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**ON THE DEVELOPMENT OF MERCHANT NAVIES  
IN THE BALTIC COUNTRIES.  
THE YEARS 1918–1939**

**Introduction**

With regard to technology, the interwar period was characterized by the wide scale introduction of steam power improvement, internal combustion engines and the definitive disappearance of sail fleet.

The countries which gained their statehood as a result of World War I included the development of sea economy into their general development programmes. New colours appeared on the Baltic trying to find a niche for themselves in the sea navigation so as to realize national economic interests.

An analysis of the development of navies of particular countries will rely on the transformations determination, defining the average size of units, determination of the participation of individual power type and hence the modernization degree of a navy.

The changes in the economic situation manifested themselves in the navy by the freight rate changes which in turn could influence investments. Also, the navigation policy of individual states treated as a part of their economic policy could have an impact on the mentioned investments, too.

**Economic Changes**

The period of postwar reconstruction and reordering of the economic relations continued until the early 1920s. The economic stabilization was the order of the day until the early 1930s and the Great Depression.

The Baltic countries trade reflected their agricultural character. The sales in minerals played a significant role, too.<sup>1</sup>

The Great Depression caused the biggest decline in industrial production in Germany and Poland, then in Estonia, Sweden and Finland, and the smallest in Denmark.<sup>2</sup>

In Scandinavia, the state intervention developed best in Sweden, to a lesser degree in Denmark, and on the smallest scale in Finland. The intervention policy was more intensely realized in less developed countries. The role of the state increased in fascist countries.<sup>3</sup> After the New Economic Policy stage, the Soviet Union entered the period of mass industrialization in the 1930s.<sup>4</sup>

### Tonnage Development

Within the years 1921–1939 the Estonian navy increased by 4.7 times and it remained on the level of 40,000–49,000 BRT until 1927. Doubling this state occurred in the period from 1928 to 1932, nearly doubling – until 1939. The only year in which the tonnage was lower than in the previous year was 1934. The share of ships of the tonnage of over 100 BRT comprised over 90% of the entire tonnage. These ships were primarily steamships and motor ships.

Before World War I the Riga navy in 1913 on the whole amounted to 83,000 BRT.<sup>5</sup> War losses amounted to 80% of tonnage. The tonnage of the Latvian fleet, despite certain fluctuations in the early 1920s, doubled until 1928. It reached the highest value in 1931 (207,000 BRT). In the following years it fluctuated at 190,000 BRT on the average.

Until 1935 only three ships navigated under the Lithuanian colours of the total capacity amounting to 3000 BRT. The navy increased in 1936 by three ships of the capacity of 1700 BRT. In the late 1930s it increased by 5600 BRT. On the whole, the Lithuanian fleet amounted in 1938 to 11 ships of the capacity of 10,300 BRT. The biggest of these ships was of 1566 BRT, whereas the smallest – 542 BRT.<sup>6</sup>

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<sup>1</sup> J. Ciepiewski, I. Kostrowicka, Z. Landau, J. Tomaszewski: *Dzieje gospodarcze świata do roku 1980* [An Economic History of the World until 1980], Warszawa 1987, pp. 351, 355.

<sup>2</sup> *Ibid.*, pp. 366, 387–388.

<sup>3</sup> *Ibid.*, pp. 434, 436–437, 443–444.

<sup>4</sup> *Ibid.*, pp. 455–456, 466–472.

<sup>5</sup> B. von Gernet: *Die Entwicklung des Rigauer Handels und Verkehrs im Laufe der letzten 50 Jahren bis zum des Weltkrieges Ausbruche*, Jena 1919, p. 129.

<sup>6</sup> *Zehn Jahre litauischer Wirtschaft*, Kaunas 1938, p. 132.

In the course of World War I the Finnish fleet suffered great losses due to the ships having been sunken or seized by the British.<sup>7</sup>

Even though the tonnage of the Finnish fleet slightly decreased in the years 1923–1925, yet, from the late 1920s it systematically increased from 211,000 BRT in 1925 to 626,000 BRT in 1939. Thus the capacity actually tripled. The Finnish navy did not diminish during the Great Depression. Still, the motor boat fleet underwent certain fluctuations.

The Swedish fleet began to systematically increase up to the year 1932 only to achieve the tonnage of 1.7 million BRT. It subsequently began to diminish to have reached the capacity of 1.5 million BRT in 1937. After this date it kept increasing until reaching the tonnage of 1.6 million BRT. The tonnage of steamships and the small at the time sailer fleet diminished.

In the 1920s the Danish fleet remained at the same level of about one million tons. This value was increased up to over 1.1 million in 1931 and lingered on this level from then on. This fleet dropped to its lowest tonnage level – 1101 BRT in 1935 and jumped to its highest capacity 1,176,000 BRT in 1939.

By the end of the 19<sup>th</sup> century the Gdańsk fleet was gradually diminished and before World War I reached the capacity of 19,000 BRT. Its – significant – growth took place after the war and in 1926 the fleet of the Free City of Gdańsk amounted to 140,000 BRT. The subsequent period of growth began in 1931 and until 1935 the fleet's capacity fluctuated at the level of 260,000–280,000. In 1936 it amounted to a dozen or so thousand BRT.<sup>8</sup> This resulted from the crossing out of the ship register ships belonging to the *Baltisch-Amerikanische Petroleum Gesellschaft*.<sup>9</sup>

The merchant fleet in Poland dates back to 1926. It increased from 50,000 in 1930 to 120,000 BRT in 1939. The increase was much owed to the introduction of large passenger ships.

As a result of World War I and hence confiscations and war reparations, the German fleet diminished from 5.4 million BRT to 0.4 million BRT in 1920. Until the end of the 1930s this fleet nevertheless increased up to 4 million BRT. On the other hand, the capacity of the Baltic German navy diminished between 1924 and

<sup>7</sup> A. von Gadolin: *Finnland. Vergangenheit und Gegenwart*, Königsberg–Berlin 1943, p. 201.

<sup>8</sup> Based on “International Statistical Year-Book”, 1926; “Statistical Year-Book of the League of Nations” for the years 1931/32–1939/40.

<sup>9</sup> “Mały Rocznik Statystyczny” [The Small Statistical Yearbook], 1938, p. 187.

1939 by 40%. This percentage covered the tonnage of sailers, steamships, even motor boats.

Between 1924 and 1927 the tonnage of the fleet of the Soviet Union was decreasing. From 1928 to 1939 an increased from 377,000 BRT to 1.3 million BRT occurred. The tonnage of steamships and motor boats increased equally high so that by the end of both the 1920s and 1930s they comprised about one fourth of the country's entire tonnage.

Before the war the Russian Baltic fleet amounted to 113,000 NRT. Of this number 88,000 NRT was registered in the ports of what later on became the Republic of Latvia. The remaining part of this fleet – 20,000 NRT was registered in St. Petersburg. Until the mid-1930s the Baltic fleet increased up to 80,000 NRT.<sup>10</sup>

Table 1A. Development of the Baltic state fleets  
– ships of the capacity of 100 BRT and more

Years	Denmark	Sweden	Finland	Soviet Union <sup>a</sup>
	Thousands of BRT on average			
1920–1924	968	1,162	197	429 <sup>b</sup>
1925–1929	1,065	1,393	253	354
1930–1934	1,137	1,666	370	725
1935–1939	1,132	1,545	543	1,234

<sup>a</sup> The entire state.

<sup>b</sup> Years 1920–1921, 1924.

Source: “International Statistical Year-Book”, 1926; “Statistical Year-Book of the League of Nations” for the years 1931/32 – 1939/40.

The statistics of the tonnage do not reflect the navigational activity entirely. In the times of weak market a part of the tonnage was withdrawn from exploitation.

In order to determine the relative significance of the merchant navy, one must refer its size to the population number. The countries in which one gross ton falls to several inhabitants comprised Denmark (3), Sweden (4), and Estonia and Finland (6) to be followed by Latvia (10) and Germany (15), whereas Poland and

<sup>10</sup> P.-H. Seraphim: *Die Ostseehäfen und der Ostseeverkehr*, Berlin 1937, pp. 232, 237.

Lithuania could boast of similar numbers – 290 and 270. For the Soviet Union the relation was 146 inhabitants for 1 BRT.<sup>11</sup>

Table 1B. Development of the Baltic state fleets  
– ships of the capacity of 100 BRT and more

Years	Estonia	Latvia	FC Gdańsk	Poland	German Baltic Provinces <sup>c</sup>	Germany <sup>f</sup>
	Thousands of BRT on average					
1921–1924	42	44	102 <sup>a</sup>	–	.	1,764 <sup>g</sup>
1925–1929	50	95	124	22 <sup>b</sup>	421 <sup>d</sup>	3,484
1930–1934	104	197	229	64	364	3,821
1935–1939	165	186	66	101	283 <sup>e</sup>	4,019

<sup>a</sup> Years 1922–1924.

<sup>b</sup> Years 1927–1929.

<sup>c</sup> Ships of the capacity of 17.6 BRT and more.

<sup>d</sup> Years 1924–1929.

<sup>e</sup> Years 1935–1937, 1939.

<sup>f</sup> The entire state

<sup>g</sup> Years 1920–1924.

Source: “Statistical Year-Book of the League of Nations” for appropriate years; W. Czerwińska: *Polska żegluga morska w latach II Rzeczypospolitej* [The Polish Sea Navigation in the Years of the 2<sup>nd</sup> Republic of Poland], Gdańsk 1971, Table 12; “Statistisches Jahrbuch für das Deutsche Reich” for appropriate years – German Baltic Provinces.

### Ship Power Structure

The late 19<sup>th</sup> and late 20<sup>th</sup> century innovations as regards steam machines are the steam turbine and steam machine with the turbine for released steam. After World War I the Lenz machine, more efficient than its predecessors and with more rotation, became popular.<sup>12</sup> The improvements of boilers had an impact on the reduction of heat losses. In steam machines liquid fuel, cheaper and easier in use, was applied.

Invented in the late 19<sup>th</sup> century, the Diesel engine, in comparison to other engines, had considerably higher heat efficiency. Vessels of the same capacity but different power used different quantities of fuel. The steamship heated with

<sup>11</sup> The calculations on the basis of: B. R. Mitchell: *Statistischer Anhang 1920–1970. Europäische Wirtschaftsgeschichte*, Bd. 5: *Die europäische Volkswirtschaften im zwanzigsten Jahrhundert*, Stuttgart–New York 1980, p. 424; “Statistical Year-Book of the League of Nations”, 1939/40.

<sup>12</sup> M. Krynicki: *Współczesne statki morskie* [Contemporary Sea Vessels], Warszawa 1956, pp. 101–102.

liquid fuel required 70% of it, whereas a Diesel engine vessel – only 23% of the fuel weight which the coal-heated steamship of the same capacity used. Ships of the mentioned capacity could carry the cargo bigger by, respectively, 8,5% and 18,7%, also because of the smaller size of the engine. The construction of such ships was more expensive though and the costs of their “idleness” – bigger.<sup>13</sup> Motor boats could also have less numerous machinery room staff.

Table 2. Percentage of the tonnage of liquid fuel-heated steamships in the overall tonnage of the year 1937

State	%	State	%
Norway	33.1	Denmark	9.2
Great Britain and Ireland	27.3	Sweden	6.3
Germany	25.2	World Navy	7.4

Source: “Statistisches Jahrbuch für das Deutsche Reich”, 1937, p. 111.

Denmark and Germany were positioned over the world average, whereas Sweden was a little under this average as regards the share of liquid fuel-heated steamships.

Table 3. Percentage of motor boats in the overall tonnage (thousands BRT) of steamships and motor boats (vessels under 100 BRT) – 1939

State	%	State	%
Denmark	49.1	Finland	6.1
Sweden	44.9	Estonia	4.8
Poland	37.6	Latvia	0.5
Soviet Union	26.1	Europe	27.2
Germany	24.7	the World	22.8

Source: “Statistical Year-Book of the League of Nations”, 1938/39, p. 199. Note: mechanically powered ships included auxiliary sailing vessels.

The navies of Denmark, Sweden, and Poland had the biggest share of motor boats in the group of mechanically powered boats. The Soviet Union and Germany positioned themselves near the average of this share. However, the share of the German Baltic fleet amounted to as little as 4,5% regardless of the fact that

<sup>13</sup> After: S. Helander: *Die internationale Schifffahrtskrise und ihre weltwirtschaftliche Bedeutung*, Jena 1928, p. 7.

the statistics also covered the ships of the capacity exceeding 17.6 BRT.<sup>14</sup> The high share of motor boats in the Polish fleet resulted from the big share in it of passenger ships. With reference to internal combustion engines, the most backward countries were Finland, Estonia, and Latvia.

The Great Depression period did not hinder the development of the motor boat fleet. In the years 1929–1933 the size of this fleet was augmented in Denmark from 308,000 to 461,000 BRT, in Finland – from 16,000 to 24,000 BRT, in Sweden – from 409,000 to 557,000 BRT. In the German Baltic fleet the tonnage of motor boats remained on the same level only to commence diminishing in the late 1930s.

For the entire Europe the share of the tonnage of sailing vessels in 1938 amounted to 0.6% of the tonnage of the ships with the capacity over 100 BRT. Still, two states prevailed in this respect: Estonia with her 5.1% share, and Finland with the share of 6.4%. In the remaining countries, excluding the Soviet Union (0.6%), this share was less than the European average. Ten years earlier, in 1928, over two per cent of the mentioned share belonged to Denmark (2.3%), Latvia (2.6%), Sweden (2.55%). Estonia (18.9%) and Finland (23.8%) stood out.<sup>15</sup> One fourth of the Estonian sailing vessel tonnage (ships up to 250 BRT) served for the purposes of coastal navigation.<sup>16</sup> A large part of the Finnish sailing vessel fleet comprised big merchant sailing vessels.<sup>17</sup>

In 1927 the tonnage of sailing vessels positioned in the German Baltic ports amounted to 14,800 BRT, with the share of 3.7% in the overall tonnage.<sup>18</sup>

### Size Structure

In comparison to 1914, in 1939 sailing vessels were, on the average, bigger. Those under Danish, Estonian, Russian, and Swedish colours boasted of the capacity of several hundred tons. The biggest sailing vessels belonged to Germany (1400 BRT), and to Finland (1200 BRT).<sup>19</sup> The statistics considering ships over

<sup>14</sup> “Statistisches Jahrbuch für das Deutsche Reich”, 1939.

<sup>15</sup> After: “Statistical Year-Book of the League of Nations” for the years 1927/28, 1937/38.

<sup>16</sup> P.-H. Seraphim: op. cit., p. 234.

<sup>17</sup> One of such sailing vessels called *Pommern* at present functions as a museum ship in Mariehamn in the Åland Islands. I. Schmidt: *Maritime Oldtimer*, Leipzig 1986, p. 58.

<sup>18</sup> “Statistisches Jahrbuch für das Deutsche Reich”, 1928, p. 169. This concerns the ships of the capacity of over 17.6 BRT and without sea lighters.

<sup>19</sup> *Ibid.*, 1926, 1938, 1941/42. The state for July 1, 1939.

17.6 BRT shows that for the German Northern Sea and Baltic ports the average capacity of sailing vessels amounted to 97 and 57 BRT respectively.<sup>20</sup>

The average size of steamships in 1939 amounted to 1300 in Denmark and Estonia, 1400 BRT in Poland, 1600 BRT in Finland, 1700 BRT in the Soviet Union, and 2200 BRT in Latvia.

In the years 1924–1939 the average capacity of motor boats increased significantly: in Denmark by 21%, in Germany by 28%, in Sweden by 70%. The biggest – on the average – motor boats were exploited in the Polish navy – 2800 BRT. Over two thousand BRT of capacity characterized, on the average, too, Danish motor boats – 2200 BRT, and Russian – 2500 BRT, whereas German and Latvian motor boats were smaller – 1300 BRT. Swedish motor boats were of 1700 BRT, and the Finnish and Estonian motor boats were the smallest – 836 BRT and 293 BRT respectively.<sup>21</sup> However, the average motor boat size was lowered by the fact of including in this group of auxiliary sailing vessels.

Considerable differences existed between the sizes of the steamships and motor boats (ships over 17.6 BRT) located in the German Northern Sea and Baltic ports. The average size of steamships amounted, in 1938, to 2200 and 851 BRT respectively, of motor boats – 2400 and 173 BRT.<sup>22</sup> This suggested the gradual decline of the German Baltic navy.

### Ship Age

In comparison to the entirety of the German navy, the fleet of German Baltic ports was never brought new blood into due to the fact that this fleet possessed few ships appropriate for being disposed of as war reparations.<sup>23</sup>

The fleet of the Free City of Gdańsk with its ships of twenty years was significantly “rejuvenated” owing to the fleet of tankers whose average age amounted to 6.5 years. When this fleet ceased navigating under the Gdańsk colours, the ships’ average age in 1938 was 28 years.<sup>24</sup>

An incentive to introduce modern tonnage, also at the times of recession, was shipowners’ desire to stand up to rivals. Yet, only really big shipowners could

<sup>20</sup> Ibid., 1939, p. 222 (ships over 17.6 BRT).

<sup>21</sup> Ibid., 1938, 1941/42.

<sup>22</sup> Ibid., 1939.

<sup>23</sup> P.-H. Seraphim: op. cit., p. 238.

<sup>24</sup> B. Hajduk: *Zur Geschichte der Seeschifffahrt und Handelsflotte Danzigs in den Jahren 1920–1945*, “Studia Maritima”, 13, 2000, p. 191.

do this. On the other hand, at the times of the weak market, there was a big supply of old and cheap tonnage.

In the Swedish fleet of the turn of 1935 and 1936, the share of the tonnage of ships older than 24 years amounted to 33%. At the times of the crisis old ships were superseded by new ones, mainly by motor boats.<sup>25</sup>

The Estonian fleet increased until the mid-1930s owing to the purchase of old ships. Shipowners were granted state credits for this purpose. The 70–80% of this fleet comprised ships of the age of over 25 years. This translated into the ships' high amortization and low capacity. Numerous valuable cargoes were taken over by foreign shipowners.<sup>26</sup>

In 1934 only a few Latvian steamships belonged into the group of 4–5 year olders. About 90% of the tonnage comprised ships of 21 and more years of age.<sup>27</sup>

In 1922 the ships of the Russian fleet were 33 years old, on the average, while the usual age of ships' exploitation period was no more than twenty years.<sup>28</sup> In the face of the insufficient production of domestic shipyards which aimed at constructing war ships, the government had to purchase old steamships abroad in the years 1933–1938. The ships up to ten years constituted then 38.5% BRT, of the age of 11–20 years – 29%, and of over 20 years – 32.5% BRT of the Russian fleet.<sup>29</sup>

The degree of a fleet's modernity is measured with the help of the notion introduced by Sven Helander and known under the name of "qualified tonnage". It refers to the high quality tonnage, a criterion which is evaluated by the concurrent presence of the three characteristics: the capacity of at least 5000 BRT, speed of at least 12 knots, and age under 25 years.<sup>30</sup> According to Helander, the share of such tonnage amounted in 1926 in the British fleet to 37.1%, the German

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<sup>25</sup> Document 5 [1936 Stockholm]: "Referat o stosunkach morskich między Polską a Szwecją" [A Paper on the Polish-Swedish Sea Relations] by Gustaw Potworowski, an envoi of the Republic of Poland to Stockholm (hereinafter: Document 5); *Polityka morska państw bałtyckich i skandynawskich w świetle referatów polskich placówek dyplomatycznych i konsularnych na zjazd bałtycki w Gdyni w 1937 r.* [The Sea Policy of the Baltic and Scandinavian Countries in the Papers Presented by Members of Polish Diplomatic and Consulate Units for the Baltic Congress in Gdynia in 1937], ed. by A. G. Dąbrowski, P. Kołakowski, Słupsk 2004, p. 143.

<sup>26</sup> E. Meyer-Willudda: *Wirtschaftsgeographie von Estland*, Stuttgart–Berlin 1938, p. 79.

<sup>27</sup> B. Brenneisen: *Letland. Das Werden und Wesen einer neuen Volkswirtschaft*, Berlin 1936, p. 102.

<sup>28</sup> B. P. Orlov: *Razvitie transporta SSSR 1917–1962*, Moskva 1963, p. 71.

<sup>29</sup> *Ibid.*, pp. 196–197.

<sup>30</sup> S. Helander: *op. cit.*, p. 16.

fleet – 23.9%, Danish – 12.6%, Norwegian – 3.5%, and Swedish – 4.2%.<sup>31</sup> When more strict criteria were applied (i.e. age 10 years, 10,000 BRT, and 15 knots), the share of such tonnage in the British fleet amounted in the British fleet to 5.5%, German – 3.7%, Norwegian – 0.5%, Swedish – 1.3%, with the world average not exceeding 3%.<sup>32</sup> The Danish fleet did not level with this second criterion. The high share of the qualified tonnage in Germany must have resulted from the disposing of a part of the tonnage as war reparations.

### Ship Types

Apart from the previously used, new types of specialized tonnage such as ships with cooler holds, tankers, and coal-and-ore carriers became popular in the interwar period. The connection of cargo and passenger transports was supposed to serve the betterment of ship use.

The German tanker fleet increased to 58,000 BRT in 1925, to 256,000 BRT in 1939; in Denmark – 10,000 BRT and 106,000 BRT respectively, and in Sweden – 5000 BRT and 159,000 BRT.<sup>33</sup> In the Gdańsk fleet in 1935 there were 25 tankers of the capacity 256,000 BRT.<sup>34</sup>

The then developing meat export caused the purchase in 1936 by the Lithuanian shipowner *Maistas* of three ships equipped with cooler holds.<sup>35</sup> The Lithuanian government supported the shipowners who equipped their ships in cooler holds to transport butter there.<sup>36</sup>

Passenger or passenger-cargo carriers usually comprised a small part of the navy. In 1936 the Finnish navy was composed of, generally, 148 passenger boats of the capacity amounting to 37,400 BRT, including the boats carrying 12 or more passengers.<sup>37</sup> This comprised 6.9% of the overall tonnage.

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<sup>31</sup> Ibid., p. 19.

<sup>32</sup> Ibid., p. 25.

<sup>33</sup> S. Ładyka: *Brytyjska żegluga morska* [The British Sea Navigation], Gdynia 1963, Table 48, after p. 136.

<sup>34</sup> B. Hajduk: op. cit., pp. 185–186.

<sup>35</sup> *Zehn Jahre litauischer ...*, p. 132.

<sup>36</sup> R. Brenneisen: op. cit., p. 103.

<sup>37</sup> Document 2 [1936 Helsingfors]: Paper of the envoy of the Republic of Poland to Helsingfors Henryk Sokolnicki on the Polish-Finnish sea relations and Finland's maritime policy (hereinafter: Document 2), p. 54.

In the gross capacity of the Polish fleet passenger ships constituted in 1939 42.2% of the BRT tonnage, whereas passenger-cargo carrying ships – 13%.<sup>38</sup> This resulted from the hope to be carrying emigrants in the future as well as prestige reasons. Such a high share of passenger tonnage was unusual and distinguished the Polish fleet from among other banners.

### **Fleet Development Factors**

The interrelation between the development of the freight rates (1924–1938) as defined in “The Economist”<sup>39</sup> and the German tramping and line traffic and the tonnage changes in the years 1925–1939 was usually negative in individual countries. One exception was the fleet of the German Baltic ports. The diminishing of its tonnage reflected the frightening downward tendency of freight rates. For the Polish fleet, and in accordance with “The Economist” index, the interrelation was positive, moderate in the years 1930–1939.

The above mentioned results reflect the effects of the world research carried out by the shipbuilding association in the years 1900–1958. This research, having analysed the then freight rates, freight incomes and ship prices, did not reveal any unambiguous interrelations.<sup>40</sup>

The navigation policies of individual states could have far more significant impact on the fleet development than freight rates. State aid for navigation meant subsidizing it and shipbuilding, signing contracts with navigation enterprises for certain services such as mail transportation, granting interest-free or low-interest credits for transport preservation or building ships of a particular type.<sup>41</sup>

Finland did not use direct and indirect subsidies. Even though a regulation existed on supporting the navigation, it was never applied.<sup>42</sup> Among the Scandinavian states, Finland had the least developed state intervention.

In the 1920s direct subsidies covered in Denmark only mail subsidies, whereas indirect subsidies translated, in the same country, into freeing from cus-

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<sup>38</sup> W. Czerwińska: *Polska żegluga morska w latach II Rzeczypospolitej* (The Polish Sea Navigation in the Period of the 2<sup>nd</sup> Republic of Poland), Gdańsk 1971, pp. 78–83.

<sup>39</sup> *Der Wettbewerb in der Seeschifffahrt*, Jena 1940, p. 128.

<sup>40</sup> J. Schneider: *Empirische Untersuchungen über den Einfluß von Frachtraten, Frachteinahmen und Schiffbaupreisen auf den Bau von seegehenden Güterschiffen 1900–1958*, Berlin 1961, pp. 141–145.

<sup>41</sup> F. Hilchen: *Transport morski a międzynarodowe porozumienie w żegludze* [The Sea Transportation and the International Navigational Agreement], Toruń 1934, p. 34.

<sup>42</sup> Document 2; *Polityka morska ...* [The Sea Policy ...], p. 47.

toms duties ships and materials for their construction, duty reimbursement, special railway tariffs, subventions for constructing ports and channels.<sup>43</sup>

For the aim of fleet modernization, in 1903 a low-interest loan fund for supporting navigation was established in Sweden. Such a loan was usually granted to enterprises dealing with foreign navigation. Since the interest on the loan in question was relatively high (4%), it was not a subsidy per se. In the 1930s, due to the low interest, shipowners did not make any extensive use of these loans.<sup>44</sup>

Loans for the construction of new ships with the ban on the purchase of the old ones abroad were granted from a separate fund. They were granted for eight years at the most to mortgaged ships as an additional credit. This had little to do with a subsidy though. Of particular importance was the introduction, from 1929, of the Mortgage Fund for Navigation which enabled raising loans for mechanically-powered ships up to 50% of their value. The credit fund of the second degree constituted a supplement of loans from the Mortgage Fund. Also, the state subsidized several Baltic lines.<sup>45</sup>

In 1921 the government agreed to pay out indemnities to German shipowners on condition that they would be allocated for the construction of new ships, first and foremost in domestic shipyards.<sup>46</sup> The state had to aid German banks which had been credited. Also, loans were granted by American and English banks.<sup>47</sup> The German fleet became significantly modernized and “rejuvenated”. Yet, this latter situation concerned mostly Northern Sea ports.

At the time of the Great Depression, one part of ships was withdrawn from exploitation, while another – scrapped. The German government paid a surcharge to each scrapped ton, yet, only for the ships which had been launched before 1913. The state also secured the foreign money aid as regards exploitation costs.<sup>48</sup>

Estonia’s trade policy aimed at the augmentation of the share of her own flag in servicing foreign trade. The support for the fleet development was a part of the policy of replacing foreign capital with national money.<sup>49</sup> Therefore in the late 1930s the Estonian fleet increased considerably owing to state credits for which

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<sup>43</sup> F. P. Siegert: *Die Subventionen der Weltschiffahrt und ihre sozialökonomischen Wirkungen*, Berlin 1930, pp. 38–39.

<sup>44</sup> Document 5; *Polityka morska ...* [The Sea Policy ...], p. 141.

<sup>45</sup> Document 5; *Polityka morska ...* [The Sea Policy ...], pp. 14–142, 147.

<sup>46</sup> F. Hilchen, op. cit., p. 44.

<sup>47</sup> Ibid., p. 49.

<sup>48</sup> G. Koenigs: *Aktive Seeschiffahrtspolitik*, “Kieler Vorträge”, 50, 1937, pp. 16–17.

<sup>49</sup> E. Meyer-Willudda: op. cit., pp. 152–153.

cheap and old foreign ships, in particular steamships, were purchased.<sup>50</sup> The factors which contributed to the fleet development were low wages and low costs of social securities.<sup>51</sup>

Latvia aimed at the development of her merchant navy so as to make herself independent of foreign navigation services. Until 1934/35 the Latvian government aided her merchant navy indirectly in that it granted shipowners, via, the Mortgage Bank, cheap credits for purchasing ships or their repair. Such a credit covered 50% worth of a ship purchase, a reason for which the tonnage of the Latvian fleet increased significantly.<sup>52</sup> Still, cheap, and hence old ships were purchased, therefore the state authorities attempted to change this state by introducing an appropriate crediting policy.<sup>53</sup>

The state of Latvia was not a shareholder in private navigation enterprises, neither did it subsidize them.<sup>54</sup>

Low exploitation costs of ships, resulting from particularly low wages (50% of English wages) and social security costs, made the Latvian colours particularly attractive for foreign shipowners. This is because the Latvian navigation law was profitable for them.<sup>55</sup>

State investments were important with regard to augmentation of the size of the Latvian fleet. In 1936 the public limited company *Maistas* established mostly with the aid of state capital purchased three ships for the purpose of transporting products of this enterprise.<sup>56</sup>

In the Soviet Union only the direct subsidies such as the reservation of the performance of coastal service by domestic colours only and freeing ships and materials from custom duties were used. Since the economy was nationalized, ports and channels were maintained by the state, too. The fleet itself in its entirety was national as well.<sup>57</sup>

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<sup>50</sup> Ibid., pp. 79–80.

<sup>51</sup> P.-H. Seraphim: op. cit., p. 234.

<sup>52</sup> Document 3 [1936 Riga]: A paper of Franciszek Charwat, envoi of the Republic of Poland to Riga on the Polish-Latvian sea relations and Latvia's maritime Policy (hereinafter: Document 3); *Polityka morska ...* [The Sea Policy ...], p. 100.

<sup>53</sup> R. Brenneisen: op. cit., p. 102.

<sup>54</sup> Document 3; *Polityka morska ...* [The Sea Policy ...], p. 100.

<sup>55</sup> R. Brenneisen: op. cit., pp. 102–103; P.-H. Seraphim: op. cit., p. 234.

<sup>56</sup> *Zehn Jahre litauischer ...* p. 132.

<sup>57</sup> F. P. Siegert: op. cit., pp. 38–39.

In Gdańsk shipowning enterprises established as early as the 19<sup>th</sup> century were still functioning. Low ship registration costs in Gdańsk attracted foreign shipowners from Denmark, Germany, and Gdańsk.<sup>58</sup>

Due to the fact that private capital was never intended to be engaged in navigation, Poland initiated the establishment of her merchant fleet and in 1927 the state shipowning enterprise was originated. The subsequent two of such enterprises were established with the use of state capital.<sup>59</sup> Private enterprises established in the 1930s received advantageous conditions of either leasing storage grounds in the Gdynia port, or participation in a special state fund managed by the Bank of State Enterprise.<sup>60</sup>

*Translated by Beata Zawadka*

## Z HISTORII ROZWOJU FLOT HANDLOWYCH PAŃSTW NADBAŁTYCKICH W LATACH 1918–1939

### Streszczenie

W latach 1918–1939 pojawiły się nowe bandery – polska, gdańska, litewska, łotewska, estońska, radziecka i fińska. Największe floty miały Dania, Szwecja i ZSRR (całe państwo). Szybkiej odbudowie floty niemieckiej towarzyszył spadek tonażu niemieckiej floty bałtyckiej. Pewien spadek tonażu floty szwedzkiej i duńskiej nastąpił w drugiej połowie lat trzydziestych XX wieku. Było to jednak rekompensowane modernizacją tonażu.

Modernizacja flot handlowych polegała na ulepszaniu maszyn parowych i wprowadzaniu paliwa płynnego. Największy udział nowoczesnych statków motorowych miały floty duńska, szwedzka i polska.

W okresie międzywojennym rozpowszechniły się statki z ładowniami chłodzonymi, zbiornikowce, rudowęglowce, statki towarowo-pasażerskie. Flota polska wyróżniała się wysokim udziałem tonażu statków pasażerskich.

Duże znaczenie dla stworzenia floty handlowej, wzrostu i jakości tonażu Estonii, Łotwy, Litwy, Polski i ZSRR, a także dla odbudowy floty niemieckiej, miała polityka gospodarcza państwa.

<sup>58</sup> B. Hajduk: op. cit., pp. 185–187.

<sup>59</sup> W. Czerwińska: op. cit., pp. 32–47.

<sup>60</sup> Ibid., pp. 49–53.