The French Capital in the Oil Industry of Galicia during the Interwar Period

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Abstract. The purpose of the research is to elucidate the French capital involvement in the oil industry of Galicia during the interwar period, to highlight the activities of the French oil companies. The methodology of the research is based on the principles of historicism, logic, scientific objectivity in analysis of the past, a critical attitude to available sources, in particular reports and minutes of meetings of the French oil companies, notes placed in the columns of specialized magazines. General scientific (analysis, abstraction, synthesis, generalization) and special historical methods (historical genetic, historical typological, historical systemic, comparative historical, methods of statistical analysis) have been used. The scientific novelty of the research consists in the fact that the French capital impact on the oil industry development in the interwar Galicia has not been considered until nowadays comprehensively. Mostly, the scholars on the history of the oil business only mentioned the dominance of the French in the industry, listed their oil companies. Piotr Franaszek was the one and the only scholar, who did more research into the history of “Dąbrowa” and “Małopolska” concerns. Conclusions. The French capitals gained an advantage in the industry, as a result of the ownership rights settlement to oil facilities in Eastern Galicia after World War I. The French bankers took over most of the oil companies owned by the the Austrians and the Germans before the war. The policy of the Polish government helped them in this. The French created a series of firms that grew by buying up oil wells, warehouses, and oil refineries. As a result, the French took over half of the entire oil industry of Galicia. The French oil companies were particularly interested in making quick profits in the 1920s, hence, they were poorly managed, and invested little in modernizing their enterprises. Consequently, some of the companies were on the brink of bankruptcy at the end of the 1920s. At the same time, they tried to ensure the entire production cycle – oil extraction, its processing and sale. Owing to the Polish government support and the French firms unification into large concerns, it was possible to get out of the crisis. As a result, the French capital in the oil industry of Galicia was concentrated in two companies, which were called “Halychyna” and “Małopolska”. They influenced significantly the state of affairs in the industry before World War II broke out.

Key words: Galicia, French capital, oil industry, interwar Poland.
ФРАНЦУЗЬКІ КАПІТАЛИ В НАФТОВІЙ ПРОМИСЛОВОСТІ ГАЛИЧИНІ У МІЖВОЄННИЙ ПЕРИОД

Анотація. Мета дослідження — показати залученість французьких капіталів у нафтову промисловість Галичини в міжвоєнний період, висвітлити діяльність французьких нафтових фірм. Методологія дослідження ґрунтується на принципах історизму, логічності, наукової об’єктивності в оцінках минулого, критичного ставлення до наявних джерел, зокрема, звітів й протоколів засідань французьких нафтових фірм, заміток, опублікованих на шпальтах спеціалізованих часописів. Застосовувалися загальнонаукові (аналізу, абстрагування, синтезу, узагальнення) і спеціально-історичні методи (історико-генетичний, історико-типологічний, історико-системний, порівняльно-історичний, методи статистичного аналізу). Наукова новизна статті полягає у тому, що досі комплексно не розглядали вплив французьких капіталів на розвиток нафтової промисловості міжвоєнної Галичини. Дослідники історії нафтової справи здебільшого лише згадували про домінування у ній французів, перераховували їх нафтові фірми. Лише Пйотр Франашек більше дослідив історію концернів “Домборова” і “Малопольща”.

Висновки. Внаслідок врегулювання після Першої світової війни права власності на нафтові об’єкти у Східній Галичині перевагу в галузі здобули французькі капітали. Французькі банкіри перейняли більшість нафтових фірм, яким до війни володіли австрійці й німці. В цьому їм посівав політика польського уряду. Французи створили низку фірм, які зростали, скуповуючи нафтові свердловини, склади й нафтопереробні заводи. У такий спосіб вони заволоділи понад половиною всієї нафтової промисловості Галичини. В 1920-х рр. французькі нафтові фірми бали більше, щоб отримати швидкі прибутки, невміло управлялися, мало вкладали в модернізацію своїх підприємств. Це призвело до того, що наприкінці 1920-х рр. деякі з них опинилися на межі банкрутства. Водночас намагалися забезпечити собі весь цикл виробництва – видобуток нафти, її переробку й продаж. Завдяки підтримці польського уряду і об’єднанню французьких фірм у велики концерни вони зосередилися у двох фірмах – “Галичині” і “Малопольщі”. Вони істотно вплинули на стан справ у галузі до початку Другої світової війни.

Ключові слова: Галичина, французькі капіталі, нафтова промисловість, міжвоєнна Польща.

The Problem Statement. The issue of attracting foreign capital to one of the most important sectors of the country’s economy is always complicated for a number of reasons. On the one hand, the foreign investments contribute to the economic development of the state, and on the other hand, the government cannot allow the entrepreneurs from abroad to regulate the state of affairs in crucial sectors of the economy without restrictions, and is, therefore, obliged to monitor their economic activities constantly. The authorities of the revived Poland did not have sufficient domestic capital to restore and develop the oil industry after World War I. That is why, Poland started thinking about involving the foreigners in the industry immediately. As a result of the post-war settlement, the majority in the oil industry of Galicia was acquired by the French industrialists and bankers, who bought oil companies from the Austrians and the Germans, and small mining enterprises from local oilmen. Consequently, the French gained influence over an important component of the energy sector in interwar Poland. The French owners of oil companies were only interested in maximising their profits, they almost did not modernize their enterprises. As a result of the above-mentioned economic activities, they were on the verge of bankruptcy at the end of the 1920s. The Polish government was forced to allocate considerable funds from the state budget in order to prevent bankruptcy as the French oil companies were of an utmost importance for such a crucial industry in interwar Poland. The above-mentioned negative experience could be used in order to avert forced state spending nowadays, caused by an inadequate control
over the activities of companies established created by foreigners in strategic industries. Owing to subsidies from the government of interwar Poland, it was possible to establish the management of the French oil companies. The unification took place after that, which made it possible to reduce administrative costs and competition significantly, to optimize production. Hence, the French oil companies developed successfully. The above-mentioned steps could be a good example for the modern management of big industrial firms.

**The Review of Sources and Recent Researches.** The documents from the funds of the French oil companies (“Dąbrowa”, “Małopolska”, “Halychyna”, etc.) and other industrial companies, which are stored in the Central State Historical Archive in Lviv, the state archives of Ivano-Frankivsk and Lviv regions became the source base of the research. The publications in magazines of interwar Poland, which concerned the affairs of the oil industry were also used.

The role of the French capital in the Galician oil industry during the interwar period has not been studied comprehensively. Individual issues on the development of this field were studied by Norman Davies (1970), Alison Frank (Frank, 2005; 2011), Mariusz Majewski (2009), Roman Masyk (Masyk, 2017a, Idem, 2017b, Idem, 2022), Wojciech Morawski (2017), Oksana Pasitska (Pasitska, 2019). There were several articles published, in which there was reviewed the history of the oil business in Prykarpattia comprehensively (Cząstka, 1972; Klapchuk, 2013; Wolwowicz, 1994; Wolwowicz, 1995; Boryń, Chodubski, & Duraj, 2014; Wolkowicz, Graniczny, Wołkowicz, & Urban, 2017; Nafta, 2004). The scholars only mentioned the French capital in the oil industry of Galicia among other things in the studies. Only Piotr Franaszek analysed the activities of two French oil concerns – “Dąbrowa” and “Małopolska” specifically (Franaszek, 1986).

**The purpose of the research** is to elucidate the role of the French capital in the oil industry of Galicia during the interwar period, to trace the history of the development of their industrial companies having analysed the historical research and the source materials.

**The Research Results.** Foreign capital began to penetrate into the Galician oil industry actively after a significant increase in oil production at the end of the 19th century. The French started to invest in this industry not the latest from other foreign entrepreneurs. In 1906, they founded the first company that was engaged in the development of Galician deposits – the oil company “Limanowa” (Société de Naphte “Limanowa”) with its centre in Paris (Majewski, 2009, p. 132).

The Galician oil became the subject of interest to the French capital before World War I break out. A group of the French capitalists led by Muju bought from the Sapieha princes 42% of their production of raw materials in Tustanovychi initially, which belonged to the Krajowe Towarzystwo Karpackie and established the French Carpathian Society (Société Française des Carpathes) (Kachlik, 1995, p. 182). Other oil companies were founded in 1911 – 1914, which were financed by the French bankers led by the Motte family: “Dąbrowa” (Société de Pétroles de “Dąbrowa”), “Potok” (Société de Pétroles de “Potok), “Wańkowa” (Société de Pétroles de “Wańkowa”), “Silva Plana” (“Silva Plana”), etc. Their shares were first listed on the stock exchange in Lille and immediately became the subject of successful speculation, the development of which was stopped by World War I (Wyszyński, 1931, p. 277).

The Motte family no longer played a significant role in the Galician oil industry during the interwar period. Only the oil company “Granownica” (“Granownica”) operated owing to with their funds (Wyszyński, 1931, p. 284). In general, in 1914, there operated working 11 French oil companies in Galicia, in which 155 million francs were invested at the time (Majewski, 2009, p. 133).
The French became especially interested in the Galician oil industry after the war. They wanted to create an oil base in Europe in order to become independent from the supply of oil products by sea (Central Archives of Modern Records in Warsaw, f. 100, c. 1486, pp. 15–17). As a result of the post-war settlement of oil affairs, the French took over the ownership of the majority of Austrian and German firms and prevailed in the oil industry of Galicia. The Polish government supported them in issue (Zaks, 1969, p. 47). In the middle of 1921, among all the capital invested in the Galician oil industry, 53.03% were the French ones (Sprawy..., 1921, p. 192), at the beginning of 1931 – 50.3% (C. P., 1932, p. 181), in 1933 – 58.4% (CAMRW, f. 12, c. 157, pp. 4–5), in 1937 – 54.2% (Chabrzyk, 1995, p. 135; Franaszek, 2000, pp. 315–316).

Galicia became one of the centres of the Polish-French industrial cooperation. According to various calculations by the French scholars, since 1938 the total amount of money invested in the Polish economy amounted to 2,25 billion francs, or approximately 3,2 billion zloty in 1927. It meant that Poland accounted for 10% of all the capital that France invested during the interwar period abroad. Credits and loans that the French gave to the Poles are included into 10%. In 1933 approximately 1 billion francs or 1,4 billion zl were directly invested in the Polish enterprises. 44% of all French capital was in the oil industry, 21% – in other mining industries (mainly coal) (Lazor, 2000, pp. 199–200).

The “Dąbrowa” company had the greatest influence on the Galician oil industry in the first post-war years. It was founded by the Frenchmen Louis Leon René Landrin and Fernand Joffray on February 7, 1913. It was predicted that “Dąbrowa” would exploit the oil fields of Galicia for thirty years. The founders soon sold this firm to the bankers from Lille (Central State Historical Archive of Ukraine in Lviv, f. 235, d. 1, c. 81, p. 6; f. 278, d. 1, c. 1, pp. 1–3v, 17–19v, 55v; Franaszek, 1986, p. 234; Wyszyński, 1931, p. 277).

The Dąbrowa management decided to buy shares of the oil companies in Poland, Gdańsk, Czechoslovakia and Hungary after the war. For example, in October of 1919, this company bought the property of the Hungarian-Galician joint-stock company for the oil industry with its centre in Budapest (CSHAUL, f. 227, d. 1, c. 1, pp. 45–46). As a result, in November of 1920, the Dąbrowa Oil Concern (Korczew Naftowy “Dąbrowa”) was registered, which consisted of: the oil companies “Dąbrowa”, “Wańkowa” (Société de Pétroles de “Wańkowa”), “Potok” (Société de Pétroles de “Potok”), the French-Carpathian Oil Company (Francusko-Karpackie Towarzystwo Naftowe), the Tustan Oil Union “George Clairin” (Tustanowicka Spółka Naftowa “George Clairin”) (CSHAUL, f. 235, d. 1, c. 81, p. 10).

The concern extended its influence to other oil companies. It was especially aimed at the oil facilities under the control of “Deutsche Erdöl AG”. “Dąbrowa” bought them with the help of the “International Petroleum Union” trust, which was specially founded in Zurich, in 1921 (CAMRW, f. 100, c. 1486, p. 14). The “Dziedzice” oil company in Czechowice became part of the concern. The above-mentioned institution was important for “Dąbrowa”, this is because in 1922, according to agreement with the authorities of Poland and Austria, it took over the ownership of the powerful Austrian company “Schodnica”, including its oil refinery (OR) (CSHAUL, f. 259, d. 1, c. 5, p. 4v). In November of 1922, “Dąbrowa” bought the Dutch Oil Syndicate (Holenderski syndykat naftowy) (CSHAUL, f. 235, d. 1, c. 12, p. 27v), and in March of 1923, on the basis active oil refinery since 1902, the “Jedlicze” Refinery joint-stock union in Krosno poviat was founded (Rafineria Nafty “Jedlicze”) (CSHAUL, f. 261, d. 1, c. 2, pp. 1–3v, 11–15v; Skorowidz..., 1921, p. 2).

The “Dąbrowa” concern was managed by the General Directorate, which was located in Lviv in the building at Mariyska Square, 8 (nowadays – Mickiewicz Square). Each of the
concern’s unions had separate Directorates until 1924, which were liquidated during the reorganization (Franaszek, 1986, p. 235). The “Dąbrowa” concern was in charge of holding union in relation to the companies that created it. Despite the growth of the authorized capital, the concern suffered more and more losses year-to-year. In 1913, the union’s capital was 2 million francs, in 1914 – 13 million, in 1920 – 50 million, in 1924 – 200 million. Instead, the profit of the concern decreased constantly. The concern earned 1.5 million francs from 1914 to 1919 (Franaszek, 1986, p. 236). First of all, there were used the profits, which were earned before 1914 in order to cover up the losses from the war. For example, the concern earned the profit of 89 237,91 kron in 1918; then in 1919 the following amount of money was made – 280,715,399.50, in 1920 – 649,258,123.03. These deficiencies were transferred to a separate account. At the same time, two reserve funds were formed: 105,000 Polish marks in order to cover the cost reduction and restoration of enterprises; 1,875,000 Polish marks – for the tax reserve (CSHAUL, f. 235, d. 1, c. 81, pp. 5–5v). Due to the merger with other companies, it was possible for “Dąbrowa” to make profit of 11,8 million francs at the end of 1922, in 1923 – 11,5 million francs (Franaszek, 1986, p. 236).

When the French founded “Dąbrowa”, they bought the majority of the oil companies after World War I. Such a fate befell the Galician Carpathian Oil Joint Stock Company (Galicyjskie Karpackie Naftowe Towarzystwo Akcyjne, dawniej Bergheim i Mac Garvey) in Glinik Maryampolski, founded in 1895 (later it moved its centre to Lviv). The following capitals were involved in it: the Austrian, the English and the German until the beginning of the 1920s (Skorowidz..., 1921, pp. 1–2; Znaczniejsze..., 1920, p. 21). Their property began to be taken over by the French entrepreneurs gradually, although they had to solve problems with the Austrian management of this company for a long time. Although the representative office of the company in Vienna was liquidated on September 5, 1920, (CSHAUL, f. 225, d.3 , c.108 , p. 82), still in May of 1922, the management had almost not resolved matters with the Austrian shareholders (CSHAUL, f. 225, d. 3, c. 108, pp. 206–207v; f. 242, d. 1, c. 9, pp. 1–9).

The Galician Carpathian Oil Joint Stock Company developed more and more actively, spreading its influence on other companies. It was managed by one of the best Polish oilmen, Stanisław Pilat from May 1, 1922 (CSHAUL, f. 225, d. 3, c. 108, pp. 206–207v; f. 242, d. 1, c. 9, pp. 1–9). The company began to cooperate with the Polish-French oil-producing company “Dąbrowa” closely at the turn of 1921 – 1922 (Polsko-Francuskie Gwarectwo Naftowe “Dąbrowa”) in Krosno (founded in 1890). This cooperation improved the supply of raw materials to the Galician Carpathian Oil Company (CSHAUL, f. 225, d. 1, c. 27, p. 5). It also cooperated with the “Dąbrowa” concern, which sold petroleum products with the help of the Galician Carpathian Oil Joint Stock Company – “Karpaty” company (“Karpaty” Sprzedaż Produktów Naftowych). At the same time, they had common points of petroleum products sale throughout Central and Eastern Europe (CSHAUL, f. 242, d. 1, c. 44, p. 3v; Franaszek, 1986, p. 234).

The financial circles of Paris, like Lille, began to engage in the Galician oil industry after the war. The oil company “Premier” (“The Premier Oil and Pipe Line Company Limited”) became the target for them primarily. Mostly, there were the English and the German capitals in this institution before the war. The state management was established over the “Premier” industrial facilities in order to prevent the German speculation on September 29 of 1919 (State Archives of Ivano-Frankivsk region, f. 47, d. 1, c. 45, pp. 1–2.). The company was first subject to the military authorities, and later to the Ministry for Finance (SAIR, f. 47, d. 1, c. 45, p. 4). The German shares were transferred to the Public Trustee in the central office of the firm in London.
on January 27, 1920. They were planned to be sold to one of the groups of the industrialists from continental Europe (Kronika, 1920, p. 148). However, the case with the German property was resolved in a different way in Poland. On May 4 of 1920, a law was passed on the registration and provision of the German property (Ustawa..., 1920, pp. 414–416). In accordance with its norms, the Main Liquidation Administration introduced compulsory state management over the property of companies belonging to the “Premier” concern on May 31 of 1920 (Kronika, 1920, p. 457; Rozporządzenie, 1920, p. 1; SAIR, f. 47, d. 1, c. 45, p. 5).

The British decided to sell it to the Paris Oil Financial Company on June 17 of 1920 (Société Financière des Pétroles) (Kronika, 1920, pp. 343, 457). A new company was founded by the French, which was called the French Premier Oil Company (Société Française des Pétroles “Premier”) in order to complete this transaction. The concern became the French-German for a while after the acquisition of the British shares (CAMRW, f. 100, c. 1486, p. 14). The Paris financiers began to control the “Premier” after purchasing the shares of the “German Oil” in 1920. They held 18% of preferred shares, which gave them 90% ownership in the concern and votes at the General Meeting (Koncern, 1931, p. 1). The Charter of the French company “Premier” was adopted with a capital of 20 million French francs on October 4 of 1920 (CSHAUL, f. 255, d. 1, c. 563, pp. 1–26). It took a long time for the Parisian bankers to get rid of the participation in the concern of all German shareholders. In fact, the centre of “Premier” was moved only on December 3 of 1921, from Vienna to Tustanovychi (and soon to Lviv). (CSHAUL, f. 255, d. 1, c. 723, pp. 2v–3). The Ministry for Industry and Trade and the Ministry for Finance finally allowed the French company “Premier” to operate in Poland on December 9. The authorized capital of the concern was increased by the Parisian bankers to 90 million francs (CSHAUL, f. 255, d. 1, c. 595, pp. 1–4; Postanowienie..., 1921, p. 4). The “Premier” was finally registered as the French company on November 26 of 1923 (CSHAUL, f. 225, d. 1, c. 27, p. 22; d. 3, c. 296, p. 16).

Since then, the management of the “Premier” company began to buy other oil companies (CSHAUL, f. 225, d. 3, c. 296, p. 16). In the mid-1920s, it included eight mining enterprises; eight companies engaged in oil storage and transportation; four refineries; five trading companies. The complex of enterprises of the firm “Harklowa” joined the “Premier” (CSHAUL, f. 255, d. 1, c. 400, pp. 20–21).

In 1920, Dewilder’s Parisian financial group founded the General Oil Credit Company (Crédit Général des Pétroles). It had a relatively small capital – 1 million francs initially. The main task of the company was to study the possibilities of exploiting oil fields in Poland. The company began to buy out the shares of other French companies in the Polish oil industry gradually. The society organized the association “Małopolska” (Société Française des Pétroles de “Małopolska”) during the next years with Charter capital of 30 million francs, securing 60% of its shares (Franaszek, 1986, p. 237; Wyszyński, 1931, p. 281). Dewilder’s group saw the unification of all French capitals in Poland as the ultimate goal (Wyszyński, 1931, p. 277).

The monetary reform of 1924 exposed the risky management of diverse French enterprises in the oil industry of Galicia for the first time. The revenues of the “Dąbrowa” concern began to fall. As a result there was a profit of 11.5 million francs at the end of the 1923 whereas in 1924 – 1925 budget year – only 3 million 400 thousand (Franaszek, 1986, p. 236.) A similar fate befell the oil production company of the same name in Krosno. While the institution was constantly profitable until 1923, it ended the year of 1924 with a deficit (215,770,891,503 Polish marks) (CSHAUL, f. 227, d. 1, c. 1, p. 46; c. 2, pp. 2v, 11v, 31–32, 62–67).
As a result, on January 23, 1925, eight oil companies merged into the reformed Galician Carpathian Oil Joint Stock Company: “Dąbrowa”, Dutch Oil Syndicate, “Wańkowa”, “Potok”, French-Carpathian Oil Company, Tustan Oil Union “George Clairin”, Oil Refinery “Jedlicze” and “Dziedzice”. Such an association was supposed to reduce the administration costs of the above-mentioned enterprises significantly (CSHAUL, f. 242, d. 1, c. 47, p. 1v). The greatest success was achieved in the management of the western oil field, where the Directorate of Mines was formed in Krosno. In 1928, this allowed the Galician Carpathian Oil Joint Stock Company to buy a lot of oil-bearing land there. At the same time, the profits of the united oil companies decreased. For example, “Dąbrowa” earned only 1.6 million francs in 1926 – 1927, and 580 thousand in 1927 – 1928 (Franaszek, 1986, pp. 235–236).

In the mid-1920s, the “Dąbrowa” concern / the Galician Carpathian Oil Joint Stock Company managed almost 13,000 hectares of oil-bearing land (approximately 400 mines). The enterprises produced approximately 25% of all crude oil in Poland (of which 3/4 outside Borysław field). The concern had three oil refineries in Galicia (Jedlicze, Glinik Maryampolskyi, Dziedzice) and three abroad (“Apollo” in Bratislava, “Hazaj” in Budapest and “Drösig” near Vienna). They could process almost 30,000 tanks of raw materials per year. The oil refinery in Jedlicze processed almost 90,000 tons of crude oil per year, and the enterprises in Glinik Maryampolski and Dziedzice processed almost 60,000 tons each. The length of the concern’s gas pipelines was 400 km. The oil refinery was the owner of machines factory and drilling equipment factory in Glinik Maryampolsky, branches of the enterprise in Borysław and Tustanovychi (Franaszek, 1986, pp. 235–236; Idem, 2000, pp. 314–315). The concern sold its petroleum products with the help of the “Karpaty” company, which was founded in 1922 (CSHAUL, f. 250, d. 1, c. 1, p. 1; Franaszek, 1986, p. 236). The company had branches in Warsaw, Łódź, Częstochowa, Kraków, Ślesia, Poznań and Białystok, in addition to the Lviv centre and the technical branch in Dziedzice until 1926 (CSHAUL, f. 250, d. 1, c. 17, p. 1). There were founded separate trade enterprises in order to sell the oil products in Vienna, Gdańsk and Prague (Fraszak, 1986, p. 236).

The “Premier” concern also experienced financial problems after the monetary reform of 1924. Due to risky operations with shares of oil companies, the value of concern’s assets began to plummet constantly. The “Premier” was deleted from the trade register on January 18 of 1925 (CSHAUL, f. 255, d. 1, c. 725, pp. 2v–3, 5). As a result, most of the concern’s shares were bought by the Dewilder’s group. It meant the integration of the “Premier” into the General Oil Credit company. The new owners unified the management of the concern (CSHAUL, f. 207, d. 1, c. 850, p. 2; Koncern..., 1931, p. 2). At first, the Dewilder’s group managed the “Premier” skillfully, spending the profits on the depreciation and increasing the property, investing in the industrial facilities (for example, the “Premier” built a power plant in Brzeżywna). However, the financiers began to speculate in the shares of their oil companies in 1926, which at the turn of the 1920s and the 1930s led to complex consequences (Schaetzel, 1928, p. 355; Wyszyński, 1931, pp. 281–282).

The structure of the French ownership in the Polish oil industry was established at the end of the 1920s, when the merger of their companies led to the organization of two powerful concerns – “Małopolska” and “Galicja” (Bohdanowicz, 1938, p. 242). In the summer of 1928 a great unification of the French companies began when the “Premier” bought from the Galician Carpathian Oil Joint-Stock Company its companies that were under the influence of the Viennese capital: “Fanto”, “Nafta” and “Karpaty”. The concern extended the influence to “Dąbrowa” soon, which was threatened with collapse due to unsuccessful speculations on
the stock exchanges. In this situation, its shareholders sold all their assets in Poland, Gdańsk, Czechoslovakia, Austria and Hungary to the General Oil Credit Company (Brzozowski, 1928, p. 92; Franaszek, 1986, p. 236).

There were eight large refineries and two Polish trade organizations, which were called “Oleum” and “Karpaty” in the hands of the “Premier”. Hence, the concern was able to rationalize the production of petroleum products by limiting the work of the weakest refineries, which at the same time made it possible to reduce administrative costs. It was a positive phenomenon for the entire oil industry in Poland, where there was a significant shortage of crude oil (Brzozowski, 1928, p. 92). The concern “Premier” acquired companies that had oil mines, refineries, enterprises that stored and transported crude oil and oil products, workshops of drilling machines and equipment, trade organizations. Since then, the “Premier” could produce almost 24,000 tons of crude oil every month (over 40% of all Polish oil production). Its refinery could process up to 36,000 tons of raw materials per month. The “Premier” received two refineries outside of Poland and an oil mine in Czechoslovakia, refineries in Austria and Hungary (Schaetzel, 1928, pp. 353–355). “Karpaty” had its trading organization “Nova” in Vienna. It played an important role in land exports to Austria and neighbouring countries. Having received this company, the “Premier” actually took over the markets of the Polish oil products in Central-Eastern and partly in Western Europe (Brzozowski, 1928, p. 93).

In 1928, the Paris company General Oil Credit increased its authorized capital from 80 million to 250 million francs (Franaszek, 1986, p. 241; Kachlik, 1995, p. 187; Wyszyński, 1931, p. 277) and in mid-summer organized the most powerful oil concern in Poland on the basis of the “Małopolska” company. In the 1928 – 1929 budget year its profit was 32 million francs. However, in 1929, despite the resolution of the shareholders and management, due to the approaching crisis, the authorized capital of “Małopolska” was not increased. A crisis broke out at the French stock exchange soon. The price of “Małopolska” shares began to fall rapidly. It turned out that the activities of the Dewilder’s group were based on speculation and fraud on its shareholders. The French financiers inflated the value of companies’ shares artificially together with the Viennese banks that were part of “Małopolska” (Franaszek, 1986, p. 242; Wyszyński, 1931, pp. 278, 283).

The above-mentioned situation caused fears concerning the future fate of the concern in the Polish oil industry. The management began to be accused of speculation with its shares. In Paris, there were not enough funds to guarantee the stable operation of “Małopolska”. Some of the Polish oil workers believed that the concentration of enterprises into such a large concern, which owned more than 40% of Polish oil production, was not justified. By this time, “Małopolska” had already played an important role in the entire Polish oil industry. The leaders of the concern began to infiltrate economic self-government, removing representatives of the Polish oil companies from there (Paryska, 1931, pp. 40–43; Szlemiński, 1931, p. 141). The French entrepreneurs believed that the collapse of “Małopolska” came about because speculators took over the influence on the stock exchanges, and the Dewilder’s group had nothing to do with it (Wyszyński, 1931, p. 280).

The “Małopolska” concern began to ask the government to provide it with guarantees for its bonds for 70 million złoty. It was supposed to cover the concern’s multimillion-dollar debts in Viennese banks. The “Małopolska” management planned to issue these bonds in order to obtain loans from abroad, necessary for the rehabilitation of the concern and prevention of its bankruptcy. The authorities and businessmen began to discuss this
issue. At first, the Polish government did not agree to such a solution to the concern’s issue (Wiadomości..., 1931, p. 152). For example, a deputy Bronisław Wojciechowski believed that the government should take care of the entire oil industry of Poland, and not the interests of one foreign association. If the “Małopolska” concern received some financial support by the government, the state oil policy would become even more dependent on the interests of the concern. In fact, the state would finance the foreign ownership (Wojciechowski, 1931, p. 1). The Parliamentary Commission of Poland was engaged in establishing the causes of the stock market crash. The Polish government was forced to apply remedial measures, because the concern played an extremely important role for the entire oil industry. As a result, it was possible to deal with the finances of “Małopolska” by 1936 (Franaszek, 1986, p. 243).

The concern consisted of approximately 30 firms, which retained their legal personality and property. The General Directorate was the governing body of “Małopolska”, which began operating on August 1 of 1928. The General Director was Viktor Hlasko. According to the state letter issued on July 31 of 1928, the following departments of the concern were formed: General Management Department, Administrative Department, Mining Department (until 1934, it was called Field Mining Department); Commercial Department, Electrical Department; Investment and Workshop Department; Financial Department; Purchasing Department, Accounting Department. At the beginning of the 1930s, a Legal Department was formed. At the same time, the management of the concern retained separate management of the larger companies that were part of it: “Małopolska Oil Industry”, “Premier”, “Nafta”, “Fanto” and “Dąbrowa” (CSHAUL, f. 207, d. 1, c. 850, p. 7; f. 225, d. 1, c. 27, pp. 1–31v; c. 28, pp. 1–13; c. 39, pp. 6–9; Franaszek, 1986, pp. 237–239; Kachlik, 1995, p. 188).

In addition to enterprises in Poland, the foreign companies also took part in the concern: “Nova” Oil Refinery in Austria, “Hazai” in Budapest and “Apollo” in Bratislava. The foreign trade was carried out by the representative offices of the group – “Nova” in Vienna to Austria, Czechoslovakia, Hungary, Yugoslavia, Italy, Switzerland; to Germany – “Milag” in Berlin; to France – Paris Trading Company to Gdansk, England, Holland, Scandinavian countries and other states – the Polish Petroleum Company in Gdansk (Firanaszek, 1986, p. 241; Kachlik, 1995, p. 188).

“Małopolska” was the biggest oil concern during the interwar period. In 1928, the mining enterprises managed 17,000 hectares of oil-bearing areas along the entire Carpathians, which were divided into five sectors: Bytkiv, Boryslav, Wankowa, Polianka and Rypne (CSHAUL, f. 225, d. 3, c. 1857, p. 7; Kachlik, 1995, p. 187). By 1934, the total area of oil-bearing land developed by “Małopolska” was already 21,5 thousand hectares. In the mid-1930s, the concern owned almost 900 oil and gas wells (CSHAUL, f. 207, d. 1, c. 850, p. 4). It produced approximately 20–25 thousand tons of crude oil (almost 65% of all raw materials extracted from the Boryslav field) and 13–14 million m3 of gas per month. At the same time, gasoline was produced from most of the gas (1,300–1,600 tons per month) (CSHAUL, f. 207, d. 1, c. 850, pp. 4–5; Kachlik, 1995, p. 188).

“Małopolska” oil refineries produced almost 50% of all Polish oil products (Firanaszek, 1986, p. 241). The concern had 12 processing enterprises in Poland, Austria, Czechoslovakia and Hungary (total production capacity of almost 540 thousand tons per year) (Kachlik, 1995, p. 188). There operated seven “Małopolska” oil refineries in Poland in Trzebin and Rychtych (the Polish Union Refineries of Mineral Oils) by the middle of 1934, in Glinsk Maryampolski, Jedylice and Dwietzice (the Galician Carpathian Oil Joint Stock Company), Drohobych (“Nafta”) and Ustrzyki (“Fanto”). The management of the concern regulated the
processing of oil at its refineries, so the weaker ones did not operate (CSHAUL, f. 207, d. 1, c. 850, p. 6; f. 225, d. 3, c. 1857, p. 8). In addition to the oil refinery, “Małopolska” organized the operation of nine gasoline plants (four in Boryslav, Bytkov, Glinik Maryampolskyi, Jedlicze, Rypny, Rohy and Ruvny) (CSHAUL, f. 225, d. 3, c. 1857, p. 9) and a plant for the production of liquefied gas (CSHAUL, f. 207, d. 1, c. 850, p. 5).

The following enterprises, which belonged to the concern: “Karpaty”, “Montan”, “Petrolea” and “Fanto” dealt with crude oil and oil products storage and transportation. In general, the concern’s oil collectors contained 350,000 m$^3$ (approximately 190,000 tons), the length of the oil pipelines was 304 km in 1934. These enterprises pumped 80% of oil products of foreign companies from Boryslav field (CSHAUL, f. 207, d. 1, c. 850, p. 5; Franaszek, 1986, p. 241; Idem, 2000, p. 315; Kachlik, 1995, p. 188).

The Polish-French Oil Company (Société Franco-Polonaise des Pétroles) is another large French company, which was founded in 1919 and associated with the Bank of Paris and the Netherlands (Banque de Paris et des Pays Bas), during the interwar period the Polish-French Oil Company controlled the shares of two major oil companies: the Polish-French Mining Company (Société Minière Franco-Polonaise) and the Galician oil company “Galicia” (Galicyjskie Towarzystwo Naftowe “Galica”). The Polish-French Oil Company prioritized profitability of its enterprises unlike other French financial groups that were active in the Galician oil industry, often speculating on the shares of their companies at the stock exchange. All profits were invested in their development and modernization, so shareholders did not receive dividends for almost ten years (Wyszyński, 1931, pp. 279–280; Khonihsman, 1964, p. 48).

The Polish-French Mining Company was founded in the mid-1920s and engaged in the oil production mostly. This French firm had oil mines in Bytkiv, Rosilna and Kitvan (CSHAUL, f. 222, d. 1, c. 14, p. 4; c. 15, p. 14).

“Halychyna” was founded as an Austrian joint-stock company in Drohobych approximately in 1904 (CSHAUL, f. 220, d. 1, c. 53, p. 24; d. 2, c. 22, p. 82). The company provided itself with raw materials, processed them and sold petroleum products (Kachlik, 1995, p. 185). The centre of the institution was located in Lviv in a tenement at Kostiushko 8, street (CSHAUL, f. 220, d. 2, c. 22, p. 82). “Halychyna” started to buy up other oil companies in the first half of the 1930s actively. There were difficulties with the finances of the Polish-French mining company due to the “Great Depression”, which had a pernicious effect on the company. Taking into consideration the common origin of the capital, its shareholders decided to conclude an agreement with “Halychyna”, giving it the right to drill wells in its oil fields in exchange for 15% of the extracted raw materials (CSHAUL, f. 220, d. 2, c. 39, pp. 1–24; f. 1, p. 2). It actually meant the merging of the two companies of the Polish-French Oil Company.

“Halychyna” merged with “Limanowa” in the summer of the 1934. In order to do this, “Halychyna” bought all the shares (93,4 million francs) of the oil company “Silva Plana”, which was founded in 1914. The crude oil extracted at the “Limanowa”, was supposed to be processed at the “Halychyna” refinery. As a result, “Halychyna” got rid of a competitor for the raw materials. Since then, the Limanovska Oil Refinery produced only special products from crude oil “Halychyna” turned into the second largest French oil concern after “Małopolska” (CSHAUL, f. 220, d. 2, c. 22, pp. 92–93; Kachlik, 1995, p. 186; Wyszyński, 1931, p. 278).

The authorized capital of “Halychyna” was 14,280,000 Polish marks initially. In July of 1923, due to a significant devaluation of the currency rate, it was increased by as much as 99,960,000 Polish marks – to 114,240,000 (CSHAUL, f. 220, d. 2, c. 3, pp. 7–8). By 1928, the share capital of “Halychyna” was 36 million zl (CSHAUL, f. 220, d. 1, c. 53, p. 24).
The financial reports on its activities testify to a skillful management of this company. Even in 1918 – 1919 budget year, when there were some issues with the sale of raw materials and there was no communication with the western deposit (CSHAUL, f. 220, d. 1, c. 15, p. 100) “Halychyna” ended up with a net profit of 6,713,133.80 kron (CSHAUL, f. 220, d. 1, c. 15, pp. 13a–17; c. 16, pp. 14v–15.). Despite a difficult financial situation in the country, the company managed to end up the following years without debt: the 1920 – 1921 budget year with the net profit of 30 499 240,28 Polish marks (CSHAUL, f. 220, d. 1, c. 20, p. 4); 1921 – 1922 – 56 761 981,04 (CSHAUL, f. 220, d. 1, c. 19, p. 5); 1922 – 1923 – 17 843 321 858,24 (CSHAUL, f. 220, d. 1, c. 21, p. 6v), 1925 – 1926 – 223 134,32 zł (CSHAUL, f. 220, d. 1, c. 36, p. 13v). “Halychyna” had to end up with a deficit of 48 031,12 zł only in the 1926 – 1927 budget year due to long-standing debts to the Czechoslovak creditors (CSHAUL, f. 220, d. 1, c. 37, pp. 13–13v). Owing to the reserves from previous years, it was possible to improve the company’s finances, and in the 1927 – 1928 budget year, “Halychyna” ended up with a profit of 22 7092,99 zł (CSHAUL, f. 220, d. 1, c. 43, p. 13v; c. 46, p. 8). The company earned – 492 171,67 zł in the 1928 – 1929 budget year (CSHAUL, f. 220, d. 1, c. 54, p. 30v; c. 57, p. 21), 1929 – 1930 – 145 053,18 (CSHAUL, f. 220, d. 1, c. 65, p. 37v). During the crisis, the company managed to avoid major losses. The financial condition of “Halychyna” improved after overcoming the general crisis and merging with other oil companies. In the 1934 – 1935 budget year, its net profit was 1 629,72 zł (CSHAUL, f. 220, d. 1, c. 95, p. 4; c. 98, p. 21); 1935 – 1936 – 9 133,16 (CSHAUL, f. 220, d. 1, c. 102, p. 7); 1936 – 1937 – 37 663,36 (CSHAUL, f. 220, d. 1, c. 123, p. 4, c. 124, p. 3), 1937 – 1938 – 623 750,90 zł (CSHAUL, f. 220, d. 1, c. 141, p. 3; c. 146, p. 5; c. 150, p. 18), from May of 1938 to January 31, 1939 – 970 525,18 zł (CSHAUL, f. 220, d. 1, c. 136, pp. 2–3; c. 155, p. 3). “Halychyna” managed to form its financial reserve in the amount of 1 573 649,26 zł at the end of January of 1939, owing to the profits earned in previous years (CSHAUL, f. 220, d. 1, c. 141, p. 3; c. 146, p. 5; c. 150, p. 18).

“Halychyna” owned approximately 120 oil mines in Bytkov, Boryslav, Krosno, Mraznytsia, Tustanovychi, Skhidnytsia and other localities (CSHAUL, f. 220, d. 1, c. 95, p. 4; c. 98, p. 21); 1935 – 1936 – 9 133,16 (CSHAUL, f. 220, d. 1, c. 102, p. 7); 1936 – 1937 – 37 663,36 (CSHAUL, f. 220, d. 1, c. 123, p. 4, c. 124, p. 3), 1937 – 1938 – 623 750,90 zł (CSHAUL, f. 220, d. 1, c. 141, p. 3; c. 146, p. 5; c. 150, p. 18), from May of 1938 to January 31, 1939 – 970 525,18 zł (CSHAUL, f. 220, d. 1, c. 136, pp. 2–3; c. 155, p. 3). “Halychyna” managed to form its financial reserve in the amount of 1 573 649,26 zł at the end of January of 1939, owing to the profits earned in previous years (CSHAUL, f. 220, d. 1, c. 141, p. 3; c. 146, p. 5; c. 150, p. 18).

“Halychyna” owned approximately 120 oil mines in Bytkov, Boryslav, Krosno, Mraznytsia, Tustanovychi, Skhidnytsia and other localities (CSHAUL, f. 220, d. 2, c. 22, p. 83; Kachlik, 1995, p. 185). In the mid-1930s, the concern modernized the technical equipment of its mining enterprises. There were ordered two towers of the “Rotary” system. In the future, they planned to drill only with it (CSHAUL, f. 220, d. 1, c. 102, p. 43v). “Halychyna” built its own oil pipelines with a length of more than 90 km and collectors for the raw materials (Kachlik, 1995, p. 185).

The firm’s oil refinery was built in Drohobych back in 1904 (CSHAUL, f. 220, d. 1, c. 15, p. 38v). During the interwar period, it was expanded and since then could process up to 140,000 tons of crude oil per year. They began to supply raw materials through oil pipelines from the mines of Boryslav deposit to the oil refinery already in 1912. The oil refinery enterprise “Halychyna” was the first one in Poland to produce asphalt of the “Molfart” and “Galbit” brands, and the impregnating emulsion “Drogol”. Its oil products were sold under the brand name “Galtol” (Kachlik, 1995, pp. 185–186; Nafta..., 2004, p. 366). In May of 1935, they decided to carry out a technical update of the oil refinery. The pipestill distillation equipment was ordered, stabilization equipment was built to prevent the loss of gas and gasoline (CSHAUL, f. 220, d. 1, c. 102, p. 43v). In 1936, this technique was launched (CSHAUL, f. 220, d. 1, c. 124, p. 3).

und Tankanlagen in Gdańsk, Südskarpatische Mineralöl Handels-Gesellschaft in Prague, by the South Carpathian Oil Refining and Trading Company (Südkarpatische Mineralölraffinerie und Handelsgesellschaft) in Mukachevo (CSHAUL, f. 220, d. 2, c. 22, pp. 92–97).

Investments of the French companies in the oil industry of Galicia did not bring the desired results. According to the calculations of Otto Vyshinsky, the French companies spent approximately 2,4 billion francs, and were able to return a maximum of 400 million 2 billion francs by the beginning of the 1930s, the French lost on investments in the Polish oil industry due to speculation at the stock exchanges, and above all due to an unforeseen significant decrease in the production of raw materials (Wyszyński, 1931, pp. 285–286).

The Conclusions. During the interwar period, Poland did not have sufficient capital for the reconstruction and development of the oil industry in Galicia. For this purpose, the Polish government decided to attract foreign capital to the strategic sector of the economy. As a result, the majority of the oil industry enterprises ended up in the hands of the French bankers and industrialists. France wanted to provide itself with petroleum products with the help of the Galician resources. The majority of new owners of oil facilities almost did not modernize existing enterprises, were interested only in earning quick profits, and inflated the value of their companies’ shares artificially. The Polish government did not supervise the process properly. As a result, many French companies went bankrupt during the economic crisis. Owing to the financial support of the Polish government and the union of French firms, they managed to overcome the crisis by the mid-1930s. As a result, two large oil concerns were formed in Poland – “Malopolska” and “Halychyna”, which determined the state of affairs in this industry before World War II break out significantly. The French investments did not bring the desired results due to an improper management of oil companies and a decrease in the production of raw materials in Boryslav field.

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