

Marcin Jakub Szymański

### Power utilities in Łódź before the 1939

Łódź is one of the biggest Polish cities, however, its history is much shorter than Kraków's or Warsaw's. Despite getting town privilege as early as in 1423, it remained small village until the 19<sup>th</sup> century. Since the beginning of that century, its industry and population sky-rocketed so at the turn of 19<sup>th</sup> and 20<sup>th</sup> century Łódź became one of the biggest industrial centres in Russian Poland. However, the city infrastructure was underdeveloped. Before the second half of the 19<sup>th</sup> century there was no gaslight and even few years later kerosene lights prevailed.

The term "power industry" can be applied to a few industry branches. Here we focus on gas and electricity, as these were present in Łódź before the second World War. Firstly, it is worth to mention the basics. 19<sup>th</sup> century was the time of rapid development of international companies that mixed the technical knowledge of developing power networks in cities (gas and electricity) with the good use of huge capital provided by banks. For example, the establishment of most power plants in Russia was backed by Deutsche Bank. Later on, Belgian and Swiss banks emerged in that market.

The first gasworks in Łódź was built in 1869 by British company "W.C. Holmes et Co." and quickly sold to German-dominated company that owned the plant until 1909. The company has the monopoly for supplying the city with gas, because the concession act signed in 1869 gave it such right. Concessions was at that time the most common regulation for gasworks and power plants, at least in Europe. Situation was a little different in the US, where the free market prevailed. Europe was drifting towards the state-controlled power industry, or even state-owned. Especially in Russia the state had a strong need for controlling the economy.

Łódź gasworks was taken away from its owners at the end of the concession, in 1909. Then it was given for tenancy to the group of Łódź businessmen, who had not much luck because of the outbreak of I World War in 1914 that reduced their income badly. However, the group managed to build water gasworks that could, for some time, satisfy the growing demand for gas. Just before the war there was a breach in the group: some of people involved insisted on building a new gasworks to solve the problem for good. The second group wanted further exploitation and that option won so in 1914, few months before the war, the new act was signed with the exclusion of people who wanted to build a new plant.

During the war, the Łódź gasworks suffered losses. German occupation reduced the demand for gas used in factories and military uses of gas production did not provide satisfactory income. What is more, the military administration was implemented in both gasworks and power plant. After the war, as early in 1920, the gasworks has been taken away from the tenancy and became state-controlled until the II World War. The most important fact in that period is, that despite the possibilities for building the new, modern gasworks in the cooperation with some of the foreign companies or even giving the concession for building a new facility by a private firm, the city administration preferred to hold it in its hand, despite the utility being ill-financed and backward. What is more, municipal ownership could not even sustain the profit that gasworks generated

*Marcin Szymański*

before. That facts are shedding unpleasant light on the inter-war Łódź administration.

The story of electricity in Łódź is somehow similar. It originated at the fall of 19<sup>th</sup> century, when German company Siemens & Halske proposed the building of power plant and exploitation for 40 years. In the same time, the group of Łódź businessmen gained interest in obtaining the concession for building and exploitation of electric power plant. After long negotiations, the Germans won and in 1907 the power plant began to produce electricity. It was private-owned company, and soon handed over the plant to the Russia-based Company of Electric Lighting of 1886, formed few decades earlier by one of the Siemens brothers, Carl. Just before the outbreak of I World War city authorities wanted to gain control over the plant. The Company, at the time owned mostly by Swiss citizens, wanted to negotiate and tried to create joint-stock company with the city, but it did not come to realisation.

During the I World War the electric power plant suffered losses. The military administration confiscated a great deal of equipment, including motors and generators, and even some cables. After the War, the most important issue was the ownership of the plant: should it be given to previous company, or should it be nationalised? The case was quite difficult, because Russian pre-war companies have been nationalised, and it was also the fate of the Company of Electric Lighting of 1886. What is more, some of the shareholders were Germans, so according to the Treaty of Versailles it should be taken away by the Reparation Commission. However, just before the outbreak of war most shareholders were of German and Swiss nationalities. Finally, after long negotiations, the plant has been taken over by a new joint-stock company, called Łódzkie Towarzystwo Elektryczne – LTE (Łódź Electric Company). It consisted of city authorities and members of Company of Electric Lighting of 1886, which sold the plant to the new company. The plant grew prosperous during 1920s and 1930s, and successfully survived the Great Depression. However, some issues should not be recognised as positive. The activity of the city authorities in the company were holding it back. The city were afraid of the too rapid growth of company. It was bonded with the concession, obtained from the Polish government for the LTE in 1924. During negotiations, city council members and Polish experts insisted on obtaining the best possible conditions regarding taking over the plant after 40 years, but the city should pay for every new building and improvement that increased the company's value. The result was obstruction in the the development of the LTE. What is more, the conditions of the concession regarding electricity users were much harder than it could have been, because for the city authorities the issue of taking over the plant was much more important.

To sum up, the development of power utilities in Łódź before the 1939 was the result of private companies' activities. The problems regarding the development of the services and its quality originated from the regulation. In all cases, the regulations and the activity of city or state authorities were the biggest problem, resulting in worse quality and higher prizes. The concession itself has many drawbacks that the free market eliminates. In author's opinion the power utilities in Łódź have lost many chances because of the regulations – including the foundation of big regional gasworks and electric power plant. Private entrepreneurs adapted to the regulating conditions and left these concepts.

*Marcel Szulc*