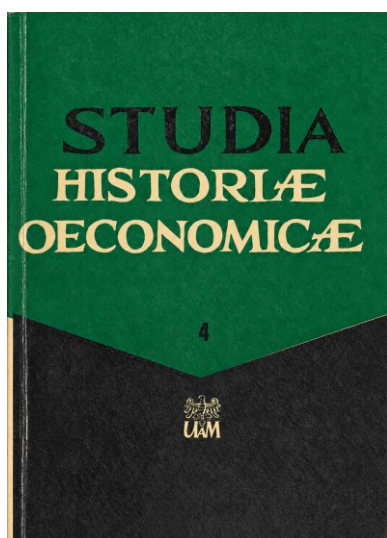




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THE ROLE OF EASTERN MARKETS IN THE DEVELOPMENT OF POLISH INDUSTRY IN THE LIGHT OF THE BALANCE OF TRADE ESTIMATE OF NINETEENTH CENTURY POLAND

My discussion of the role of Eastern markets in the development of the industry of the Kingdom of Poland in the nineteenth and at the beginning of the twentieth centuries is based upon an estimate of the balances of trade of the Kingdom arrived at by me in my book entitled *The Foreign Trade of the Kingdom of Poland*, Warsaw 1967.

I shall start this discussion from a presentation of the dynamics of trade turnovers per capita in Poland.

Turnovers of the Polish foreign trade per capita in U.S. dollars in current prices¹

1820	2.8	1880	25.1	1938	14.0
1830	2.7	1890	41.6	1950	52.0
1840	3.2	1900	67.5	1955	68.0
1850	2.6	1910	81.6	1960	95.0
1864	7.6	1922	10.6	1965	145.0
1870	17.1	1930	16.5		

Of course, the cognitive value of the above presented figures is limited. During those 150 years the following elements changed the territory of Poland, the socio-economic structure, the state relations and the values of the monetary units in which the dynamics of growth were expressed. However, with all the due scepticism of approach we know that an acceptance of a more or less comparable index for a duration of time comprising such a long secular trend allows us to grasp not so much the dynamics of growth but moments of formation of new economic structures and relations.

Taking into consideration the whole of the historical period which is comprised in the above presented figures, we can note two periods of

¹ My own estimate. Basic data are from: A. Jezierski, *Handel zagraniczny Królestwa Polskiego 1815 - 1914 (The Foreign Trade of the Kingdom of Poland 1815 - 1914)*, Warszawa 1967, p. 192, for the years 1820 - 1910; *Mały Rocznik Statystyczny 1939 (The Concise Statistical Annual 1939)*, Warszawa 1939, for the years 1922 - 1938; *Rocznik Statystyczny (Statistical Annual)*, Warszawa 1968. I made the conversion into dollars according to the official rate of exchange for a given year. When dealing with the 1950 - 1965 period I converted the currency zlotys (złote dewizowe) into U.S. dollars.

stagnation (1820 - 1850 and 1922 - 1938) and two periods of growth (1850 - 1910 and 1950 - 1965).

The two periods of trade growth fell on the years of industrialization, the first one on capitalist and the second on socialist industrialization. A question arises: did the industrialization process play a part of a stimulus in foreign trade? Was the growth of turnovers in the periods of industrialization caused by factors of dynamic development of economic relations with Russia and the U.S.S.R. respectively? Or was it both ways? Here is a presentation of the share of trade turnovers of Poland with Russia and the U.S.S.R. in the over-all turnovers of Poland ².

Year	Percentage	Year	Percentage
1820	17.2	1900	77.0
1830	36.7	1910	67.0
1840	18.3	1928	1.3
1850	25.0	1938	0.4
1864	42.0	1950	26.6
1870	40.0	1955	32.0
1880	30.0	1960	30.3
1890	69.0	1965	33.0

The geographic structure of trade turnovers is very helpful in the analysis of a variety of economic development relations on condition that we know the over-all value the structure of which we analyse. It has a different significance if we consider e.g. 20% of exports to some country comprising 100 thousand dollars or 20% when it comprises 1 milliard dollars.

The volume of trade turnovers is an index for a longer sequence of years and it actually throws some light upon the foreign trade potential.

Figures for Poland's trade turnovers with Russia and the U.S.S.R. in millions of U.S. dollars ³

Year	Turnovers	Import	Export	Balance
1820	1.7	1.7	0.0	- 1.7
1850	3.2	2.3	0.9	- 1.4
1880	61.0	22.0	39.0	+ 17.0
1910	677.0	248.0	429.0	+181.0
1930	19.2	5.0	14.2	+ 9.2
1950	346.0	192.0	154.0	- 38.0
1965	1510.0	729.0	781.0	+ 52.0

The economic history of Poland in the last 150 years can be divided in the following way from the point of view of industrial production:

1st period: 1815 - 1850 the age of manufacture,

2nd period: 1850 - 1880 the age of industrial revolution,

3d period: 1880 - 1913 further development of factory industry

² My own estimate. Basic data as above.

³ My own estimate. Basic data as above.

4th period: 1918 - 1938 branch structure changes — stagnation of over-all output,

5th period: 1950 - 1965 socialist industrialization.

In the first and second periods the average share of trade with Russia in the over-all trade turnovers comprises c. 30%.

In the third period the average share of trade with Russia was c. 70%.

In the fourth period as little as c. 1% and in the period of socialist industrialization again c. 30%.

From a historical perspective we may judge that both the third and the fourth periods break clearly away from the proper economic relations of Poland with her eastern neighbour.

When we analyse the third and the fourth periods only we might come to a conclusion, a theory having many advocates since Rosa Luxemburg, that the economic and particularly the industrial development of Poland is closely bound to the opportunities of the export of manufactured goods to the east. The dynamics of the Polish industry in the 1880 - 1913 period and the industrial stagnation between the wars cause such an observation to arise at first glance.

The logical consequence of it is a thesis that the development of Poland depended solely upon the political relations between the two countries. In a short form it would sound like this: when Poland was a part of the Russian empire it was helpful to her economic development, when Poland regained independence, her economic development was violently hampered.

In order to be able to answer these questions in a relevant way one must first say whether in the 1850 - 1880 period the economic development of Poland was slower or faster than in the 1880 - 1913 period.

The value of the industrial output of the Kingdom of Poland grew from 11.3 million roubles in 1850 to 171.4 million roubles in 1880. During that period there was a nearly threefold growth of agricultural production and the trade turnovers were bigger by nearly fifteen times.

In 1910 industrial production comprised 860 million roubles i.e. was five times bigger from that of 1880 and the agricultural production approximately doubled. During the same period foreign trade was five times and trade with Russia eleven times bigger. So the tempo of the development was slower than that of the preceding period⁴.

The conclusion we can draw from the above discussion is that the economic development of the Kingdom of Poland began nearly 30 years before the expansion into Russian markets and that those markets could not be the main catalyst of economic growth.

From the detailed study of the age of industrial revolution one must

⁴ Methods of estimating from A. Jezierski, *op. cit.*, p. 98 ff. and 152 ff.

conclude that the factor of growth in the 1850 - 1880 period was above all the development of the home market. Thus our main task will be to answer the basic question: what influenced the increase of the expansion of Polish industry in the east after 1880 and what was the significance of the eastern markets for the economic development of Poland.

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The technological revolution started in the Kingdom of Poland earlier than in the Russian Empire. The export boom in the Kingdom of Poland in the eighties and nineties of the XIXth century was above all the result of this fact. As a result of the boom in the eastern markets the branch structure of industry in the Kingdom of Poland developed on the lines of a kind of adaptation to those markets. The action of the law of unequal economic development from which Polish economy reaped considerable profits turned at the beginning of the twentieth century against the export branches of the Warsaw, Lodz and Sosnowiec industries.

The customs' reform of 1817 began a new period of protectionist policies of the Russian Empire, which, it seems, was of great significance not only for the foreign trade of the Kingdom of Poland, but also for its trade with the Empire and for its general economic development.

Although the decision to make customs payable in gold since 1877 was undoubtedly caused by the fiscal and gold reserve needs of the state, its consequences boiled down to a departure from the liberal economic policies. Customs protectionism, deepening in subsequent years, reached its apex during the tariff war with Germany in 1893.

In 1893 in the land frontiers the tariff for cotton was raised to 175 kopeck and on the sea frontier to 160 kopeck for a pood. After subsequent tariff rises in 1894 and 1903 the customs payment for a pood of cotton reached 4 roubles⁵. The high cost of the raw material made the competition of the industry in the Kingdom of Poland in world market impossible and also influenced the rise of prices in the home market.

Protectionism facilitated the accumulation of industrial capital at the expense of the population who paid for the products much higher prices than in western countries, thus making the profits of the industrialists extravagant. Thus a workman or daily worker in a town or city could buy the manufactured goods, because he saved owing to the low prices of food and the peasant of the Kingdom of Poland whose products were sold at low prices (the agrarian crisis of the eighties, the tariff war with Germany) used manufactured goods on a minimum scale, because their prices were in a disproportion to the incomes of agriculture. This fact additionally weakened the rural markets for manufactured goods, which

⁵ A. Jezierski, op. cit., p. 142.

in conditions of a majority of the population living in Poland from agriculture could not fail to influence adversely the development of the home market.

According to my estimate the value of the exports of the Kingdom of Poland to the Empire in 1910 was 513 million roubles.

The share of the particular branches of the industry of the Kingdom of Poland in the exports was as follows⁶:

food-stuffs	16.7	million roubles
mineral	4.7	„ „
animal products	43.5	„ „
timber	9.1	„ „
iron	59.8	„ „
metal	6.9	„ „
textile	348.9	„ „
paper	6.8	„ „
chemical	6.3	„ „

As this table shows the textile industry played the most important part in the exports of the Kingdom of Poland to the Russian Empire. It is to the dynamics of that export that we are going to devote most of our attention.

The literature of the subject is very rich indeed. There is no room in this article to discuss it. The problem of the so called "eastern markets" was the subject of interest both of the researchers of those times and of those of today. There were many polemics around it then and now. The issue is important, because it throws significant light upon the origin of Polish industry and that is why it was the subject of interest to nearly all researchers who were dealing with the origin of capitalism in Poland.

Our discussion of the problem will be best started by the presentation of data illustrating the export of textiles to the Russian Empire and the import of textiles from the Empire.

Our estimate is based upon the data of railway transport where values given in waggon units are converted into monetary values with the application of unchanging prices.

When estimating the dynamics of the above presented figures one can note at once the remarkable upward swing of Polish export in the 1879 - 1886. The expansion of both Russian and Polish production took place at that time in conditions of ruthless competition. In a colloquial and at the same time inexact way it was called then "the Moscow-Lodz war". I am going to discuss it briefly.

⁶ H. Tennenbaum, *Bilans handlowy Królestwa Polskiego (The Trade Balance of the Kingdom of Poland)*, Warszawa 1916, pp. 392 - 394.

About 1880 the demand for textiles in the home market was stabilized within c. 30 million roubles a year. The capitalist changes of the Russian market because of the protectionist tariff policies opened enormous chances to the industry of the Kingdom of Poland, particularly for the textile

The textile turnovers between the Kingdom of Poland and the Russian Empire in the years 1879—1911⁷ (in millions of roubles)

Years	Export to the Russian Empire	Import from the Russian Empire
1879	14.6	5.3
1880	19.5	3.9
1881	37.7	-
1884	55.2	3.4
1885	56.8	2.7
1886	82.9	6.0
1891	103.9	11.0
1893	138.7	35.3
1894	161.9	39.0
1895	132.8	38.0
1899	198.3	55.9
1900	226.3	51.1
1901	221.8	50.1
1905	196.6	44.1
1909	255.1	69.4
1910	284.8	70.1
1911	299.6	71.6

industry. As a result of the exhaustion of home market outlets the textile industry of the Kingdom of Poland started a dynamic expansion into the markets of the Russian Empire.

In the period of prosperity, i.e. the years 1882 and 1883 this expansion was not yet felt by Russian industry. As soon, however, as a crisis combined with bad harvest broke out, prices of textiles began to fall. Bad harvest in an agricultural country causes a fall of demand for manufactured goods.

The deterioration of the economic conjuncture in Russia in 1885 caused a reaction of the Russian industrialists. S. Sharapoff, a prominent figure of the Moscow stock exchange, had two lectures in Moscow and Ivanovo on the subject "Why Lodz and Sosnowiec conquered Moscow?". As Rosa Luksemburg wrote, "Sharapoff started at once a great alarum, exaggerating the whole campaign of the Moscow calico against Lodz fusion to the dimensions of a historical duel between the Slavonic and

⁷ A. Jezierski, op. cit., p. 173.

Teutonic races" ⁸. Sharapoff's speech was really tendencious enough. "Who are the representatives of that dangerous industrial power oppressing us in such a brutal way? How large is the Polish element in it?... Until recent time the Poles, those poor visionaries and phrasemongers, sided with the German industrialists only because they opposed Russia and inflicted losses upon her; the Germans promoted their subtle and wise policies... They marched from the very start under the Polish banner calling themselves Poles of German origin... They gave money for the Polish newspapers which they never read. They did everything to foster hate between the Russians and the Poles" ⁹.

When describing the development of the Sosnowiec industrial basin Sharapoff compared it to the development of the U.S.A. When he pointed out the facility of the development of that industrial region he mentioned the following factors helping this development:

- the geographic situation and natural resources,
- weak customs protection in Sosnowiec and huge smuggle which was immediately used as raw material by the factories,
- civil and commercial laws of a "European" character (The Napoleonic code from the times of the Duchy of Warsaw) favourable to industrialists,
- low production costs.

It seems that Rosa Luksemburg who underestimated the "struggle between calico and fustian" and the "patriotic" arguments of Sharapoff's speeches did not recognize one important factor, i.e. that the Russian bourgeoisie was fed up with German economic expansion in its own territory. The rising Russian nationalism with an anti-German tendency was the weapon in that struggle, like the yearnings for French capital which favoured new political alliances. The beginning of the Franco-Russian alliance with a clear anti-German tendency is not connected with the fact that Bismarck had to go. His departure can be treated as a result of the failure of his Russian policies. The tariff war with Germany was the end of rivalry in the economic field in Russia and not its beginning.

When estimating relations with Germany at the end of 1885 Sharapoff said: "Но цена этой дружбы ужастна" ¹⁰.

At the beginning of 1886 the industrialists of Moscow activated their lobby in St. Petersburg towards government intervention in their competition struggle with Lodz and Sosnowiec. An official delegation of Moscow industrialists asked in a most humble way for the introduction of

⁸ R. Luksemburg, *Rozwój przemysłu w Polsce (The Development of Industry in Poland)*, Warszawa 1957, p. 57.

⁹ S. Sharapoff, *Sochineniya*, t. I (*Works*, vol. I), St. Petersburg 1892, pp. 70 - 94.

¹⁰ *Ibid.*

a customs' frontier between the Russian Empire and the Kingdom of Poland. This was of course their maximum programme and negotiating field.

The authorities of the Ministry of Finance busied themselves with that problem comparatively soon. This was the opinion of the specialists: in the seventies there was a rapid development of the textile industry, production increased five times and at the beginning of the eighties this was followed by the calamity of bad harvests, supply grew faster than demand and as a result the market got "stuck" ¹¹.

In such a situation it was necessary to examine the situation in order to aid somehow the Moscow industrialists. A tariff barrier was impossible for political reasons. After an agreement with the general-governor in Warsaw and co-ordination with the Ministry of the Interior and State Ownership, the Department of Trade and Manufactures of the Ministry of Finance sent a commission with the following members: The Ministry of the Interior, Pisarev, The Ministry of the State Estates, Jossa and professors: Ilin, Yandhul and Lange ¹².

The results of the work of that commission are well known: the industry of the Kingdom of Poland was burdened with a 15 kopeck duty for each pood of imported raw cotton.

The "lobby" of the Lodz industrialists was also active in St. Petersburg. The struggle of the market competition moved to the competent offices in St. Petersburg. In 1888 a new commission under Beher was formed and in 1890 under Lazarev and still another in 1891 under Belov. All that was not very significant for the expansion of Polish industry into Russian markets, but it was of some importance for the expansion of Russian industry into Polish markets.

At the end of the nineteenth century the industrial revolution in Russia was completed. The privileged position of the Kingdom of Poland, where the technical revolution took place earlier, was lost. The beginnings of the epoch of imperialism are concomitant with a clear slow-down of export to the East.

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The products of the iron industry were second on the eastern export list. These were the figures of its value (in millions of roubles) ¹³:

1885 -- 14.1	1905 -- 51.6
1890 -- 17.1	1909 -- 31.2
1895 -- 46.0	1910 -- 39.2
1900 -- 27.0	1911 -- 51.1
	1912 -- 60.2

¹¹ A. Jezierski, *op. cit.*, p. 175.

¹² *Ibid.*

¹³ *Ibid.*, p. 179.

It is easy to note the rather significant downward and upward swinging in the value of the iron product exports, particularly in the years 1909 - 1912. This is understandable, because iron industry is exceptionally sensitive to all the changes in the economic conjuncture in the railways, in industry or in general investments.

The greatest upward swing in exports of iron products took place in the years 1885 - 1895. In 1895 the share of the export of iron products in the total exports was as high as 17% and in 1910 only 7.5%. This was caused, as it seems, both by a fast development of iron industry in Russia and by new rivalry in the Russian market. Until that time iron products were imported mainly from Germany and Great Britain. At the close of the nineteenth century American industry invaded Russian market.

Owing to tariff protection Polish industry had been able to compete successfully with German and British industries in the Russian market. The industry of the Kingdom of Poland was unable to compete successfully with American industry whose costs of production are lower by more than twenty per cent from those of European industries owing to high productivity. The iron production of the Kingdom of Poland was rising owing to the opportunities of the Russian market till about 1901.

Since 1890 the share of iron products of the Kingdom of Poland was continually decreasing. The "export bonus", resulting from a somewhat earlier industrial revolution, ceased to operate at the end of the nineteenth century. It was only in the last years preceding the Great War that the Kingdom of Poland entered a new investment stage which caused an increase of foundry goods and machine production.

The exports of the Kingdom of Poland to the Russian Empire comprised above all manufactured goods. The imports of the Kingdom of Poland from the Russian Empire were different.

That import comprised in 1910 ¹⁴	294	million roubles
I — agricultural products	— 40.6	„ „
II — industrial raw materials	— 72.1	„ „
III — manufactured goods	— 181.3	„ „

Together 294.0 million roubles

The import of textiles was most important, as it was already pointed out above. Apart from that, products of iron industry and of food-stuffs industry were imported. The import of cotton was most important among the raw materials. Also the imports of petroleum, wool, hides and iron ore were very important. Cattle and grain were the important agricultural imports.

As may be seen the import of grains rapidly rose in the 1894 - 1897

¹⁴ Ibid., p. 183.

Import of grain and cattle from the Russian Empire in the years 1880 - 1913 (in millions of roubles) ¹⁵

Year	Grain	Cattle
1880	2.7	—
1890	4.2	2.4
1894	5.4	4.3
1895	12.2	5.0
1896	14.6	5.2
1897	17.3	5.8
1899	—	9.5
1900	12.4	10.1
1901	—	7.9
1903	15.3	—
1905	12.6	7.7
1907	6.9	—
1908	6.6	14.1
1909	11.2	13.1
1910	13.3	15.9
1911	—	14.0
1913	13.7	18.8

period and then was stabilized on the level of 6 - 15 million a year, in accordance with the changes from year to year which are normally rather big in the growing of grain. The import of cattle rose at approximately the same time. The market of the Kingdom of Poland was of some importance for Russia. This was so particularly with the exports of rye and wheat flour. This may be concluded from the below presented figures representing the relation between Russia's exports abroad and those to the Kingdom of Poland. The exports to foreign countries (abroad) is represented by the figure 100 ¹⁶.

	1903		1908		1913	
	grain	flour	grain	flour	grain	flour
wheat	0.9	198.2	0.3	248.4	1.4	104.5
rye	8.3	39.8	11.3	14.8	7.7	5.5

In the 1908 - 1913 the importance of the Kingdom of Poland market decreased. This was caused by a considerable increase of bread grains production in the Kingdom of Poland itself.

In the years 1905 - 1907 the average year's production was 2.4 million tons of grains

In the years 1908 - 1910 the average year's production was 2.7 million tons of grains

¹⁵ Ibid.

¹⁶ Ibid., p. 184.

In the years 1911 - 1913 the average year's production was 3.1 million tons of grains

Since 1909 the increase of production covered the increase of consumption and was stabilized at a figure of 220 thousand tons.

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Let us try now to sum up our discussion and answer the questions asked at the beginning of this article.

In the middle of the century two important factors hampering the economic development of Poland till that time underwent a transformation. The first one was a gradual change towards a system of rents and capitalization of the manors, which influenced the growth of a commodity economy in agriculture and a growth of the home market.

The other factor was the unilateral liberalization of trade by Britain. The latter caused a favourable change in the ratios of prices for Poland, increased the effectiveness of foreign trade, fostered agricultural investment and made accumulation in agriculture possible, which was the basic branch of national economy contributing to the national income.

The development of the home market put the stimuli of a technical revolution into operation. A moderate policy of tariff protection facilitated the development of the home industry, a consumer industry, without at the same time hampering the imports of capital goods. The process of the industrial revolution began which was followed by a rather remarkable development of agriculture and livestock breeding.

The evictions in the villages and then the abolition of serfdom increased the number of landless population, which in conditions of a still small demand for manpower lowered the price of labour. Low costs of labour, by increasing profits encouraged investment in industry and mining. The export of agricultural raw materials and also the import of industrial raw materials, manufactured goods and capital goods were increasing dramatically.

An agrarian crisis broke out at the beginning of the eighties. It was caused by a confrontation of the European and American agriculture. The price relations, the terms of trade soon deteriorated. The agrarian structure became stabilized. The agriculture of the Kingdom of Poland based upon small holdings, was not able, given the price tendencies of the time, to enter a competition based upon intensification of production and diminishing the cost of production per unit. A certain slowing down of the tempo of the development of rural market followed. The completion of the technical revolution in the consumer goods industry caused a relative saturation of the home market. The technical revolution in the Kingdom of Poland preceded a similar process in the Russian Empire.

The Russian Empire felt the impact of the agrarian crisis and the fall of world prices in an equally acute way as the Kingdom of Poland. The fall of agricultural prices and the protection of home agriculture by Germany induced Russia to promote in a forcible way her own industry at the expense of agriculture. Both in the Kingdom of Poland and in the Russian Empire the tariff protection of industry accompanied by an agrarian crisis and tariff protection of German agriculture resulted in increasing disparity of prices to the disadvantage of agriculture. Although the profits of Russian agriculture decreased in the years of crisis, the process of capitalization unleashed by the 1861 reform, caused an enlivened situation in the home market. By the example of Russia of those times Lenin proved that, "Home market for capitalism is created by a developing capitalism itself which makes the division of labour even deeper" ¹⁷.

The needs of that market were enormous. The tariff protection in the Russian Empire and the completion of the technical revolution in the Kingdom of Poland at an earlier period than in Russia opened to Polish exports to the Russian Empire exceptionally favourable conditions. Foreign capital investment in the Kingdom of Poland increased. A rapid economic development was the result. It was, however a one-sided development, because agriculture did not share in it. Neither did the raw materials industry, except coal.

In the face of imports of industrial raw materials mainly from the West, the tariff barrier, by increasing costs of production in the home industry, made competition with the industrial production of the developed countries impossible in unprotected markets, i.e. outside the Russian Empire. The adaptation of the industrial structure of the Kingdom of Poland to the eastern markets made the economy of the Kingdom of Poland wholly dependent on the Russian Empire. Apart from that the resulting industrial structure of the Kingdom of Poland was very one-sided, sensitive to all sorts of economic adversity and vulnerable.

The industrial revolution in Russia was completed at the end of the nineteenth and the beginning of the twentieth centuries. Thus the industry of the Kingdom of Poland was losing its privileged position. Difficulties of competition were growing. The tempo of the development of trade with Russia was slowing down and the turnovers with the developed countries were growing.

The development of the agriculture of the Kingdom of Poland itself and an increase of the incomes of rural population again increased demand in the home market. This induced an increase of investment in branches of industry operating for the needs of the home market. New

¹⁷ V. I. Lenin, *Dzieła*, t. 3 (*Works*, vol. 3), Warszawa 1953, p. 28.

investment improved the branch structure of the Kingdom of Poland industry.

The deterioration of the situation in the trade with Russian Empire was accompanied by the development of the home market and a more harmonious economic development of the Kingdom of Poland. It seems that if the situation from the times of industrial revolution had been retained, when the development of industry stimulated the home market, that would have resulted in a more all-round economic development.

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The year 1918 brought about for Poland independence and a territory cut out from another age of economic ties, from a network torn by capitalism and by the partitions of Poland. The exports of grain, timber and stock-breeding products had to pave again the ways destroyed tens of years before.

In the period between the wars Poland exported raw materials and half-products of mineral extraction, agricultural products and products of light industry. She imported machines, industrial plant and chemicals. The structure of the foreign trade was conditioned by the industrial-agricultural character of the country. The diminished significance of foreign trade in the economy of the country is best illustrated by the index of turnovers per capita.

The decline of trade turnovers was undoubtedly a result of the loss of the so called eastern markets. The anti-Soviet policies of the Polish governments between the wars played a very important part in the diminishing of trade exchange with the U.S.S.R. as compared to that with the Russian Empire, but it seems, not the most important one.

The main reason of the diminished opportunities of the Polish export to the U.S.S.R. was the rapid development of industrialization in that country, the tempo of which made it necessary to curtail the consumption of such goods as textiles, clothes, fancy goods etc., which were the main items on the list of exports of the Kingdom of Poland to the Russian Empire. Even the railway rolling stock industry which was well developed before the war in the Warsaw region and after the war in Poznań and Little Poland, had hardly any chance of continuing supply to the Soviet markets, because even the needs of transport there were overwhelmed by steel industry and foundries and supplies like means of production, machines and electric power plant, foundries or engineering industry or armaments industry were beyond the capabilities of Polish industry, because it itself had to import those goods from abroad.

The socialist industrialization in the U.S.S.R. carried on in conditions of inimical capitalist environment, caused to arise tendencies of economic

self-sufficiency of that state. Only indispensable capital investment goods were imported. In such conditions the general turnovers of the foreign trade of the U.S.S.R. decreased as compared to those of the Russian Empire, although both the national income of the country and industrial production grew on an unprecedented scale in economic history.

Foreign trade turnovers in thousands of millions of U.S. dollars ¹⁸

The Russian Empire		The U.S.S.R.	
1904	1.2	1929	0.9
1905	1.3	1930	1.1
1906	1.3	1931	1.0
1907	1.4	1932	0.6
1908	1.4	1933	0.4
1909	1.8	1934	0.6
1910	1.9	1935	0.5
1911	2.1	1936	0.5
1912	2.1	1937	0.6
1913	2.2	1938	0.5

Polish-Soviet trade is illustrated by the following figures ¹⁹:

Year	Import	Export	Turnovers
in millions of zlotys			
1928	39.1	39.6	77.7
1929	39.9	81.1	121.0
1930	45.8	129.0	174.8
1932	19.3	29.1	48.4
1933	17.7	59.9	77.6
1934	17.7	25.5	43.2
1935	14.9	11.1	26.0
1936	16.2	9.0	25.2
1937	14.5	4.4	18.9
1938	9.9	1.4	11.3

In 1910 the trade turnovers between the Kingdom of Poland and the Russian Empire were as high as 677 million U.S. dollars, and in 1930 the trade turnovers between Poland and the U.S.S.R. were as low as 19 million dollars. As optimistic accent one should add that in 1965 the turnovers between Polish People's Republic and the U.S.S.R. were as high as 1,510 million U.S. dollars.

¹⁸ My own estimate. Basic data from: Vneshnaya Torgovla SSSR za 1918 - 1940 (*Foreign Trade of the U.S.S.R. 1918 - 1940*), Moskva 1960 and P. A. Khromov, *Ekonomicheskoye razvitiye Rossii v XIX - XX vekah (The Economic Development of Russia in the Nineteenth and Twentieth Centuries)*, Moskva 1950.

¹⁹ My own estimate. Basic data: Vneshnaya Torgovla..., pp. 693 - 713 and *Mały Rocznik Statystyczny 1939*.

Till 1931 Soviet orders were implemented mainly in Silesia and perhaps they would have been continued — the non-aggression treaty of 1932 did not indicate any deterioration of Polish-Soviet relations — were it not for the crisis which also hit Soviet foreign trade as a result of a fall of the prices in the world market for the goods exported by the U.S.S.R. On the other hand it was difficult to imagine that Poland could be able to accept payment in agricultural raw materials or timber like Britain or advance convenient credit.

The commodity structure of economic turnovers between Poland and the Soviet Union in the years 1936 - 1938 can be illustrated in the following way ²⁰:

More important goods	Turnovers in millions of zlotys		
	1936	1937	1938
Import in general	16.2	14.5	9.9
in it:			
Chemical and pharmaceutical products, paints	2.6	3.1	4.4
Tobacco and tobacco products	2.6	0.4	2.0
Cotton and refuse	0.1	1.0	1.2
Ores, cinders, ashes	1.6	6.6	1.0
Export in general	9.0	4.4	1.4
in it:			
Iron sheets, steel sheets	4.0	2.7	1.0

These are negligible figures. The import of iron ore came to Poland mainly from Sweden, Norway, Brazil and Sierra-Leone. The U.S.S.R. did not possess at that time any surplus of iron ore owing to a rapid development of iron foundries and steel works. The import of cotton to Poland came from the U.S.A., Egypt, India and Congo. The U.S.S.R. did not possess at that time any surplus of raw cotton. Tobacco and tobacco products were imported by Poland from Bulgaria, Turkey, Greece, Yugoslavia and Italy. On the other hand the U.S.S.R. did not import textiles or railway gear or agricultural raw materials which were then the main items on the Polish export list.

Both countries had more or less similar goods to offer in world markets and imported similar capital investment goods. The great industrial power of the U.S.S.R. was then only building up in the hot-bed of the five-year plans and Poland was a backward country.

When summing up this discussion of the Polish-Russian and Polish-Soviet trade, it seems worth while to suggest an assessment of that trade or rather its significance in the economic development of Poland.

As a result of enormous difference in the economic potential mutual

²⁰ Ibid.

The main partners of Poland in 1938 in trade were²¹:

Country	Import %	Export %
Germany	23.0	24.1
Britain	11.4	18.2
U.S.A.	12.2	5.3

The main trade partners of the U.S.S.R. in 1938 were²²:

Country	Import %	Export %
Britain	14.3	32.7
U.S.A.	18.2	7.8
Germany	15.0	6.2

influence is here incommensurate. Trade relations both with Russia and with the U.S.S.R. had and will always have basic significance for Polish economy. The same relations for Soviet economy had and will have an essential but not fundamental significance. For instance, during the 150 years of industrialization, it was only once, in one decade (1880 - 1890) that Polish industry could somehow influence some branches of Russian industry. A fact which as it seems was highly exaggerated by the Russian economic spheres.

A complete adaptation of the structure of the Polish industry in the years 1880 - 1890 to the Russian market was less detrimental than the later severance of economic ties between the wars, resulting from a mutual lack of complementary features in economic structures of the two countries. It may be pointed out that the first symptoms of that situation appeared already at the beginning of the twentieth century, that is to say when the Kingdom of Poland was still a part of the Russian Empire.

An optimal situation, it seems, existed during the industrial revolution 1850 - 1880. The development of the home market in Poland was a factor stimulating the process of the industrial revolution, while the Polish and the Russian economy which was then at nearly the same stage of development supplemented each other by trade exchange.

Russia's share in the turnovers of the Kingdom of Poland comprised then 30 - 35%, and Poland's share in Russia's turnovers c. 10 - 12%.

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²¹ Mały Rocznik Statystyczny 1939 [*The Concise Statistical Annual 1939*] p. 169.

²² Ibid.