COAL BASINS IN THE SECOND POLISH REPUBLIC

Location, Production, Sales

Hard coal was the main energy resource in pre-war Poland. The Polish-Silesian-Moravian coal basins which contain deposits of this type of coal lay on the border of three countries: Poland, Germany and Czechoslovakia. The surface area of this terrain was approx. 5400 km². Poland possessed 3880 km², i.e. around 72 per cent of the entire area. Three regions formed the main parts of the basin: Zagłębie Górnośląskie (the Upper Silesian Basin), Zagłębie Krakowskie (the Krakowskie Basin) and Zagłębie Dąbrowskie (the Dąbrowskie Basin).

Polish coal resources were calculated at 62 billion tonnes, out of which 14 billion were actual resources (tested by systematic searches or mining works), 29 billion – probable resources (estimated basing on geological measurements or occasional mining work) and 19 billion were possible resources (not suitable for exploitation at the time or only superficially prospected). A breakdown into individual basins gives us the following figures:
- Górnośląskie Basin – 45.4 billion tonnes
- Krakowskie Basin – 14.2 billion tonnes
- Dąbrowskie Basin – 2.2 billion tonnes

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* Kolegium Ekonomiczno-Społeczne, Szkoła Główne Handlowa w Warszawie.
2. In the period of the partitions the Upper Silesian Basin was situated in Prussia, the Dąbrowskie Basin – in the Kingdom of Poland, and the Krakowskie Basin in Austro-Hungary (Galicia). The tradition of hard coal extraction in Poland goes back to the 16th c. In the Upper Silesian area, nowadays most commonly known for this raw material, interest began in the 18th c. Systematic extraction on this terrain commenced around mid-century. The areas of Ruda Śląska and Gliwice were operating. Deposits of this raw material in Małopolska, near Kraków and Szczakowa were also noted. Towards the end of this century hard coal deposits were discovered near Dąbrowa. In these three locations the most important coal basins in Poland commenced operating: Encyklopedia historii gospodarczej Polski do 1945 roku, vol. II, WP, Warszawa 1981, p. 466.
The depth of deposits was up to 1000 m. Their thickness was at least 0.5 m. The top grades of coal, together with the only coking coal in Poland (in the Rybnik area), were to be found in Upper Silesia. The raw material diminished in quality the further east the resource lay. The Dąbrowskie Basin contained medium quality coal. The Krakowskie Basin was richer in resources than the Dąbrowskie area, but the coal there was of the least value. In terms of volume of coal resources, Poland was in the third place in Europe, after Great Britain (with resources of 182 billion tonnes) and Germany (76 billion tonnes). The raw material mined in Poland accounted for 3.2–3.7 per cent of the worldwide extraction and totalled on average approx. 36 million tonnes annually. There were years when production was at a level of 29 million tonnes (e.g. 1925, 1932, 1934 and 1936). In some years it exceeded 46 million tonnes (1929, 1937). The average share of individual basins in the total production was:

- Górnosląskie Basin – 74 per cent
- Dąbrowskie Basin – 19.5 per cent
- Krakowskie Basin – 6.5 per cent.

Sales of the raw material resource relied on exports which totalled 30–40 per cent of annual extraction. By 1924 over 90 per cent was exported to Germany, Czechoslovakia, Austria and Hungary. About 60 per cent of the total was exported to Germany alone, where, under the Geneva Convention of 1922, Upper Silesia had a guaranteed export quota for 3 years. After the Convention expired in 1925, Germany introduced a prohibition on the import of Polish coal. New sales markets had to be found. Polish export turned to Scandinavian countries (Denmark, Sweden, Norway), and succeeded in gaining an advantage over the English competition. From this period onwards a growth trend was visible in the share of the Scandinavian markets in relation to the total export. It increased in particular after the English strike in 1926, reaching 50 per cent in 1932 (in 1928 it was still only 38 per cent). After England had concluded treaties with the Scandinavian countries setting the export quota of English coal to those countries, this portion fell to 31 per cent in 1934.

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4 Majątek państwa..., pp. 149–151.
5 Sprawozdanie Komisji..., p. 5.
6 A. Olszewski, Rola przemysłu węglowego w gospodarce narodowej (przemysł węglowy w 1937 r.), Warszawa 1938, p. 6.
8 Ibidem, p. 147.
9 Ibidem.
11 Almanach..., p. 147.
this time the share of natural sales markets (Austria, Czechoslovakia, Germany and Hungary) was 36 per cent, in 1928, during the crisis (due to the import regulations these countries implemented) it fell to 13 per cent (1934), and after 1936 to approx. 10 per cent. The shrinking of natural and Scandinavian markets prompted Polish exporters to increase export to other European markets e.g. French and Italian ones, which had a 53 per cent share in exports in 1934.12

Because of the competition from German coal, Poland had no option but to apply dumping prices (particularly during the Great Depression). The high prices of coal on the domestic market, also as a result of market monopolization, contributed to the slow increase in the use of non-agricultural primary inputs on the domestic market. It was more feasible to use cheap wood as an energy-generating resource. Industry was the main consumer of coal, primarily steelworks and other metal-smelting works, coking plants, brickworks, breweries and distilleries. Their demand accounted for 50–56 per cent of domestic sales. Use of coal as a household heating fuel (23–26 per cent) was in the second place, and in the third were the railways and armed forces, totalling approx. 18 per cent.13

Lignite was also used. It had a lower calorific value than hard coal, but was also considered an important energy resource. However, its deposits had only been superficially prospected. They were estimated at several billion tonnes and were located in the following regions:

- Zawierciańskie – deposits estimated at 63 billion tonnes, the average value as fuel was 4500 cal.
- Świętokrzyskie – characterized by a high caloric value (over 6000 cal.)
- North-western, covering almost the whole of the Poznańskie voivodeship, part of Pomorze, Warsaw and Łódź voivodeships – resources exceeded 5 billion tonnes, the fuel value was between 3500 and 5000 cal.
- South-eastern, covering the eastern part of the Lwowskie voivodeship, a large part of Tarnopolskie voivodeship and the south-eastern part of Stanisławów voivodeship – the average calorific value was a maximum of 4250 cal.15

In the inter-war period, therefore, there were no analyses of resources extracted today in the Belchatów area. A considerable number of deposits were located too deeply for open pit extraction, while others were heavily water-logged underground, making extraction not worthwhile. In other words, before the war mining of this

13 A. Olszewski, op. cit., p. 10.
14 E. Barciński, Podstawy surowcowe uprzemysłowienia Polski, „Gospodarka Zachodnia” 1939, no. 37, p. 9.
resource was minimal, several tens of thousands of tonnes annually (e.g. in 1929 it totalled 74 thousand tonnes, and 26 thousand tonnes in 1934) and decreasing systematically. It made up approx. 1 per cent of coal mining\textsuperscript{16}, and did not play a significant part either in industry or export.

**Organization**

In the inter-war period coal mining in Poland was based on cartel agreements between producers, which regulated the quantity of production, set the minimum prices for coal and organized sales of the raw material resource. They had a long tradition, some dating back to the 1890s, when they were the first of their kind to be formed on future Polish lands. The First World War and Poland’s regained independence interfered with their functioning. Many of them fell apart. However, some survived, successfully operating in the new economic reality.

At the time Poland regained independence, there was a cartel organization in Upper Silesia, Górnośląska Konwencja Węglowa (the Upper Silesian Coal Convention), established in 1898. This was one of the first organizations of its kind in that area. It brought together members of two organizations which had existed earlier. One of them, Vereinigung der oberschlesischen Kohlenproduzenten (founded in 1890), was established in order to raise the sale price of coal by setting the minimum net price at which the raw material could be sold. The other, Vereinigung behufs eventueller Fixierung des oberschlesischen Kohlen-Hauptbahnversandes (1891), organized the sale of coal. Both organizations complemented each other in their activity. Therefore, it was simple to create one organization which took upon itself the tasks of setting prices and organizing sales of the raw material\textsuperscript{17}.

Mines which became part of Poland in 1922, previously belonging to the Górnośląska Konwencja Węglowa, remained in this organization. Mines on the German side formed a new cartel, Oberschlesischer Steinkohlen und Brikettverband, with its registered office in Gleiwitz (now in Poland under the name Gliwice). Initially, the convention did not change the priorities under which it functioned. The most important issue was to implement an appropriate coal price policy. This was difficult because of the rampant inflation in the first years of independence. In the years of

\textsuperscript{16} Ibidem.

\textsuperscript{17} W. Paszkowski, Organizacja polskiego przemysłu węglowego ze szczególnym uwzględnieniem Zagłębia Górnośląskiego, Poznań 1931, pp. 17–25.
hyperinflation a special committee, appointed by the cartel, regulated coal prices twice a week based on the exchange rate of the Swiss franc. Once the currency and economic relations stabilized, efforts were made to adapt the convention’s provisions to the new economic reality. All mines belonging to the agreement were classified according to the class of coal extracted and freight level in their location. The previous system of quarterly licences for sale (of a defined sales quota) was changed to a monthly regime. The mines lost the right to carry over the unused part of the quota to the next month. They were subject to penalties under the convention for infringing this agreement.

The convention agreement expired in 1925, as the last one from the “German times” was extended by five years in 1920. Many difficulties were encountered with its further extension regarding setting new conditions, in particular production figures and sales quotas. Gradually the agreement was extended by short periods. The first extension was to March 1926, and subsequently to April 1926, April 1927, July 1927 and September 1930. When the last period expired, the agreement was extended as and when necessary, from month to month, until the Polska Konwencja Węglowa was founded. When the new organization was established, the Górnosłaska Konwencja Węglowa was dissolved.

Another example of an agreement was the signing of the convention agreement in 1925 in Katowice, whereby the Ogólnopolska Konwencja Węglowa was established. This organization had 15 members of the Górnosłaska Konwencja Węglowa (they were guaranteed 74 per cent of the extraction) and 14 members of the Dąbrowsko-Krakowska Konwencja Węglowa (25.5 per cent of extraction). The plants owned by this organization produced 98 per cent of the total output of coal in Poland. The Upper Silesian plants enjoyed a privileged position. Enterprises in the convention determined the price of coal among themselves and, analysing the sales markets, coordinated its sales. This was to eliminate price-hurting competition between the producers, and to facilitate export of the commodity.

The convention agreement expired in 1930. At that point reorganization took place and the organization’s name was changed to the Polska Konwencja Węglowa. This time the agreement had 34 members, 18 of which operated in Upper Silesia.

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18 Ibidem, pp. 53–54.
19 Ibidem, p. 54.
20 0.5 per cent of extraction was reserved for the Brzeszcze Guilds (Gwarectwa Brzeszcze). The beginnings of guilds, i.e. associations of miners, go back to the 12th-century Central European mining. During the partitions the guilds were companies with shares (kuks) denoting ownership of a mine or mine fields. In the inter-war period Polish mining law did not recognize the concept “gwarectwo”, although the companies established earlier were still operating: Encyklopedia historii gospodarczej Polski do 1945 roku, vol. I, WP, Warszawa 1981, p. 222.
A new agreement was signed in 1934. It was to be valid for three years. In 1937 it was extended for another three years. In the latter half of the thirties the agreement comprised mines producing 99 per cent of coal in Poland\textsuperscript{21}.

In 1925 a convention agreement was also signed in Dąbrowa Górnicza, to which all mines (except for open pit mines) in the Dąbrowskie Basin (9 enterprises) and Krakowskie Basin (5 enterprises) became parties. The Dąbrowsko-Krakowska Konwencja Węglowa was established as a result. The aim of the agreement was to regulate the mining and sale of coal. Disputes frequently arose between the members regarding the division of quotas. On the dissolution of the Górnośląsko-Krakowska Konwencja Węglowa and the founding of the Polska Konwencja Węglowa, mines from the Dąbrowskie and Krakowskie areas maintained “their” convention in force as a separate institution, which strengthened their position vis-à-vis Upper Silesian conglomerates\textsuperscript{22}.

The establishment of the convention enabled producers to maintain almost fixed, relatively high coal prices on the domestic market. The origins of the raw material resource had a bearing on the price (the highest prices in the Upper Silesian Basin) and its range (fine coal dust was almost 25–40 per cent cheaper than coarse coal). In the thirties government control was constantly increasing on all monopolies. Its aim was to bring their activity in line with the national policy. Just before the outbreak of war in 1939, the government decided to create a compulsory association of coal entrepreneurs and their unions, the Naczelna Organizacja Przemysłu Węglowego. Answering to the Minister for Industry and Trade, the organization was to standardize the production and sale of coal in Poland and abroad. The outbreak of war, however, prevented the appropriate provisions from coming into force\textsuperscript{23}.

**Foreign Capital**

The share of foreign capital in joint stock companies operating in Poland (with the exception of financial institutions) was 64 per cent (1933). Most of this capital was invested in mining and smelting, that is mainly in raw materials industries and public utility enterprises. This did not require any in-depth knowledge of the local

\textsuperscript{21} W. Paszkowski, op. cit., pp. 58–66.
\textsuperscript{22} Ibidem, pp. 55–57.
\textsuperscript{23} Rozporządzenie Ministra Przemysłu i Handlu z dnia 28 sierpnia 1939 roku wydane w porozumieniu z Ministrem Skarbu o utworzeniu przymusowego zrzeszenia przedsiębiorstw węglowych i ich związków pod nazwą „Naczelna Organizacja Przemysłu Węglowego” – DzURP 1939, no. 82, item 530.
markets and assured a high profitability level without involving any considerable risk. Polish capital had a deciding impact on coal production only in the Krakowskie Basin, accounting for 75 per cent of production\textsuperscript{24}. All data regarding the participation of foreign capital in the equity of Polish joint stock companies is, however, most often only an approximation. This is because private enterprises were reluctant to disclose their capital connections. In addition, in the case of the coal industry, this data often relates to the share of foreign capital in the entire mining and smelting industry.

Mining did not just involve coal, although it played the most important role. The first year for which we have data is 1927. In this and subsequent years the share of foreign capital in the equity of Polish joint stock companies was as follows:

<table>
<thead>
<tr>
<th>Years</th>
<th>Mining industry</th>
<th>Mining-smelting industry</th>
</tr>
</thead>
<tbody>
<tr>
<td>1927</td>
<td>*</td>
<td>32.0</td>
</tr>
<tr>
<td>1928</td>
<td>38.1</td>
<td>*</td>
</tr>
<tr>
<td>1929</td>
<td>38.8</td>
<td>*</td>
</tr>
<tr>
<td>1930</td>
<td>*</td>
<td>74.7</td>
</tr>
<tr>
<td>1931</td>
<td>58.6</td>
<td>*</td>
</tr>
<tr>
<td>1932</td>
<td>61.7</td>
<td>*</td>
</tr>
<tr>
<td>1933</td>
<td>64.2</td>
<td>*</td>
</tr>
<tr>
<td>1934</td>
<td>67.4</td>
<td>*</td>
</tr>
<tr>
<td>1935</td>
<td>*</td>
<td>71.0</td>
</tr>
<tr>
<td>1936</td>
<td>*</td>
<td>48.3</td>
</tr>
<tr>
<td>1937</td>
<td>*</td>
<td>52.1</td>
</tr>
<tr>
<td>1938</td>
<td>*</td>
<td>56.8</td>
</tr>
</tbody>
</table>


As regards the breakdown of the shares of different countries, that is the origin of foreign capital invested in Poland, Table 2 sets out the data for the period 1929–1937.

When interpreting the data in Table 2 you should bear in mind that it lacks precision. This is partly due to the pre-war method of data gathering. Individual companies filled in anonymous questionnaires, which often made it difficult to establish the origin of the capital\textsuperscript{25}. Sometimes the capital of one country was concealed in Poland under the business name of capital of other countries. According to the data set out above

\textsuperscript{24} W. Paszkowski, op. cit., p. 171.
\textsuperscript{25} J. Koźuchowski, Kapitał zagraniczny w przemyśle polskim, Wydawnictwo „Świt”, Warszawa 1928, p. 4.
the most prominent part in Poland was played by French, German, American and Belgian capital. The level of their investment in subsequent years, however, changed.26

Table 2. Share of Foreign Capital with a Breakdown into Individual Countries, in the Capital of Joint Stock Companies in Poland, 1929–1937 (percentages)

<table>
<thead>
<tr>
<th>Country of origin of capital</th>
<th>1929</th>
<th>1930</th>
<th>1931</th>
<th>1932</th>
<th>1933</th>
<th>1934</th>
<th>1935</th>
<th>1936</th>
<th>1937</th>
</tr>
</thead>
<tbody>
<tr>
<td>France</td>
<td>26.7</td>
<td>25.8</td>
<td>24.6</td>
<td>24.4</td>
<td>24.9</td>
<td>25.6</td>
<td>24.4</td>
<td>27.1</td>
<td>26.2</td>
</tr>
<tr>
<td>USA</td>
<td>15.9</td>
<td>21.3</td>
<td>20.4</td>
<td>21.9</td>
<td>21.8</td>
<td>21.9</td>
<td>21.8</td>
<td>19.2</td>
<td>18.6</td>
</tr>
<tr>
<td>Germany</td>
<td>21.9</td>
<td>25.0</td>
<td>23.7</td>
<td>23.4</td>
<td>21.5</td>
<td>19.8</td>
<td>19.3</td>
<td>13.8</td>
<td>13.3</td>
</tr>
<tr>
<td>Belgium</td>
<td>11.6</td>
<td>9.4</td>
<td>11.1</td>
<td>10.0</td>
<td>9.7</td>
<td>10.5</td>
<td>11.0</td>
<td>12.5</td>
<td>13.3</td>
</tr>
<tr>
<td>Switzerland</td>
<td>8.5</td>
<td>1.8</td>
<td>2.5</td>
<td>2.8</td>
<td>3.9</td>
<td>4.8</td>
<td>4.5</td>
<td>7.2</td>
<td>8.5</td>
</tr>
<tr>
<td>Great Britain</td>
<td>4.9</td>
<td>4.8</td>
<td>4.7</td>
<td>4.9</td>
<td>5.2</td>
<td>4.7</td>
<td>5.1</td>
<td>5.5</td>
<td>5.4</td>
</tr>
<tr>
<td>Austria</td>
<td>2.8</td>
<td>3.9</td>
<td>4.4</td>
<td>3.5</td>
<td>4.1</td>
<td>3.4</td>
<td>3.4</td>
<td>3.5</td>
<td>2.9</td>
</tr>
</tbody>
</table>


It was German capital which had the largest presence in the coal industry. This was understandable, in view of the fact that it was a neighbouring country and also because of the common history of Silesia prior to 1914. The share of the total German capital in Poland’s coal production was 37 per cent, and in the case of the Upper Silesian Basin it was almost 50 per cent.27

Mines were often connected with steel and zinc works, forming mining and smelting conglomerates. The interconnection of enterprises applied to the organization and financial levels of their activity. In the Upper Silesian Basin enterprises were formed on the terrain of former land estates. In creating such a structure landowners were looking for shareholders with capital, most often merchants or bankers. When an entity was established, owners frequently retained the majority of shares (stocks) in it. The creation of enterprises facilitated vertical concentration, even more conducive to greater centralization of capital. The effect was that a dozen or so strong entities were founded, mainly as joint stock companies, whose capital totalled many millions of marks.

An example of such a mining and smelting enterprise whose fate varied, was the Górnnośląskie Zjednoczone Huty Królewskas i Laura, Spółka Akcyjna Górniczo-Hutnicza. It was established in 1926 by the German conglomerate Vereinigte Königs- und Laurahütte. Aktien-Gesellschaft für Bergbau und Hüttenbetrieb, with its registered

27 *Sprawozdanie Komisji...*, pp. 54–55.
office in Berlin. This German mining and smelting enterprise was founded in 1871 as a consequence of the transformation of industrial and land estates in Upper Silesia into a joint stock company, belonging to Hugo Henckel von Donnersmarck. In 1918 it was the second largest German mining and smelting enterprise in terms of size, after the Krupp plants. It owned 4 hard coal mines, 2 iron ore mines, 2 coking plants, 2 limestone and dolomite rock quarries, 3 brickworks and 3 enormous smelting works (Królewska in Królewska Huta-Chorzów, Laura in Siemianowice and Zgoda in the town of Zgoda)\textsuperscript{28}.

The decision of 1926 involved the founding of a subsidiary, to which the entire assets of the German giant in Poland were transferred. The share capital which was over 50 million zł increased in subsequent years. The Polish government also held 17.5 per cent of this venture's shares. The enterprise controlled 9 per cent of coal mining in Poland, 23 per cent of pig iron production and 24 per cent of steel production\textsuperscript{29}.

In 1929 the company concluded an agreement with Katowicka Spółka Akcyjna dla Górniczta i Hutniczta. This enterprise, with a share capital of 16 million marks, was established in 1889. It was founded by Hubert von Tiele-Winckler and Friedrich Eduard von Lőbecke. Annual coal extraction from this company's mines in 1913 was 3.2 million tonnes, constituting 7.4 per cent of Upper Silesia's production. After the Great War, towards the end of 1921, the controlling interest of the company's shares of a value of 24 million marks was acquired by a German entrepreneur, Friedrich Flick\textsuperscript{30}.

The original owners sold their shares probably because of financial difficulties due to the inflation of the mark in Germany and fear of the consequences of the division of Upper Silesia between Poland and Germany. Flick, in expanding the enterprise, added two joint stock companies to it: Huta Bismarcka and Huta Silesia.

Under the agreement of 1929 the Wspólnota Interesów Górniczo-Hutnicznych was established with its registered office in Katowice, with both entities retaining their legal personalities. The agreement provided for joint administration and production and sales. The holding company, the Consolidated Silesian Steel Corporation, founded in 1926 in New York by William Averell Harriman and Friedrich Flick, played a key part in the new company (participation of 97.5 per cent). Flick's tactic was to bring in American capital to cooperate, in order to protect himself in the event of any possible interference from the Polish authorities. Harriman and Flick's company held 83 per cent of shares in Katowicka Spółka Akcyjna dla Górniczta i Hutniczta.

\textsuperscript{29} J. Jaros, \textit{Historia górnictwa węglowego w Zagłębiu Górnośląskim w latach 1914–1945}, PWN – Ślaski Instytut Naukowy, Kraków–Katowice 1969, p. 171.
\textsuperscript{30} Encyklopedia historii..., vol. I, p. 304–305.
and 59 per cent shares in Zjednoczone Huty Królewska i Laura. Flick retained ⅔ of the shares for himself.\textsuperscript{31}

For Flick his enterprise was a tool used for financial speculation. His prime goal was to achieve a rapid increase in his assets. He transferred abroad as large a part of income as possible, thereby encumbering Polish enterprises with the cost of loans taken out with foreign banks. Repayment of these debts used up all the profits in the enterprises. In the years 1932–1933 the German banks alone were repaid approx. 30 million zł. Financial liabilities deprived the company of liquidity. The reported losses in 1934 totalled 180 million zł. This caused enormous tax arrears for the company, delays in paying salaries to its employees, and other domestic debt.\textsuperscript{32}

During the Great Depression Wspólnota Interesów was on the brink of bankruptcy. In 1934 its activity came under the control of judicial supervision. Proceedings commenced to secure the receivables owed to the Polish Treasury. One of the banks in Chorzów took upon itself the guarantee for debts of both companies owed to German bank creditors. This constituted circumvention of Polish law which prohibited encumbrance of real estate with a mortgage in the immediate border area in favour of foreigners, without the consent of the Polish authorities.

In court proceedings the Polish government demanded the annulment of the records in favour of German creditors. The matter ended in success for the Polish side, and the main shareholders of the conglomerate (headed by Flick) in 1936 concluded an amicable agreement with the Polish government.\textsuperscript{33} Under the agreement the Polish consortium, Zjednoczenie Górnice-Hutnicze, was to take over the shares (all the shares of Górnosłańskie Zjednoczone Huty Królewska i Laura and 66 per cent shares of Katowicka Spółka dla Górnictwa i Hutnictwa) of both companies and receivables of foreign companies. The State Treasury held 40 per cent shares in this entity, the Silesian Treasury held 40 per cent, and the state-owned Bank Gospodarstwa Krajowego 20 per cent. After judicial supervision was discontinued in 1937 the enterprises created a new company, Wspólnota Interesów Górnice-Hutniczych, with 92 per cent of its capital in Polish hands. There were 5 coal mines, 6 smelting works, 4 coking plants.


\textsuperscript{32} J. Jaros, \textit{Tajemnice górnośląskich koncernów}, Śląski Instytut Naukowy, Katowice 1988, p. 127.

6 manufacturing plants and other plants in the new company. A combined total of 5.2 million tonnes of coal was extracted in the company’s mines in 1938, which was 13.6 per cent of the entire Polish production. At that time, this was the largest mining-smelting enterprise in Poland.

Another venture which was created by German capital, was that of Count Nicolas Ballestrem. It included land estates, industrial plants and joint stock companies. The division of Upper Silesia in 1922 divided the entire assets. The Management Board of the enterprise then moved and was situated in Germany, in Gleiwitz. Considerable investments created an enormous debt for the Polish part of the company, functioning mainly as the company named Huta Pokój. The Great Depression accelerated the financial crash. In order to retain the coal mines, in 1931 Bellestrem established the Rudzkie Gwarectwo Węglowe, which took over all the mines. A few months after this transaction, Huta Pokój was placed under judicial supervision. As a result of the financial sanction the share capital was decreased. The outcome of agreements with creditors (mainly German companies of the conglomerate) was a decrease in the debt. Public procurement and the guarantee of new loans gave the Polish government 52 per cent of the shares in the enterprise. This was effected in 1934 by the Bank Gospodarstwa Krajowego. Because of the lack of mines, however, the company was forced to purchase expensive fuel. The debts owed to foreign creditors were also onerous. Hence, the financial condition left much to be desired. It was not until 1937–1938 that slight profits were noted.

An example of an enterprise which before 1922 was solely owned by a German proprietor, and then was divided into a Polish and German part, were the plants of the German industrialists, the Schaffgotschs. They owned land estates, coal mines, and numerous unexploited mining endowments. The company assets on the Polish side were transformed after 1922 into a separate joint stock company, Godulla. It owned several coal mines with an output of over 1.5 million tonnes in 1927. In 1929–1938 the company had approx. 20 million zł losses. Short term and long term liabilities at the end of 1932 totalled 56 million zł, and at the end of 1938–34 million zł. The majority were owed to foreign creditors. At this time, the plants on the German side

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35 Huta Pokój situated in Nowy Bytom, from which the Polish part of the Bellestrem conglomerate received its name, was among the most modern smelting works in the Second Republic. It had highly mechanized production. A. Bocheński described the history of the smelting works in: Wędrówki po dziejach przemysłu polskiego, vol. II, KAW, Warszawa 1989, pp. 335–336.
36 J. Jaros, Historia górnictwa węglowego w Zagłębiu Górnośląskim w latach 1914–1945, pp. 175, 177.
37 This company’s shares however, were owned by the mother company. The company’s name came from the surname of Karol Godula, an industrialist and co-creator of Silesian industry, who lived at the turn of the 18th and 19th c., A. Bocheński, op. cit., p. 333; J. Jaros, Tajemnice,…, pp. 140–141.
showed a profit of 29 million marks. Also, accounts of the enterprises on both sides of the border were managed by two former German officials, and were thus in the same hands. The border in 1922 also divided the enterprise which was founded from the lands of the Beuthen-Siemianowitz line of the von Donnersmarcks, belonging to Edgar, Edwin and Alfons Henckel von Donnersmarck. Already before the division, the owners had formed a limited company with their assets, The Henckel von Donnersmarck-Beuthen Estates Limited. In order to avoid any possible expropriation by the Polish authorities (the ownership of Upper Silesia had not yet been resolved), the company was registered in London. The Polish-German border ran across the mining field of the Radzionków coal mine, leaving the mining shafts on the Polish side. Both parts of the company reported losses, although they were considerably higher on the Polish side. In the years 1929–1938 the amount was almost 7.5 million zł. This was also due to a gradual decapitalization in plants. At that time the value of these plants (after deducting depreciation) fell from 12 million zł to 8 million zł. On the German side losses were reported up to 1937 and totalled over 543 thousand marks. In 1938 profits of over 208 thousand marks were already recorded. Also the value of the plants on the German side considerably exceeded the value of those on the Polish side, at the end of 1938 totalling over 9.5 million marks. The situation was similar when it comes to extraction. On the Polish side, in the Radzionków mine it fell from over 714 thousand tonnes in 1929 to just under 595 thousand tonnes in 1938. In the same period (1938), a mine opened on the German side extracted over 1 million tonnes of coal.

On the other hand, all the industrial plants owned by Prince Guidotto and Count Kraft Henckel von Donnersmarck remained on the Polish side. They were organized into a family firm, a registered general partnership, which included 4 hard coal mines and unexploited mining fields. The value of the company’s fixed assets was over 31 million marks in 1939, with the share capital of almost 24 million marks. In the 1930’s, because of the lack of orders and restrictions in the licence set by Polska Konwencja Węglowa, the directorate, taking the law into its own hands, closed two of the four mines. Extraction recommenced after protests from the mining and voivodeship authorities who feared a rise in unemployment. However, production continued to be restricted and temporarily suspended. Between 1928 and 1939 extraction from all four mines totalled 25.5 million tonnes.

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39 Ibidem, p. 182.
40 Ibidem, p. 183.
The Spadkobiercy Gieszego conglomerate was also owned by German capital. This was a firm established in 1860 from the estate of a deceased merchant from Breslau, Jerzy von Giesche. The company ownership included 3 hard coal mines. Before the First World War it was one of the largest Upper Silesian producers of hard coal. After the division in 1922 most of the industrial plants were situated on the Polish side – approximately 80% of the Upper Silesian estates of the company, including 2 coal mines. The whole conglomerate was formally divided into two independent enterprises: the German enterprise traded under the business name Georg von Giesches Erben A.G., while plants on the Polish side were transformed into a subsidiary, Giesche Spółka Akcyjna, with its registered office in Katowice. The Polish firm’s share capital was 100 million zł. In 1926 the German owners relinquished the shares of the subsidiary company in favour of the American-German holding company, the Silesian-American Corporation (SACO), in which 51 per cent shares belonged to American capital (including the aforementioned Harrimann Group). By 1931 SACO had made over 14 million dollars profit from the Giesche company’s activity, designating at the same time 10 million dollars for loans for the firm. From 1931 the company balance sheets started to show several million losses. Despite this, large amounts were transferred abroad as repayment of debts. Up to the outbreak of the Second World War foreign shareholders had gained considerable resources from the company’s activity, the amount of which considerably exceeded the liabilities repaid to Poland during this time.

The German Hohenlohe family owned the great Upper Silesian group of mining-smelting plants, which functioned from 1905 as the joint stock company Hohenlohe Werke A.G., with several hard coal mines in Welnowiec, Siemianowice and Michalowice and in Mała Dąbrówka, Brynów and Niewiadom. The firm’s shareholders, besides Prince zu Hohenlohe-Oehringen, was the Deutsche Bank Group and the trade conglomerate Ignaz Petschek from Aussig an der Elbe (now Ústí nad Labem in Czechia). The latter sold coal wholesale. After the division of Silesia, the company traded under the Polish name Zakłady Hohenlohego. One of the mines was on the German side and was transformed into a separate company. As the only Upper Silesian company, Zakłady Hohenlohego made available 15 per cent of shares to the Polish-French holding company. In exchange, it was exempted from property levy. The Managing Director of the firm resigned in 1924 due to the disclosure of financial corruption, the State Treasury suffered as a result, and he was replaced by the first Polish Managing Director.

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41 A. Bocheński, op. cit., p. 332.
in the Upper Silesian mining and smelting industry.\textsuperscript{43} The number of Polish officials also increased. The company’s balance sheet for the period 1924–1938 indicated a substantial decapitalization of the enterprise. Production ceased in some mines, others were merged. Zakłady Hohenlohego had two branch enterprises, a trade firm, Fulman (established in 1919), and Czernickie Towarzystwo Węglowe. The first was engaged exclusively in the sale of coal from the conglomerate’s mines. When the Germans occupied Czechoslovakia in 1939 the activity of one of the shareholders, the Petschka conglomerate, collapsed. Due to this situation and tax arrears, in May 1939 Zakłady Hohenlohego and their affiliated enterprises were placed under state supervision.

The Princes of Pless owned expansive land estates in Upper Silesia and the exclusive right to extract minerals on property owned by the former Duchess of Pless. While their properties were not heavily industrialized, they included hard coal mines. After the division of Upper Silesia the entire assets of the Princes became part of Poland’s assets. Because of the concentration of extraction, 4 mines were operational in the inter-war period. Their combined production in 1929 was 3 million tonnes, and in 1938 1.8 million tonnes. The assets of the Princes of Pless were inadequately managed. There were countless instances of financial corruption. Both mines and land estates and management of forestland showed balance sheet losses. Relations between the property owners and the Polish authorities were not the best. In 1934 tax arrears exceeded 11 million zł. Therefore, it was decided to place the Princes of Pless’s assets under judicial supervision. Attempts were made to improve the efficiency of the administration and get rid of the corruption. To cover the tax arrears, the State Treasury took over the forestland. The State Agricultural Bank took over the cultivated land and designated it for agricultural reform. Mines (and auxiliary plants and shares in other firms) were taken over by a joint stock company, Książęce Pszczyńskie Kopalnie, established in 1938 with a capital of 40 million zł. Its shares belonged to the beneficiaries of the owner of the assets, as did the shares of the company which took over the brewery in Tychy. Creditors were to be satisfied through bonds, secured by a mortgage on the assets of both companies.\textsuperscript{44}

After the division of Upper Silesia, the entire assets of Rybnickie Gwarectwo Węglowe were situated on the Polish side. The company was established in the 19th

\textsuperscript{43} Sprawozdanie delegata rządu polskiego do zbadania sprawy nadużyć podatkowych w przedsiębiorstwach śląskich, A. Olszewskiego, z pobytu na Górnym Śląsku w dniach od 9 do 14 sierpnia 1924 r.: Z. Landau, J. Tomaszewski, Kapitały obce..., pp. 261–282.

c. by a German coal wholesaler (one of the richest) Friedrich von Friedlaender-Fould. Before the First World War the company designated substantial resources for the purchase of new mines (it owned 4 mines) and mine fields, thereby enabling a constant increase in extraction. In 1924 the company’s capital was calculated at 30 million zł, in 1928 it was increased to 50 million zł. The combined extraction of raw materials in 1929 exceeded 3.5 million tonnes, and (after the period of collapse in the depression years) it reached over 1 million tonnes in 1938.

French capital was in the second place, controlling 18.9 per cent of production. It was particularly active in the Dąbrowskie Basin, where it controlled ⅔ of the entire production. It owed its position to the implementation of a series of promises to grant concessions in the mining-smelting industry in Upper Silesia, which the Polish government gave to the French before the division of this land. The purpose of this was to gain France’s favour for the Polish cause in the process of final decision-making on the division. France accepted Poland’s proposals. Four secret arrangements were concluded regarding granting specific privileges to these Upper Silesian enterprises in which French capital would obtain shares. These privileges were to include exemption from taxes and compulsory loans, simplifications regarding exchange control and exports, and the Polish government’s withdrawing from expropriation. An agreement was also concluded on the lease of coal mines to a French-Polish company which, due to the division of Upper Silesia, were to fall to the State Treasury.

A joint-stock company, Polskie Kopalnie Skarbowe na Górnym Śląsku (Skarboferm), was established in 1921, before the division of Silesia. It began operations in the following year. One in two shares was to be held by the State Treasury and the rest by the French capital group. It was also stipulated that the part of the profit falling to the Polish side was to be allocated to cover the Polish debts in France. This pertained to the debts owed by Poland during the war for the purposes of waging war against the Bolsheviks. Such a solution considerably restricted the possibility of the Polish side to influence the administration of assets in the company’s ownership. The coal mines owned by Skarboferm extracted approx. 10 per cent of the entire coal in Upper Silesia and approx. 7 per cent of the entire coal mined in Poland.

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45 J. Jaros, Tajemnice..., pp. 97–100.
47 W. Paszkowski, op. cit., p. 170.
Besides Skarboferm, French capital gained control over two large coal and zinc enterprises, i.e. Zakłady Hohenlohego in Wełnowiec and Śląskie Kopalnie i Cynkownie in Lipiny. Under the Polish-French agreement of 1921, French capital combined with German capital and allowed the use of its name to the enterprises, in which de facto Germans were dominant. In Zakłady Hohenlohego approx. 1/5 of shares were held by the French armaments conglomerate Schneider-Creusot and Banque de l'Union Parisienne. This meant that the company could benefit from the privileges guaranteed in Poland to French capital.\footnote{Encyklopedia historii..., vol. II, p. 257.}

Towarzystwo Bezimienne Kopalń Węgla "Czeladź" was also included in the French capital. The registered office of this company's Management Board was located in Paris. Its shareholders were minor French entrepreneurs. Its designated capital for activity in Poland was over 13 million zł. It owned the Czeladź mine with an electricity power station. Extraction in the coal mine gradually decreased. In 1929 it totalled 875 thousand tonnes, and by 1938 it had fallen below 700 thousand tonnes.\footnote{J. Jaros, Historia górnictwa węglowego w Zagłębiu Górnośląskim w latach 1914–1945, pp. 201–202. On the history of the Czeladź coal mine M. Kantor-Mirski wrote before the war: M. Kantor-Mirski, Z przeszłości Zagłębia Dąbrowskiego i okolicy, Sosnowiec 1931–1932, p. 206 and cont.}

The Towarzystwo Francusko-Włoskie Dąbrowskich Kopalń Węgla Kamiennego owned 2 coal mines, in which extraction peaked in 1929, totalling just over 1 million tonnes. In 1938 it fell to 670 thousand tonnes. The Management Board's registered office was located in Paris, and that of the Managing Council, in Lyon. The capital for Polish activity was set at approx. 6.5 million zł in 1924. The company balance sheet for the period from 1929 to 1938 indicated almost 800 thousand zł profit and over 2 million zł losses.\footnote{J. Jaros, Historia górnictwa węglowego w Zagłębiu Górnośląskim w latach 1914–1945, p. 202.}

Rivalry between capital from various nations was frequent. Sometimes this ended in domination, or even removal of competitors from another country. This was the case with Gwarecętwo “Hrabia Renard”.\footnote{The name of the guild comes from the surname of the German magnate and industrialist, Count Andreas Renard, who played a very important part in creating the Upper Silesian industry in the 19th c. Gwarecętwo “Hrabia Renard” was founded in 1884 on his private property in the Dąbrowskie Basin, where Sosnowiec also developed: A. Bocheński, op. cit., pp. 316–320.} During the First World War French shareholders were removed from this Prussian guild, which was registered in Upper Silesia. The majority of shares were then transferred to the aforementioned Katowicka Spółka Akcyjna dla Górnictwa i Hutnictwa. With the end of the war, however, these actions were invalidated and French capital regained its shares (in the form of the Huta Bankowa company). The capital of the Gwarecętwo totalled 20 million zł, which increased in later years. The company's most important mine was Renard, which was
modernized in the thirties. Its extraction in 1938 totalled almost 950 thousand tonnes. By 1930 the company had recorded a profit of 2–3 million annually. However, in the thirties its financial condition deteriorated considerably and further losses were noted. The last pre-war balance sheet showed a loss of over 1.2 million zł.\(^{54}\)

Franko-Polskie Towarzystwo Górnictze was a large company, partly owned by French capital, with capital of 6 million zł. Approximately ¾ of the shares were held by the Huta Bankowa enterprise. The remaining part was also owned by French capital. The company owned, inter alia, the hard coal mine Reden in Dąbrowa Górnicza, where production ceased in 1935. This was due to the fact that the resources had been exhausted and also because of a fire, which undoubtedly accelerated the closure of the mine. Up to that time an average of approx. 300 thousand tonnes of coal had been mined annually. The enterprise was in a bad financial condition. From 1931 it suffered losses, which exceeded 4 million zł in 1937. Once the mine was closed, Gwarectwo “Hrabia Renard” took over the management of the company’s assets.\(^{55}\)

In 1913 French entrepreneurs also bought the majority of shares in Towarzystwo Akcyjne Kopalń Węgla “Flora” from the Austrian National Bank. The company owned the Flora hard coal mine situated on the border of Dąbrowa Górnicza and Gołonóg. It exploited the mine up to 1932, when the French sold their shares to several Warsaw wholesalers. Annual extraction in the mine was on average approx. 300 thousand tonnes of coal.\(^{56}\)

Anglo-American capital was the third most important, functioning mainly in Upper Silesia. One example is the activity of American financier and politician, William Averell Harriman. The financial group which he formed had considerable shares mainly in the zinc industry (the Giesche conglomerate) and iron smelting.\(^{57}\)

In turn, an example of the engagement of Belgian capital was the Belgijska Spółka Akcyjna Górnicza i Przemysłowa in Bory (today a part of Jaworzno), which owned the Sobieski mine located there. The company operated on the basis of the capital of 4 million Belgian francs. In 1923 almost 88 per cent of the shares were acquired by Giesche. At the beginning of the thirties this increased to over 89 per cent.\(^{58}\)

The examples of the companies with foreign capital show that the engagement of foreigners in the mining and smelting industry was mostly done with maximum profit from the extraction of resources. There is nothing strange in this, as companies

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\(^{55}\) Ibidem, p. 203.  
\(^{56}\) Ibidem, pp. 204–204.  
\(^{57}\) Z. Landau wrote about the “behind the scenes aspect” of Harriman’s activity in Poland in the interwar period in: Anonimowi władcy... pp. 146–175.  
\(^{58}\) J. Jaros, *Historia górnictwa węglowego w Zagłębiu Górnośląskim w latach 1914–1945*, p. 208.
are formed to bring their shareholders profit, except that this activity often involved circumventing Polish law. The priority of these companies was to generate profit and pass it on to foreign centres for economic purposes. From the beginning of the 1930s enterprises owned by foreign capital in the mining and smelting industry most frequently experienced balance sheet losses. It was a method of avoiding payment of high income tax and paying out dividends to shareholders. Large amounts were also transferred abroad as interest on loans, percentage of profits for Management Board and Supervisory Board members, payment for patents, technical advice or for the purchase of machinery and equipment at high prices and lowering incomings from export.

Polish authorities could not remain passive. All the more so, since the first half of the 1930s was a time of the Great Depression. It hit agricultural-industrial countries (such as Poland) particularly hard. Therefore, the state often kept an eye on foreign companies and intervened in their activities. This was done to protect workplaces in enterprises as well as state income, and contributed to the growth of the state-controlled sector.

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59 H. Tennenbaum, for example, assessed this situation very critically, writing in 1929: “The state concerns form are part of a wider policy, based on comprehensive state control. Intervention, often brutal, in the activity of private syndicates [...] is a fragment of the fascist system”: H. Tennenbaum, Ośrodki dyspozycji gospodarczej w Polsce, Instytut Wydawniczy „Biblioteka Polska”, Warszawa 1929, p. 48.

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Coal Basins of the Second Polish Republic

The chapter explores interwar coal basins – the quality of coal, organisation of mining (including the functioning of extracting companies), methods of managing mines and production, and the role of foreign capital in the sector. Both bituminous coal and lignite are considered.

Keywords: Poland 1918–1939, coal, coal industry, mining, foreign capital in interwar Poland, Upper Silesia.

Bassins charbonniers de la Deuxième République de Pologne

L'article concerne les bassins de charbon dans l’entre-deux-guerres: la qualité du charbon, l’organisation des mines (y compris le fonctionnement des entreprises d’extraction), les méthodes de gestion des mines et de la production ainsi que le rôle du capital étranger dans ce secteur. L’auteur se concentre sur le charbon bitumineux et le lignite.


Угольные бассейны в Польше в период 1918–1939 гг.

В главе рассматриваются межвоенные угольные бассейны – качество угля, организация добычи (учитывая функционирование добывающих компаний), методы управления шахтами и производством, а также роль иностранного капитала в этом секторе. Анализу подвергается как битуминозный уголь, так и лигнит.

Ключевые слова: Польша 1918–1939, уголь, угольная промышленность, добыча полезных ископаемых, иностранный капитал в межвоенной Польше, Верхняя Силезия.