

STUDIUM POLSKI PODZIEMNEJ W LONDYNIE



THE POLISH UNDERGROUND MOVEMENT (1939-1945) STUDY TRUST, LONDON, UK

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Dr Krzysztof Stolinski Supply of money to the Secret Army (AK) and the Civil Authorities in occupied Poland (1939-1945)

Presentation 5

Symposium organized by PUMST at the Polish Institute and Sikorski Museum in London on 22 Nov 2004 on the occasion of the 60th Anniversary of the Warsaw Rising 1944.

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Financial help to the Secret Armed Force (AK) as well as the Civil Authorities in occupied Poland was provided by the Polish Government, which from October 1939, first resided in France and then from June 1940 in Britain. This help was an essential part of the overall general aid, which reached Poland from the West. Almost from the very beginning, on 21 November 1939, the government in France earmarked one million dollars as general assistance for the occupied country¹. This type of support was provided on a much larger scale when the Polish government moved to London. The order of priorities, which was considered to be of importance at that time, was firstly to train and dispatch officers and NCOs' trained by the Special Operations Executive (SOE), secondly to provide essential finance and thirdly to supply various military material and armaments². By January 1941 the money had begun to be sent to the occupied country³. As far as finances were concerned in total, from 1941 to the end of 1944, around 35 million paper dollars, 400,000 gold dollars, 20 million German Marks and more than 45 million złoty in local currency notes⁴, were dispatched by various routes, to occupied Poland⁵. The amount of financial help can best be judged by considering the inflation rate. For example, the 35 million paper dollars, at today's prices are the equivalent of more than 430 million dollars and the 400,000 gold dollars in 2006 are worth 12.5 million in paper dollars, making a grand total of \$442.5 million⁶.

The German aggression 1939-1941

Just a short reminder of what happened in the terrible years of 1939-1941. Germany and Russia signed a non-aggression treaty, which included a secret clause to partition Poland. On 1st of September 1939 Germany invaded Poland. On 3rd September, Britain and France declared war on Germany. On 17th September, when the fighting was at its climax, the Soviet Army invaded from the east. The German losses in this campaign were very heavy (about 45,000 casualties, more than 1,000 tanks and armoured cars, 400 canons and about 1,300 planes)⁷.

By early 1940 the Polish Government and the Armed Forces had been reconstituted in France. This time, despite the substantial superiority of the Allied forces, their defeat by the German forces was very quick. During that campaign, German losses were only slightly higher in comparison to those, which they suffered in Poland in 1939, however their losses of equipment were fewer. Once more, after the defeat in France, the Polish Government moved to Great Britain where the Polish Armed Forces were recreated yet again⁸.

The occupation of Poland

The western parts of Poland were incorporated directly into the III Reich; the eastern to the USSR, while the middle called The General Gouvernement (GG) was the German Zone of occupation. In late 1939 and early 1940 the Secret Army and the Polish Underground Civil Authorities were organized. Very quickly contact was established with the Government in Exile in France and later in London. An underground Resistance Movement started to operate, which by 1944 was one of the largest when compared to other similar movements in European countries occupied by the Germans.

In the mean time, in Cracow on the 15th December 1939, the German Authorities created a Bank to serve the occupation zone of Poland. The Bank started to operate on 8 April 1940⁹. Its function was to control the emission of a new currency and its distribution to all branches within the GG. It was managed by dr. Fritz Paersch a member of the Reichsbank's Board in Berlin. Rather surprisingly the Reichsbank nominated Feliks Młynarski as the President of this Bank, a Polish national and an internationally well known economist and banker. It was his signature, which was visible on all newly emitted banknotes. For this reason, the common description, of banknotes which were printed under German control, of those printed by the clandestine printing establishments under control of the secret Polish Authorities and those produced by the Polish Government in London were known as "młynarki". It must be mentioned, that the nomination of Feliks Młynarski was approved by the then existing Polish Secret Civil Authorities and the Polish Government in London¹⁰.

The clandestine printing works.

Within the structure of the Secret Army a clandestine Unit, called "PWB 17" of about 20 persons was formed, whose function was to provide badly needed finance¹¹. The commander of this unit recruited pre-war employees of the State Printing Works, which before the war produced banknotes and which was renamed by the occupiers the 'Statsdruckerei und Münze' (S. und M. – The State Mint and Printing Works). The highly skilled personnel such as engravers, printers and others, were reemployed by the Germans for the production of the occupational banknotes and coinage. The "PWB 17"

developed a similar strategy, as far as the employees of the banknote paper mills were concerned. The plan was to produce banknotes in a well-hidden printing workshop using all the skills and printing materials such as plates, dies, and paper, which were supplied by members of the "PWB 17" Unit. On weekends the numbering machines were taken from the safes inside the State Printing Works in order to stamp the produced banknotes with the currently used serial numbers. On Monday mornings the machines were returned to the safes. The secretly produced banknotes were not perfect when compared to the ones produced by the State Printing Works. For that reason batches of banknotes produced outside were smuggled into the German run printing works, were marked as faulty and exchanged for genuine ones.

Finally, the batches of banknotes marked faulty, were checked by the production inspectors for the consecutive numbers and were selected for destruction. In this way genuine banknotes were supplied to the Quartermaster of the Secret Army. Using this method about 18 million of the currency was supplied.

By 1943 this procedure was considered to be too risky. The Germans had discovered some clandestine printing works and priority was then given to the routine printing of the News Bulletins, identity documents and other important necessities. As a result, the decision was then made to send a courier to London with plates, samples of dies and patterns for the watermarks. The authorities in London agreed to this request and by the end of 1943, a total of 130 million zloty in banknotes (100,000 of 500zł and 800,000 of 100zł) were ready to be supplied to the Secret Army (AK) and Civil Authorities within the occupied territories of Poland.

In June 1944 the VI Bureau Chief, Lt. Colonel Michał Protasewicz (in charge of communications and material supplies to the occupied country) reported to the C-in-C. of the Polish Armed Forces in London that up to May 1944 the following sums of money had been dispatched to Poland¹².

\$ 7.013.900 paper banknotes	for AK
\$ 138.200 gold coins	for AK
\$ 2.348.000 paper banknotes	for the Civil Authorities
34.429.800 zł (local currency)	for AK and Civil Authorities
6.376.000 DM (German currency) banknotes	for AK and Civil Authorities

Events concerned with the supply of finance.

From Polish and German sources, the following accounts illustrate some of the events which were connected with the supply of finance to the secret military units and civil authorities:

1. The Quartermaster's report.

It happened, that in the second half of 1944, the 25th AK Infantry Regiment was operating in Central Poland, in the vicinity of a medium size town called Piotrków¹³. In October 1944 the Quartermaster of this Regiment received, 15 million in 500 and 100 zloty banknotes of the local currency notes, the so called "London" notes (ie "młynarki"). In the previous months, these banknotes had been delivered by air drops from long-range airplanes flying from the allied air base in Brindisi (Italy). Unfortunately, this particular batch of banknotes was faulty. The face of the mountaineer (see Fig. 4) was very black and could be easily rubbed off with fingers. Because of the danger of easy recognition when purchasing goods, an order followed from the regimental headquarters,

to destroy the entire faulty batch of banknotes. After some thoughts, the Quartermaster decided otherwise and organized an exchange of the defective batch with the ones printed by the Germans. This was accomplished with the help of a young female bank cashier in Piotrków. Daily, she smuggled a batch of 200 London banknotes into the Bank. During the day the cashier exchanged these notes for the so-called 'Cracow' ones. This procedure lasted for a few weeks, until a routine inspection arrived at the Bank. Most of the exchanged banknotes were already in circulation, but the German Bank Inspectors identified in the tills the "London" banknotes¹⁴. A big flare-up followed, with Gestapo investigations and several arrests. An advertisement in the local press announced that all the banknotes with numbers starting with A12 and A13 are not valid and should under severe penalty be returned to the German authorities.

Significantly, in the daily entry for the 8th November 1944, 59 of the 500zł banknotes, a total of 29,500zł false "London" banknotes were entered into the Piotrków Branch daily ledger¹⁵. On other days of the week, only two or three such banknotes were recognised and entered. It is very likely that the entry for the 8th of November 1944 refers to the episode described above. Most of the banknotes discovered by the German inspectors in Piotrków were destroyed and the rest were stamped as 'false' and distributed as samples, to the other bank branches in occupied Poland.

Report by the German State Security.

In another report, this time from German sources¹⁶, seizure of substantial amounts of money in Warsaw, from the AK Quartermaster's hiding place, is described. It transpires, that in Warsaw, on 9th June 1944, a clandestine printing workshop was discovered by the Sicherheits Dienst - SD (German Security Forces). During the search of the premises German agents discovered \$4,000 in US paper dollars, 25kg in gold US dollars, 18,000,000zł emitted by the German controlled Cracow Bank and 8,000,000zł which came from the air drops. As the gold dollars were supplied as 20 dollar coins, 33.4g each, it may be calculated that 25kg of the seized gold is equivalent to 750 coins or \$15,000. However, it is possible, that the numbers quoted by the German agents, may only be an approximation. The large amount of captured cash from just one of the many hiding places demonstrates the scale of the financial help.

Differences observed between the two types of banknotes.

Today, the differences between the złoty banknotes produced by the German Authorities and those printed in England have been documented. These differences were also known to the German Bank Inspectors who discovered the so called 'London' banknotes in Piotrków¹⁴.

The main differences, noticed between the two types of banknotes:

100zł from the air drops.

- Size: 190x106mm (Fig. 1, 2):
- The brown colour has a slightly darker tint.
- The paper is whiter¹⁷
- The dress details of the person on the left are different.¹⁸ (Fig. 3a,b)
- The serial numbers are exclusively: B 05.... to B 15....

500zł from the air drops

- Size:181x100mm; commonly known as “góral” (the mountaineer). (Fig. 4, 5):
- Close to the number 500, two areas near the guilloche are not shaded. (Fig. 6a,b) 19
- The serial numbers 1, 4 and 9 show differences. (Fig. 7a,b).
- The banknote paper is whiter.
- All serial numbers started with: A 12....or A13....

The cash was supplied by planes using either officers trained by the SOE (Special Operations Executive), wearing specially prepared money belts prior to the parachute jumps as well as by dropping packages strapped under the parachutes⁴. There is no doubt that the financial help coming in parallel with military supplies and other necessary equipment was an essential ingredient aiding the effective operation of the Secret Army (AK) and the Underground Civil Authorities in occupied Poland. From the available sources it can be surmised that the Polish Government in London, despite enormous difficulties, did its duty to help its 250,000 strong (in 1944) Secret Army and a well organised Civil Authority. This was achieved thanks to the efficiently run radio communications with the receiving units in Poland, all under the direction of the VI Bureau, whose long time chief was Lt. Col. Michał Protasewicz.

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Abbreviations for the Institutions, from which references were received

AAN	Archiwum Akt Nowych (Archive of Modern Documents) – Warsaw.
BAF	Bundes Archiv (The National Archive) Freiburg – Germany.
IBNS	International Bank Note Society – USA.
IHGS	Instytut Historyczny im. Gen. Sikorskiego (The gen. Sikorski Historical Institute) – London.
NA (PRO)	National Archive (Public Record Office) – London.
PISM	The Polish Institute and gen. Sikorski Muzeum – London.
PN	Przegląd Numizmatyczny (Numismatic Review) – Warsaw .
PSZ	Polskie Siły Zbrojne (The Polish Armed Forces)
PUMST	The Polish Underground Movement (1939-1945) Study Trust – London.

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Differences observed between the two types of banknotes.



Fig. 1

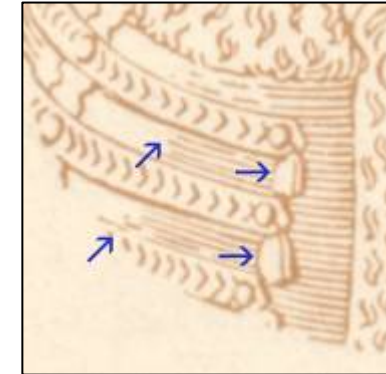


Fig. 3a

100 Polish zloty - 'London' Issue



Fig. 2

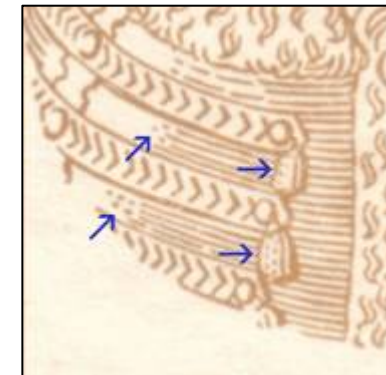


Fig. 3b

100 Polish zloty - German Issue



Fig. 4



Fig. 6a



Fig. 7a

500 Polish zloty – 'London' Issue



Fig. 5



Fig. 6b



Fig. 7b

500 Polish zloty – German Issue

SYMPOSIUM PROGRAMME

Studium Polski Podziemnej



PUMST



Supported by the
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Warsaw Rising 1944
60th Anniversary

Symposium and Exhibition

22 November 2004
9.00 to 16.00

at
The Polish Institute and Sikorski Museum
20 Princess Gate, London SW7 1PT



Organized by the
Polish Underground Movement (1939-1945)
Study Trust

Program of lectures

09.00	Informal meeting of the participants
	Morning session
	Chairman: Dr K. Stoliński PUMST London
09.30	Dr A. Sucheitz Background to the events in occupied Poland (1943-1944).
10.00	Mr J. Bines Operation 'Freston', British military mission to the Polish Secret Army (AK) in occupied Poland.
10.30	Coffee break
11.00	Mr S. Nowodworski Black propaganda 1939-45
11.30	Mrs E. Maresch The Secret Army (AK) intelligence operations during the Second World War
12.00	Lunch break and viewing of the exhibition

Afternoon session

	Chairman: Dr. A. Sucheitz IPMS London
13.30	Dr K. Stoliński Financial help to the Secret State and its Army (AK) in occupied Poland.
14.00	Mr. Z. Bokiewicz Scout Field Post and its operation during the Warsaw Rising 1944.
14.30	Coffee break
15.00	Mr Z. S. Siemaszko Radio communication during the Warsaw Rising
15.30	Exhibition of the clandestine radio communication equipment constructed during the Second World War
16.00	End of the Session

(For their talks, lecturers are reminded to adhere strictly to the 25 minutes of the allocated period, followed by a 5 minutes question and answer session. Lecturers are also requested to provide printed text and a floppy disc of their contribution.)