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STATE ENTREPRENEURSHIP IN INTERWAR POLAND

Abstract: State entrepreneurship, or rather statism, was a strongly developed phenomenon in the economy of interwar Poland. Initially, its source was the legacy of the partition period in the form of the considerable assets of the partitioned states, numerous industrial plants, banks, transport infrastructure, forests and land. In a reborn Poland, in order to strengthen the economy and military potential, the authorities undertook, among other things, a number of industrial investments, developed state-owned banking and transport enterprises and organised profitable treasury monopolies. The share of the state sector in the economy reached 20%, and in some areas even 100%. Researchers of state entrepreneurship, usually, have emphasised its considerable economic efficiency and important social role.

Keywords: Poland 1918–1939, statism, state sector, economic and social role

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1. STATISM – AN UNWANTED NECESSITY FOR THE ECONOMY OF THE SECOND REPUBLIC

The role of the state in the economy, and particularly its direct participation in economic life, was one of the important elements of economic discourse in the Second Republic. It featured in speeches by leading theoretical economists and economic activists. Statism was criticised by a large group of academic economists (including Leopold Caro, Adam Heydel, Adam Krzyżanowski, Władysław Zawadzki, Ferdynand Zweig), as well as representatives of economic life (including Tadeusz Bernadzikiewicz, Władysław Grabski, Andrzej Wierzbicki). Their crowning argument was the belief that direct state involvement in the economy hits private enterprise. According to this group of economists, statism placed state enter-

prises in a privileged position at the expense of private ones, despite the efficiency advantages of the latter. Supporters of statism (including Leon W. Biegeleisen, Stanisław Głąbiński, Eugeniusz Kwiatkowski and Stefan Starzyński) emphasised its positive role in combating unemployment, especially through the state's involvement in the development of economic infrastructure. They believed that channelling public funds into economic activity was an important alternative to the negatively assessed involvement of foreign capital (Czaja and Fiedor, 2021: 68–74; Grabowski, 1967: 113–118, 204 et seq.; Nowicki, 1988: 176–184). It seems that there were, definitely, more elements of pragmatism in the advocates of statism who recognised the shortcomings and needs of the economy of the Second Republic. They believed that the state sector was able to take on a significant part of the responsibilities that the profit-oriented private sector was not undertaking. They also stressed that its commercialisation brought the principles of state and private enterprise closer together. Opponents of statism articulated the bureaucratic forms of management of state-owned enterprises and the susceptibility of the nationalised sector to political influence. Adhering to the free market doctrine, they opposed the restriction of private property and expressed concern for the coherence of the economic system, which, in their view, provided a guarantee of long-term economic growth.

Historians dealing with the economy of the Second Polish Republic observed extensive statism, usually treating it as an immanent feature of Polish capitalism. Zbigniew Landau, a seasoned analyst of the interwar economy, argued for the objective conditions of statism, resulting from the scarcity of domestic private capital and the impossibility of raising adequate foreign capital. He wrote that under these conditions "the only real source of capital for the economy could be the state" (Landau and Roszkowski, 1995: 47). Landau, with Wojciech Roszkowski, described the forced growth of statist elements in the Second Republic. According to them, immediately after the restoration of independence and during the period of struggle for the borders, the authorities tried to launch production from idle Polish factories, as well as others taken over from the partitioning states, in order to meet the needs of the army and the civilian population. The government's intentions were evidenced by the fact that after the end of the Polish-Bolshevik war, in a period of enormous budgetary difficulties, an attempt was made to monetise some of the enterprises in state hands. However, under the conditions of a growing inflationary crisis, these efforts did not yield serious results. The law

of 11th January 1924 introducing the anti-inflationary currency reform included a provision on the sale of state enterprises to the value of 100 million gold francs (Dz. U. 1924, No 4, item 28). The funds raised were to contribute to balancing the state budget. At the same time, for similar motives, the reformer of Polish money, Władysław Grabski, was strengthening statism in, among other things, the sphere of fiscal monopolies. After the May Coup, despite widespread fears, there was no fundamental turn towards statism. The Sanacja governments left the private sector free to operate, but at the same time sought to strengthen the state sector through the expansion of industry and transport infrastructure, with a view to modernising the economy. These tendencies were promoted by the so-called First Economic Brigade (Pierwsza Brygada Gospodarcza), consisting of state officials, local government and co-operative activists, with Starzyński playing an inspiring role (Janus, 2009: 334). The further growth of elements of statism was encouraged by the effects of the Great Economic Crisis and the post-crisis policy of boosting the economy. In the years of crisis, the economic difficulties of private enterprises, in the case of industries important to the economy or defence, prompted the authorities to provide financial assistance, which often ended in the acquisition of controlling stakes in enterprises. This was, therefore, not a deliberate action to enlarge the state sector, but the result of rescue measures. During the period of the economic upturn, the growth of statecraft was encouraged by government investments, especially those related to the construction of the Central Industrial District (Centralny Okręg Przemysłowy – COP). They were not an expression of systemic efforts to increase state ownership, but of measures taken as part of the widespread post-crisis interventionism (Majcher-Ociesa, 2019: 439). An unequivocal expression of the government's stance was the establishment, in early 1936, of a Commission to Study the Economy of State-Owned Enterprises (Komisja do Zbadania Gospodarki Przedsiębiorstw Państwowych), which included, among others, well-known opponents of statism. The Commission's conclusions were aimed at establishing strict parliamentary control over existing and projected state enterprises, taking reprivatisation, privatisation and liquidation measures, and preventing state banks from taking over enterprises. The legal acts created on the basis of the Commission's conclusions did not stop statist activities, particularly, in the way of building new state enterprises, but they clearly defined the framework of the state's economic activity, taking into account the Polish raison d'état (Gołębiowski, 1985: 325–329).

It is, therefore, worth quoting Landau again, who wrote: "The Second Republic, thus, relied on the development of the state economy, even though it did not want it at all and tried to defend itself against this process" (Landau and Roszkowski, 1995: 47–56, 203–211). A leading researcher of the state sector in interwar Poland, Janusz Gołębiowski, agreeing with Landau's and Roszkowski's theses, added that non-economic reasons underpinned the development of government enterprises. Characteristic was "…the creation of state enterprises for strategic reasons and enterprises necessary for the state to fulfil public-administrative and social functions. On the other hand, cases where the state undertook the role of producer for purely economic reasons were among the exceptions" (Gołębiowski, 1985: 58).

2. THE PROCESS OF CREATING STATE-OWNED ENTERPRISES AND BANKS

From 1918 onwards, an important premise for the creation of state enterprises was the legacy of the Partitions. The assets that found their way within the borders of Restored Poland were estimated at 68,421 million francs in gold, of which state assets accounted for 7,056 million francs (10.3% of the total value; Roszkowski, 1982: 17). The percentage of state property in the former partitioned territories was analogous, which was indicative of its fairly proportional territorial distribution. State railways and forests dominated the division of the economy in all the former partitions. In the former Austrian and Prussian partitions, public administration assets related to the performance of its statutory tasks (schools, hospitals, prisons, etc.) were significant. State agricultural estates and forests were on a significant scale in the former Russian and Prussian annexations, and industrial and mining enterprises in the former Russian and Austrian annexations. The aforementioned Haydel, in reference to the significant presence of the state in the economy of the partitioning powers, wrote of the "'infection with statism' of Poles by the partitioners" (Czaja and Fiedor, 2021: 66; Grabowski, 1967: 119; Roszkowski, 1982: 17–19).

The seizure of property of foreign powers by the Polish state took place in various ways. As early as November 1918, the receding of the Austrian and German occupation authorities gave rise to the problem of deciding on private property that came under compulsory administration during

the war. It should be recalled that sequestration was one of the important instruments of the war economy of the Central Powers. On the basis of the decree of the Head of State of 23rd November 1918 on the sequestration of industrial establishments and the decree of 16th December 1918 on compulsory state administration of property abandoned by the occupation authorities and not taken over by the owners was introduced (Dz. U. 1918, No 17, item 43; Dz. U. 1918, No 21, item 67).

Compulsory administration applied to farms, forests, industrial and commercial enterprises, credit institutions and social infrastructure. By 1921, dozens of enterprises and banks had come under the compulsory administration of the Polish state, including the "Hr. Renard" mine and the "Katarzyna" steelworks in Sosnowiec, the B. Hantke Joint Stock Company of Metal Works (B. Hantke Towarzystwo Akcyjne Zakładów Metalowych) in Warsaw, the Żyrardów Plant Society (Towarzystwo Zakładów Żyrardowskich), the Warsaw Power Station (Elektrownia Warszawa) and branches of the Volga-Kama Trade Bank (Wołżsko-Kamski Bank Handlowy). The compulsory administration brought financial losses, so in the 1920s it was gradually abolished and the enterprises were, mostly, placed in private hands. However, it was not without abuses, such as the attempt to nationalise the Żyrardów Plant Society (Towarzystwo Zakładów Żyrardowskich) (Landau and Tomaszewski, 1983: 157–260; Roszkowski, 1982: 107–110).

The provisions of international treaties, concluded after the end of the First World War, were crucial for the establishment of the state sector. The Treaty of Versailles and the Geneva Convention of 1922 decided to transfer the Reich's property in the territories incorporated in Poland as well as certain economic facilities in the Free City of Danzig, to Poland. The Treaty of Saint Germaine acted analogously in the case of property of the Austrian government located within the borders of the restored Poland, and the transfer of property of the Russian state was decided in the Treaty of Riga (Gołębiowski, 1985: 14–15; Grabowski, 1967: 157–158).

The process of taking over the assets due to the Polish state, as a result of complex political processes, continued until 1922. Poland's struggle for borders sought to strengthen its economic potential as quickly as possible through access to the partitioned states' subordinated resources, economic infrastructure and manufacturing potential. Initially, the lack of an international legal settlement, as well as resistance from the partitioning states, mainly, Germany, stood in the way (Błahut, 1975: 361).

Gradually, various assets passed into the hands of the state. The Polish state took over 2.5 million hectares of forests located in nearly two-thirds of the former Russian partitioned territories. Their management was briefly entrusted to the State Forest Enterprise (Lasy Państwowe), established in 1924, and then to the State Forestry Directorate (Dyrekcja Lasów Państwowych). In the 1930s, further forest complexes were taken over, often for tax arrears. As a result, by the end of 1937, the state owned 3.3 million hectares of forests with numerous timber industry enterprises, including sawmills, furniture factories, plywood and dry wood distillation plants, with the largest plants in Augustów and Hajnówka. The export of raw timber was handled by the state-owned company "Paged" Polish Wood Agency Ltd. (Polska Agencja Drzewna Sp. z o.o.) (Gołębiowski, 1985: 25–28, 141–145; *Mały Rocznik…*, 1939: 87; Dz. U. 1924, No 119 poz. 1079).

It is difficult to determine the size of the agricultural land taken over, as inter-war statistics generally represented public ownership, where public law associations predominated. Indirectly, it can be established that government land in the early years of the Second Republic amounted to approximately 1.2 million hectares. In contrast to forest resources, government arable land resources decreased by 894,000 ha as a result of the implementation of the land reform. The largest beneficiaries remained: Ministry of Agriculture and Agrarian Reform (Ministerstwo Rolnictwa i Reform Rolnych) (99.7 thousand ha of land), Supreme Directorate of State Forests (Naczelna Dyrekcja Lasów Państwowych) (91.2 thousand ha), Ministry of Communications (Ministerstwo Komunikacji) (34.9 thousand ha), State Agricultural Bank (Państwowy Bank Rolny) (20.4 thousand ha) and State Horse Breeding Establishments (Państwowe Zakłady Chowu Koni) (6.3 thousand ha) (*Mały Rocznik…*,1939: 71, 74).

In 1918, the takeover of railways in central and southern Poland from Austrian and German hands began, and by 1922 the railways of the former Prussian and Russian partitions were included. As a result, 16,300 railway lines were in state hands, accounting for 83% of their total length. The line infrastructure and rolling stock became the basis of the company Polish State Railways (Polskie Koleje Państwowe – PKP), established in 1926. The postal and telecommunications infrastructure, taken over from the partitioners and developed in the restored Poland, was placed under the management of the state enterprise Polish Post, Telegraph and Telephone (Polska Poczta, Telegraf i Telefo – PPTiT), established in 1928. PPTiT initially held a minority and, later, a controlling stake (50.3%) in

the Swedish company Polish Joint Stock Telephone Company (Polska Akcyjna Spółka Telefoniczna) (Gołębiowski, 1985: 17–24, 92–95, 107, 254; Dz. U. 1926, No 97, item 568; Dz. U. 1928, No 38, item 379; Dz. U. 1932, No 105, item 879).

It was very important for the young state to take over and exploit industrial enterprises. This was, particularly, true of the numerous mining and metallurgical enterprises owned by the partitioned states. In the areas of the former Austrian partition, the Polish authorities took over, among others, the oil refinery in Drohobych, which in the restored Poland operated as the State Mineral Oil Factory S.A. "Polmin" (Państwowa Fabryka Olejów Mineralnych S.A.) in Lwów, the "Brzeszcze" coal mine near Oświęcim, the salt mines in Bochnia and Wieliczka, and numerous salinas in eastern Lesser Poland, grouped in the Saliny Państwowe enterprise. The potassium salt mines in Kalusz and Stebnik, leased to the Potassium Salt Exploitation Joint Stock Company (Spółka Akcyjna Eksploatacji Soli Potasowych) in Lviv, were particularly rich in resources. The state domain also included quarries in the Cracow region and in the Eastern Borderlands, as well as spa facilities in Krynica. In the former Prussian partition and in Silesia, these included the coal mines "Bielszowice", "Knurów" and "Król" in Królewska Huta (Chorzów), which were leased to the Polish-French company Polish Treasury Mines "Skarboferm" in Upper Silesia (Polskie Kopalnie Skarbowe na Górnym Śląsku S.A.); the silver and lead smelter in Strzybnica leased to the Polish-French company – Polish Lead and Silver Smelter (Polska Huta Skarbowa Ołowiu i Srebra) in Strzybnica, Leasehold Company (Spółka Dzierżawna); the nitrogen plants in Chorzów, from whose production potential the State Nitrogen Compounds Factory (Państwowa Fabryka Związków Azotowych) was established in 1924; the salt mine in Inowrocław; and the waterworks in Upper Silesia. In the former Russian partition, the following plants were acquired: coal and galvanic mines in the Zagłębie Dąbrowskie (Dąbrowa Basin), a salt mine and spa plant in Ciechocinek and a similar plant in Busko, the Blachownia steelworks near Częstochowa and numerous plants of the former Staropolski Okręg Przemysłowy (Staropolski Industrial Region) in the Kielce area, e.g. Mechanical Works (Zakłady Mechaniczne) in Białogon. The printing houses in Lublin, Łódź and Warsaw, which had been taken over from the occupants, served the needs of the new state as part of the Main Board of State Printers established in 1918, a.k.a Main Board of State Printing Houses (Zarząd Główny Drukarń Państwowych) (Gołębiowski, 1985: 28–47, 49, 122; Grabowski, 1967: 163).

The government also decided on nationalisation proceedings, both in the case of foreign capital, especially German, and native capital as well. In 1934, it bought 52% of the shares in the Upper Silesian Mining and Smelting Works S.A. concern "Huta Pokój" (Górnośląskie Zakłady Górniczo-Hutnicze S.A.) out of German hands. This enabled the authorities, not only to control a large group of enterprises including the United Machinery, Boiler and Wagon Factories L. Zieleniewski (Zjednoczone Fabryki Maszyn, Kotłów i Wagonów), Fitzner-Gamper S.A. in Kraków and the "Ludwików" Steelworks S.A. (Huta „Ludwików" S.A.) in Kielce, but also a number of steelworks (Gołębiowski, 1985: 179–181). Of great importance was the nationalisation of the concern Community of Mining and Metallurgical Interests (Wspólnota Interesów Górniczo-Hutniczych) created as a result of the merger of Katowice Joint Stock Company for Mining and Metallurgy (Katowicka Spółka Akcyjna dla Górnictwa i Hutnictwa) and Upper Silesian United Steelworks Royal and Laura, S.A. (Górnośląskie Zjednoczone Huty Królewskiej i Laury, S.A.). The Community of Interest, which was subordinated to German capital, found itself in a very difficult economic position during the crisis years and failed to meet its obligations to the Polish state. Initially, the sanitation of the company was carried out under court supervision, and in 1937 the state bought out 93% of the capital share, which was placed in the new concern Community of Mining and Metallurgical Interest S.A. (Wspólnota Interesów Górniczo-Hutniczych S.A.) in Katowice. In this way, six coal mines, six ironworks, four coking plants, the Gdynia Shipyard S.A. (Stocznia Gdyńska S.A.), numerous power plants, quarries, sawmills and even land estates were placed under the ownership of the Polish state (Gołębiowski, 1985: 181–191). As a result of many years of struggle with French capital, in 1937 the Żyrardów Works Society (Towarzystwo Zakładów Żyrardowskich) found itself in the hands of the state. In this case, tax abuses were the basis for the introduction of a judicial sequester and the subsequent nationalisation of the company. In 1928, the state took over the Polish export-oriented bacon processing plants in Chodorów and Dębica, which were in a difficult financial situation (Gołębiowski, 1985: 115, 192–197; Landau and Tomaszewski, 1983: 261–291).

The genesis of state-owned industrial establishments was also linked to the need to set up enterprises serving the administration, as well as to supplement and modernise the industrial structure left behind by the partitioners. In 1919, the State Graphic Works (Państwowe Zakłady Graficzne – PZG) was established at the Ministry of Treasury, which, among other

things, fulfilled huge orders for mark banknotes during the period of inflation. In 1925, the production of gold banknotes was transferred to the new state-owned enterprise Polish Security Printing Works S.A. (Polska Wytwórnia Papierów Wartościowych S.A.), and PZG was liquidated. In connection with the currency reform and the introduction of coinage, the State Mint in Warsaw started work in 1924 (Gołębiowski, 1985: 50–51).

Particularly important was the organisation of the armaments industry, which had not been developed in the Polish territories during the partitions. The army was forced to draw on the resources of arms and imports left behind by the occupants, and the adaptation of diverse equipment to the needs of the Polish Army was undertaken by the so-called armouries located in Brześć-upon-Bug, Kraków, Poznań, Przemyśl and Warsaw. Workshops and ammunition factories were also established, as well as small-scale factories for horse-drawn rolling stock, uniforms, canned goods and military accessories. The first arms factory, the State Rifle Factory (Państwowa Wytwórnia Karabinów) in Warsaw, was established in 1918 on the basis of a private machine tool factory. In a similar way, the State Telegraph and Telephone Apparatus Factory (Państwowa Wytwórnia Aparatów Telegraficznych i Telefonicznych) was launched in 1920. Based on post-German military plants, the Central Automobile Workshops (Centralne Warsztaty Samochodowe) in Warsaw was established in 1918, and in the following years: Central Aviation Work-shops (Centralne Warsztaty Lotnicze), Central Communications Workshops (Centralne Warsztaty Łączności), Central Sapper Workshops (Centralne Warsztaty Saperskie) and the Modlin Shipyard and Workshops. The acceleration of the development of the armaments industry was brought about by the establishment, in 1922, of the Central Board of Military Manufacturers (Centralny Zarząd Wytwórni Wojskowych – CZWW). Its task was to take control of the existing military factories and to establish new ones. Already in the year of the establishment of the Central Board, the construction of the State Powder and Crushing Materials Factory (Państwowa Fabryka Prochu i Materiałów Kruszących – PFPiMK) in Zagożdżon (Pionki) began. In 1923, construction work began on the State Weapons Factory in Radom, the State Ammunition Factory (Państwowa Fabryka Broni) in Skarżysko and the State Verification Factory (Państwowa Fabryka Sprawdzianów) in Warsaw (Gołębiowski, 1985: 49–51, 55–57; Roszkowski, 1982: 135–146). The new plants, together with the State Rifle Factory, became part of the State Armament Works (PWU), which replaced the liquidated CZWW in 1927. PWU constituted one of the largest state-owned production com-

plexes in Restored Poland. In the aviation industry, State Aviation Works (Państwowe Zakłady Lotnicze – PZL) was established in 1927, which took over the obsolete and depleted assets of the Central Aviation Workshops (Centralne Warsztaty Lotnicze) at the Mokotów airport in Warsaw. In the 1930s, PZL obtained suitable buildings at the new airport at Okęcie and more modern machinery and equipment. Nationalised private aircraft factories were connected to the Works: Polish "Škoda" Plants S.A. (Polskie Zakłady „Škoda" S.A.) as Engine Plant (Wytwórnia Silników) No. 1 in Warsaw and Mechanical Plants (Zakłady Mechaniczne) "E. Plage i T. Laśkiewicz" as Lublin Aircraft Factory Ltd. (Lubelska Wytwórnia Samolotów sp. z o.o.) and Podlasie Aircraft Factory S.A. (Podlaska Wytwórnia Samolotów S.A.) in Biała Podlaska. In 1928, the State Engineering Works (Państwowe Zakłady Inżynierii – PZInż.) was established on the production base of some of the Central Workshops. The production potential of PZInż gained significantly after the acquisition of the "Ursus" Mechanical Works S.A. (Zakłady Mechaniczne „Ursus" S.A.) in 1930, which had a modern plant in Czechowice (now Warsaw-Ursus). As PZInż undertook licensed production of cars and tanks, they established, among others, the Truck Factory (Fabryka Samochodów Ciężarowych) in Ursus, the Passenger Car and Semi Truck Factory (Fabryka Samochodów Osobowych i Półciężarowych) in Warsaw in Grochów, and the Engine and Armature Factory in Warsaw (Fabryka Silników i Armatur) in Wola. Also among the important plants serving the army were the State Tele- and Radio Technical Works (Państwowe Zakłady Tele- i Radiotechniczne) in Warsaw, formed from the merger of the State Telegraph and Telephone Apparatus Manufactory (Państwowa Wytwórnia Aparatów Telegraficznych i Telefonicznych) and the State Communication Works (Państwowa Wytwórnia Łączności) (formerly the Central Communications Workshops [Centralne Warsztaty Łączności]). Before the outbreak of war, the armaments concern employed up to 35,000 workers. Its significant exports were organised by the state enterprise "Sepewe" Export Defence Industries Ltd. (Eksport Przemysłu Obronnego sp. z o.o.) (Gołębiowski, 1985: 124–139; 2000: 28–34, 124–128; Grabowski, 1967: 191–197; Rummel, 1985: 17–24).

With the intention of strengthening the potential of the armaments sector, state plants located in the CID were built. The first to be established in 1937 was the cellulose factory in Niedomice, a branch of PFPiMK. In Dąbrowa-Bór near Kraśnik and Dęba, munitions factories were commissioned in 1939. An airframe factory was built in Mielec and an aircraft engine factory was built in Rzeszów as branches of PZL. Until the outbreak

of war, only the Rzeszów factory had started production. The largest industrial facility of the CID was the metallurgical combine in Stalowa Wola, known as Zakłady Południowe sp. z o.o., which capital came from the state-controlled "Huta Pokój" concern and the Starachowice Mining Works S.A. (Towarzystwo Starachowickich Zakładów Górniczych S.A.). By the outbreak of war, a steelworks for stainless steel and divisions producing howitzers and anti-aircraft guns had been launched at the Southern Works (Gołębiowski, 1985: 141–149; 2000: 113–117; Jarosz-Nojszewska, 2016: 85–86). Also associated with the CID was the State Nitrogen Compounds Factory (Państwowa Fabryka Związków Azotowych) in Mościce, commissioned in 1929, which produced, among other things, components for explosives. As a more modern plant, it soon became a competition for the twin factory in Chorzów. In 1933, a decision of the Council of Ministers led to their merger, thus, becoming the United Nitrogen Compounds Factories (Zjednoczone Fabryki Związków Azotowych) in Mościce and Chorzów. The nitrogen concern also took over The Chemical Plant "Azot" S.A. (Fabryka Chemiczna „Azot" S.A.) in Jaworzno, which, until 1918, was owned by the Austrian state, and 89% of the capital of the District Electricity Company S.A. (Okręgowy Zakład Elektryczny S.A.) in Tarnów (Gołębiowski, 1985: 110–112).

In order to improve the economic situation of agriculture and increase of grain exports, the government set about building the appropriate infrastructure. These activities were entrusted to the enterprise the State Industrial and Grain Works (Państwowe Zakłady Przemysłowo-Zbożowe (PZP-Z) in Warsaw, established in 1930, whose work included a large grain elevator in Gdynia. PZP-Z became the largest exporter of grain from Poland and participated in market intervention actions during the economic crisis. The authorities were also involved in the construction of a rice hulling plant and Europe's largest cold store in Gdynia. In turn, the state enterprise The Cold Store and Port Depots Ltd. (Chłodnia i Składy Portowe w Gdyni sp. z o.o.) launched cold stores in Warsaw, Łódź and Vilnius (Gołębiowski, 1985: 113–115; Dz. U. 1930, No 36, item 296).

The 1919 decision on state exclusivity in the construction and use of gas pipelines (Dz. U. 1919, No 39, item 292) was important for infrastructural investments. The Jasło State Gas Pipeline Company (Przedsiębiorstwo Gazociągi Państwowe), initially, operated in the Jasło and Krosno area based on pipelines bought from private hands and then undertook the construction of new pipelines, including Jasło-Iwonicz. "Polmin", which took over the State Gas Pipelines (Gazociągi Państwowe) in connection

with the realisation of the CID, built a gas pipeline from Roztok near Jasło to Mościska near Tarnów and from Górki to Sanok, and later to Dębica, Mielec, Rzeszów, Skarżysko, Stalowa Wola, Sandomierz and Starachowice, among others, with a total length of over 300 km (Gołębiowski, 2000: 204–210; Roszkowski, 1982: 119–152).

Even during the implementation of the concept of the so-called 'safety triangle', which preceded the construction of the CID, electrification plans were made, in which the Union of Power Plants of Radom-Kielce District "Zeork" S.A. (Zjednoczenie Elektrowni Okręgu Radomsko-Kieleckiego „Zeork" S.A.), established in 1928, played a special role. Its capitals came from state-owned armaments companies: PWU, PFPiMK and the Society of Starachowice Mining Plants S.A. "Zeork" (Towarzystwo Starachowickich Zakładów Górniczych S.A. „Zeork") and the District Electrical Plant in Tarnów S.A. (Okręgowy Zakład Elektryczny w Tarnowie S.A.), which emerged in 1935 from the United Nitrogen Compounds Factories (Zjednoczone Fabryki Związków Azotowych), were instrumental in the electrification of the industry and settlements of the CID as well as the construction of a transmission line towards Warsaw (Gołębiowski, 2000: 182–190).

The state authorities, observing the failure of private capital, set about creating the naval fleet necessary, among other things, to serve the port of Gdynia, which was then under construction. In 1927, it set up the state enterprise "Żegluga Polska" (Polish Shipping), which operated cargo and passenger ships. After five years it was transformed into a joint stock company owned by the state. "Żegluga Polska" S.A. held 58% of the shares of the Polish Maritime Agency Ltd. (Polska Agencja Morska sp. z o.o.), the largest brokerage company in Poland. In 1928, the state also entered international companies with controlling capital to the Polish-British Shipbuilding Society "Pol-bryt" S.A. (Polsko-Brytyjskie Towarzystwo Okrętowe „Pol-bryt" S.A.) in Gdynia, and in 1930 to the Polish Transatlantic Shipbuilding Society S.A. in Gdynia (from 1934 – "GAL" Gdynia-America Shipping Lines S.A. [„GAL" Gdynia-Ameryka Linie Żeglugowe S.A.]). In the case of the "Pol-bryt" company, dealing, mainly, with cargo transport, the state's share in 1938 reached 91%, while that of "GAL" – specialising in passenger traffic, reached 99%. In air transport, state shares of 86% were found in the company LOT Polish Airlines Ltd. (Polskie Linie Lotnicze LOT sp. z o.o.) in Warsaw, established in 1929 (Gołębiowski, 1985: 92–99).

A separate issue was the organisation of fiscal monopolies, generally a continuation of the practice of the partitioned states and even of the

Polish Noble Republic (Grata, 2008). The fiscal nature of the monopolies meant that their liabilities to the state budget were relatively greater than those of state-owned enterprises. As early as December 1918, the General Directorate of the Tobacco Monopoly (Generalna Dyrekcja Monopolu Tytoniowego) was established, which managed the state tobacco factories taken over from the partitioners and supervised the enforcement of excise and monopoly regulations. In 1922, the State Tobacco Monopoly (Państwowy Monopol Tytoniowy – PMT) was established to cover the production, import and sale of tobacco and tobacco products. At the time of the establishment of the PMT, the output of state factories accounted for only 22% of the total production of tobacco products. The government, therefore, undertook a large-scale buyout of private factories, taking out a so-called tobacco loan in Italy in 1924. At the same time, the company Polski Monopol Tytoniowy proceeded to build tobacco factories in Kowel, Monasterzyska, Radom and Warsaw. By 1926, twenty-two state-owned tobacco, cigar and cigarette factories had been established (Gołębiowski, 1985: 62–64; Landau, 1956; Roszkowski, 1982: 211–214; Dz. U. 1922, No 47, item 409).

Spirits monopoly, which existed only in the Russian partition, was extended in 1919 to the entire area of the restored Republic. Production was left in private hands and the spirit obtained was put at the disposal of the monopoly. Political disputes led to the liquidation of the spirits monopoly in 1921 and the temporary introduction of excise duties on alcohol. The re-establishment of the Spirits Monopoly, motivated by fiscal needs, occurred in 1924 as part of Prime Minister Grabski's fiscal reforms. The State Spirits Monopoly (Państwowy Monopol Spirytusowy – PMS), initially, did not have its own production plants, which were gradually launched in: Bielsk, Brześć-upon-Bug, Lwów, Łódź, Stanisławów, Starogard, Warsaw and Vilnius (Gołębiowski, 1985: 64–65; Gieysztor, 1928: 36–37, 348; *Rocznik Polityczny…,* 1939: 826; Roszkowski, 1982: 215–218; Dz. U. 1924, No 78, item 756).

As part of Grabski's reforms, a salt monopoly was also established, which unified the various regulations on the sale of salt in the areas of the former Partitions of Poland, as well as a lottery monopoly. The salt monopoly was realised by the State enterprise Salt Monopoly (Państwowy Monopol Solny) thanks to the mines and salt works in Bochnia, Bolechów, Dolina, Drohobycz, Inowrocław, Lacko and Wieliczka, from which about 80% of the salt produced in the country came. The state enterprise Polish Lottery Monopoly (Polski Monopol Loteryjny) carried out its tasks through

a network of collectors (in 1928 – 693) (Gołębiowski, 1985: 65–67; *Rocznik Polityczny…*, 1939: 829–830; Roszkowski, 1982: 218–219; Dz. U. 1924, No 54, item 541; Dz. U. 1924, No 117, item 1043). In 1925, a match monopoly was established, which was quickly leased to the Joint Stock Company for the Operation of the State Match Monopoly in Poland (Spółka Akcyjna dla Eksploatacji Państwowego Monopolu Zapałczanego w Polsce), controlled by the Swedish industrialist Ivar Kreuger. The lease agreement, which obliged Kreuger to a substantial treasury loan (match loan), included a clause for the industrialist to buy out the private match factories, which after twenty years were to become the property of the Polish state (Gołębiowski, 1985: 67–68; Dz. U. 1925, No 83, item 561).

Some banks operating during the partitions were also in the hands of the state. As early as 11th November 1918, the Polish National Loan Bank (Polska Krajowa Kasa Pożyczkowa – PKKP) was taken over, performing the functions of an issuing bank for the lands of the Russian partition, which had been under German occupation during the First World War. In the restored Poland, PKKP was given the status of Central Bank with the right to issue Polish marks. Its financial potential was strengthened by taking over a branch of the state-owned Austro-Hungarian Bank (Bank Austro-Węgierski). The PKKP operated until the establishment of a new central bank in 1924, the Bank of Poland S.A., which was independent of the authorities. The Polish authorities also took over the banks operating in the Austrian partition: Galician National Bank (Galicyjski Bank Krajowy), Galician War Credit Facility (Galicyjski Wojenny Zakład Kredytowy) and Galician Municipal War Credit Facility (Galicyjski Miejski Wojenny Zakład Kredytowy). In the restored Poland, the banks operated under the names Polish National Bank (Polski Bank Krajowy), State Reconstruction Bank (Państwowy Bank Odbudowy) and Credit Facility of the Cities of Lesser Poland (Zakład Kredytowy Miast Małopolskich) respectively. In 1924, as part of Prime Minister Grabski's reforms, these banks were merged to form a new state credit institution, The National Economy Bank (Bank Gospodarstwa Krajowego – BGK). Another Galician bank, Central Fund of Agricultural Companies (Centralna Kasa Spółek Rolniczych) with state capital participation, remained independent in the Second Republic. The founding activity of the state in banking began in 1919 and was linked to the establishment of the Polish State Agricultural Bank (Polski Państwowy Bank Rolny) (since 1921 State Agricultural Bank [Państwowy Bank Rolny – PBR]) and the Postal Savings Bank (Pocztowa Kasa Oszczędności – PKO), and was completed by the establishment of

PKO's subsidiary, Polish National Care Fund S.A. (Bank Polska Kasa Opieki S.A. – BPKO S.A.) in Warsaw, in 1929. As a consequence of these processes, already at the beginning of the existence of the reborn Republic of Poland, state-owned banks and with a significant share of the state treasury (e.g. Bank of the Union of Commercial Enterprises [Bank Związku Spółek Zarobkowych S.A. – BZSZ S.A.]) in Poznań – 81.2% of the share capital, Silesian Bank (Bank Śląski) in Katowice – 49.6% of the share capital) gained an important position in the credit system, especially with regard to investment credit. This was strengthened in later years by, inter alia, the establishment in 1933 of The Acceptance Bank S.A. (Bank Akceptacyjny S.A.) in Warsaw, which capital, in 76%, was made up of the State Treasury, BGK and PBR (Gołębiowski, 1985: 58–62; Grabowski, 1967: 166; Kłusek, 2013: 341; Landau, 1998: 89–97; 1994: 11–100; Landau and Tomaszewski, 2002: 28–36; Roszkowski, 1982: 185–195; Morawski, 1998: 53, 151–152; Dz. U. 1924, No 46, item 477).

BGK, which was created as a result of the merger of banks, took over the shares of enterprises held by these institutions. At the same time, it obtained the right to finance strategically important enterprises through a share in their share capital. In this way, BGK played an important role in enlarging the industrial property of the state. In the 1920s, the core of the so-called BGK concern consisted of metal industry enterprises of military significance: the Association of Polish Mechanics of America S.A. (Stowarzyszenie Mechaników Polskich z Ameryki S.A.) with factories in Poręba and Pruszków, the Society of Starachowice Mining Plants S.A. (Towarzystwo Starachowickich Zakładów Górniczych S.A.) and enterprises related to the chemical industry: "Boruta" Chemical Industry in Poland S.A. („Boruta" Przemysł Chemiczny w Polsce S.A.) in Zgierz, the Joint Stock Company for the Exploitation of Potash Salts (Spółka Akcyjna Eksploatacji Soli Potasowych) in Lwów and "Grodzisk" Chemical Works S.A. („Grodzisk" Zakłady Chemiczne S.A.) in Warsaw. They were accompanied by a difficult-to-define number of business entities among which the following stood out in terms of the shares held by BGK: The Propeller, Wood and Metal Products Factory Szomanski & Co. (Fabryka Śmigieł, Wyrobów Drzewnych i Metalowych Szomański i S-ka), Joint Stock Company "Azot" (Spółka Akcyjna „Azot") in Jaworzno, Bank von Danzig, The British and Polish Trade Bank Ltd. in Gdańsk, Workers' Housing Association Ltd. (Towarzystwo Osiedli Robotniczych sp. z o.o.) in Warsaw, "Ursus" Mechanical Works S.A. (Zakłady Mechaniczne „Ursus" S.A.) and K. Scheibler and Grohman

United Industrial Plants S.A. (K. Scheibler and Grohman Zjednoczone Zakłady Przemysłowe S.A.) in Łódź (Gołębiowski, 1985: 151–160; Grabowski, 1967: 161–162, 184).

Other state-owned banks also held gestural stakes in enterprises. PBR controlled, among others, Cold Store and Port Depots in Gdynia Ltd. (Chłodnia i Składy Portowe w Gdyni sp. z o.o.) and Zyrardow Works Society (Towarzystwo Zakładów Żyrardowskich); BPKO S.A. – Polish Travel Agency „Orbis" Ltd. (Polskie Biuro Podróży „Orbis" sp. z o.o.); and BZSZ S.A. – forwarding company C. Hartwig S.A. in Poznań, Western Polish Coal Syndicate (Zachodnio-Polski Syndykat Węglowy) and Danzig Printing House A.G. (Drukarnnia Gdańska A.G.) (Gołębiowski, 1985: 160–164; Landau, 1998: 164–179; Landau and Tomaszewski, 2002: 49).

The expansion of the state sector, which had been taken over from the partitioners, led to a significant increase in its share in the economy of interwar Poland. As stated above, at the beginning of the new statehood, it amounted to 10.3%, while in 1938 it was 20.2% of the total value of national assets. Before the outbreak of the second world war, the share of state-owned entities in economic turnover and industrial production was 20%, and in some areas of the economy it was quite dominant. Statistical data from 1935–1936 document that enterprises in which state participation was a minimum of 75% produced 100% of automobiles, aeroplanes, potassium salts, spirits and tobacco and air, postal and telegraph services, 95% of chemical dyes, 93% of railway services, 84% of salt and telecommunications products and 73% of telephone services (Gołębiowski, 1985: 278–282). State forestry and modern horse breeding played a significant role in the economy.

3. ORGANISATION, MANAGEMENT AND ECONOMIC PERFORMANCE OF STATE-OWNED ENTERPRISES

The first forms of management of state-owned enterprises were formed in connection with the introduction of compulsory management. Based on the aforementioned decrees of the Head of State of November and December 1918, The Ministry of Agriculture and State Property, the Ministry of Industry and Trade, the Ministry of the Interior and the Ministry of the Treasury appointed state administrators. It was the responsibility of the administrators to manage the enterprise and to perform legal actions and to transfer the income received to a special state

account (Journal of Laws 1918 no. 21 item 67). The management system had an eminently bureaucratic character, corresponding to the nature of compulsory management.

Similarly, enterprises taken over from the partitioned states were linked directly to the central budget on principles similar to those of administrative departments (Łagiewski, 1934: 60). For example, heavy industry plants were administered by the Main Directorate of State Mining and Smelting Plants (Główna Dyrekcja Państwowych Zakładów Górniczych i Hutniczych) operating under the Ministry of Industry and Trade. Administration was at odds with enterprise characteristics such as autonomy in business decision-making, flexibility and creativity. The bureaucratised state-owned enterprises were losing in market confrontation and were sinking into scarcity. Consequently, in the mid-decade of the 1920s, there were calls for the commercialisation of state-owned enterprises, which took place in a number of European countries. Commercialisation meant separating state-owned enterprises from the framework of state administration, making them independent and streamlined through the implementation of structures and procedures similar to those functioning in private enterprises, especially in joint-stock companies and companies with limited liability (Gieysztor, 1928: 546).

The process of systemic change was inaugurated by the provisions of the Act on the Repair of the State Treasury and Monetary Reform of 1924. As mentioned, the intention was then to carry out extensive privatisation of the nationalised sector, but also to streamline the enterprises concentrated in it. In both cases, the aim was to raise funds to stabilise state finances. The law made it possible to establish statutes for state financial institutions and enterprises and, consequently, to grant them legal entity. On the basis of the statutes, it was possible to reorganise the activities of the state entities in order to achieve savings and to make them independent in the disposal of financial surpluses. Few enterprises took advantage of this limited self-governance (e.g. the State Nitrogen Compounds Factory (Państwowa Fabryka Związków Azotowych) in Chorzów), and some attempts to streamline the operations of state entities failed (e.g. in the case of the State Forest Enterprise [Lasy Państwowe]) (Gołębiowski, 1985: 236).

The issue of commercialisation took real shape after the reform took power, with the issuance of the Decree of the President of the Republic of 17th March 1927 on the separation of state, industrial, commercial and mining enterprises from state administration and their commercialisation

(Dz. U. 1927, No 25, item 195). Its first article emphasised the "self-contained legal personality" of state enterprises and stated that "These enterprises will be managed according to the principles of commercial economy". According to the Ordinance, a commercialised enterprise received immovable property for use, while movable property became its property. It covered all expenses from earned income, loans and treasury grants and loans. At least 50% of the pure balance sheet profit was transferred to the treasury. The authorities of a commercialised state enterprise were the Administrative Council, the Directorate and the Audit Committee. The Administrative Council, fulfilling the role of the General Meeting of Shareholders of a private company, consisted of members appointed by the competent ministers. The Directorate, analogous to the Board of Directors of a private company, was appointed by the competent minister on the proposal of the Administrative Council. An Audit Committee was appointed by the competent minister in consultation with the Minister of Treasury to carry out annual audits of the accounts and assets of the company. In its character it was similar to the audit commission or supervisory board of a private company (Dz. U. 1928, No 39, item 383). The cited Decree of the President of the Republic had an important provision: "The employees of the enterprise are not public servants and are remunerated according to the services rendered in the manner, adopted in private enterprises".

The provisions of the Presidential Decree in question allowed budget entities to be transformed into independent and self-governing enterprises, guided in their activities by commercial principles. Although they could count on formalised financial assistance from the authorities, they had to strive to make profit first and foremost. Commercialised state-owned enterprises resembled private entities in many respects, but their activities were subject to political influence, transmitted through specific organisational structures and the selection of management personnel. Participation in supervisory boards and audit committees was a real sinecure for politicians and state officials, with salaries reaching several thousand zlotys per month in the largest enterprises (Ivánka, 1964: 132).

From the 1930s onwards, the group of state-owned commercialised enterprises included defence industry companies: State Armaments Factory (Państwowa Wytwórnia Uzbrojenia), State Powder and Crushing Materials Company (Państwowa Wytwórnia Prochu i Materiałów Kruszących), State Engineering Works (Państwowe Zakłady Inżynierii), State Aviation Establishments (Państwowe Zakłady Lotnicze) and National Uniform

Works (Państwowe Zakłady Umundurowania), forming a concern of armaments; chemical enterprises: "Polmin" State Factory of Mineral Oils S.A.(„Polmin" Państwowa Fabryka Olejów Mineralnych S.A.), United Nitrogen Compound Works (Zjednoczone Fabryki Związków Azotowych) in Mościce and Chorzów and "Brzeszcze" National Coal Mine („Brzeszcze" Państwowa Kopalnia Węgla), State Tele- and Radio Technical Works (Państwowe Zakłady Tele- i Radiotechniczne), State Industrial and Grain Works (Państwowe Zakłady Przemysłowo-Zbożowe), Polish State Railways (Polskie Koleje Państwowe), Polish Postal Service, Telegraph and Telephone (Polska Poczta, Telegraf i Telefon), State Water Works (Państwowe Zakłady Wodociągowe) in Upper Silesia and Polish Telegraphic Agency (Polska Agencja Telegraficzna). Four monopolies were also commercialised: the Polish Tobacco Monopoly (Polski Monopol Tytoniowy), the Polish Salt Monopoly (Polski Monopol Solny), the State Spirits Monopoly (Państwowy Monopol Spirytusowy) and the Polish Lottery Monopoly (Polski Monopol Loteryjny) Not commercialised, but separated from the state administration was a group of institutions performing important socio-political as well as economic functions. These included: General Directorate of the State Forests, state spas (Busko, Burkut, Ciechocinek, Druskienniki, Krynica, Szkło), State Road Material Works (Państwowe Wytwórnie Materiałów Drogowych), State Meat Processing Plants (Państwowe Przetwórnie Mięsne) in Chodorów and Dębica, State Mint (Mennica Państwowa), State Publishing House of School Books (Państwowe Wydawnictwo Książek Szkolnych), "State Administration and Police Gazette" („Gazeta Administracji i Policji Państwowej"), State Pension Institution (Państwowy Zakład Emerytalny), State Hygiene Institution (Państwowy Zakład Higieny) and state hospitals (Gołębiowski, 1985: 241–245; *Rocznik Polityczny…*, 1939: 1130–1133).

Some state enterprises participated in cartels, which were common in the interwar period. Thus "Polmin" State Factory of Mineral Oils S.A. („Polmin" Państwowa Fabryka Olejów Mineralnych S.A.) joined the Syndicate of the Oil Industry (Syndykat Przemysłu Naftowego) in Lwów, "Brzeszcze" National Coal Mine („Brzeszcze" Państwowa Kopalnia Węgla) and "Skarboferm" Polish Treasury Mines in Upper Silesia („Skarboferm" Polskie Kopalnie Skarbowe na Górnym Śląsku S.A.) joined the Polish Coal Convention (Polska Konwencja Węglowa), and Society of Starachowice Mining Plants S.A. (Towarzystwo Starachowickich Zakładów Górniczych S.A.) joined the Syndicate of Polish Ironworks (Syndykat Polskich Hut Żelaznych). As Gołębiowski wrote: "The participation of state-owned

enterprises in cartel agreements provided the government with more effective supervision over the activities of monopolistic associations" (Gołębiowski, 1985: 263).

In general, state-owned enterprises enjoyed economic privileges from the authorities. For economic or social reasons, they were granted collective or individual exemptions from part of the state and local government benefits. Collective exemption from stamp duties was granted to non-commercialised state enterprises treated as administrative departments. Commercialised enterprises were exempted from taxes on real estate and building plots. Individual exemptions, concerning benefits for the state treasury, were extended to enterprises of strategic importance such as Polish State Railways (Polskie Koleje Państwowe) and the enterprise Polish Post, Telegraph and Telephone (Polska Poczta, Telegraf i Telefon). For social reasons, the State Waterworks (Państwowe Zakłady Wodociągów) in Upper Silesia was completely exempted from tax benefits for the state and local governments. The shipowner company "Polish Shipping S.A." („Żegluga Polska" S.A.), was exempted from all state taxes and charges for a period of 15 years. State-owned banks benefited from various exemptions: Acceptance Bank S.A. (Bank Akceptacyjny S.A.), The National Economy Bank (Bank Gospodarstwa Krajowego), State Agricultural Bank (Państwowy Bank Rolny) and Postal Savings Bank (Pocztowa Kasa Oszczędności) (Gołębiowski, 1985: 300–301; Leszczyński, 2013: 309–310; Dz. U. 1924, No 55, item 545; Dz. U. 1930, No 89, item 705; Dz. U. 1932, No 32, item 339; Dz. U. 1932, No 105, item 879; Dz. U. 1932, No 117, item 966; Dz. U. 1933, No 21, item 143; Dz. U. 1934, No 109, item 973; Dz. U. 1936, No 59, item 438).

Help for enterprises was provided by convenient loans granted by state banks, as well as budget subsidies and grants. These benefited armaments plants, the United Nitrogen Compounds Factories (Zjednoczone Fabryki Związków Azotowych) in Mościce and Chorzów, the State Tele- and Radio Technical Works (Państwowe Zakłady Tele- i Radiotechniczne), PLL LOT and "Żegluga Polska" S.A. Indirect forms of aid included state procurement, which played a special role during the economic crisis. They facilitated sales in the conditions of overproduction common in the years of crisis and obtaining favourable prices, often higher than market prices. Companies in the nationalised sector also benefited from the possibility of setting profitable prices in intra-sectoral transactions. This was the case in relations between the state-owned forests and the PKP in the case of railway sleepers, or the State Salinas

(Saliny Państwowe) and the Brzeszcze mine supplying them with coal (Gołębiowski, 1985: 301–395).

The financial performance of state-owned enterprises can be assessed from the point of view of their impact on the state budget. In the years 1924–1939, state subsidies to state-owned enterprises amounted to PLN 289.7 million, mainly to the armaments concern and public utilities. On the other hand, the systematic (except for 1924) payments of the state sector to the budget amounted to PLN 1,360.1 million, which gave a total surplus of PLN 1,070.4 million. In relation to the total budget receipts, this was quite low, amounting to only 4%. A much greater role was played by monopoly payments, which, just in the 1937/1938 financial year amounted to 664 million zlotys and accounted for 28% of total budget revenues (Gołębiowski, 1985: 306; *Political and Economic…*, 1939: 940).

The contributions of state-owned enterprises were systematically dominated by three enterprises: State Forests, PPTiT and PKP. In the 1938/1939 financial year, their payments amounted to 82,185 million zlotys, while the total payments of state enterprises amounted to 89,229 million zlotys. Thus, the remaining state enterprises accounted for only 7 million zlotys of contributions, which drastically deviated from the capital involved (Gołębiowski, 1985: 310; *Political and Economic…*, 1939: 824). It is worth noting, however, that a significant part of the funds remained in the enterprises and enabled numerous development and modernisation investments especially in the armaments industry. At the same time, many enterprises, due to their nature (e.g. hospitals), could not be providers of budget funds.

In addition to analysing the relationship with the budget, many economists attempted to determine the profitability of state-owned enterprises. Jan Komarnicki estimated that in the years 1928/1929–1930/1931 the profitability of commercialised enterprises was 9%. In calculating profitability, he took into account the growth of the enterprises' assets minus state subsidies and loans. A similar methodology was used by Wacław Fabierkiewicz, who additionally separated groups and individual enterprises. He calculated the profitability of commercialised enterprises at 5.9%, with armaments enterprises achieving only 2.7% and the others 10.7%. Fabierkiewicz calculated the profitability of state non-commercialised enterprises at 4%. Kazimierz Sokołowski used a profit rate index calculated as the ratio of pure profit to the value of the enterprise's turnover. His calculations indicated that the rate of profit in non-military commercialised enterprises averaged 8% in the

1932/1933 business year, while in non-commercialised enterprises it was 10% (Gołębiowski, 1985: 311–312).

Table 1. Profitability of selected companies with state capital from 75% to 100% in the financial year 1937 or 1937/1938 (in %)

Company name	Return on capital (in %)
Wspólnota Interesów Górniczo-Hutniczych S.A.	3,1
„Azot" S.A.	11,9
„Boruta" Przemysł Chemiczny w Polsce S.A.	30,7
„Grodzisk" Zakłady Chemiczne S.A.	29,8
Towarzystwo Eksploatacji Soli Potasowych S.A.	2,2
Okręgowy Zakład Elektryczny w Tarnowie S.A.	2,8
Zjednoczenie Elektrowni Okręgu Radom-Kielce S.A.	0,3
„Żegluga Polska" S.A.	29,0
Polsko-Brytyjskie Towarzystwo Okrętowe S.A.	8,8
Bank Akceptacyjny S.A.	3,4
Bank Związku Spółek Zarobkowych S.A.	2,0
Bank Polska Kasa Opieki S.A.	18,5

Source: Gołębiowski, 1985: 313–314.

The profitability of individual enterprises varied strongly (see Table 1). In 1937, it reached 30% in chemical enterprises and "Polish Shipping S.A." („Żegluga Polska" S.A.); 18% – in Polish National Care Fund (Bank Polska Kasa Opieki S.A.); 9% – in Polish-British Shipbuilding Company S.A. (Polsko-Brytyjskie Towarzystwo Okrętowe S.A.); 3% – in Community of Mining and Metallurgical Interest S.A. (Wspólnota Interesów Górniczo-Hutniczych S.A.) and a mere 0.3% in Union of Radom-Kielce District Power Plants S.A. (Zjednoczenie Elektrowni Okręgu Radom-Kielce S.A.). For the sake of comparison, it is worth adding that in 1937 in all joint-stock companies, comprising private and state enterprises, profitability was lower, in the case of the chemical industry it amounted to 9.1%, and

in the case of the mining and metallurgical industry to 1.9% (Gołębiowski, 1985: 313–314; Landau and Tomaszewski, 1989: 96).

According to these incomplete data, during the difficult period of the crisis and the slow recovery from it, the efficiency of the state sector often turned out to be higher than that recorded in the private sector. As Gołębiowski wrote "…the state in many cases proved to be a better entrepreneur than private owners" (Gołębiowski, 1985: 315). A different position, unsupported by analysis, but citing the aforementioned opponent of statism Bernadzikiewicz, was represented by Adam Leszczyński. In his opinion, "The state as a host was incompetent, inefficient and inclined to distribute political synecrasies" (Leszczyński, 2013: 309). Notwithstanding these contradictory opinions, it should be noted that the role of the state sector went beyond that of a narrowly defined business, and within the framework of the mission entrusted to it, it performed important macroeconomic and social functions. Particularly in the last years of the Second Republic, it contributed significantly to overall economic growth and the strengthening of the military potential of the threatened state. He alleviated the scourge of unemployment and created conditions leading to the solution of difficult housing problems. A particular example of such activities was the construction of the Southern Works and the accompanying town of Stalowa Wola (Kuliś, 2000: 173–177).

Today, the pro-growth and pro-social role of state entrepreneurship is appreciated by proponents of the new structural economics and the concept of the entrepreneurial state (Ratajczak, 2017: 18–20). In contrast, liberal economists are very critical of the state sector that exists in many countries. They point to statism as an expression of "pushing the state into its sphere of incompetence" and "extending the reach of nepotism". They believe that "…the best way to streamline the large public sector is privatisation" (Balcerowicz, 2017: 174–177). Liberals treat private business as, in principle, more efficient than state enterprise. They often abstract from specific events in economic history in which the nationalised sector demonstrated its economic and systemic usefulness in a market economy. This was the case in the Second Republic, both at the dawn of independence, during the period of strengthening statehood in the 1920s, and during the recovery from the economic crisis, industrialisation, raising military power and modernisation of the country in the 1930s.

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