchase securities issued by Katowicka Spółka Akcyjna in the total amount of 26 million PLN. These assets were used for further transactions – namely the purchase of stocks in the "Silesia" metallurgical plant, this time worth 13 million PLN. Similar activities could be observed in the case of Katowicka Spółka Akcyjna, which purchased the new issuance of its own stocks worth 21 million PLN. The holding got another boost in the late fall of 1926, as a result of the acquisition of the majority stake in Górnośląskie Zjednoczone Huty. The former holder of the company's assets – the president of the Union Bank in Vienna, Zygmunt Bosell – transferred the shares to the Vereinigte Stahlwerke company with a seat in Düsseldorf. Its majority stake belonged to Friedrich Flick. What makes the transaction so interesting is the fact that almost at the same time, Górnośląskie Zjednoczone Huty acquired the majority stake in Katowicka Spółka Akcyjna. These financial operations were partially financed by the sale of securities of Górnośląskie Zjednoczone Huty, issued by the Berlin Stock Exchange. In 1928 in Warsaw, negotiations began that aimed at combining the Górnośląskie Zjednoczone Huty and Katowicka Spółka Akcyjna companies into an enterprise called Wspólnota Interesów ("Community of Interests"). However, as a result of Friedrich Flick's actions, it failed to obtain legal personality, and remained a company only in

³ APKat, UWŚI WP-H, sign. 1345, c. 12. A letter from the Ministry of Industry and Trade to UWŚI concerning the permission to export ammonium sulfate, February 15, 1924, c. 21. A letter from Górnośląskie Zjednoczone Huty to UWŚI concerning the sale of ammonium sulfate, March 12, 1924, sign. 223, c. 16-46. A report on the work of UWŚI WP-H for the year 1925, sign. 222, c. 3-4. A memo from UWŚI WP-H to the UWŚI Security Department, October 8, 1925.

name. Its official tasks included the reduction of production costs, expanding the product range, exploring new markets, and achieving maximum profitability through mutual aid and cooperation between the two mining and metallurgical enterprises. The transactions conducted by the capital group established by Friedrich Flick, without engaging its own capital and only with the use of securities of the companies, which were then almost immediately re-sold at arbitrary prices, enabled multi-million PLN speculations in Berlin, made at the expense of the Silesian companies, among others. At the same time, the interests of other stockholders were not taken into consideration, and therefore jeopardized. The law on joint stock companies (which forbid transactions backed by the company's own stocks) was infringed on a regular basis. As a result of decisions made at the annual general meeting of shareholders of Górnośląskie Zjednoczone Huty (June 8, 1929) and Katowicka Spółka Akcyjna (September 20, 1929), combined into the "Community of Interests" enterprise, a resolution was published that proclaimed an economic union with the Consolidated Silesian Steel Corporation (later referred to as "CSSC").⁴ The control stock in CSSC belonged to Flick, who wanted to sell some of these assets to William Avarell

⁴ American companies – W.A. Harriman and Co. Inc., and Anaconda Cooper Mining Co. – took over shares in the Bergwerksgesellschaft Georg Giesche Arbon company from Silesia. The contract signed on September 3, 1926 provided for investments worth 10 million dollars. Some of these funds were to be spent on upgrading the Giesche SA plants (5 million dollars), and the rest was meant to complement the working capital. The contract provided for the production of 72,000 tons of zinc annually. In return, the government agreed to exempt the company from the "wealth tax" for 25 years, return customs on the import of zinc and lead ores, and return export customs. The securities were issued in the USA. Harrimann then sold the majority stake to the Silesian-American Corporation of Delaware and to private stockholders. The Silesian Regional Office presented a project for electrification of the Upper Silesia to Harriman. This information was published in press, which led to false rumors regarding Harriman's group taking control over the mining and metallurgical industry. CSSC had a majority stake (70%) in Katowicka Spółka Akcyjna and a 20% share in Vereinigte Königs- und Laürahütte. The Berlin company owned 100% of the securities of Górnośląskie Zjednoczone Huty. Compare: AAN, Polish Embassy in Washington, sign. 576, (no page no.). A contract of July 3, 1926 between Czesław Klarner and Eugeniusz Kwiatkowski, and Irving Rossi (vice-president of WA Harriman and Co); A copy of a letter from the Political Department of the Ministry of Foreign Affairs to the Ministry of Industry and Trade, October 1933; APKat, UWŚI WP-H, sign. 3132a. A draft of a letter from major-diplomat Tadeusz Habliński to the head of the Military Department of the Ministry of Industry and Trade, February 27, 1930, sign. 1354, c. 1-2. A letter from the Independent Information Office of the District Command of the 5. Corps to the Second Division of the General Staff concerning the progress of Germanization in the Harriman enterprise, January 31, 1930.

Harriman. This transaction would give him practically unlimited access to the American capital market, and would enable him to continue his policy of financial exploitation of Upper Silesian (and later – Austrian) companies. Flick committed fiscal crimes in the American market as well – he deceptively over-estimated the value of assets of Silesian and German enterprises by 250%. At first, Harriman purchased stocks in CSSC worth 10 million PLN, but the economic crisis held back any further investments of the New York mogul. [Zawadzki W. M. 2010: 155–156.]

Flick turned his unfulfilled business dreams in America into success in Poland – he pushed the excessive interest of fiscal authorities aside and created an illusion of establishing a German–American–Polish capital group.⁵ In order to achieve this goal, Katowicka Spółka Akcyjna purchased 44,000 privileged stocks of CSSC of the value of 4.4 million dollars. During talks (first in the Ministry of Treasury and then in the Ministry of Industry and Trade), the representatives of the Harriman group, Eugéne Lubovitz and Irving Rossi, as well as the representative of the Warsaw group of Górnośląskie Zjednoczone Huty stockholders (which included Hipolit Gliwitz, father Janusz Radziwiłł, Alfred Goldklang, and Antoni Wieniawski) presented an offer involving an influx of American investment capital, which would enable further development of enterprises in Upper Silesia and their extensive reconstruction, including the Polonization of the management. In return, they expected the National Treasury and the Silesian Treasury to drop all claims regarding overdue taxes. Rumors concerning Hipolit Gliwitz taking the position of the president of the “Community of Interests”, which were skillfully spread by Warsaw social circles, as well as ambitious plans of the company, gave the impression that further development of mining and metalworking industries would be set free from German influence. Vague promises also led to the emergence of a strong lobby focused around the Trade Bank, which supported further plans of Harriman’s holding development.⁶ However,

⁵ The executive committee of the “Community of Interests” included Friedrich Flick, Alfred Potocki, Eugéne Lubovitz, Hipolit Gliwitz, Robert Scherff, Klaus Kallenborn, Jan Haase, Fryderyk Bernhardt, Walther Thomalla, Marian Przybylski, Alfred Rhode, Herbert Monden, and Robert Sznepka. The initial capital of CSSC was 30 million dollars. Katowicka Spółka Akcyjna purchased around 14.6%. See: APKat, UWŚl WP-H, sign. 1061a, c. 204. A list of members of the Community of Interests executive committee as of November 5, 1931.

⁶ The board of directors of Górnośląskie Zjednoczone Huty included three groups of stockholders: from Warsaw – Alfred Potocki (the president of the board of directors), Emil Parnas, Konstanty Wolny, Stefan Przanowski, Henryk Aszkenazy, Stanisław Lubomirski,

following the signing of a Polish-German liquidation agreement, further actions turned out to be unnecessary. The solutions worked out by diplomats from the Brühl Palace and Auswärtiges Amt made it possible for Flick to safely continue his market manipulations. The value of assets remaining in the portfolio of the German mogul was estimated at 184 million PLN.⁷

The culmination of the Flick group's actions was the purchase of securities of an unknown Swiss company Société Anonyme des Mines et Usines Européenes (later referred to as „Mines”), seated in Chur, by Katowicka Spółka Akcyjna. The transaction with a face value of 14 million Swiss francs was conducted simultaneously with the transfer of the Silesian company's securities in the value of 34 million PLN.⁸ As a result

Stanisław Okolski, Józef Kosocki, Jan Żeleński, Kazimierz Przybysławski; from Vienna – Zygmunt Bosel, Juliusz Twarowski, Fryderyk Weinmann, Ludwik Pawlaczyk, Alojzy Czermak, Emil Homann, Albert Jossua (Jossuah), Curt Soberheim; and from Berlin – Hermann Gutmann, Paul von Schwabach, and Herman Sherff. The following persons held positions of managing directors: Jerzy Haase (administration), Fryderyk Bernhard (metallurgy), Józef Kiedroń (trade, followed by Hermann Gutmann) and Ernest Pietsch (mining). The latter was dismissed (on June 30, 1927), as his favoring of German staff over Poles gave rise to concerns about a possible strike. Both parties of the conflict made appeals in the UWŚI, Office for Minorities, Mining Office, Demobilizing Station, Ministry of Domestic Affairs, German Peoples' Association, Mixed Committee for the Upper Silesia, and the League of Nations Council. In the end (in April 1929), the court in Geneva found the involvement of M. Grażyński and Szymon Rudawski in the dismissal of Mr. Pietsch unacceptable. From January 1940 on, he was the government-appointed manager of IG Betriebsgemeinschaft „Bismarckhütten”. In 1919, Vereinigte Königs- und Laürhütte in Berlin granted Górnośląskie Zjednoczone Huty a loan with the face value of 800,000 rm, with 4.5% annual interest rate. Settling this loan was the basic condition for signing the Warsaw agreement of July 25, 1936. APKat, UWŚI Presidential Department, sign. 280, c. 30. A draft of a letter from UWŚI to the Ministry of Foreign Affairs regarding the complaint of Deutschberschlesischer Volksbund für Polnisch zur Wahrung der Minderheitenrechte, May 15, 1929, sign. 202, c. 7-10. A draft of a letter from UWŚI to the Polish Mission in Berlin regarding foreign capital in Silesian industry, January 27, 1932, sign. 1061a, c. 8-9. A letter from Jan Heerse to the president of the board of directors of Górnośląskie Zjednoczone Huty, April 5, 1932, c. 24. A letter from Alfred Potocki to Jan Heerse, May 20, 1932, c. 25-49. A memo of Jan Heerse – the objectives of the „Community of Interests”, April 12, 1934.

⁷ The publication of the names of board members in Katowicka Spółka Akcyjna and Górnośląskie Zjednoczone Huty, combined with critical remarks made by the Minister of Industry and Trade, Brig. Gen Ferdynand Zarzycki, resulted in the dismissal. See: *Potępienie obcego kapitału i polskich „parawanów”*, [Condemnation of foreign capital and Polish „strawmen“], *Front Robotniczy* 1933, no. 2, p. 5.

⁸ Katowicka Spółka Akcyjna signed its contracts with „Mines” in March and September of 1933. On December 24, 1934, „Mines” transferred some of the acquired means (9.689 mil-

of next moves of the Flick group, the initial capital of the “Mines” company was redenominated from 50 to 10 million Swiss francs. This almost immediately resulted with the decrease in the value of stocks of Katowicka Spółka Akcyjna, and consequently, with the deduction of assets, replaced in the company’s balance sheet with fictional data. As a result of unfair stock operations, the following portfolios with a face value of 34,645,320 PLN purchased by the “Bismarck” ironworks for 28,890,790 PLN, ended up in the possession of the Katowicka Spółka Akcyjna: 30,740,000 PLN of the company’s own stocks received as a result of an increase in the initial capital of the “Bismarck” ironworks and purchasing the “Silesia” ironworks using a part of this issuance in the total amount of 25,984,000 PLN; own stocks with a face value of 1,677,832 PLN, sold for 380,865 PLN; and own stocks worth 10,200,000 PLN purchased from the “Vergesu” company for 21,296,600 PLN. In total, Katowicka Spółka Akcyjna purchased securities, its own and otherwise, for the total amount of 76,552,445 PLN. Their face value was lower – approximately 67,233,152. The 9,289,293 difference resulted from mismanagement of the company’s wealth resulting from the decisions of its board of directors. As the Flick group exhausted the joint stock capital, supplementary and working capital of companies in Upper Silesia, it used loans for its further operations. However, this differed from the way companies acquire financial means in banks. Formally, the borrower was a group of majority stockholders, who received mortgage-backed cash loans. In order to protect these means from the excessive curiosity of other stockholders and the fiscal authorities, more stocks were sold or purchased. Among such transactions one might mention the loans received by the stockholders of Katowicka Spółka Akcyjna from an English bank, J. Henry Schröder & Co. (500,000 pounds), meant to be used for purchasing own stocks in the value of 10.2 million PLN. These liabilities were then entered in the land register of the “Mysłowice” mine. A similar loan (2.5 million dollars) was obtained by Górnośląskie Zjednoczone Huty in Bankhaus S. Bleichröder bank. Formally, these funds were intended for the purchase of stocks of Katowicka Spółka Akcyjna. Other mortgage- and product-backed loans were signed in Oberschlesische Disconto Bank in Chorzów and Société Financière d’Exploitations. Their total amount

lion złoty) to the account of Allgemeine Treuhandgesellschaft AG Basel. What happened to the rest of the amount remains unknown. AAN, Gospodarstwa Krajowego (later referred to as BGK), sign. 766 (no page no.) A memo from a Conference in Berlin, April 11, 1935.

exceeded 16.68 million dollars.⁹ Receivables gained by Górnośląskie Zjednoczone Huty from exports to Romania and the USSR were treated similarly. The final reason for the financial troubles of companies comprising the “Community of Interests” were bank guarantees. As a result of interventions by majority stockholders from Berlin, the Upper Silesian companies were obliged to provide guarantees to other economic entities. Balance sheet losses resulting from the need to pay the debts of Schweitzer & Oppler AG Borsigwalde für Grundstücksverwaltung and C. Wollheim companies amounted to 7 million PLN. The consequences of Flick capital group’s “policy of exploitation” included loss of capital and the necessity to pay all kinds of mortgage-, raw materials- and product-backed loans. All of this left the companies unable to pay taxes and pay out salaries.¹⁰

GREAT MINING AND METALLURGICAL ENTERPRISES IN THE PERIODS OF INDUSTRIAL PROSPERITY AND CRISIS

One of the consequences of the fraudulent policy of Flick’s group were overdue tax liabilities. The Silesian Regional Office’s request to settle the overdue tax (18,495,364,200 Polish marks) resulted with threats by management of the ironworks to dismiss the entire staff (5719 workers). As

⁹ Due to the ban on mortgage-backed loans in the bordering zones, German banks used the Oberschlesische Disconto Bank in Chorzów as an intermediary. At the same time, any attempts to register more liabilities for Polish banks turned out to be unsuccessful. After long lawsuits filed by the Office of State Representation in Katowice, Judicial Supervision and Zjednoczenie Górniczo – Hutnicze (ZGH – Community of Mining and Metallurgy), the claims of foreign banks were denied.

¹⁰ Schweitzer & Oppler AG Borsigwalde für Grundstücksverwaltung belonged to Flick’s holding. Shares in this company were owned by Mitteldeutsche Stahlwerke (50%), Oberhütten (30%), and Katowicka Spółka Akcyjna (20%). The value of guarantees granted by the latter amounted to 8 million złoty. From 1929 on, the salaries of staff were paid out using short-term loans. The amount of mortgage of Katowicka Spółka Akcyjna was 56 million złoty, and Górnośląskie Zjednoczone Huty – 38 million złoty. The mortgage-backed loan agreements were signed with German banks. Compare: *Za kulis machinacyj finansowych Flicka* [Behind Flick’s financial manipulations], “Polska Zachodnia”, April 5, 1933, p. 3; APKat., UWŚI WP-H, sign. 232, c. 2-7. A copy of Jan Heerse’s letter to Eugène Lubovitz, April 9, 1932, sign 1442, c. 1-7. A paper by the Judicial Supervision of Górnośląskie Zjednoczone Huty and Katowicka Spółka Akcyjna – the main causes of the current situation in “Wspólnota Interesów” (no date), sign. 232, c. 225-226. A letter from Katowicka Spółka Akcyjna to UWŚI concerning the scheme of staff dismissal of September 24, 1931, sign. 1061a, c. 284-285. A memo for M. Grażyński regarding the debt of Katowicka Spółka Akcyjna and Górnośląskie Zjednoczone Huty, March 31, 1933.

a result of negotiations conducted by the deputy Minister of Treasury Józef Karśnicki, and Jerzy Haase, a part of this amount was repaid, and the remainder underwent a debt sequestration process (coal, iron products, vehicles). The Internal Revenue Office took this opportunity to investigate the company's balance sheets — and found discrepancies in wealth tax calculated based on the mined or processed raw materials, and in fixed asset values that amounted to 18 million PLN. The verdict of the Supreme Administration Court of January 1927 confirmed the validity of these fiscal calculations. The Ministry of Treasury offered conciliatory resolution of the conflict — the company was to pay a lump sum in the amount of 1 million PLN annually. This offer was declined by the company, who was hoping for a cassation. Further tax arrears arose in 1926 — 2,806,414 PLN in income tax, 642,872 PLN in municipal tax, and 9,956,819 PLN in wealth tax. The management of the company claimed that all arrears, in the amount of 13,406,105 PLN, were the consequence of the investments made. They listed: intensifying the mining of iron ore, a construction of two blast furnaces, the high cost of importing scrap metal from Germany, as well as an expansion of production facilities (reconstruction of the “Dębieńsko” coking plant, power terminals in the “Ficinus” mine) and product range (e.g. Mannesmann pipes, cylinders, train and tram tracks). The fiscal department offered to split the debt into installments of 250,000 PLN, but the company declined the offer and instead asked for installments which would not exceed 120,000 PLN. In all likelihood, these demands were rejected. Overdue wealth tax, which was only partially paid, amounted in 1927 to 350,000 PLN. Similar liabilities were reported in the period of economic crisis. The company paid their Social Insurance Company liabilities with a six-month delay. As a result of a government decision, metallurgical plants were exempted from paying the national tax on wealth transfers, and municipal payments on the increase real estate value. All possible opportunities for tax exemption were seized, even if the relief was minimal.¹¹

¹¹ Jerzy Haase — administration director of Górnośląskie Zjednoczone Huty (1924–1932). He contributed to the charges against the management of the company being dropped by the prosecutor's office. His successor was Bronisław Radawski. Wealth tax liabilities for the year 1924 amounted to 17,956,423 francs. See: APKat, UWŚI WP-H, sign. 1345, c. 45. A letter from Górnośląskie Zjednoczone Huty to UWŚI concerning the deferral of income tax, May 24, 1924, c. 104. A letter from Górnośląskie Zjednoczone Huty to the Ministry of Treasury concerning the amount of income tax installments for the year 1924, April 30, 1924, c. 36. A copy of a letter from Górnośląskie Zjednoczone Huty to UWŚI

In the fall of 1931, the board of Flick's corporation underwent significant changes. The long-term general director of Górnośląskie Zjednoczone Huty and secret advisor of Auswärtiges Amt, Gustaw Williger, retired, but as a result of an intervention in Berlin, he was allowed to remain on the board of directors. His successor was Robert Scherff, the "gray eminence" of the company. Walther Thomalla (born in Upper Silesia) played a similar role in the "Community of Interests". Friedrich Flick authorized both of them to administer all companies belonging to the "Community of Interests". At the same time, he created a separate position of CEO for metallurgical plants, assigned to Fryderyk Bernhardt, and director for mines, Robert Sznapek. The triumvirate composed of Scherff, Thomalla, and Bernhardt skillfully managed the business, first for Flick and then for the government of the Third Reich, until judicial supervision was imposed on March 29, 1934.

During the crisis, the situation of the metalworking industry in Upper Silesia was complicated. Lack of government contracts was compensated for by risky contracts with the USSR, but only to a limited extent. Also, the conflict with the Gdańsk Shipyard and competition with the Ostrowiec Furnaces Joint Stock Company took its toll on the level of employment, which in 1929 was 33,000 people, and in 1930 – only 29,000. Górnośląskie Zjednoczone Huty were in a particularly difficult situation, as further increases in unemployment levels were slowed down by the shortening of

WP-H concerning the dismissal of staff, June 3, 1924, sign. 1352, c. 57–59. A copy of a letter from Górnośląskie Zjednoczone Huty to the Ministry of Treasury, August 20, 1927, c. 61. A letter from the UWŚI Fiscal Department to Górnośląskie Zjednoczone Huty concerning wealth tax liabilities in the years 1924–1927, August 19, 1927, c. 62–63. A letter from Górnośląskie Zjednoczone Huty to M. Grażyński, February 3, 1928, c. 64–74. A memorandum of Górnośląskie Zjednoczone Huty to the Minister of Treasury, February 3, 1928, sign. 1348, c. 37. A letter from UWŚI WP-H to the board of Górnośląskie Zjednoczone Huty concerning tax exemptions, June 21, 1926, c. 53–54. A letter from the UWŚI Fiscal Department to the head of the Industrial Department concerning the debt of Górnośląskie Zjednoczone Huty, October 12, 1926, c. 56–57. A copy of a letter from Górnośląskie Zjednoczone Huty to the governor of the Silesia Region, November 17, 1926, c. 31. A copy of a letter from Górnośląskie Zjednoczone Huty to the Ministry of Industry and Trade, concerning stamp tax exemption, September 27, 1926, sign. 1355, c. 179. A letter from Górnośląskie Zjednoczone Huty to UWŚI concerning the installments of the Social Insurance Company liabilities, September 13, 1931, c. 180. A memo of UWŚI WP-H concerning the seizure of 600,000 złoty in the "Progress" company to settle a claim of the Social Insurance Company, November 12, 1931, c. 208–211. A letter from Górnośląskie Zjednoczone Huty to UWŚI WP-H concerning the seizure of 305,000 złoty in the "Progress" company and the Syndicate of Polish Ironworks, April 20, 1932.

the working week, introduction of “holiday working days” (which in extreme cases were just 30% of the nominal working time) and decreases in wages. These staff reductions in the metallurgical and metalworking industries were accompanied by the decrease in black coal mining yield: -2.8 million tonnes in 1930.¹²

Other problems of Górnośląskie Zjednoczone Huty resulted from the need to adapt the production to the national needs, as the Processing Plants (which included, for instance, the Factory of Railway Carriages and Bridges) mainly catered to the needs of the Ministry of Rail and Transport. Deficits in the state budget meant there were no long-term plans to procure cargo carriages, tracks, or crossovers. Free production capacities were to some extent used to fulfill orders from abroad.¹³

Public procurements alleviated the difficult situation of the companies only to a limited extent. In the initial stage of the economic crisis, Górnośląskie Zjednoczone Huty fulfilled orders from the ministries for horseshoes, cold-drawn and gas pipes, carriages (for transporting furniture, mail, animals; Ziehl narrow-gauge carriages), wheels, switches, brake shoes, complete bridges and aircraft hangars. For other economic entities, it manufactured bridge cranes (Gdynia port), and tracks and junctions (French-Polish association for the construction of Nowe Herby–Gdynia rail line). The “Bismarck” ironworks received a lucrative order from the Ministry of Military Affairs for armored plates to be used in 100 TK tanks

¹² APKat, UWŚI WP-H, sign. 1347, c. 37-38. A letter from the UWŚI to the Ministry of Industry and Trade concerning the delivery of tracks to construct Chybie -Skoczów and Ustroń -Wisła lines, November 23, 1925, sign. 232, 63-65. A memo from UWŚI to Józef Jurczyk, MP, April 13, 1931, c. 69-70. Appendix – production and export of mines and metallurgical plants in Upper Silesia in the years 1928-1931, sign. 1348, c. 63. A letter from Górnośląskie Zjednoczone Huty to UWŚI concerning the delivery of pipes for the board of the National Rail in Warsaw, December 27, 1926.

¹³ Königshütte Werkstätten (Processing Plants) in Królewska Huta were established in 1895. At first, the company built carriages for the transport of saw logs and coal hoppers, and only later began to make cargo carriages for transporting metal products, beer, spirits, crude oil, fuels, and loose goods. The highest level of production was achieved in 1907 – around 1440 carriages, with employment not exceeding 538 employees. From 1923 on, the Processing Plants specialized in refurbishing regular- and narrow-gauge carriages, also for German companies. Several prototypes of passenger carriages were made, upon the order of the board of Silesia Rail, as well as tram carriages for the Silesian Small Rail company. Compare: APKat, UWŚI WP-H, sign. 1348, c. 6-7. A letter from the board of Górnośląskie Zjednoczone Huty to the Ministry of Rail concerning the order involving the repair of carriages in the Processing Plants, February 17, 1926, sign. 232, c. 25-29. Materials for the conference of the Ministry of Domestic Affairs, February 21, 1931.

built in the National Engineering Plants. The companies also successfully exported tracks and junctions for Bulgarian railways, iron bridges for Casa Autonoma in Romania and tracks for the Brazilian government.¹⁴

Among other export works performed by Górnośląskie Zjednoczone Huty, orders for the USSR are particularly notable. The contract for the delivery of metal products (railway tracks, junctions, switches) were signed when the pound sterling was at parity. The government in Moscow was obliged to settle all liabilities 6 months after completing the deliveries, with bills of exchange which could be postponed twice. Therefore, the total time of circulation of the bills of exchange was 18 months. The work of ironworks, deprived of working capital reserves, was financed by the

¹⁴ Sale of rolled products on the internal market was conducted via an entity called Syndykat Górnośląskich Hut Żelaznych (Syndicate of Upper Silesia Ironworks). The company was established on August 8, 1925 and then transformed into a limited liability company, Syndykat Polskich Hut Żelaznych sp. z o.o. It included all ironworks with rolling rooms: Górnośląskie Zjednoczone Huty, Katowicka Spółka Akcyjna, Huta Bankowa (Bank Ironworks), Towarzystwo Sosnowieckich Fabryk Rur i Żelaza (Sosnowiec Association of Pipe and Iron Factories), Towarzystwo Zakładów Metalowych B. Hantke (B. Hantke Association of Metalworking Plants), Modrzejowskie Zakłady Górniczo -Hutnicze, (Mining and Ironworking Plants in Modrzejów), SA Wielkich Pieców (Blast Furnaces Joint Stock Company), Zakłady Ostrowieckie (Ostrowiec Plants), Towarzystwo Starachowickich Zakładów Górniczo -Hutniczych SA (Starachowice Association of Mining and Ironworking Plants), and Huta Żelazna "Kraków" ("Kraków" Ironworks). In the period of economic prosperity (1928), their sales amounted to 712,606 tonnes, which included 170,037 tonnes for public procurements. Lucrative orders from the Romanian government for drilling pipes and from the USSR for 40,000 tonnes of iron bars were ultimately not placed, as the board of the "Community of Interests" declined them. These contracts were realized by Vereinigte Stahlwerke AG. See: APKat, UWŚI WP-H, sign. 232, c. 297. A letter – the activity of the Syndicate of the Polish Ironworks (no date), c. 227-228. A report on the condition of the industry of the Silesia governor M. Grażyński for the Ministry of Industry and Trade, October 3, 1931, UWŚI WP-H, sign. 1355, c. 12-14. A list of predicted orders for governmental institutions, May 6, 1930, c. 70-72. A letter from the board of Górnośląskie Zjednoczone Huty to the Silesia governor concerning public procurements, January 13, 1931, c. 74-75. The draft of a letter from UWŚI WP-H to the Ministry of Industry and Trade concerning military orders for horseshoes in the years 1928-1931, May 18, 1931, c. 39. An offer of Górnośląskie Zjednoczone Huty for the delivery of armored plates for TK tanks, May 25, 1931, c. 186, 197. A list of Romanian and Bulgarian orders (no date); c. 226. A request of Górnośląskie Zjednoczone Huty to UWŚI WP-H concerning the reduction of import customs for 50,000 tons of tracks to Brazil, July 11, 1932, c. 175. A letter from UWŚI WP-H to the Ministry of Industry and Trade concerning orders for the USSR transferred to Vereinigte Stahlwerke, April 1, 1932, c. 181. A letter from the District Office in Świętochłowice to UWŚI WP-H concerning orders for drilling pipes, March 10, 1932, APKat, UWŚI WP-H, sign. 232, c. 122-123. A letter from Katowicka Spółka Akcyjna to UWŚI WP-H concerning the schedule of acceptance works of armored plates for TK tanks, February 15, 1932.

BGK bank and the Polish Bank, which issued promissory notes that enabled cash payouts. Problems arose when the bank requested compensation for differences in the exchange rate of pound sterling. The representatives of the USSR Trade Mission in Berlin rejected the claim stating it had no grounds, and ironworks received only a part of their dues, after a long wait. Since the Soviet orders constituted around 75% of the production plan, the problem of underestimated capitals emerged. It is worth noting that there was an option of breaking the contract, but neither the ironworks nor the banks had sufficient means to pay the contractual penalties. This deadlock situation for the ironworks belonging to the "Community of Interests" ultimately led to discontinuation of production for the Soviet partner. The deliveries did not resume until the turn of 1932. Their total value was a staggering 5.6 million pounds sterling. Another contract with the USSR Trade Mission in Germany was signed on May 13, 1932 for the delivery of 70,000 tons of galvanized sheet metal, rolled wire, telegraphic wire, spring steel, boiler plates, thin and thick plates, and molded iron. The amount of 98 rms was paid for one ton of molded iron. Just like in the previous agreements, there was an 18-month discount period for bills of exchange.¹⁵

In May 1931, in the area of Górnośląskie Zjednoczone Huty, a blast furnace, a Siemens-Martin furnace, and a pilger mill had to be shut down. The technical condition of the two furnaces could be cause for concern, as their vaults were burnt out and could pose an unpredictable hazard, but the pilger mill had a state of the art construction and was highly profitable. Subsequently, the operation of the steelworks and the thick plate rolling room were also discontinued. In total, 1500 people took part in protests.¹⁶ The predicted discontinuation of work on the Soviet orders resulted in the implementation of a dismissal scheme for administration and technical staff. Initially, for the "Marta" and "Hubertus" ironworks, there were

¹⁵ In 1928, the sale price of one ton of exported iron was around 6.3 pounds sterling. Three years later (including the cost of transport to Antwerp) – only 3.17. Low prices led to a situation when export was on the verge of profitability. See: APKat, UWŚI WP-H, sign. 232, c. 67. A letter from Jan Hasse to the Executive committee of the Council of Ministers concerning the Soviet orders, August 1, 1931, c. 68. "The Community of Interests" – discount of Soviet bills of exchange. The main list for the period 1928–1931, July 31, 1931, c. 210–215. A letter concerning the condition of the Silesian industry to the Ministry of Industry and Trade, c. 233. A letter from Ferdynand Zarzycki to the Ministry of Treasury regarding the contract with the USSR, May 21, 1932.

¹⁶ APKat, UWŚI WP-H, sign. 232, c. 134. The resolution of the staff of the "Laura" ironworks, May 23, 1931.

plans to close down the foundry and mechanical workshops, and then the remaining departments. Production was halved in the Siemens-Martin foundry, and the rolling room (both thick and thin plates), while blast furnaces were shut down. Similar actions were planned for the "Falva", "Bismarck", "Silesia", "Królewska", and "Laura" coking plants. Remedial measures of the board involved closing down the "Hubertus" and "Marta" plants. For people in Silesia, with their traditional views on the man's role in the family, loss of employment meant poverty. Considering that the whole network of services in the Silesian agglomeration was dependent on the wages of workers, the real scale of the economic crisis was much larger than indicated by statistics.¹⁷

ATTEMPTS TO LIMIT THE INFLUENCE OF FOREIGN
CAPITAL FOLLOWING THE INTRODUCTION OF JUDICIAL
SUPERVISION IN KATOWICKA SPÓŁKA AKCYJNA
DLA GÓRNICWA I HUTNICTWA AND GÓRNOŚLAŃSKIE
ZJEDNOCZONE HUTY "KRÓLEWSKA" I "LAURA" SA

The exhaustion of options for further development, the real threat of bankruptcy, and the need to secure the claims of both the National and Silesian Treasuries (a total of 112 million PLN) was a basis for a request by the Minister of Treasury, Marian Zawadzki, and the chairman of the BGK bank, Roman Górecki, submitted to the Economic Committee of Ministers, concerning the purchase of Górnośląskie Zjednoczone Huty and Katowicka Spółka Akcyjna. Separately, prime minister Janusz Jędrzejewicz ordered an investigation into the enterprises. The German party challenged these motions, which led to financial penalties for affiliation with a cartel, which required a permission from the Ministry of Industry and Trade. In the next meeting of the Economic Committee of Ministers, a resolution was made to impose judicial supervision of the companies. The position of supervision officers was entrusted to Wiktor Przedpełski (head officer), Emil Hupert, Stanisław Surzycki, and Antoni Krahelski. Talks with the director of Górnośląskie Zjednoczone Huty, Alfred Rhode, that were initiated soon after, were then aborted due to major disagreements. However, dur-

¹⁷ APKat, UWSI WP-H, sign. 1441, c. 139-140. A letter from the head of the Świętochłowice commune to the governor concerning closing down the "Falva" ironworks, February 29, 1932.

ing the period of supervision, the company's finances were put in order, the necessary repair works were performed, employment increased, and some overdue payments were settled. It is worth noting that those positive transformations resulted from financial support granted by the BGK bank in the amount of 16 million PLN. Upon the initiative of the Silesian governor and the supervisors, the companies were "Polonized": German managers were dismissed, and names of some plants were changed, e.g. "Bismarck" to "Batory", "Królewska" ("Royal") to "Piłsudski", "Falva" to "Florian". Talks with the stockholders of the Silesian companies (Friedrich Flick, Erwin Daub, and the director of Dresner Bank, Mr. Busch) were only resumed after one year, when the German government froze payments for rail transport to East Prussia. Conclusions from the talks, conducted alternately in Berlin and Katowice, stipulated that the government would acquire the control stock in the company in return for the transport payments. The deliberations ended with an offer to acquire stocks and liabilities using the means earned by the Silesian companies in the future.¹⁸

THE EMERGENCE OF WSPÓLNOTA INTERESÓW GÓRNICZO- -HUTNICZYCH SA IN THE FINAL YEARS OF THE SECOND POLISH REPUBLIC

The common ground worked out by the governments in Warsaw and in Berlin enabled the establishment of Zjednoczenie Górniczo-Hutnicze (ZGH – the Mining and Metallurgy Community) on July 23, 1936. Initial capital of this limited liability company in the amount of one million PLN

¹⁸ Balance sheet losses of Katowicka Spółka Akcyjna and Górnośląskie Zjednoczone Huty in December 1936 amounted to 182.5 million zloty. The activity in the Poland's Reconstruction Association and contacts with Juliusz Poniatowski, Michał Grażyński, and Eugeniusz Kwiatkowski, as well as his cooperation with "Ferrum" company, made it easy for him to obtain the position of the head judicial supervision officer, and later the chairman of ZGH and WIGH. See: AAN, files of Wiktor Przedpełski, sign. 32/45 (no page no.). Biography of Wiktor Przedpełski (no date), the Executive Committee of the Council of Ministers, Economic Committee of Ministers, sign. 1257. An extract from the Economic Committee of Ministers' resolution concerning "The Community of Interests", March 17, 1934; the justification of the request of the Minister of Industry and Trade during the Economic Committee of Ministers meeting concerning the "Community of Interests", August 8, 1936, APKat, WIGH, sign. 6 (no page no.). A report of the Judicial Supervision for the period between April 1 to December 31, 1934, sign. 13, c. 2-50. A report of the Judicial supervision for the period between December 1 and December 31, 1935.

was submitted by the State Treasury and the Silesian Treasury (400,000 PLN each), and the BGK bank (200,000 PLN). At first, the company's registered seat was in the BGK building (Aleje Jerozolimskie 1), but it was later moved to ul. Jasna 1, and then to Aleja na Skarpie 72. The position of the chairman of ZGH was offered to Wiktor Przedpeński, and his deputies were Czesław Peche (the director of the Mining and Metalworking Department at the Ministry of Industry and Trade) and Tadeusz Garbusiński (the director of the BGK bank). Apart from the management, a board of directors was appointed, comprised of Józef Kozuchowski, Feliks Maciszewski, Wiktor Martin, Marian Drozdowski, Mieczysław Chmielewski, and Michał Dębiński.¹⁹

Following discussions of ZGH representatives with a group of German stockholders and creditors associated in *Stahlenverein für Bargbau und Industriewerke* (later referred to as "*Stahlenverein*"), an agreement was finally signed on July 25, 1936 in Warsaw.²⁰ In exchange for the control stock in *Katowicka Spółka Akcyjna* and the new issuance of *Górnośląskie Zjednoczone Huty* stock worth 124.3 million PLN in total, ZGH transferred to its German stockholders and creditors 43,000 privileged stocks of *CSSC* (13.378 million PLN), as well as bonds of a joint-stock company that was to be established in the future (80 million PLN) Two types of stocks were to be used in the issuance of the securities of the new company. One were stocks worth 37 million PLN at the *al pari* rate, backed by BGK, to be redeemed in the years 1940–1955. The other were worth 43 million PLN, at the exchange rate of 7.5% of their face value and without government guarantees; these were to be paid for by the export of 2.75 million tonnes of black coal annually [Gołębiowski J., 1995; 247–254]. Additional collateral for the *Stahlenverein* stockholders was provided using debt notes and, separately, a declaration of their redemption confirmed by the prime minister. Each of the parties appointed a trust to protect the rights of the stock-

¹⁹ National Archive in Warsaw, District Court in Warsaw, Section 2 (Trade), Trade register, section B, item LXXI, 10288; APKat Katowice Trade Register, sign. B 1804/Kat., c. 3–5. A copy of the act made in the notary office of Jan Jasiński on August 23, 1938, c. 24–27. An extract from the review of Karol Hettlinger 4741/ 1937; c. 49–50. A report on the activity of ZGH for the period July 23, 1936–December 31, 1937, "*Monitor Polski*" 1936, no. 222, item B 10288.

²⁰ The stocks of *Gelsenkirchner Bergwerks AG* were transferred by Flick to the German government. This company owned securities of *Vereinigte Stahlwerke*, *Katowicka Spółka Akcyjna*, and *Górnośląskie Zjednoczone Huty*. See: APKat, UWŚI WP-H, sign. 1061a, c. 199. A letter from UWŚI WP-H to the Ministry of Industry and Trade concerning the sale of the companies to the German government, June 23, 1932.

holders. In return for the transferred assets, ZGH received the control stock in Katowicka Spółka Akcyjna and Górnośląskie Zjednoczone Huty. Once the stock was redeemed and then exchanged for new securities (61.09 million PLN), it was meant to be sold in the Warsaw Stock Exchange (until December 31, 1952). The beneficiary of the transaction was Katowicka Spółka Akcyjna, however, the unsold stocks were to be transferred to the Social Insurance Company. In this rather complex scheme of acquiring the securities of Flick's holding, two problems are notable. By changing the ownership relations, the government in Warsaw managed to secure deliveries of raw materials for the military industry, protect jobs, and make beneficial ownership transformations using the assets of the Silesian company. However, there was still the problem of debt, which was meant to be resolved by the national government and local government institutions. The acquisition of assets and liabilities went hand in hand with dilemmas concerning the payout of pensions and disability benefits. The problem mainly stemmed from many years of neglect; with some additional legal complications.²¹

The judicial supervision was only revoked at the end of January 1937, and three months later, the companies were merged. At this point, Katowicka Spółka Akcyjna took over all the assets of Górnośląskie Zjednoczone Huty. These assets were the basis for establishing a national holding, Wspólnota Interesów Górniczo-Hutniczych SA (WIGH – Mining and Metallurgy Community of Interests Joint Stock Company), with its seat in Katowice. The tasks of this newly established enterprise were to operate mining and metalworking industrial plants, trade in prod-

²¹ Pension funds (Pension - Unterstützungs - Verein der von Thiele - Winklerschen Beamten and Beamten Pensionskasse der Bismarckhütte) were established in the years 1885-1902. In return for the contribution in the amount of 10% of their salary, employees obtained the right to pension and sickness insurance. During the merger, these funds were consolidated within Katowicka Spółka Akcyjna, but some of their assets were lost in unknown circumstances. Problems with timely payouts of benefits already arose during the judicial supervision period. The benefits were significantly reduced following the establishment of WIGH. The benefits were reduced in reverse proportion to their original amount. The lowest benefits (up to 85 zloty) were only reduced minimally, while the highest (more than 1500 zloty) were reduced to just 30% of the original amount. Some former employees accepted this solution, while others opposed it and decided to go to court. See: AAN, BGK, sign. 766, (no page no.). A draft of a contract between WIGH and ZGH, June 25, 1937, APKat, UWŚI WP-H, sign. 1357, c. 55-64, 113-127. A report of Polska Spółka Powiernicza SA (Polish Custodian Joint Stock Company) following the analysis of financial capacity of Katowicka Spółka Akcyjna, June 29 and October 20, 1936, c. 104-109. An extract from the resolution of WIGH Board of Directors, August 16, 1937.

ucts, and manage the property it owned. As the range of its economic operations was broad, the company was allowed not only to run production activities, but also to gain profit from trading in goods, real estate, securities, and liabilities, and to own shares in other enterprises. The initial capital of WIGH SA was 149,350,000 PLN. As already mentioned, the ZGH owned the control stock worth 124,358,200 PLN, the Silesia Treasury – 14 million PLN, anonymous owners – 10,359,600 PLN, and the board had balance sheet assets worth 632.2 thousand PLN. The management board of the newly established company included: Bronisław Kowalski (general director), Emil Hupert (general trade and administration director), Zdzisław Ruher (general director of the “Batory”, “Florian”, “Piłsudski”, “Laura” metallurgical plants), Władysław Biernacki (general director of the “Dębieńsko”, “Katowice”, “Mysłowice”, “Łagiewniki”, “Siemianowice” coal mines, and “Maria”, “Bernard” and “Paweł” iron ore mines in the Częstochowa district), Ignacy Brach (general director of the processing plants, including the “Zgoda”, “Zygmunt” and “Silesia” metallurgical plants, “Batory” steelworks, and the Processing Plants company). Other positions were held by Antoni Krahelski (representative of the board in Warsaw), Jerzy Płochocki (main inspector), and Władysław Mikułowski-Pomorski (general secretary).²² The board of directors included representatives of the industrial and military lobby, local government, and academia: Wiktor Przedpełski (chairman), Tadeusz Garbusiński (deputy chairman), Mieczysław Chmielewski, Mieczysław Dąbkowski, Marian Drozdowski, Władysław Filipowski, Karol Grzesik, Józef Kożuchowski, Władysław Łoskiewicz, Feliks Maciszewski, Kajetan Morawski, and Feliks Zalewski [Landau Z., Tomaszewski J., 1964: 319–323].

²² The stocks of Górnośląskie Zjednoczone Huty and Katowicka Spółka Akcyjna were used to issue temporary certificates – stockholders received the WIGH securities only after these certificates had been annulled. Probably, the stocks belonging to the Harriman Fifteen Corp. and Foreign Holding Comp associations (8 million złoty) were bought out by the BGK bank or ZGH. During the annual general meeting of stockholders, other WIGH shares which belonged to the American mogul were represented by Irving Rossi (1.634 million złoty) and Eugène Lubovitz (17.3 thousand złoty). The situation was similar in the case of Flick – he was represented by Kurt Gröger (262,000 złoty), Société Anonyme Financière et Minière (800,000 złoty) and the Union of Swiss Banks (17,500 złoty). See: APKat, UWŚI WP-H, sign. 3254, c. 9. Results of business activity of WIGH SA for the year 1937, March 29, 1938, c. 38. A list of WIGH stockholders as of May 9, 1938; *Statut Wspólnoty Interesów Górniczo-Hutniczych* [Articles of association of the Mining and Metallurgy Community of Interests, “Monitor Polski” 1938, no. 268, p. 9].

Once the WIGH was created, the restructuring of its member companies could be continued. The reorganization that accompanied the ownership transformation led to an increase in employment, up to 29,000 employees, including 2752 in administration. As the economic situation improved in the years 1937–1938, the number of employees grew further and reached 33 789 people (3159 in administration). Notably, the new board was not successful in all its endeavors – it also made a number of management mistakes, which led to dismissals of German engineers and technical workers. Some of these vacancies were then filled with people who did not have the required qualifications or experience. The shortage of certain specialists led to desperate hunts in other plants, not only in Upper Silesia, but mainly in Warsaw, Poznań, Lviv, and Kraków. Students of the Warsaw Polytechnic, the Lviv Polytechnic, and the Mining Academy received special scholarships and trainings. Shortages of middle- and basic-level personnel were solved due to the opening of new schools: The Metallurgical Training School (which operated at the “Batory” plant) and The Vocational Training School, operating at the Processing Plants. What is worth highlighting is the social activity of the companies, which began in the period of judicial supervision. Families of employees could participate in summer and winter holiday trips and cultural events were organized in the plants. For those who struggled with long commutes to the metropolitan area, housing cooperatives were established: the first one in Hajduki Wielkie, and then in Katowice, Siemianowice, and Łagiewniki. Improvements in management resulted with an increase of coal, steel, and metal production. Further expansion was impossible without large investments. The most important investments included the construction of pit and standardization furnaces, the assembly of the Sędzimir rolling mill (in the “Batory” metallurgical plant), the construction of a blast furnace, upgrading the power distribution board, opening a narrow-gauge railway for the disposal of slag (in the “Piłsudski” metallurgical plant), launch of the steelworks and the reconstruction of the blast furnace (in the “Laura” ironworks). Upgrades in coal mines did not require that much expenditure. Apart from the opening of a coal flotation station and the deepening of the “Król” shaft in the “Dębieńsko” mine, other works were performed according to the most pressing current needs (see: table 1). An increase of investment expenditure in 1936 (6.4 million PLN) and further increase in 1937 (10.1) resulted with increases in yields up to: 5.1 million tonnes of coal, 205,000 tonnes of iron ore, 621.9 thousand tonnes of coke,

343.8 thousand tonnes of pig iron, and 589.3 thousand tonnes of steel in 1938 [Łatkowski J. 1939; 14-34].

Those impressive results, combined with increased demand for metal goods, meant the negative sale trends in the holding reversed. Exports of metallurgical goods decreased in 1938 (115,000 tonnes), while domestic consumption rapidly increased (315,000 tonnes).²³

Table 1. The development of WIGH SA (1934-1939)

Year	Investment (million Polish zloty)	Coal (million tonnes)	Iron ore (thousand tonnes)	Coke (thousand tonnes)	Pig iron (thousand tonnes)	Steel (thousand tonnes)	Staff
1934 ¹	4.4	3.68	-	295	175.5	393.2	25,154
1935	4.8	3.42	-	338.2	147.2	420.9	26,721
1936	6.4	3.75	119.3	470.1	216.3	498.6	29,036
1937	10.18	4.71	175.1	581	240.1	619.6	34,091
1938	13.48	5.17	205.5	621.9	343.8	589.3	33,789
1939 ²	34.2 ³	2.64	105.1	306.4	168.9	275.2	-

¹ Judicial supervision April 29, 1934-January 29, 1937

² First half of 1939

³ Predicted investments for 1939 (own calculations).

Source: APKat, WIGH, sign. 8, c. 1-41 A report of the WIGH board for the year 1937; sign. 13, c. 1-19. A report of the WIGH board for the first half of 1939; sign. 4, c. 1-31. WIGH economic plan from December 1938; *Pomyślny rozwój Wspólnoty Interesów* [Successful development of the Community of Interests], "Polska Jutrzejka Gospodarcza" 1939, no. 32, p. 2.

Economic reforms initiated by the government of Felicjan Sławoj Składkowski helped the plants belonging to the Community receive large orders for tracks and junctions (from the Ministry of Transport), technical infrastructure ("Polmin" – construction of the gas pipe between Lubienia

²³ Offices of WIGH SA: Berlin, BuenosAires, Hague, Hamburg. Trade missions in all European capitals except for Moscow, Kaunas, and Bucharest. Also in Bolivia, Brazil, China, Egypt, the British Raj, Iraq, Iran, Japan, Colombia, Palestine, Paraguay, Peru, Syria, Turkey, Uruguay, and the Union of South Africa. See: APKat, Trade register, sign. 1687, vol. 1, c. 18-237. A report on the WIGH company's activity for the year 1937, March 1938, c. 241-247. A financial report of the Board for the year 1938, c. 97-98. A list of WIGH representatives and missions (no date).

- Roztoki - Pionki, and Lubienia - Skarżysko), and raw materials for the arms industry (Ministry of Military Affairs). Still, sectoral restructuring was to be the most important factor for the future of the Silesian holding. The management of Wspólnota Interesów SA managed to achieve an increase of capital resources in Stocznia Gdyńska SA (Gdynia Shipyard) in the amount of 750,000 PLN, Zjednoczone Kopalnie Górnośląskie "Progres" sp. z o.o. ("Progres" United Upper Silesia Mines Limited Liability Company) in the amount of 250,000 PLN, and Żegluga Śląsko-Sandomierska sp. z o.o. (Silesia and Sandomierz Navigation Limited Liability Company) in the amount of 128,000 PLN.²⁴ Other actions aimed at the establishment of an automotive plant – Zakłady Samochodowe Wspólnoty Interesów Górniczo - Hutniczych SA. The company, with an initial capital of 4.998 million PLN, received a concession from the Ministry of Industry and Trade to launch a car assembly facility on October 25, 1938. In the transition period, the company's seat was in Łagiewniki Śląskie, and once the assembly room was finished, there were plans to move the production to Radom. In late July/early August 1939, Wspólnota Interesów SA (not without obstacles on the part of licensors associated in Exportgemeinschaft Deutscher Automobilfabriken) started assembling German passenger cars: DKW, Horch, Mercedes-Benz, BMW, and Steyr. The next step was the launch of production for Henschel trucks (40S, 95, and 125) and Hannomag tractors [Bernadzikiewicz T., 1938: 22–25; Majewski M. W., 2016: 220–232].

Apart from upgrading the equipment and launching new production departments, the management of the company also intensified work on raw materials deliveries. Previous sources were slowly becoming depleted, and at the same time, the prices of iron ore, scrap metal, and coke in

²⁴ The acquired assets of the Silesian companies also included shares in 27 other companies: Bismarckhütte, Biuro Sprzedaży Mostów i Konstrukcji Żelaznych, Biuro Sprzedaży Polskich Walcowni Rur, Biuro Sprzedaży Wyrobów Wspólnoty Interesów "Bistal", "Żelazohurt", Organizacja Sprzedaży Wyrobów WIGH, Biuro Sprzedaży Zjednoczonych Fabryk Drutu i Gwoździ, Centrala Zakupu Żłomu Polskich Hut Żelaznych, "Chemia", "Derywat", "Emalia i Stal", Fitznerowska Fabryka Śrub i Nitów, Górniczo-Hutnicze Towarzystwo Handlowe, Konstrukcje Stalowe, Lignoza, Małopolski Przemysł Chałupniczy, Morski Eksport Węgla, "Paliwo", Polski Eksport Żelaza, Polskie Towarzystwo Handlu Zagranicznego "Tozag", Spółdzielnia Mieszkaniowo - Budowlana "Dom" in Warsaw, Syndykat Polskich Hut Żelaznych, Syndykat Polskich Odlewni Stali, Towarzystwo dla Sprzedaży Surówki Żelaznej, Zjednoczenie Polskich Emalierni, Związek Eksportowy Polskich Hut Żelaznych, "Żelazohurt", Internationale Gesellschaft der Stickstoff - Industrie "Basel", Polski Komitet Azotowy. See: APKat, WIGH, sign. 216, c. 3–7. Minutes from the conference regarding company accommodation for WIGH employees from September 17, 1937.

Amsterdam, Berlin, Paris, and London exchanges significantly increased due to an intense arms race taking place at the time. There was one more aspect that must be noticed when examining the attempts to diversify deliveries of raw materials for the Polish military-industrial complex. The establishment of the Central Industrial Region, desperate attempts to increase the potential of armed forces, and the efforts of the authorities aiming at bridging gaps in economic development within the country meant that all surpluses and reserves of raw materials, especially those that could be used in the military sector, were immediately absorbed. At the same time, some metallurgical, metalworking, and chemical plants moved to the "triangle of security", while new companies were being established, all of which led to problems with the supply of raw materials. For *Wspólnota Interesów SA*, the creation of the Central Industrial Region after German troops entered Czechoslovakia, the concepts developed by specialists from the National Planning Bureau at the Office of the Prime Minister, and the industrialization of the eastern borderland of the Second Polish Republic offered an opportunity for further development. However, its success relied on an increase of expenditure for power, road, and rail infrastructure, all of which was based on articles produced by the metallurgical and processing plants belonging to the holding. The management of the company paid close attention to the issues of mining and processing those raw material which could be found in the new area of economic activity of the state. Significant reductions in import costs and other expenses, combined with increased professional activity of the society, were of major significance. The starting point for any further plans was the reorganization of black coal, magnesite, oil shale, and iron ore mining. Owing to considerable efforts by Stanisław Kontkiewicz (WIGH Geological Service) and professor dr. Jan Samsonowicz (National Geology Institute), rich deposits of coking coal were discovered in Zadwórze (near Lviv) and iron ores e.g. in the Międzyrzec commune in the Równe district (Żeleźnica, Daniczów, Kolonia Kołowerta, Kolonia Rzeczyzna, Długa Niwa, Charaług). The discovered deposits provided a basis for the company to apply for mining deeds, and then to develop plans for the construction of a new metallurgical plant near Tomaszów Lubelski and Zamość.²⁵ According to other

²⁵ See: "Monitor Polski", 1938, no. 63, p. 5–6, CAW SeKor, sign. I.303.13.138. A letter from Antoni Roman to the head of the Main Staff, November 24, 1937, AAN, Ministry of Treasury, sign. 4 (no page no.). A memorandum of the Royal Council of Lviv concerning the construction of the new metallurgical and processing center in Lviv or nearby, August 14, 1939; A letter from Alfred Biłyk to E. Kwiatkowski, August 14, 1939; A paper concern-

sources, there were also ideas to move the “Batory” metallurgical plant to eastern Roztocze, and then expand the facilities. Similar actions were undertaken to open a coal mine in Zadwórze. The estimated cost of this long-term investment was 20 million PLN. [Gołębiowski J., 2000: 262].

The decision to create the Central Research Institute was a major opportunity for further development of Wspólnota Interesów SA. Plans developed in cooperation with the War Industry Bureau and the Department of Artillery of the Ministry of Military Affairs included a subsidy in the amount of 804,000 PLN. The remaining sum was to be provided from the budget of the Directorate General. The issue of equipment was crucial – some was to be provided by the laboratories already operating in metallurgical plants (“Florian”, “Batory”), while the rest was to be bought in Germany. After these offers had been rejected, new offers were made to English companies that were to consider them while deciding on the request from May 1939 for a “military loan”, similar to the Rambouillet loan. An experimental workshop was to be located in the “Batory” metallurgical plant, in Hajduki Wielkie (at the junction of Królowej Jadwigi and Zwycięstwa streets). Architectural plans provided for the construction of a one-story building, with an area of 2400 m², and adding two more stories later on. Initially, only three departments were to be located there: metalworking, metallography, and general; departments to be added later included: chemical, physical, corrosion, and ceramics (refractory materials). This infrastructure was to be supported by warehouses, mechanical workshops, and heat processing stations. Dr. W. Łoskiewiczow and dr. W. Cybulski were to supervise the workshop as experts.²⁶

ing technical and economic aspects of discovering coal deposits in Zadwórze near Lviv (no date), appendix 2. Estimated cost of building a mine in Zadwórze, Centralnyj Derżawnyj Istorycznyj Archiv u misti Lvovi, fond 532, description 1, vol. 213, c. 78. A copy of a letter from the CEO of the BGK bank to the Ministry of Treasury concerning a rediscount loan for the construction of a gas line, August 9, 1939.

²⁶ APKat, WIGH, sign. 3680, c. 2; A report from the meeting of the commission regarding the Central Research Institute, May 25, 1939, 3499, c. 1-5. A paper – research works in the area of deposits in 1938.

CONCLUSION

The presented overview of the most important problems related to capital transformations of the Mining and Metallurgic Community of Interests warrants the following conclusions. The incorporation of Upper Silesia to Poland in 1922 meant that all economic problems related to the adaptation of the mining and metallurgical industries to the needs of the military-industrial sector in the period of the Great War were passed on to Poland. The catastrophic economic situation of Poland made it impossible to take full advantage of this potential. Excessive employment and over-production of coal and metal products, combined with relatively small demand, meant that producers were reluctant to settle their tax liabilities. At the same time, the market in the Reich shut down, which only multiplied the losses. In this situation, the establishment of a new German-Austrian-Polish capital group, which aimed, among other things, at seizing the assets of Silesian companies, attracted increased interest of the fiscal authorities. Judicial supervision and further nationalization of Silesian companies allowed the state to take control. Further directions for development were agreed upon, a number of irregularities were eliminated, and business was streamlined. However, positive transformation would only be achieved through more investments in the early 1940s.

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