



NARODOWY  
BANK POLSKI



STULECIE UTWORZENIA  
BANKU POLSKIEGO SA  
I WPROWADZENIA  
ZŁOTEGO DO OBIEGU

# 100<sup>TH</sup> ANNIVERSARY OF THE CREATION OF BANK POLSKI SA



*A sound and strong currency  
forms the basis for the healthy  
development of economic life and  
the financial strength of the state.*

**WŁADYSEAW GRABSKI**





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WARSAW 2024

## Dear Readers!

As part of the celebrations to mark the 100th anniversary of the creation of Bank Polski SA and the introduction of the złoty into money circulation, Narodowy Bank Polski has prepared an exhibition about Poland, money and the figures who played a pivotal role in achieving the economic success of the reborn state. This success was not a foregone conclusion and was achieved through the sheer determination of politicians, economists and economic activists alike, as well as through the generosity of Polish society. It took five long years for the money circulation within the borders of the reborn Republic to be unified and for the role played in economic development by a balanced budget and a stable Polish currency to become widely appreciated.

Preparations for the establishment of Bank Polski SA were undertaken by the Ignacy Jan Paderewski government in early 1919 when the collection of precious metals was started and the printing of złoty banknotes was commissioned. The process launched at that time was completed by the decisions and actions of the Władysław Grabski cabinet. The second phase of the effort involved the organisation of tax authorities and commissioning the mintage of grosz and złoty coins to replace the devalued Polish marks. The establishment of Bank Polski SA in the reborn Poland was part of a larger reform. It included the stabilisation of the Polish currency, effective tax collection and the introduction of the złoty into circulation. Its smooth implementation was testimony to the strength and ambition of the independent country.

The creation of Bank Polski SA and the currency reform crowned the long process of reconstruction of the state. This was also of considerable importance in international politics, as it confirmed that the Republic of Poland had solidified and become a strong entity to be reckoned with.

The NBP anniversary exhibition and this publication are a reminder of the most important events and figures who played a particularly significant role in building the foundations of Polish economic sovereignty 100 years ago. These historical achievements also have a bearing on our contemporary times, as the words of Władysław Grabski still hold true: "A sound and strong currency forms the basis for the healthy development of economic life and the financial strength of the state."

Enjoy the read!

Prof. Adam Glapiński  
GOVERNOR OF NARODOWY BANK POLSKI

# THE FIRST YEARS OF INDEPENDENCE



Members of the Regency Council on their way to an inaugural meeting, 1917 / NAC COLLECTIONS



Members of the Regency Council on their way to the Royal Castle after the oath taking ceremony in the cathedral, 27 October 1917 / WIKIMEDIA COMMONS

October and the first days of November 1918 in Europe were full of events that heralded the rebirth of Polish statehood. The spontaneous revolts that broke out throughout the country were encouraged by the international situation. The military defeats and political upheaval led to the collapse of the occupying powers: Prussia and Austro-Hungary. The events that were of pivotal importance for the creation of the structures of the independent Polish state took place in Warsaw, where the Regency Council, established in 1917, was seated. It was composed of the Archbishop of Warsaw Aleksander Kakowski, the Mayor of Warsaw Zdzisław Lubomirski, and Count Józef Ostrowski. Despite the fact that the Council had relatively little competence, on 10 November 1918, it was to this body that Governor-General Hans Hartwig von Beseler, head of the German administration and commander of the Polish

Armed Forces, transferred all his powers. A revolution was underway in Germany and the dethroned Kaiser Wilhelm II fled into exile. Also on 10 November, Józef Piłsudski came to Warsaw from Magdeburg. German troops were being disarmed around the city. On 11 November, the Regency Council transferred its command of the armed forces in the Congress Kingdom of Poland to Piłsudski, and then dissolved itself, entrusting him with the civil authority as well.

“Disarming the Germans in front of the Supreme Command on Saski Square in Warsaw”, Stanisław Bagieński, 1939 / POLISH ARMY MUSEUM COLLECTIONS



10 Polish marks, 9 December 1916–1917 / NBP COLLECTIONS

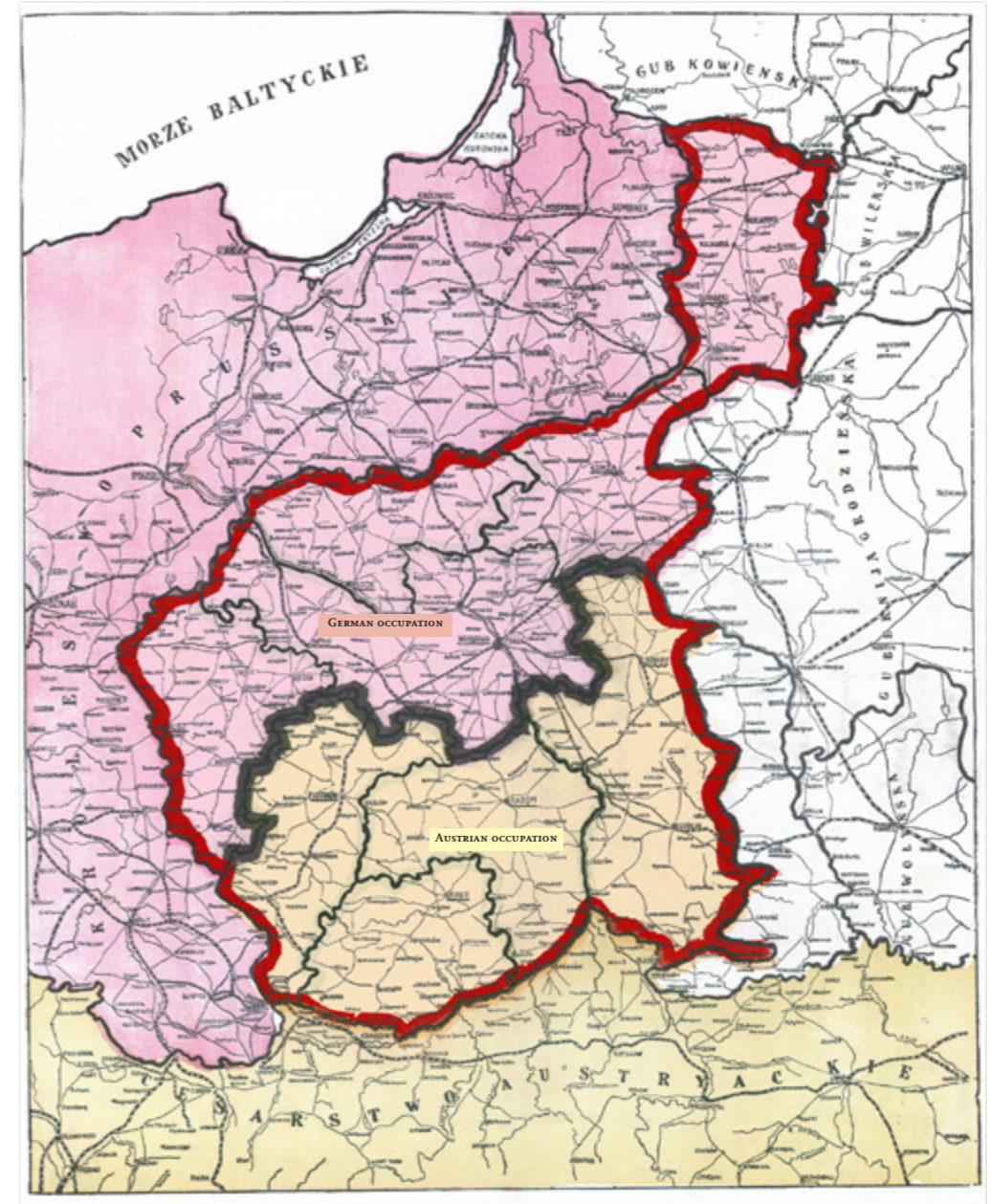


## THE POLISH LOAN BANK IN POLISH HANDS

On 11 November 1918, Józef English, Minister of State Treasury in the government appointed by the Regency Council, on behalf of the Polish authorities took over as head of the Polish Loan Bank (Polska Krajowa Kasa Pożyczkowa, PKKP), the issuing bank, which in April 1917 was responsible for putting Polish marks into circulation. PKKP was established by way of the decision of Governor-General Hans Hartwig von Beseler, and in addition to its issuing function, it was intended to satisfy the borrowing needs of the population in areas under German occupation. Until 11 November 1918, the bank's activities were directly supervised by a plenipotentiary appointed by the Reich Chancellor, and its management board and supervisory council were Germans. Minister English appointed Stanisław Karpiński, an experienced banker from the Congress Kingdom of Poland, to the post of the bank's chief director. Along with Zygmunt Chamiec, who was employed from the beginning of PKKP, they were to manage the bank in the interim period until it was wound up. Under the decree of the Chief of State of 7 December 1918, the bank was granted the sole authority to issue the Polish currency until the adoption by the Sejm of the Act on Bank Polski. Banknotes that had been printed before 11 November were successively put into circulation until the stock accumulated in the vault at Bielańska street was depleted.



Józef English / NAC COLLECTIONS



Map of the Kingdom of Poland, November 1918 /  
NATIONAL LIBRARY OF POLAND COLLECTIONS

## CURRENCY

Although towards the end of 1918 the territory administered by the government in Warsaw was small, various currencies were in circulation. Besides Polish marks, there were German marks, Austrian crowns and Russian rubles, and in addition, ostrubles and ostmarks issued by the German occupying authorities, Ukrainian hryvnias and “karbovanets” as well as various types of small substitute currencies. Each of them had a different exchange rate and different purchasing power. Food rationing was widespread, and ration cards were abolished only in 1921.

Ration card issued by the Warsaw authorities, November-December 1918 / MUSEUM OF WARSAW COLLECTIONS



The Ignacy Jan Paderewski cabinet / WIKIMEDIA COMMONS



50 Austrian crowns, 2 January 1902 / NBP COLLECTIONS



50 marks, 10 March 1906 / NBP COLLECTIONS



3 Russian rubles, 1905 / NBP COLLECTIONS

25 rubles (so-called ostrubles), Gebiet des Oberbefehlshabers Ost (Area of the Supreme Commander East), 17 April 1916 / NBP COLLECTIONS



100 karbovanets, 1918 / NBP COLLECTIONS

100 marks (so-called ostmarks), Gebiet des Oberbefehlshabers Ost (Area of the Supreme Commander East), 4 April 1918 / NBP COLLECTIONS



## THE IGNACY JAN PADEREWSKI GOVERNMENT

In November 1918, Ignacy Jan Paderewski took the decision to return to Poland. The dazzling artistic successes that he enjoyed in Europe and America, as well as his patriotic stance, brought him popularity and the position of a national leader in Poland. His arrival in Poznań and the speech he made sparked off the Greater Poland Uprising. On 1 January 1919, he arrived in Warsaw. He was greeted by around 300,000 people. He said to the crowd, "There should be one party: Poland, and I will serve this party until my death. No single party alone will rebuild the homeland – it will be rebuilt by everyone, and the main base is the worker and the people." He took on the role of mediator between Józef Piłsudski and the camp of Roman Dmowski. On 16 January 1919, he became the head of the government, in which he also headed the Ministry of Foreign Affairs. Along with Roman Dmowski, he represented Poland at the Paris Peace Conference. The Paderewski government, which was a government bridging deep political divisions, resigned in December 1919.



Stamps of the Office of the National Treasury (so-called patriotic money), 1919 / MARCINIAK – DOM AUKCyjNY I GABINET NUMIZMATYCZNY DAMIAN MARCINIAK

As early as January 1919, the Ignacy Jan Paderewski government took the decision to start a fundraising campaign to accumulate precious metals, foreign currencies, bonds and other securities, which were to be transferred to Bank Polski. The Office of the National Treasury was established to gather precious metals and valuables for the future currency reform. Special stamps were issued for this purpose and they carried the following inscription: "National Treasury – for the purchase of gold and silver". Numerous National Treasury Fundraising Committees were formed. Due to the generosity of the public, by 1924 the authorities had gathered 20 tonnes of gold and 120 tonnes of silver as "Bank Polski's backing for the future złoty currency".



Certificate of donation to the National Treasury, 1919 / MARCINIAK – DOM AUKCyjNY I GABINET NUMIZMATYCZNY DAMIAN MARCINIAK

“Mucha”, No. 45, 10 November 1922 / NATIONAL LIBRARY OF POLAND COLLECTIONS



## LECH OR ZŁOTY?

Along with the rebirth of the Polish state, the need for a single currency in the territory of the Polish Republic became apparent. The matter was hotly debated in political and journalistic discussions. The submitted proposals included such names as *piast*, *pol*, *kościuszko* and *sarmat*. On 5 February 1919, Józef Piłsudski, the Chief of State, issued a decree under which *lech* would be the monetary unit of the reborn Polish Republic. The initiative to name the Polish currency *lech* came from the Poznań banker, Józef English, who on the day that the Chief of State issued the decree was the Minister of State Treasury in the Ignacy Paderewski government.



Chief of State Józef Piłsudski and Prime Minister Ignacy Jan Paderewski on the way to the inaugural sitting of the Legislative Sejm, 10 February 1919 / WIKIMEDIA COMMONS

## THE LEGISLATIVE SEJM

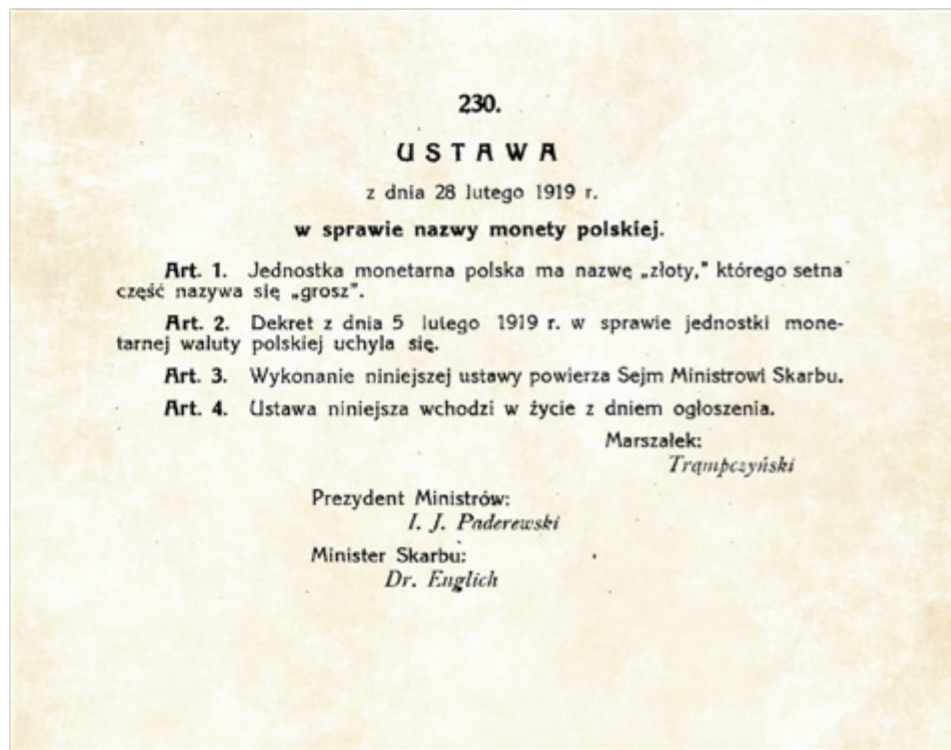
The elections to the unicameral Polish parliament in the reborn Polish Republic were held on 26 January 1919. In accordance with the electoral law adopted back in November 1918, the elections were direct, universal, equal, secret and proportional. All citizens above 21 years of age had the right to vote, including women. The centre-right parties dominated in the Sejm and constituted the political base of the successive governments. In terms of social background, the intelligentsia and the peasants were most numerous represented, with as many as 137 farmers sitting on the parliamentary benches. The term of the Legislative Sejm lasted from 10 February 1919 to 1 December 1922.



The inaugural meeting of the Legislative Sejm in the building of the Mariinsky Institute, 1919 / COLLECTIONS OF THE CHANCELLERY OF THE SEJM OF THE REPUBLIC OF POLAND

The Polish parliament met at its first session on 10 February 1919, and as early as February the Budget and Finance Committee, chaired by Dr. Antoni Rząd, dealt with the issue of the Polish currency. It considered it urgent to design and print banknotes that would replace the marks. On this occasion, the matter of the name came up. According to the prevailing sentiment of members of the Sejm committee, the decree issued “in haste” two weeks earlier had to be amended. Minister English had no option but to submit to the majority vote. On the initiative of Deputy Rząd, on 28 February the Sejm adopted an act that changed the name of the Polish currency. The act did not provoke a discussion. The adoption of the act enabled the Sejm to commission the preparation of banknote designs and the printing of złoty banknotes.

In his “Memoirs of the Decade 1915–1924”, Stanisław Karpiński recalled: “I had a harsh exchange with minister English. He wants to name the future Polish currency *lech*, as if we had never had the Polish złoty! He didn’t want to wait with this matter for the Sejm, but a few days before (on 5 February) he arbitrarily obtained a decree of the Chief of State, which named the future monetary unit *lech* (...)”. However, in the entry under the date of 28 February 1919, Karpiński added: “I’ve won: today the Sejm decided that the future Polish currency will be named *złoty*, and not *lech*”.



The Act of 28 February 1919  
on the name of the Polish currency

In March 1919, Roman Rybarski, an expert of the Polish delegation to the Paris Peace Conference, received, together with engineer Aleksander Tupalski, director of the State Printing Works, and Count Adam Żółtowski, authorisation from the Minister of State Treasury to prepare the designs, i.e. texts and specimens of the first issue of Bank Polski notes and to “arrange for the production” of 8 billion Polish monetary units worth of banknotes abroad. The printing of banknotes was commissioned to printing houses in France and in England.



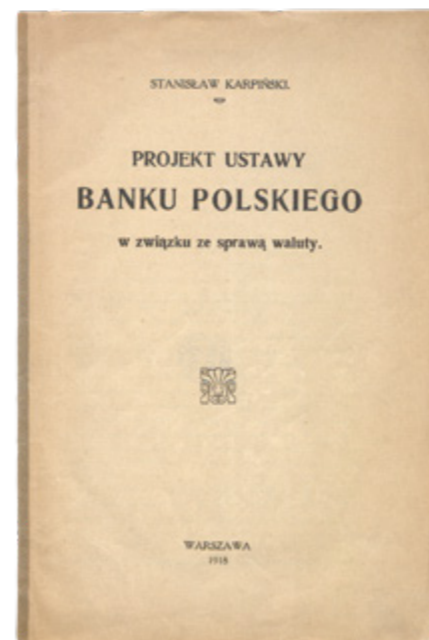
The Polish delegation for the Paris Peace Conference, 1919 / COLLECTIONS OF THE ROMAN DMOWSKI AND IGNACY JAN PADEREWSKI INSTITUTE FOR THE LEGACY OF POLISH NATIONAL THOUGHT



Stanisław Karpiński / NATIONAL  
LIBRARY OF POLAND COLLECTIONS

## STANISŁAW KARPIŃSKI IS THE MINISTER OF STATE TREASURY

In April 1919, Stanisław Karpiński assumed the post of Minister of State Treasury in the Jan Ignacy Paderewski government. He was offered a ministerial post by the Minister of the Interior, Stanisław Wojciechowski (the future President of the Republic of Poland), who was heading the government in the absence of Prime Minister Paderewski. Karpiński undertook to quickly submit a draft act on Bank Polski to the Sejm and to carry out an operation to replace the Polish mark with the złoty. However, the fundamental problem facing the Paderewski government was to provide the funds for the day-to-day functioning of the state. The scale of the government's needs, resulting from the war of the borders and the necessity to finance urgent and unplanned expenses which the Sejm had adopted, forced the government to obtain more loans from PKKP. In spring 1919, there were neither unified tax authorities nor a unified tax system. Four currencies were still in circulation. There was an ongoing parliamentary discussion on agrarian reform, and the costs related to the war and the reconstruction of the country destroyed in the course of the hostilities were increasing.



Title page of a brochure by Stanisław Karpiński, February 1918 / NATIONAL LIBRARY OF POLAND COLLECTIONS

## THE DRAFT ON BANK POLSKI

Stanisław Karpiński had prepared the first draft of the Act on Bank Polski in February 1918, before Poland regained independence. Already in May 1919, as the Minister of State Treasury, he discussed the draft Act on Bank Polski in the Sejm. He assumed the exchange of only 30 per cent of circulating Polish marks into złoty. The remaining 70 per cent would be a loan granted to the State Treasury, which the government would repay in subsequent years. The bank would be a state-owned institution. Initially, Karpiński intended to peg the new Polish monetary unit to the Swiss franc. Faced with the impossibility of taking out an external loan, he assumed that the collateral would be the bullion reserves successively accumulated as donations by citizens to the State Treasury. However, these did not increase sufficiently. In mid-July 1919, Stanisław Karpiński concluded that it would not be possible to peg the value of the złoty to the franc. Therefore, while discussing the budget situation in the Sejm, he announced the exchange of the Polish mark for the złoty at a ratio of 1:1. In his diary, he noted that the budget deficit should still be covered by the issue of money for some time, which would lead to a depreciation of the złoty.

Meanwhile, budget expenditure had grown exponentially. It was not until June that the government submitted to the Sejm the interim budget for the second half of the year with explanatory notes that it was only possible to estimate revenues and expenditure. Both the opposition groupings and the coalition which was the political base of the government heavily criticized the economic policy. The Treasury minister's initiatives fell off the agenda. On 30 July 1919, faced with the impossibility of proceeding further with the prepared drafts, Stanisław Karpiński resigned. His successor and the last Minister of State Treasury in Paderewski's government was the experienced Galician politician Leon Biliński, for whom the unification of the currency throughout Poland was a priority. To this end, the new minister commissioned the printing of mark banknotes in Vienna and the government abandoned plans to replace the Polish mark with the złoty.



1 Polish mark, 23 August 1919 / NBP COLLECTIONS



1,000 Polish marks, 23 August 1919 / NBP COLLECTIONS



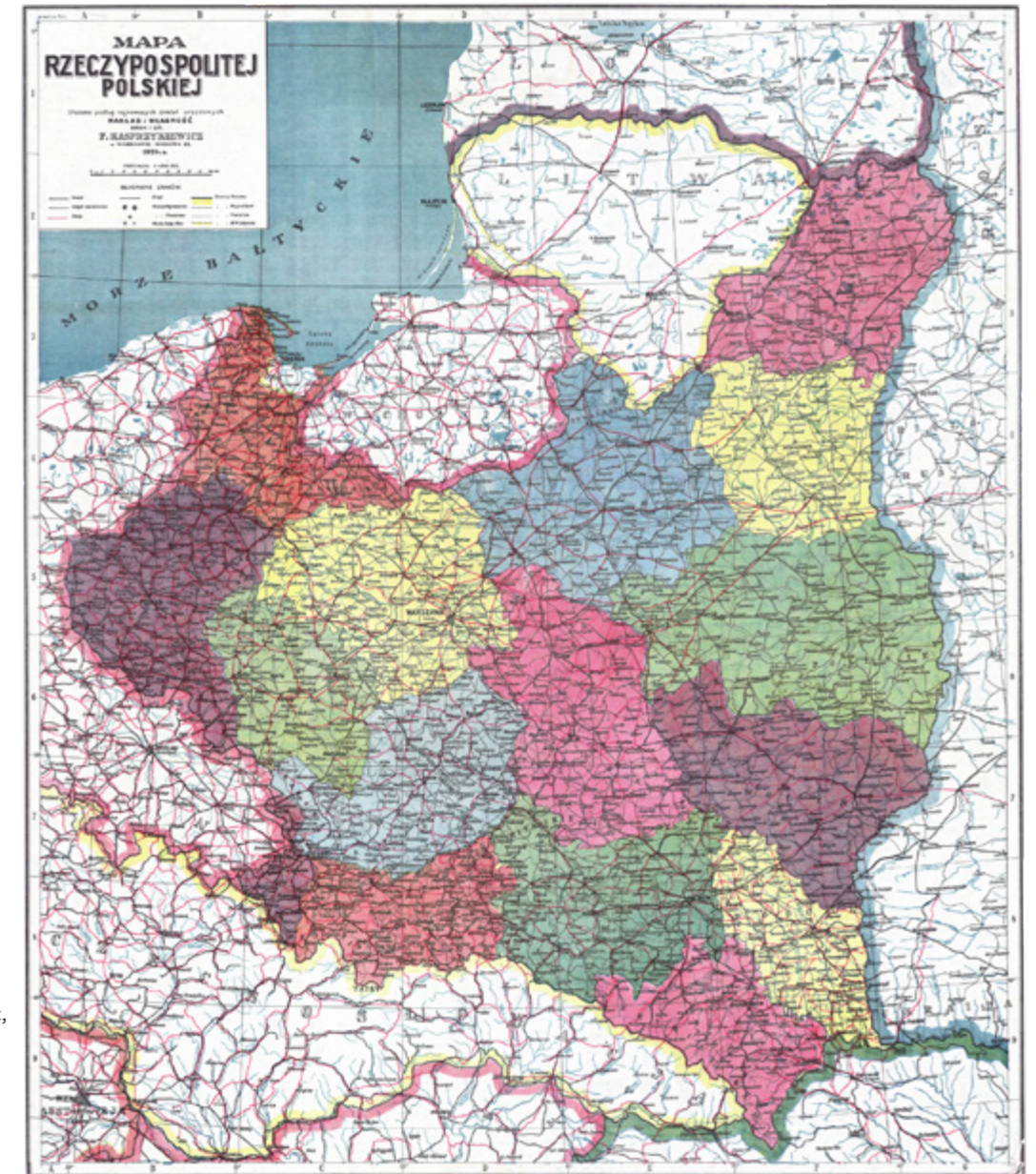
5,000 Polish marks, 7 February 1920 / NBP COLLECTIONS



## MONETARY UNIFICATION

Initially, the Polish mark was in circulation in many regions of the country as a second currency. In Greater Poland the German mark continued to be used, in Galicia and the part of the Congress Kingdom of Poland that had been under the Austrian occupation (Lublin region) the crown was used, and in the eastern territories the ruble was in circulation. Therefore, the official exchange rate of the Polish currency to the local currency was fixed at 1:1 in the case of the German mark and 1:1.43 for the crown. Gradually, the Polish mark became the only currency: first in Greater Poland (November 1919), then in Pomerania (February 1920) and in Cieszyn Silesia (April 1920). In Galicia, the crown was withdrawn from circulation in March 1920 and the ruble was withdrawn in April 1920 (at an exchange rate of 0.46 marks to the ruble). In July 1921 the ruble was withdrawn from circulation in the eastern borderlands. In Upper Silesia, after the 1922 division, the German mark was to remain in circulation for another 15 years in accordance with the Polish-German convention, but as early as November 1923, the Polish government introduced the Polish mark as the sole legal tender there.

## TURBULENT YEARS 1922–1923



Map of the Polish Republic,  
1926 / NATIONAL LIBRARY  
OF POLAND COLLECTIONS

## ECONOMY AND SOCIETY

The final shape of the Polish Republic's borders and its administrative division were finally established in 1922. Poland's territory covered an area of 388,600 square kilometres. The Polish state was the sixth largest country in Europe at that time. The country was divided administratively into 16 voivodeships (akin to provinces), which were divided into 277 poviats (akin to counties). The capital city of Warsaw was a separate administrative unit. The Silesian voivodeship had a special status, and was granted autonomy.

According to the 1921 census, Poland had a population of 27,185,000, and according to estimates – 28,478,000 in 1924. Compared to other European countries, Poland was a moderately populated and poorly urbanised country.

The Second Polish Republic was an agricultural country with a predominantly rural population. Seventy five per cent of the population lived in the countryside. In 1921, only Warsaw had a population of over a million inhabitants, while only six towns had a population of more than 100,000. There were huge differences across the regions, both in terms of the degree of urbanisation and population. In the Silesian voivodeship there were 308 people per 1 square kilometre in 1931, while in Polesie voivodeship there were only 31.

Polish society was young; in 1921, the largest percentage of citizens (nearly 17 per cent) were those aged 20-29. The fewest were those over 70 years of age – about 2.5 per cent of the population.

During World War I, the Polish lands were an arena of military operations. The fronts, and then the Bolshevik onslaught, swept through large areas of the country. As a result of artillery shelling and arson, as well as forced displacements and evacuations, around 800,000 families lost their homes. No less severe was the loss of infrastructure; most of the country's bridges, 60 per cent of railway stations and 40 per cent of hardened roads were destroyed. Before leaving the Congress Kingdom of Poland, the Russian authorities evacuated industry, the army requisitioned machines and equipment, supplies of raw materials, agricultural produce, and also metals. As a result of the destruction and looting, crop acreage fell by roughly 20 per cent and yields declined. It is estimated that as a result of World War I, Poland's national income shrank by around 70 per cent from the pre-war period and around 12 per cent of national assets were irretrievably destroyed or lost.

Entering into the period of post-war stabilisation, Poland was a land of economic and social contrasts. The country consisted of the three formerly partitioned regions which had functioned within the intensively growing economies of Germany, Austria and Russia for more than 100 years. The new borders separated the former provinces from their sources of raw materials and market outlets. The regions, merged within a new administrative organism, had to face various practical problems, such as left-hand road and rail traffic, which was in force in Galicia.

After the end of the hostilities, Poland embarked on a path of arduous development.



"A queue but for what?", cartoon by Bogdan Nowakowski, 1922 / NATIONAL LIBRARY OF POLAND COLLECTIONS

## TAXES

Impoverished and exhausted as a result of the war, society bore the additional burden of successive armed conflicts. It became necessary to field an army, so expenditure grew. In the years 1919–1921, the budget of the Ministry of National Defence consumed over 50 per cent of the country's resources. Revenues, however, did not grow – tax revenue only covered around 20 per cent of expenditure. As Poland was unable to obtain foreign loans, subsequent governments drew loans from PKKP. Therefore, the volume of Polish marks in circulation was gradually increasing. However, tax enforcement and the creation of a nationwide tax administration were not the only problems facing the state. The unification of tax regulations was the biggest challenge.

The most traditional tax system was in force in the Russian partition, with state revenues coming primarily from indirect taxes (over 80 per cent of tax receipts) and taxes on property and businesses. There was no income tax in Russia. In the Austrian partition, non-fiscal revenue played the largest role in state revenue (over 50 per cent). Direct taxes consisted mainly of the following: cadastral tax, taxes on buildings, and income tax (on wages and capital gains). Indirect taxes in the form of excise duties were levied on sugar, alcohol, matches, paraffin and playing cards. The budget was also bolstered by revenue from the tobacco and salt monopoly. The best developed tax system was in Prussia, where a significant part of state revenue came from direct taxes – mainly income tax. This was supplemented by excise tax on sugar, coal and alcohol.



Street trading in Warsaw, 1920s / NAC COLLECTIONS

## THE ASSASSINATION OF THE PRESIDENT

In autumn 1922, elections took place to a bicameral parliament. They did not bring an outright victory to any political force. The politically fragmented parliament faced the task of electing the first President of the Republic of Poland. The parliament elected as President the compromise candidate, Gabriel Narutowicz, a professor at Zurich Polytechnic, who had returned to Poland from emigration in 1919 to get involved in the reconstruction of the Polish state (he was, among others, the Minister of Public Works). The right wing, which was against Narutowicz, organised protests.

On 16 December 1922, two days after being sworn in, the President was shot dead by an assassin. His death destabilised the political situation, with the country teetering on the brink of civil war.

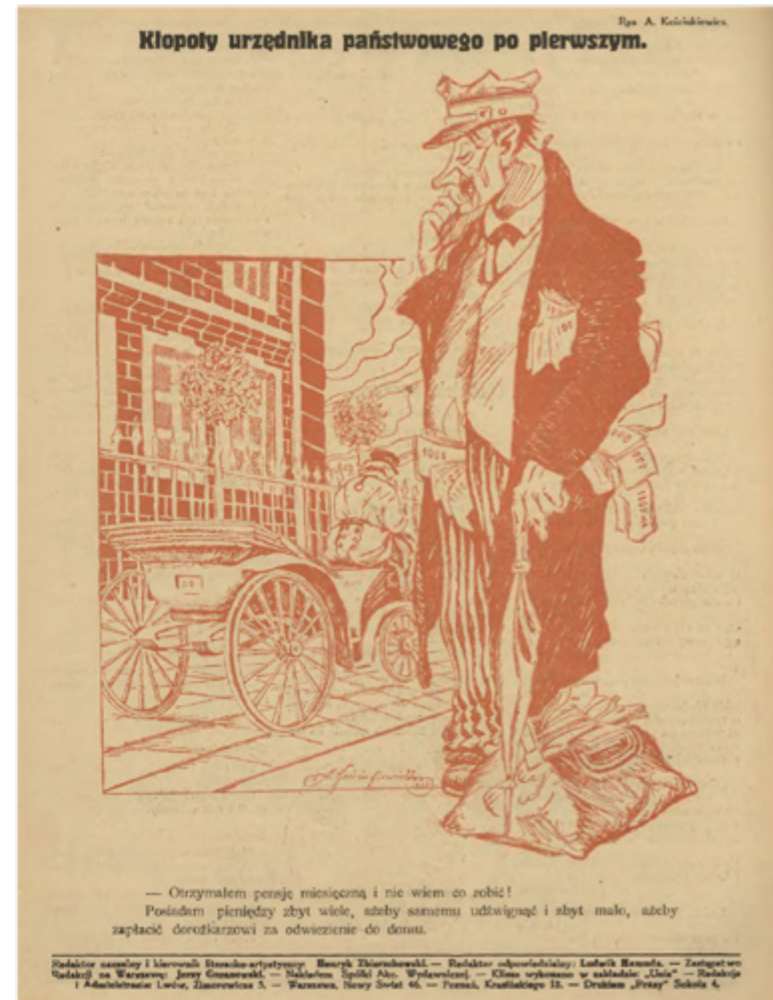
## INFLATION

The reconstruction of the destroyed economy was progressing at a slow pace. The country lacked capital. Faced with geopolitical uncertainty, foreign investors were not eager to invest. The supply of national currency was higher than the supply of goods and services. The real income of paid employees was falling. Prices were on the rise, for example, a half kilogram loaf of bread cost 3 Polish marks in 1918, 35 Polish marks in 1921, and in May 1923 it already cost 1,000 Polish marks. In the first years of independent Poland, inflation was not substantial and falling production costs brought a so-called inflation premium to businesses. Lower domestic demand was offset by proceeds from export.

Newspaper caricature, the caption reads: "I've received my monthly salary and I don't know what to do! I have too much money to carry it myself and too little to pay the cabby to carry me home."

Authored by A. Kościukiewicz, "Szczytek", No. 22, 1922 /

SILESIA LIBRARY COLLECTIONS



Redaktor naczelny i kierownik Biura Redakcyjnego: Henryk Ziarnowski. — Redaktor odpowiedzialny: Ludwik Kozłowski. — Zastępca Redaktora: Józef Górnicki. — Wydawca: Spółka Akc. Wpółwłasnej. — Kasa wydawnicza w składzie: "Książka" — Redakcja i Administracja: Lwów, Zamiatana 3. — Warszawa, Nowy Świat 46. — Poznań, Krasińskiego 12. — Drukarnia "Prawo" Sokoła 4.

## THE WINCENTY WITOS GOVERNMENT

In May 1923, Polish People's Party leader, Wincenty Witos, assumed the post of Prime Minister, and Władysław Grabski, who already had a plan to stabilise state finances at that time, was appointed the Minister of State Treasury. However, differences over implementation of the programme among parties in the ruling coalition led him to resign from the post. The incompetence and inaction of subsequent ministers contributed to the deepening of inflationary processes. Poland was heading for economic disaster. In 1923, PKKP put into circulation banknotes with the denomination of, among others, 1,000,000, 5,000,000 and 10,000,000 Polish marks.



1,000,000 Polish marks, 30 August 1923 / NBP COLLECTIONS



5,000,000 Polish marks, 20 November 1923 / NBP COLLECTIONS



10,000,000 Polish marks, the highest ever denomination of a Polish circulation banknote, 20 November 1923 / NBP COLLECTIONS



## HYPERINFLATION

In the summer of 1923, the Polish mark began to lose value rapidly. Hyperinflation was spiralling out of control. Blue-collar and white-collar workers were the most affected groups. The already low living standards plunged even lower. There were difficulties with supplies of even staple goods. The Witos government was unable to overcome the deepening crisis. Attempts to obtain foreign loans failed. In autumn, workers' protests in Kraków, Tarnów and Borysław turned into riots, with the protesters clashing with the police and the army. Several people were killed and others injured, and the government lost its parliamentary majority.



Money order for 100,000,000 Polish marks, 20 November 1923 / NBP COLLECTIONS

Towards the end of 1923, PKKP money orders for the amounts of 50,000,000 and 100,000,000 Polish marks were prepared. However, due to the introduction of the currency reform, these did not enter into circulation.



Title page of "Ilustrowany Kurier Codzienny", No. 280 of 9 November 1923 / NATIONAL LIBRARY OF POLAND COLLECTIONS

Władysław Grabski / NATIONAL LIBRARY OF POLAND COLLECTIONS

## TIME OF REFORMS



## THE WŁADYSŁAW GRABSKI GOVERNMENT

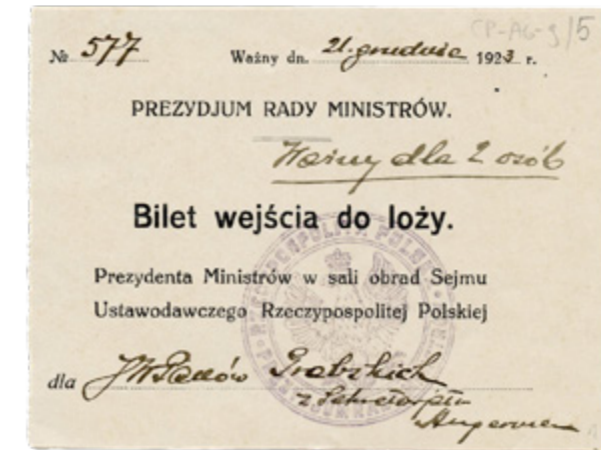
The collapse of the Witos cabinet and inability to form a government with the necessary majority prompted President Stanisław Wojciechowski to entrust Władysław Grabski with the mission of forming a “government of experts”. On 20 December 1923, the newly appointed prime minister presented his reform programme in the Sejm and requested special powers for his cabinet to issue decrees with the force of law.

In his keynote speech, Prime Minister Grabski said that: “We have reached such a state that no progress in any field, even education, let alone agricultural reform or social improvement, becomes possible if we do not first – and soon – deal with the financial difficulties which not only paralyse all attempts to improve our internal state, but also pose a threat to both the maintenance of internal peace and the state of defence of our country, requiring more significant financial outlays.”

The programme of the new government assumed an increase in fiscal burdens, a fight against inflation, and reform of the banking system. The parliamentary majority supported the reform plans presented by Grabski.

No Polish government could count on significant assistance from foreign states and banks. Therefore, Grabski announced the mobilisation of society and the administrative apparatus. The overriding task was to balance the budget, which meant on the one hand an increase in public levies/taxes and their more effective enforcement, and on the other hand, spending cuts. Announcing the currency reform, the Prime Minister declared a halt to money printing. Aware of the social costs of the recovery programme, he also announced the preparation of a law on the unemployed.

On 11 January 1924, the Sejm granted special powers to Prime Minister Grabski's government, but shortened their duration to six months. This necessitated the rapid implementation of the reforms. Also on 11 January, a law was published which proceeded to organise the bank of issue as a joint-stock company.



Prime Minister's pass to the Sejm for Władysław Grabski and Stanisław Grabski, 21 December 1923 / NBP COLLECTIONS



A poster informing about events organised as part of the National Treasury Fundraising campaign / NBP COLLECTIONS

## BALANCED BUDGET

Amendments to the tax system were introduced by the law already passed in 1923, i.e. the Wealth Tax and Tax Indexing Act. At the beginning of 1924 a tax on real estate was introduced. The basis of tax assessment on income from employment was raised. Additional revenue was planned from the following monopolies: matchsticks, alcohol and salt. The government reduced subsidies to the railways and reduced employment in the administration, laying off 29,000 state employees. The cabinet took vigorous steps to improve tax enforcement.



Press caricatures illustrating the tax burden imposed by Władysław Grabski's government, "Mucha" No. 1 from 4 January 1924 and No. 8 from 22 February 1924 / NATIONAL LIBRARY OF POLAND COLLECTIONS



## STABILISATION OF THE POLISH MARK

In January 1924, the government ordered PKKP to intervene on the stock exchange in order to stabilise the Polish mark. A total of 2.5 million US dollars was allocated for the purchase of Polish marks. As a result of the intervention, the dollar exchange rate was brought down to below 10 million Polish marks. Demand for foreign currency fell and holders of foreign currency, no longer counting on a further increase in the value of the US dollar, began to sell. This made it possible not only to halt the decline of the exchange rate of the Polish mark, but also to rebuild foreign exchange reserves. Stabilisation of the exchange rate of the Polish mark was a prerequisite for the implementation of the next stage of the currency reform, in other words, the exchange of marks for złoty.

# STABILISATION OF THE POLISH MARK



## CALENDAR OF 1924 — PREPARATIONS FOR THE ESTABLISHMENT OF BANK POLSKI SA AND THE COMMENCEMENT OF THE ISSUE OF THE ZŁOTY

**11 JANUARY** — ADOPTION OF THE ACT ON STATE TREASURY REPAIR AND CURRENCY REFORM: AUTHORIZATION FOR THE GOVERNMENT TO REGULATE BY WAY OF ORDINANCES OF THE PRESIDENT OF THE REPUBLIC OF POLAND MATTERS RELATING TO THE NEW MONETARY SYSTEM AND THE ESTABLISHMENT OF A NEW BANK OF ISSUE

**14 JANUARY** — CREATION OF THE ORGANISING COMMITTEE OF THE BANK OF ISSUE BY THE MINISTER OF STATE TREASURY

**20 JANUARY** — ORDINANCE OF THE PRESIDENT OF THE REPUBLIC OF POLAND REGARDING THE MONETARY SYSTEM: “THE MONETARY UNIT OF THE REPUBLIC OF POLAND IS THE ZŁOTY, CONTAINING  $9/31$  PARTS OF A GRAM OF PURE GOLD”; ORDINANCE OF THE PRESIDENT OF THE REPUBLIC OF POLAND REGARDING THE ESTABLISHMENT OF A STATUTE FOR THE BANK OF ISSUE. BANK POLSKI IS GRANTED THE EXCLUSIVE PRIVILEGE TO ISSUE BANK NOTES AS LEGAL TENDER

**25 JANUARY** — COMMENCEMENT OF THE SALE OF THE BANK’S SHARES

**2 FEBRUARY** — SUSPENSION OF LENDING TO THE STATE BUDGET BY PKKP

**1 MARCH** — DECISION TO PUT INTO CIRCULATION THE ZŁOTY BANKNOTES PRINTED IN 1919

**29 MARCH** — APPOINTMENT OF STANISŁAW KARPIŃSKI TO THE POST OF PRESIDENT OF BANK POLSKI

**14 APRIL** — ORDINANCE OF THE PRESIDENT OF THE REPUBLIC OF POLAND REGARDING THE CHANGE OF THE MONETARY SYSTEM: FIXING THE EXCHANGE RATIO OF THE POLISH MARK TO THE POLISH ZŁOTY: 1,800,000 POLISH MARKS FOR 1 ZŁOTY

**15 APRIL** — FOUNDING MEETING OF SHAREHOLDERS ESTABLISHING BANK POLSKI SA

**28 APRIL** — CEREMONIAL OPENING OF BANK POLSKI SA, INTRODUCTION OF THE ZŁOTY INTO CIRCULATION

**14 MAY** — ORDINANCE OF THE PRESIDENT OF THE REPUBLIC OF POLAND REGARDING CONVERSION OF PRIVATE-LAW LIABILITIES

**1 JULY** — WITHDRAWAL OF THE POLISH MARK AS LEGAL TENDER



## ORGANISING COMMITTEE OF BANK POLSKI SA

The establishment of Bank Polski SA was an essential element of the implementation of the reforms aimed at ensuring the sustainability of public finances and monetary stabilisation. In order to limit the influence of the government on the activities of the issuing institution, it was assumed that Bank Polski would be a private joint-stock company and not a state bank, as Polska Krajowa Kasa Pożyczkowa (PKKP) was.

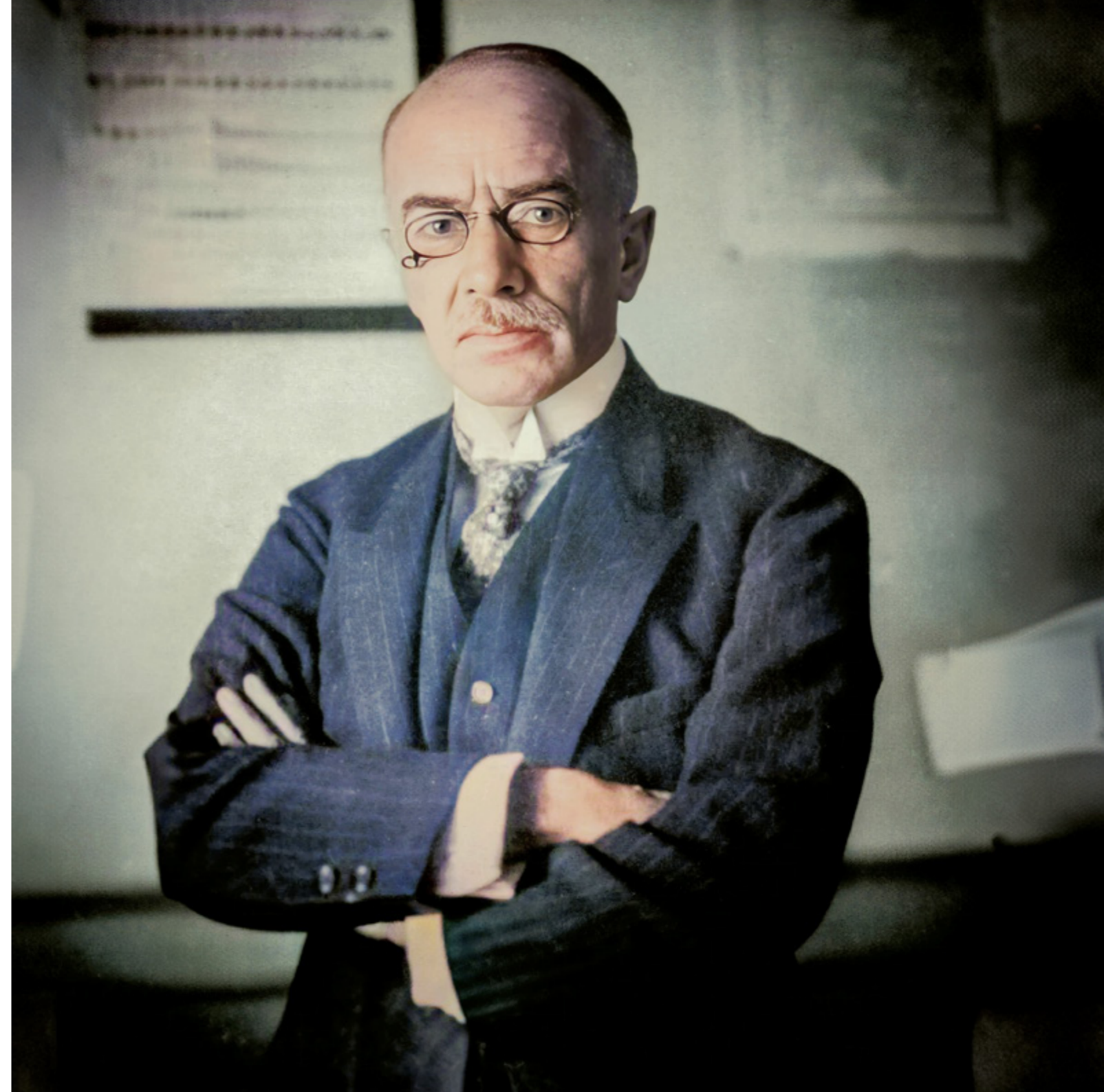
Stanisław Karpiński became the chairman of the five-person Organising Committee of the new issuing institution. The committee quickly agreed on the content of the statute, which was prepared by Roman Rybarski in 1923, and recommended putting into circulation the banknotes printed in 1919. The members of the committee were experienced financiers and bankers from all the partitions: Jan Kanty Steczkowski, Franciszek Stefczyk, Zygmunt Chrzanowski and Fr. Stanisław Adamski.

## STANISŁAW KARPIŃSKI (1870–1943) PRESIDENT OF BANK POLSKI SA

Stanisław Karpiński was born in the Russian partition. After studying in Warsaw and Leipzig, he took up a job at Bank Handlowy w Warszawie SA, and later managed its branch in St. Petersburg. After returning to Warsaw, he created the foundations of cooperative banking, and was director of the Bank of Cooperative Societies, among others. During the war, he became a councillor and member of the board of the city of Warsaw, where he was responsible for financial matters. From November 1918 to April 1919 he held the position of director of the Polish Loan Bank. He was Minister of State Treasury in the Ignacy Jan Paderewski government. After his resignation, he once again held the position of director of the Bank of Cooperative Societies and in February 1920 he became president of the Bank Association in Poland. In 1922 he was elected as senator. During his work in parliament he supported the draft reforms prepared by Władysław Grabski. Prime Minister Grabski appointed Karpiński to the post of Chairman of the Organising Committee of Bank Polski and Chairman of the Supervisory Board of PKKP. On 29 March 1924, President of the Republic of Poland Stanisław Wojciechowski appointed Stanisław Karpiński the first President of Bank Polski SA.

## **JAN KANTY STECZKOWSKI (1862–1929)**

Jan Kanty Steczkowski came from Galicia. He studied in Kraków and Vienna, and he practised law in Lviv. He was active in Galician economic life, among others, as a member of the authorities of the Association of Agricultural Societies in Lviv, activist of the Galician Economic Society and vice-president of the National Oil Society. In the years 1899–1913 he was, among other things, the director of the Galician Savings Bank, the Lviv branch of the privileged Austrian Credit Institution for Commerce and Industry, and sat on the supervisory boards of banks in Krakow and Lviv. In 1913 he held the post of Director of Bank Handlowy in Lviv. He was Minister of State Treasury and Prime Minister in the governments appointed by the Regency Council. In independent Poland he served as Minister of State Treasury in the Wincenty Witos government (1920–1921) and headed Polski Bank Krajowy (Polish National Bank). In the following years, he was, among others, director of the Polish Loan Bank (1923–1924), and then the first President of Bank Gospodarstwa Krajowego (1924–1927), set up by the Władysław Grabski government.



Jan Kanty Steczkowski / BGK COLLECTIONS



### **FRANCISZEK STEFCZYK (1861–1924)**

Franciszek Stefczyk was born in Kraków. After studying at the Jagiellonian University, he started working as a teacher. In 1889, he founded the first rural cooperative credit bank in Poland, organised on the model of Raiffeisen. The cooperative savings model borrowed from Westphalia soon became extremely popular. Stefczyk was the co-organiser and first director of the National Central Fund for Agricultural Companies in Lviv and also a member of the Polish People's Party and a deputy to the National Sejm in Lviv. The war did not interrupt the cooperative activities propagated by Stefczyk. In 1919 he lived in Warsaw, where he managed the Central Fund for Agricultural Companies, which had been transferred from Lviv. In 1924, the Union of Agricultural Cooperatives was established, which associated 2,300 cooperatives with over 600,000 members.

## FR. STANISŁAW ADAMSKI (1875–1967)

Stanisław Adamski came from Greater Poland. He was a Catholic priest and an organiser of education, as well as of Polish social and cooperative life in the German Reich. He established savings and credit cooperatives and entered the board of the Association of Commercial and Economic Companies. The association was the central organisation for all Polish cooperatives operating in the Prussian partition and the Reich, bringing together people's banks, agricultural and commercial companies, and dairy, merchant and food cooperatives. In 1910, following the death of Father Piotr Wawrzyniak, the founder of the Association, he became its chairman. In independent Poland, the Association that Father Adamski headed was the second largest private bank on Polish land (after Bank Handlowy w Warszawie). In 1930, Father Adamski became the Bishop of Katowice.

Fr. Stanisław Adamski / NAC COLLECTIONS







## ZYGMUNT CHRZANOWSKI (1872–1936)

Zygmunt Chrzanowski was born in Podlasie. He studied at the Academy of Agriculture in the Czech town of Tabor. After returning to Poland, he started working in an agricultural syndicate in Siedlce, a social association of agricultural producers, mainly landowners, supplying modern means of production: machinery, fertilisers and seed. He was associated with the Central Agricultural Association. From 1909 he headed the Warsaw Agricultural Syndicate. After the outbreak of World War I, he got involved in the activities of the Central Civic Committee, and was a member of the General Welfare Council and the Self-Help Society of Landowners. At the turn of October and November 1918 he became Minister of the Interior in Józef Świeżyński's Regency Council-appointed government. He was one of the experts of the Polish delegation at the Paris Peace Conference. In 1919 he became president of Bank Towarzystw Spółdzielczych SA in Warsaw.

Photo in: "Sprawozdanie z działalności giełdy zbożowo-towarowej w Warszawie za lata: 1934, 1935 i 1936" [Report on the activities of the grain and commodity exchange in Warsaw for the years: 1934, 1935 and 1936], Warsaw 1937 / NATIONAL LIBRARY OF POLAND COLLECTIONS



Interior of the vault of Bank Polski SA, 1928 / NAC COLLECTIONS

## Skąd pochodzi nasze złoto i srebro?

**Ofiarność publiczna wzmogła znacznie skarb narodowy. — Nie powinna ustawać.**

Kraków, 17 kwietnia.

Widujemy często znaczki na Skarb Narodowy, wydane przez Komitet Zbiórki i kupujemy je, nalepiając na świadectwa, papiery urzędowe, rachunki, kwity i t.p. ale naogół mało orientujemy się w pracach Komitetu.

Akcja zbiórki złota i srebra na Skarb Narodowy rozpoczęła się już w r. 1918, ale początkowo, zwłaszcza w r. 1919, szła bardzo powoli, głównie wskutek braku jednolitego kierownictwa. Akcja odbywała się pierwotnie z inicjatywy prywatnej. W niedługim potem czasie powstała urzędowa Komisja Skarbu Narodowego, oraz Komitet zbiórki na Skarb Narodowy, złożony z przedstawicieli społeczeństwa, a powołany dzięki inicjatywie p. dyr. Aleksandrowicza. Przed półtora rokiem weszli do Komitetu przedstawiciele wszystkich ministerstw, co wpłynęło ogromnie na ożywienie tempa jego prac.

Cała akcja zbiórki, skoncentrowana przy głównym urzędzie probierczym, odbywa się jednocześnie w dwóch kierunkach: gromadzenie ofiar pieniężnych i metali w naturze, oraz zakup złota i srebra z funduszy zebranych przez Komitet.

Z pieniędzy uzyskanych z ofiarności publicznej zakupuje się natychmiast złoto i srebro, o-

fiarowane zaś przedmioty, po dokładnym ich opisaniu idą do P. K. K. P. gdzie są powtórnie opisywane, poczem wracają do głównego urzędu probierczego celem ich przetopienia. Ponieważ wartość kruszcu w wielu z nich jest małą, w porównaniu z ich dużą wartością użytkową, Komitet zamierza w niedługim czasie urządzić loteryę fantową, na którą pójdzie około 2000 takich przedmiotów wartości 12.000 rubli złotych.

Przedmioty cenniejsze pod względem artystycznym idą do organizującego się narodowego muzeum złotniczego. Wszelkie przedmioty, które nie idą na przetopienie, są niejako wykupywane — Komitet zakupuje odpowiednią ilość złota i srebra, które, zamiast cennych pod względem wartości artystycznych czy też historycznych a nie zawartości kruszcu przedmiotów, powiększają Skarb Narodowy.

Cały skarb Narodowy ze wszystkich źródeł wynosi obecnie 20 tonn złota i 120 tonn srebra, przyczem sam Komitet zebrał: z ofiar 133 kg. złota i 318 kg. srebra, a zakupił 100 kg. złota i 384 kg. srebra, co przedstawia wartość przeszło 2 bilionów marek.

Złoto i srebro, jak wspomniał w ostatniej mowie premier Grabski, stało się własnością Banku Emisyjnego.

“Where does our gold and silver come from?” – press cutting from “Ilustrowany Kurier Codzienny”, 18 April 1924 / NATIONAL LIBRARY OF POLAND COLLECTIONS

## SALE OF BANK POLSKI SA SHARES

The sale of shares of Bank Polski SA was launched on 25 January 1924. The price of one share was 100 Swiss francs, i.e. USD 19.3. The first shares were bought by the President of the Republic of Poland Stanisław Wojciechowski, Prime Minister Władysław Grabski, and the Chairman of the Organising Committee Stanisław Karpiński. Prime Minister Grabski issued an appeal to the public encouraging them to purchase shares of Bank Polski. In a short time, by 5 April, the entire share capital of Bank Polski had been collected. Seventy per cent were sold on the lands of the former Russian partition, 19 per cent in the former Prussian partition, and 11 per cent in the former Austrian partition.



A share of Bank Polski for 100 złoty, first issue of 1924 / NBP COLLECTIONS

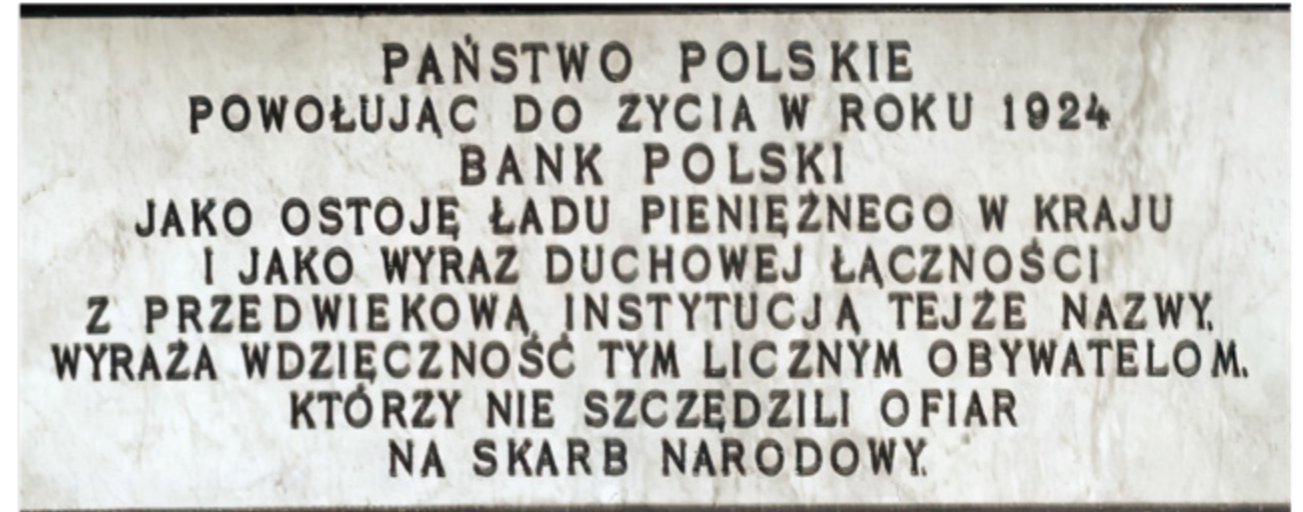
## THE COMMENCEMENT OF OPERATIONS OF BANK POLSKI SA

The bank commenced operations on 28 April 1924. Its share capital was initially 100 million złoty and was divided into a million shares, each at 100 złoty. In the first period, the share of the State Treasury in the capital of the bank was merely 1 per cent, thanks to which the issue bank was independent of the government. The shares of Bank Polski SA were fully paid up. The złoty issue was secured by currency reserves and gold, including funds from donations for the National Treasury.

From the total sum of one million shares, 820,000 were sold and 180,000 were reserved for officials and army officers. Industrial enterprises purchased 36 per cent of shares of Bank Polski, officials, army officers and freelance professions – 25 per cent, banks – 14 per cent, commerce – 10 per cent, agriculture – 8 per cent. The purchase of shares was treated as a patriotic duty.



Admission card to the founding meeting of Bank Polski SA on 15 April 1924 in Warsaw / NBP COLLECTIONS



On 28 April 1924, Władysław Grabski unveiled here a plaque with the inscription: "The Polish state, establishing Bank Polski in 1924 as the mainstay of monetary order in the country, as an expression of the spiritual bond with the age-old institution of that name, expresses its gratitude to the numerous citizens who spared no sacrifice to the National Treasury." / NAC COLLECTIONS

Entrance to the Main Hall in the head office of Bank Polski SA in Warsaw, 1928 / NAC COLLECTIONS



Poster informing about a religious service for Bank Polski, Równe, 29 April 1924 / NBP COLLECTIONS



Conference room of Bank Polski SA at 10 Bielańska Street in Warsaw, 1928 / NAC COLLECTIONS

The hall of Bank Polski SA at 10 Bielańska Street in Warsaw, 1928 / NAC COLLECTIONS



## BANK POLSKI SA AUTHORITIES

The main bodies of Bank Polski SA were the General Meeting of Shareholders, the Bank Board, the President and the Management Board. The General Meeting of Shareholders exercised legislative functions and was usually held at the beginning of the year, but extraordinary meetings were convened in exceptional situations. Its remit included the approval of annual reports, balance sheets, profit and loss accounts, the approval of amendments to the banks' statute and the election of members of the Bank Board and their deputies.

The Bank Board set the general direction of the bank's activities. It was composed of the President and Vice-president as well as 12 members and 3 deputies. It included representatives of shareholders from various sectors of the economy: agriculture, industry, commerce, the cooperative sector and banking. The Board supervised the executive bodies and took decisions on all matters that did not belong to the General Meeting of Shareholders. It managed credit policy and set the interest rates, it approved the bank's budget and its annual reports. It also appointed the Managing Director and the members of the Management Board as well as members of the branch Discount Committees.

The President (and Vice-president) of the bank was appointed by the President of the Republic of Poland for a five-year term of office, on the motion of the Council of Ministers, with the possibility of reappointment. The bank's President supervised all the activities of the bank and also had the right to suspend the resolutions of the Bank Board and the Management Board, if in his opinion it was incompatible with the interests of the state or the statute of the bank.

The Management Board was the administrative and executive body of the bank and its tasks included the day-to-day management of the bank. It was composed of the Managing Director and directors elected by the Bank Board and approved by the Minister of State Treasury.



Postcards showing buildings of Bank Polski SA branches in Toruń and Sosnowiec /  
NATIONAL LIBRARY OF POLAND COLLECTIONS



Satirical drawings illustrating the situation following the introduction of the złoty, "Mucha" No. 18, 2 May 1924 and "Mucha" No. 11, 14 March 1924 / NATIONAL LIBRARY OF POLAND COLLECTIONS

## THE EXCHANGE OF MARKS INTO ZŁOTY, THE ISSUING ACTIVITY OF BANK POLSKI SA

Bank Polski SA was the only institution with the privilege to issue złoty banknotes. As at 31 December 1924, the banknotes of Bank Polski in circulation had a value of 550.9 million złoty.

The principles of backing the notes could be amended only by way of legislation. At least 30 per cent of the issue was backed by gold stocks and foreign exchange and currency reserves not subject to significant exchange rate fluctuations. Apart from banknotes (notes of Bank Polski SA), the monetary system was made up of silver coins and small coins struck by the mint for the account of the Ministry of State Treasury and fractional notes treated as temporary means of payment. In accordance with the ordinance of 14 April 1924, the Minister of State Treasury was authorised to issue these notes in instalments from 1 grosz to 2 złoty, up to a total amount of 150 million złoty, whereas the capacity of their holders to settle liabilities with these notes was limited to 10 złoty (they were to remain in circulation until 1 January 1925, later this deadline was extended).



Above all, the notes of Bank Polsk SA played the role of a means of payment. The government commissioned the printing of the notes as early as 1919 to printing houses in France and in England. The banknotes were printed with the date of issue of 28 February 1919 and they were marked with the name of the yet-to-be-established issuer. According to the specimens of 1919, the second issue of złoty banknotes had the date of issue of 15 July 1924. These banknotes were printed in the State Printing Works and the Printing House of Bank Polski.

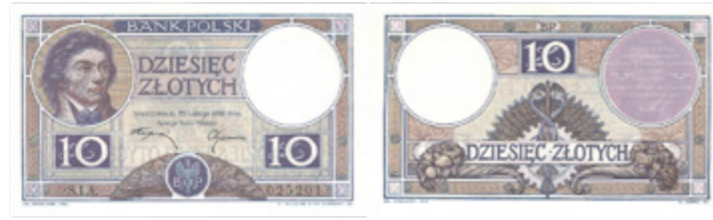
The first notes of Bank Polski SA featured the images of two national heroes: Tadeusz Kościuszko and Prince Józef Poniatowski.



1 złoty, 28 February 1919 / NBP COLLECTIONS



5 złoty, 28 February 1919 / NBP COLLECTIONS



10 złoty, 28 February 1919 / NBP COLLECTIONS



100 złoty, 28 February 1919 / NBP COLLECTIONS



500 złoty, 28 February 1919 / NBP COLLECTIONS



Fractional notes of the following denominations: 10 grosz, 20 grosz and 50 grosz, 28 April 1924 / NBP COLLECTIONS

## FRACTIONAL CURRENCY

Due to the short time planned for the introduction of the currency reform, the Ministry of State Treasury (the coin issuer) began putting into circulation paper fractional notes, which were successively exchanged for small coins and 1 and 2-złoty silver coins. The role of the first Treasury notes were played by 1 and 2-złoty banknotes of the 1919 issue.

These were supplemented by fractional grosz notes, printed with the date of issue of 28 April 1924. The prolonged shortage of silver coins as well as the budget deficit favoured the increased issuance of the so-called state (Treasury) paper money. In practice, this meant the functioning of a type of dual currency monetary system, in other words, the parallel issuance of money by the bank and issuance by the government.

The PKKP banknotes in denominations of 500,000 and 10,000,000 Polish marks, which had been withdrawn from circulation and cut in half, were used to print fractional notes replacing one- and five-grosz coins. Polish mark notes had their new value printed in red ink along with the image of the obverse and reverse of the appropriate grosz coin (1 grosz and 5 grosz coins).

Fractional notes issued with the date of issue of 28 April remained in circulation until 1 November 1924.

Fractional 1 grosz note, 28 April 1924 / NBP COLLECTIONS



## GROSZ AND ZŁOTY (SILVER) COINS

In 1923, a competition for small coins and złoty coins was announced. The winning designs of Wojciech Jastrzębowski (grosz coins) and Tadeusz Breyer (złoty coins) were sent for production. In 1924, the State Mint was not yet able to meet the demand for the production of coins which were to be put into circulation. Therefore, the Ministry of State Treasury commissioned the production of coins, mainly silver and nickel coins, to foreign mints (among others, in Austria, England, France, the Netherlands, Switzerland, and the United States).

In the years 1924–1925, a total of 436,251,980 coins with a nominal value of 180,460,621 złoty were commissioned.



1 grosz, bronze, 1923 / NBP COLLECTIONS



2 grosz, 1923 / NBP COLLECTIONS



5 grosz, 1923 / NBP COLLECTIONS



10 grosz, nickel, 1923 /  
NBP COLLECTIONS



20 grosz, nickel, 1923 / NBP COLLECTIONS



50 grosz, nickel, 1923 / NBP COLLECTIONS



1 złoty, silver, 1924 / NBP COLLECTIONS



2 złoty, silver, 1924 / NBP COLLECTIONS



5 grosz, bronze,  
commemorative  
coin struck to mark  
the launch of the State  
Mint, featuring the  
initials of President  
Stanisław Wojciechowski  
and the date:  
12.IV.1924 / NBP  
COLLECTIONS

## THE STATE MINT IN WARSAW

Work on the organisation of the mint was begun in 1922. However, the needs of the domestic money market and the necessity to produce a large number of coins in a short period resulted in a significant part of Polish minting production, especially in the years 1924–1925, being outsourced to foreign mints. This is because the Warsaw Mint was closed down by the tsarist authorities as early as the end of 1867, and its production equipment was transported to the mint in St. Petersburg.

In free Poland the buildings of the former spirits monopoly in Warsaw's Praga district, at 18 Markowska Street, were designated as the seat of the new mint. The position of manager of the plant was entrusted to Jan Aleksandrowicz. At the turn of 1923 and 1924 the workforce was assembled and trained, and modern minting machines were imported. The official opening of the plant was held in the presence of the President of the Republic of Poland, Stanisław Wojciechowski, and Prime Minister Władysław Grabski on 14 April 1924. A commemorative coin of 5 grosz (dated 12 April 1924) was struck to mark the occasion.



State Mint in Warsaw,  
coin sorting room /  
NAC COLLECTIONS



## MONEY PRODUCTION IN THE SECOND POLISH REPUBLIC

On 25 January 1919, the Ignacy Jan Paderewski government passed a resolution to create the State Printing Works, whose main task was to produce Polish banknotes, documents and security prints. For the purposes of the organisation of the State Printing Works, the Ministry of State Treasury purchased in Warsaw, among other things, the printing house of J. Hirszowicz at 105 Jerozolimskie Avenue, together with neighbouring properties, and later also the printing house of A. Hurkiewicz at 16 Mariensztat Street. In May 1925, the Minister of State Treasury Władysław Grabski signed an agreement with Bank Polski SA, on the basis of which a joint stock company was established with the participation of the State Treasury and the central bank. The State Printing Works was formally transformed into the Polish Security Printing Works on 10 July 1926. At that time, the construction of the factory's new premises at Sanguszki street in Warsaw began. The building was put into use in 1929.



Polish Security Printing Works at Sanguszki street in Warsaw, 1939 / NBP COLLECTIONS



State Printing Works in Warsaw: checking the quality of the paper and watermarks; in the background, banknote printing machines, 1920s / NAC COLLECTIONS



Market stalls on Kercelego Square  
(colloquially, Kercelak), Warsaw, 1927 /  
NATIONAL LIBRARY OF POLAND COLLECTIONS

## PURCHASING POWER OF THE ZŁOTY IN THE 1920S

### AVERAGE PRICES IN WARSAW, 1924

Rye bread (1 kg) .....	0,62
Wheat flour (1 kg) .....	1,00
Beef (1 kg) .....	3,87
Pork (1 kg) .....	3,56
Pork fat (1 kg) .....	3,82
Butter (1 kg).....	9,05
Milk (1 l).....	0,64
Eggs (1 kg) .....	4,93
Sugar (1 kg) .....	1,94
Coal (10 kg) .....	1,00
Kerosene (1 l) .....	0,48
Madapollamc – type of fabric (1 m) .....	2,66

### EXAMPLE OF SALARIES IN SELECTED OCCUPATIONS – NOVEMBER 1924

#### CIVIL SERVANTS – AVERAGE MONTHLY SALARY<sup>1</sup>

Prime Minister .....	approx. 1,100 zł
Minister.....	approx. 900–1,000 zł
Lieutenant General .....	approx. 1,000 zł
Full professor .....	approx. 700 zł
State secondary school teacher (with 6 years of experience) .....	approx. 300–400 zł
Director of a sugar refinery.....	700 zł

#### BLUE COLLAR WORKERS FROM VARIOUS BRANCHES OF INDUSTRY – AVERAGE DAILY WAGES<sup>2</sup>

Miner (hewer) in a coal mine in Upper Silesia .....	approx. 8 zł
Skilled worker in Upper-Silesian steel industry .....	approx. 5–11 zł
Bricklayer / carpenter.....	approx. 8–9 zł
Spinner in a cotton mill .....	approx. 3–4 zł
Yard labourer, caretaker, sweeper.....	approx. 2–3 zł

1. Average monthly basic salary (averaged for different grades),  
excluding bonuses.

2. Average daily rates, without bonuses and other benefits  
(e.g. allowances for fuel, food, medical assistance etc.).

Source: "Historia Polski w liczbach. Gospodarka"  
[History of Poland in numbers. The Economy],  
Vol. II, Warsaw, 2006.

Source: The "Labour Statistics", monthly magazine of the Central Statistical  
Office of the Republic of Poland, 1924–1925

Thanks to the fiscal and currency reforms carried out in 1924, it was possible to stabilise the state budget, restore a balanced money market and put the złoty, the new full-fledged Polish currency, into circulation. For Bank Polski SA – the “mainstay of monetary order” – the overriding aim was to ensure the stability of money and regulate money circulation. These priorities were undoubtedly achieved. The złoty became an expression of the ambitions of the independent Republic and helped build the prestige of the reborn state.



## ORDER OF THE WHITE EAGLE FOR WŁADYSŁAW GRABSKI

Order of the White Eagle for Władysław Grabski /  
ROYAL CASTLE IN WARSAW COLLECTIONS, PHOTO: THE ARCHIVE OF THE GRABSKI FAMILY

Władysław Grabski was awarded the Order of the White Eagle for services to the state, including fiscal and currency reforms, on 12 April 1924.



Władysław Grabski /  
THE ARCHIVE OF THE GRABSKI FAMILY

Narodowy Bank Polski  
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KOKO  
KOKONEN  
ODOTUS

JAAK POKARI