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Activities of the Łódź Exchange Committee (Komitet Giełdowy Łódzki) in 1914-1918 and their economic, financial, social and political aspects

Abstract: The chapter discusses the financial, economic and political situation in the Kingdom of Poland and Łódź at the time of the Great War, in the context of materials collected in the Łódź Money Exchange (*Giełda Pieniężna w Łodzi*). A special focus is given to initiatives undertaken by the Łódź Exchange Committee (*Komitet Giełdowy Łódzki*), forced by circumstances to work in the face of a great destabilisation in money flow systems.

The financial and economic changes, which were taking place within the territory of the Kingdom of Poland in the late 19th century, generated a need to establish institutions responsible for regulating the sale, purchase and valuation of securities and diverse debt instruments. These tasks were taken on by money exchanges. Until 1899, the only institution of this kind in the Kingdom of Poland was the Warsaw Money Exchange (*Giełda Pieniężna Warszawska*)¹.

1 The Warsaw Money Exchange was established in 1817 and reorganised in 1872. It was set up as a social and public organisation and remained under the supervision of the Department of Trade and Industry of the Ministry of Finance (and under supervision of the governorate). The exchange traded securities; the executive body – the Exchange Committee – received extensive prerogatives to represent trade and industry. Its tasks included the preparation of recommendations on trade and industry matters to government authorities and submitting proposals supporting the development of trade. The scope of stock Exchange Committees' activity in Russia – including the Warsaw Exchange Committee – was regulated in the 1887 Trade Act. Each exchange was regulated by a separate act ratified by the Minister of Finance. Cf. *Postanowienie Księcia Namiestnika z dn. 12 IV 1817r. o urządzeniu giełdy kupieckiej; Stulecie Giełdy Warszawskiej*, Warszawa 1917r; Pełka, Bolesław: *Giełda Pieniężna w Łodzi. (wstęp do inwentarza)* Archiwum Państwowe w Łodzi (subsequently referred to as APŁ): 1964; *Svod Zakonov*, 1887, t. XI, *Ustav targovyy*, pp.98-100; *Encyklopedia Nauk Politycznych t.2*, pp.348-356.

The Łódź Money Exchange (*Gielda Pieniężna w Łodzi* subsequently referred to as GPwŁ) was opened on February 1st, 1899 and began to operate as the place where trade contracts were signed and transactions made – through brokers; it also served as a source of relevant information for the public. Members of the Exchange paid a fixed annual fee.

The Exchange Assembly consisted of all members of the Exchange – joint stock societies, shareholder associations and merchants who were registered in Łódź and neighbouring towns. The executive body which represented the Assembly was the Łódź Exchange Committee (*Komitet Gieldowy Łódzki*), consisting of 28 members who were elected for a period of three years. The Exchange Committee operated from its own office and dealt with diverse activities of the Exchange, issued trade certificates, called member meetings and oversaw the correctness of procedures. The Committee's tasks also included informing the authorities about recent developments in local trade and industry, forwarding requests, submitting projects and applications regarding trade and serving as an intermediary in other trade matters².

The Łódź Exchange Committee continued monitoring the economic situation in the region, which made it possible to issue a publication entitled “Statistical Works of the Łódź Exchange Committee” (*Prace statystyczne Komitetu Gieldowego Łódzkiego*), which included detailed information about the number of industrial companies in the city, data on the amounts of goods delivered and exported on regional railways, and tax regulations for local industry and trade³. After the outbreak of the First World War, these statistics enabled the Łódź Exchange Committee to become an active centre of economic self-governance. This crucial economic data from the region permitted the Committee to take effective action to ensure basic economic stability in Łódź during the 1914-1918 period.

From a social and economic perspective, this financial stability became a crucial priority for the population of Łódź and the entire Kingdom of Poland. Financial connections established prior to the outbreak of war were too complex; it was not possible to adapt all financial obligations and operations to a new currency – the German mark. The adopted solution of this problem was monetary dualism: it had been assumed that if the value of the rouble was gradually lowered, people would begin to switch to the new currency. This solution allowed for a degree of

2 Pełka, Bolesław: op. cit., p.5. The Łódź Exchange Committee consisted of many key figures of local industry, such as Alfred Biedermann, Oskar Kindler, Juliusz Kunitzer and Karol Scheibler.

3 *Prace statystyczne Komitetu Gieldowego Łódzkiego 1912, Łódź 1912*, p.5.

financial stability. Importantly, many companies which had already operated in the Kingdom of Poland before 1914 had German capital and a German Board. Concern for these companies was one of the factors in the decision to allow two monetary systems to function; this was to prevent currency panic. Additionally, across the Kingdom of Poland, local means of payment were introduced – a variety of “vouchers” and “bills”, used mainly for the purchase of basic commodities. Issuing these types of bills was mainly intended to aid the poorest members of society; they were often issued by charitable organisations which collected capital and then spend it on basic commodities needed by the poorest members of society, such as food, clothing and fuel.

As the most important industrial centre of the Kingdom of Poland in the 1914–1918 period, Łódź became the birthplace of many important local and national initiatives in the financial and economic sphere. These activities were aimed at regulating economic and financial life after the Russian authorities had left the city. The outbreak of war in 1914 quickly negatively impacted the civil population in the Kingdom and in Łódź. As the front approached, the Russian civil authorities left the city, leaving behind chaos and an organisational vacuum. The basic elements of economic, social and financial life were out of balance – and in Łódź, the supply of goods was the most pressing problem. In an attempt to stabilise this uncertain situation, the leading figures of local industry and finance established the Committee of Fourteen (*Komitet Czternastu*), followed by the Citizens’ Committee of the City of Łódź (*Główny Komitet Obywatelski*) on August 10th, 1914.

The arrival of the German forces in Łódź in December 1914 permanently ended the Russian imperial administration in the city.

The Citizens’ Committee assumed responsibilities for the former Municipality of Łódź and became the *de facto* administrative and governing authority from mid-1914 till August 1915.

The German authorities initially left the administrative initiative to the Citizens’ Committee of the City of Łódź, which played the role of municipal authority and represented the financial and industrial elite of Łódź. From both the political and an economic point of view this seems to have been a reasonable and convenient decision for the occupying authorities. Many members of the Citizens’ Committee were of German descent. This ensured further stability for the organisation, while the German occupiers could be temporarily free of the responsibility of ensuring supplies for the city.

The second important organisation that influenced city life in the 1914–1918 period was the Łódź Exchange Committee, which was initially somewhat over-

shadowed by the Citizens' Committee but soon took the initiative in key economic and financial matters.

In 1915, after formulating adequate legal regulations, German authorities had reactivated the Municipality of Łódź – this ended the activity of the Citizens' Committee of the City of Łódź. Throughout the period of the Great War, Łódź remained a key centre of industry and a certain dualism of authority had emerged. On the one hand, local industrialists were actively engaged in the Citizens' Committee (until 1915) and subsequently the Łódź Exchange Committee. On the other hand, the municipal administration had operated since 1915 – city councillors were elected based on a voting system authorised by the German administration. Documents from the period show that these two centres of administration often cooperated with each other and complemented each other in many areas of economic and social life. This was motivated by the common wish to stabilise the situation in the city. Moreover, it seems that with the lengthening armed conflict the German authorities were interested in maintaining a positive public image in order to acquire new recruits from among the local community.

Source documents concerning the Łódź Exchange Committee, stored in the records of the Łódź Money Exchange, illustrate the most important directions the Committee took on the financial, economic and political arena, both locally and on a national scale. The records contain a range of reports and protocols of meetings of the Money Exchange Committee dated 1914-1918. With these documents it is possible to trace the evolution of the Committee's policies and the reflection of these policies in legal regulations that were gradually introduced by the German authorities. These materials also provide a picture of the cooperation between the Money Exchange Committee and the occupying authorities as well as various organisations functioning in Łódź. The Exchange Committee's deliberations also concerned the assessment of the standard of living of the local community⁴.

As the armed conflict continued, it became clear that it was necessary to regulate administrative, economic, financial and social issues. As was mentioned before, new legal regulations introduced by German occupying authorities caused many administrative changes, not all of them for the better. Until 1916, there was no central authority to represent the interests of industrialists in the Kingdom

4 The above questions are discussed in documents found in the following files: APŁ, GPwŁ, 12, Sprawozdania [z działalności Komitetu Giełdowego] 1915 i 1916; *ibid.*, 13, [Notatki z działalności Komitetu]; *ibid.*, 14, [Protokoły posiedzeń Komitetu Giełdowego]; *ibid.*, 15 [Protokoły posiedzeń Komitetu Giełdowego i Komitetu Reprezentantów Zgromadzenia Kupców]; *ibid.*, 16, [Protokoły posiedzeń Komitetu Giełdowego i Komitetu Reprezentantów Zarządu Sekcji Przemysłu Włóknistego].

of Poland, the function of the regulator of economic life was assumed by local centres. In the case of Łódź this was of course the Łódź Exchange Committee, which began to initiate many enterprises on a national level. Based on its statutory functions, the Committee conducted extensive correspondence with many institutions in Łódź and the country, the subject of which was mainly related to regulating matters related to taxation, currency and requisitions. After the proclamation of the Manifesto of the Two Emperors in December 1916, the Commission increased its national-scale activities. Among these, it is important to mention efforts aimed at establishing an Issuing Bank. This led the Committee to founding the Polish Loan Bank (*Polska Krajowa Kasa Pożyczkowa*). Records of the Łódź Money Exchange show extensive correspondence between the Money Exchange Committee and the Provisional Council of State on this matter.

A document which deserves particular attention is a report entitled “Minutes of the session of the Money Exchange Committee, the Committee of Representatives of Merchants, the Textile Industry Division Board, the Financial Department and the Board of the Merchants’ and Industrialists’ Association”, dated September 30th, 1916⁵, which describes the activities of financiers and industrialists from Łódź being focused on founding an Issuing Bank, as well as problems related to war requisitions and the overall economic situation. This document demonstrates the large number of local organisations that participated in diverse attempts to regulate the economic situation of both the city and the country under the leadership of the Łódź Exchange Committee .

A very interesting document and a valuable source for the research of the Łódź Exchange Committee’s initiatives is the “Protocol of the October 31st, 1917 session of the Stock Exchange Committee and the Committee of Board Representatives of the Textile Industry” (*Protokół posiedzenia z dnia 31 X 1917r. Komitetu Giełdowego i Komitetu Reprezentantów Zarządu Sekcji Przemysłu Włóknistego*)⁶. The subject of discussion was a proposed loan to the City Council and the Municipality of Łódź in the Polish Loan Bank⁷.

5 APL, GPwŁ, 15 [Protokoły posiedzeń Komitetu Giełdowego i Komitetu Reprezentantów Zgromadzenia Kupców].

6 APL, GPwŁ, 16 [Protokoły posiedzeń Komitetu Giełdowego i Komitetu Reprezentantów Zarządu Sekcji Przemysłu Włóknistego].

7 These negotiations did not end favourably – the Polish Loan Bank requested the purchase of rights to licensed municipal companies (the gasworks, power stations, the tram network and butcheries) and an annual interest rate of 6 % even though the city’s assets were estimated at 20 million Marks. The Polish Loan Bank saw the guarantee given by the Provisional Council of State as insufficient, despite

Finally, in the context of the Money Exchange Committee's activities in the national arena, it is worthwhile to note a speech made by Henryk Grohmann, documented in "On the activity of the Industrial Committee of the Department of Social Administration of the Provisional Council of State" (*W sprawie działalności Komisji Przemysłowej przy Departamencie Gospodarstwa Społecznego Tymczasowej Rady Stanu*)⁸. As a representative of the Industrialists' Association Council, he took the post of Director of the Committee of Trade in the Provisional Council of State in February 1917 – while remaining a member of the Łódź Exchange Committee. Thanks to this prestigious position, he could directly participate in decisions made at the central level, which undoubtedly influenced the Committee's local effectiveness.

As was mentioned before, the outbreak of the First World War impacted the financial and economic life of Łódź. The main problem for financial revenue was the potential destabilisation of monetary transactions, which meant a threat of system collapse and slowing the movement of capital. An additional threat was the evacuation to Moscow of the Łódź Division of the National Bank on the 1st of August 1914. To remedy this, the Stock Exchange Committee, the Board of Elders of the Merchants' Association and the Citizens' Committee initiated the issuance of money bills intended as a replacement currency during the German occupation. The issuing of these bills was conducted as an internal loan to the Municipality of Łódź taken by the Seniors' Office of the Łódź Merchants' Association and the Stock Exchange Committee on the City's behalf.⁹ The loan was

having accepted a similar guarantee for a loan to the Municipality of Warsaw. The above terms were rejected by the Municipality of Łódź, but were then accepted by the Presidium of the Police Headquarters in Łódź. The prerogatives of the Chief of the Police Force, Loehrs, allowed him to sign a contract with the Polish Loan Bank securing a loan of five million Marks to the city. The proclamation of the Chief of Civil Administration dated October 7, 1917, specifies that further funds were to be supplied to the municipal budget as follows: "In accordance with the ordinance of the Governor General, dated May 9th, 1917 no. 35, 50 % of the total amount due for requisitions is to be transferred by the National Reparations Commission to the Polish Loan Bank, which will then grant loans to municipalities in exchange for municipal debentures. This raises concern as to whether the Municipality should choose to utilise this source of funding for its needs, and the Assembly has expressed its doubts on this matter". Cf. APL, GPwŁ, 16, [Protokoły posiedzeń Komitetu Giełdowego i Komitetu Reprezentantów Zarządu Sekcji Przemysłu Włóknistego].

8 APL, GPwŁ, 18, Sprawozdanie drugiego zjazdu Przemysłowców Królestwa Polskiego.

9 Hertz, Mieczysław: *Łódź w czasie Wielkiej Wojny*, Łódź 1933, pp. 79-84.

supervised by the Financial Department, which consisted of members of the Stock Exchange Committee, the Board of Elders of the Łódź Merchants' Association and the Citizens' Committee. Loans in the form of bills were granted against securities at the rate of 50 percent of their nominal value. After the dissolution of the Citizens' Committee and the establishment of the new Municipality, the Łódź Exchange Committee became an important centre coordinating the activities of industrialists, entrepreneurs and financiers in relation to the municipal economy and administration¹⁰.

The financial activities of the Łódź Exchange Committee in 1914-1918 encompassed many spheres of the city's economic life. Local initiatives concerned:

- ensuring financial security for the population (regulations concerning currency exchange offices, deposits, etc.),
- acting as an intermediary between banking institutions, the Municipality of Łódź and the German occupying authorities,
- issuing loans against securities (debt securities, shares, bonds),
- valuing and buying securities.

This catalogue of activities reflected a need to establish a stable economic centre in order to secure the assets held by the local community and ensure liquidity. On March 13th, 1915, the Exchange Committee held a session attended by delegates from the Łódź Merchants' Association and invited representatives of Łódź banks and the Citizens' Committee. Delegates presented a summary of the financial state of the city and budgetary estimates for March to August 1915, predicting a total expenditure of 5 million roubles¹¹.

While this initiative permitted the provision to the residents of Łódź of a necessary amount of cash thanks to providing loans and purchasing securities, valuation remained a subject of dispute. Given that the Exchange Committee held a certain financial monopoly in the city, problems arose from an unfavourable conversion rate at the point of valuation. The estimated value of individual securities depended on financial risk. Shares of municipal companies (gasworks, power stations, the tram network) presented the highest value; debt securities of former Imperial Russian financial institutions – the lowest value. The introduction of the German mark brought an additional problem of unfavourable currency conversion. To ensure stable trading it was decided to adopt a local currency – in the form of the previously mentioned bills, issued and guaranteed by the Exchange Committee, which therefore assumed a role of a “local issuing bank”. These bills

10 Pełka, Bolesław: op. cit., p.9.

11 APŁ, GPwŁ, 12, Sprawozdanie [z działalności Komitetu Giełdowego] za 1915 i 1916r. Elbieta Katarzyna Dzikowska, Agata G. Handley and Piotr Zawilski - 9783631806777

allowed for stabilising prices, particularly of everyday goods such as food, clothing and fuel. Taking into account further problems caused by irregular deliveries, this helped to slow down inflation and allowed the poorest social classes to survive the reality of wartime.

After the local division of the National Bank – and branches of Russian banks – ceased to operate, the resulting financial vacuum created a danger of completely destabilising the citizens' finances. As a consequence, a quick decision was made in August 1914: the Board of Elders of the Merchants' Association, members of the Exchange Committee and the Citizens' Committee formed a Financial Department¹². Its task was to begin issuing local bills.

This vital decision was quickly justified by the popularity of the new bills and the scale of their issue. In 1914, around two million secured bills were issued for a total of two million roubles; in the second half of 1915, the total value of issued bills was already ten million roubles¹³. Archival materials touching on the subject of these bills include a range of documents detailing the procedure of issue, documentation and supervision¹⁴.

A proportion of loans granted by the Łódź Exchange Committee was paid using the issued bills. The subject of loans will be discussed in detail in later sections of this paper. The bills had serial numbers, a range of colours and denominations. This currency, unique for Łódź in the First World War period, was introduced into circulation in several ways. Usually, employees of the Exchange Committee delivered certain amounts of the new currency to specific trade centres. This was accompanied by special protocols containing information about the denominations and serial numbers of the delivered bills.

Everyday use of the bills by residents of the city was not without its problems. The conversion rate was set at one bill for one rouble. In practice, illegal conversion rates were not uncommon. This may be illustrated by a complaint sent by a citizen of Łódź directly to the Citizens' Committee. In a letter dated March 7th 1915, he reported that a certain abnormality could be seen the previous day during the exchange of Łódź bills for products – some shops offered 91 kopeks for a one rouble bill¹⁵.

12 The name "Financial Committee" is also used in selected materials.

13 Ibid.

14 Preserved documents include: APŁ, GPwŁ, 157, [Protokoły z posiedzeń i konferencji w sprawie emisji i kontroli bonów]; *ibid.*, 158, Księga emisji [bonów]; *ibid.*, 163, Bony wycofane z obiegu; *ibid.*, 164, [Koszty emisji bonów].

15 APŁ, GPwŁ, 15 [Informacja o działalności Głównego Komitetu Obywatelskiego w Łodzi].

The largest problem was posed by frequent forgeries. To prevent these, new bills were issued again in 1916, “for a total of two million eight hundred thousand roubles in one rouble notes, ten rouble notes or others as deemed appropriate by the Financial Department”¹⁶.

In practice, until the introduction of a new currency – the Polish mark – in 1917, and the cessation of transactions in roubles, bills issued by the Financial Department were a means of payment that was trusted by the community and helpful in maintaining financial stability.

One of the most important – if not the most important – pursuits of the Łódź Exchange Committee in 1914-1918 were loans granted to the Municipality of Łódź, to local industry and to residents of the city. Loans were issued in roubles or bills, mainly against securities. Due to unstable financial conditions, loans were given for 20 to 60 percent of the value of submitted debt securities. The most valuable securities were linked to the municipal economy (gasworks, power stations, tram network and others). The credit traffic generated by the Exchange Committee can be divided into three main types.

The first type was loans to municipal authorities. After its formation in 1915, the Municipality became the main beneficiary of loans granted by the Financial Department, which was co-created by the Łódź Exchange Committee.

Records of the Łódź Money Exchange from 1898-1937 contain many documents concerning the communications between the Municipality of Łódź and the Financial Department on the subject of acquiring indispensable working capital. One such document is “Minutes of the agreement to take an internal loan for the City of Łódź” (*Protokół zasadniczy zaciągnięcia pożyczki wewnętrznej m. Łodzi*)¹⁷. Interestingly, the loan was taken out by the Citizens’ Committee on behalf of the Municipality. The document states: “The Committee is forced to resort to final and only remaining means of acquiring funds, which are necessary to sustain the existence of the population deprived of employment and to satisfy the most pressing municipal needs¹⁸.” After the dissolution of the Citizens’ Committee, all loans of this type were honoured by the new Municipality.

Many other preserved documents confirm that the Citizens’ Committee relied on loans from the Money Exchange Committee to carry out its goals. One example can be the “Mortgage-secured loan” *dated* 1915, the purpose of which was to fund

16 APŁ, GPwŁ, 157 [Protokoły z posiedzeń i konferencji w sprawie emisji i kontroli bonów pieniężnych].

17 APŁ, GPwŁ, 156 [Protokół zaciągnięcia pożyczki wewnętrznej m. Łodzi].

18 Ibid.

the functioning of the City Militia for 10 000 roubles. The Citizens' Committee was usually not obliged to pay the usual ten percent fee¹⁹.

Captains of local industry formed a separate category of beneficiaries of loans granted by the Exchange Committee. It seems that at least some of them saw the changes taking place in a positive light; the proof of this was the quick sale of shares and loans against so-called volatile securities. For instance, Aleksander Piltz submitted a loan application on behalf of Julius Kindermann's cotton products company. Interestingly, the application was made on the 14th of August 1914, before the collapse of Łódź's financial market. As collateral for the loan, bills of exchange were deposited, originating from Alexandrowsk, Petersburg, Kaluga, Riazan – areas which would soon lose ties with Łódź due to the escalation of war. Evidently Julius Kindermann had quickly assessed the potential risk and not wanting to hold on to doubtful debts, he decided to trade them at the 40 percent rate²⁰.

The financial turmoil caused the most problems for the poorest citizens of Łódź. Having no securities to offer and limited relevant knowledge, they could not count on financial support from the Money Exchange Committee. A letter from Abram Praszker, preserved in the archives of the Łódź Money Exchange from the period between 1898 and 1937, illustrates the difficult situation of citizens. The letter was directed to the Citizens' Committee, the members of which – as was mentioned before – formed the Financial Department together with the Money Exchange Committee. In his letter, Praszker asked the Committee to help buy back his bankbook worth 160 roubles from Mieczysław Pinkus²¹. It is a distressing read – it shows the efforts of the poorest residents to monetise frozen assets and, on the opposing side – the actions of rich members of the community who did not hesitate to profit from the situation.

In addition to banking, the Money Exchange Committee also bought a variety of debt instruments, promissory notes, bills of exchange, etc. The conversion rate for these operations varied from 10 to 30 percent of the value of the purchased securities.

A very important aspect of the Committee's activity was the evaluation of war losses in Łódź and the region. The Money Exchange Committee was well placed to document the exploitative policies of the German authorities and – alongside several other institutions – collect records, documentation and correspondence related to the losses incurred by individual companies. These activities intensified

19 APŁ, GPwŁ, 165 [Zobowiązania Głównego Komitetu Obywatelskiego w Łodzi z tytułu otrzymanych pożyczek].

20 APŁ, GPwŁ, 166, Deklaracje [o udzielenie pożyczki w bonach] nr 1-500.

21 APŁ, GPwŁ, 177, Pożyczki w bonach pod zastaw papierów wartościowych.

after the founding of the Provisional Council of State and – after its dissolution – the Regency Council. Archival materials contain a number of documents and reports on war losses. These allow for an insight into the efforts of the Money Exchange Committee aimed at supporting the owners of industrial companies in which the requisitions took place. At the beginning of the war, the Committee had already pointed out that the requisitions did not comply with the Hague convention²², which specified that (par. 52) war requisitions of goods and products may only be executed to fulfil the basic needs of the occupying armed forces. Another preserved document is a report from a delegation of local merchants sent by the Money Exchange Committee to Berlin, where on the 9th of June 1915 they argued against wrongful requisitions taking place in Łódź and the region. Unfortunately, the delegates did not manage to persuade the German authorities to reduce the requisitioning.

A memorandum was sent to the Imperial Chancellor (and simultaneously, the President of the *Reichsentschädigungskommission*) with a similar petition. Reports on losses included quantitative lists and valuations of the requisitioned property.

In order to estimate the losses, a special questionnaire was prepared, which contained information such as: company name, type of requisitioned material, its quantity and value. This document was prepared on the 20th of July 1915 and was sent to companies and institutions across the city²³. The next step – suggested by the Department of War Damages Registration of the Central Welfare Council and aimed at a detailed assessment of the property stolen by the German occupants – was delegating Edmund Brinckenhoff to the Local War Losses Assessment Committee in Łódź (Komisja Szacunkowa Miejska w Łodzi) in July 1916.²⁴ The Łódź Exchange Committee cooperated closely with national authorities dealing with

22 In 1899-1907, 13 treaties were adopted and 12 ratified concerning the conduct of warfare. Article 52 is included in Treaty IV, entitled *Laws and Customs of War on Land (Hague IV)*. The article states: "Requisitions in kind and services shall not be demanded from municipalities or inhabitants except for the needs of the army of occupation. They shall be in proportion to the resources of the country, and of such a nature as not to involve the inhabitants in the obligation of taking part in military operations against their own country. Such requisitions and services shall only be demanded on the authority of the commander in the locality occupied. Contributions in kind shall as far as possible be paid for in cash; if not, a receipt shall be given and the payment of the amount due shall be made as soon as possible".

23 APL, GPwŁ, 134 [Rekwizycje wojenne w przedsiębiorstwach: skóry metale i maszyny, produkty chemiczne, wyroby gotowe, różne towary].

24 APL, GPwŁ, 139, Rejestracja strat wojennych [Straty kolejowe i pocztowe].

losses incurred by the Postal Service and the railway operators²⁵. The “Instruction on recording railway and postal losses” (*Instrukcja o rejestracji strat kolejowych i pocztowych*) confirms the statutory participation of the Money Exchange Committee in this effort²⁶.

The importance of the Łódź Exchange Committee on the political and economic scene of the period can be illustrated by an initiative taken in early February 1917 by key industrial centres in Łódź. To prevent the depletion of local industry by the German occupier, the Board of Elders of the Merchants’ Association, the Textile Industry Division and the Association of Merchants and Industrialists of Łódź appealed to the Money Exchange Committee with a request to prepare a moratorium addressed to the Provisional Council of State. The document was signed in February 14th, 1917. It drew attention to the fact that “significant reserves of finished goods located in the Łódź warehouses of industrialists and merchants, and largely produced after the outbreak of war, were almost completely depleted by the authorities. A wide swath of merchants, who for decades have specialised in trading these goods, predict with despair that in the near future, alongside wide ranks of their workers, they will be completely deprived of the capability to earn a living, unless the actions of the authorities immediately cease”²⁷. In the concluding section, signatories of the document appeal to the Provisional Council of State to “use its influence with the occupying authorities to immediately cease purchase demands and expropriation, abolish sequestration and allow for trade communication with Austrian-occupied territories”²⁸.

The activities of the Money Exchange Committee aimed at securing the property of industrialists and merchants can be summarised as active efforts. Most significantly, the participation of the Money Exchange Committee’s members in the work of the Central Welfare Council enabled the preparation of detailed lists and specifications of war losses for Łódź and the region. After regaining independence in 1918, this then permitted the injured parties to apply for adequate compensation issued by new institutions founded for this purpose.

The entry of German armed forces into the city made it clear that that all political and economic centres will be forced to co-operate with the new authorities. The cooperation produced mixed results, as it was dependent on the frequently

25 Ibid.

26 Ibid.

27 APL, GPwL, 136, Rekwizycje [podania organizacji przemysłowo-handlowych do władz niemieckich i polskich w sprawie rekwizycji i sekwstru towarów oraz maszyn].

28 Ibid.

changing legal infrastructure. It also influenced the activities of the Łódź Money Exchange. As was mentioned earlier, after the dissolution of the Citizens' Committee, all financial and economic matters became the responsibility of the Money Exchange Committee. The statutory tasks of the Committee determined the directions it took in specific areas. Its activity encompassed:

- providing German authorities with information on the companies operating in Łódź (commercial review, estimating company assets and securities),
- acting as an intermediary between local businesses and the German administration in matters concerning currency and tax²⁹,
- preparing legal opinions for the Imperial German Court in Łódź (valuation of property, assessment of payment capacity and receivership)³⁰.

The picture of the Łódź Exchange Committee, which emerges from archival documents stored in the records of the Łódź Money Exchange, is not one of a passive organisation merely following the instructions of the occupying authorities. Instead, it is one of a centre of local business able to create and enact its own autonomous policy. This is demonstrated, for instance, in a letter from the Committee to the Imperial-German Police Headquarters in Łódź dated March 26, 1918. Signatories of the letter point out that “Serious banking enterprises operate in our city, including banks and banking houses – these are in charge of exchanging currencies. If market speculation is to become the only source of income, it will lead to demoralisation. For this reason we are against opening new currency exchange bureaux – there are already too many of them in our city. We extend our thanks to the Imperial-German Police for not granting permissions to open new ones. The same applies to insurance companies; they already run a sufficient number of offices. This takes place while the material situation of citizens is lamentable and leads to unhealthy competition³¹”.

German authorities treated the Łódź Exchange Committee as the most significant source of information about social and economic relations in the city.

29 APŁ, GPwŁ, 84, Opinie, eksperci, kantory wymiany [na żądanie Prezydium Cesarsko-Niemieckiego Prezydium Policji w Łodzi].

30 For instance, in the opinion for the consideration of the Imperial German Justice of the Peace Court of the VIIIth District on selecting experts in civil cases (21 X 1916). Cf. APŁ, GPwŁ, 80, Opinie i eksperci na żądanie Sądu Pokoju i Okręgowego.; Letter to the Imperial German District Court dated 16 V 1916 on companies applying for the Imperial German District Court's assistance in establishing receivership, cf. APŁ, GPwŁ, 81, Administracja/Zapytania Sądu Cesarsko-Niemieckiego o zdolności płatniczej firm i osób.

31 Cf. 30.

In practice, individual German administrative bodies sent an enquiry to the Exchange Committee. The Committee then considered a specific enquiry and sent correspondence to relevant interested economic and financial entities. After receiving a response, it sent a reply to the German authorities, often with suggestions attached, to the German administration (for example, the District Court in Łódź or the Imperial-German Police Headquarters in Łódź). It is worth noting that later on this correspondence helped to assess war losses. Moreover, the German administrative authorities were not the only “client” of the Money Exchange Committee interested in the regulation of financial and economic relations in the city. The importance of the Committee in this context can be further confirmed by letters from many institutions, which omitted the German administration and wrote directly to the Committee.

For instance, a letter signed by the Board of the Łódź Postal Service dated May 29th, 1916, was sent directly to the Money Exchange Committee. The letter states: “Dear Sirs, we write to present our opinion regarding the information provided by the Money Exchange Committee to the Board of the Łódź Postal Service. According to Paragraph 20 of the Act on the Stock Exchange, the rights and responsibilities of the Money Exchange Committee include providing information, news, comments and applications on trade and industry matters as requested by the authorities or by private individuals, as well as to issue certificates on the above matters. If the role of the Exchange Committee in these cases is limited to sharing expert information – as it was specified by the aforementioned regulation – then the activity of the Committee in this scope does not bring any liability to the Money Exchange, its Committee or its members for any losses which the Postal Board might incur in the case of any erroneous information received from the Committee”³².

In a letter dated May 10th, 1916, the Board of the Postal Service writes: “The Board is ready to follow the instructions and information given by the Money Exchange Committee concerning the owners, partners, directors and other representatives of companies and partnerships to hand out postal items if the Committee takes the responsibility for any damages that may result from dispensing postal items based on this information. If the Committee signs a guarantee to this effect, then the responsibility for any erroneous information from the Money Exchange Committee would fall on persons signing the above guarantee. If the Committee decides to provide this guarantee, providing information should be limited to no-risk cases. Information about a specific person’s authorisation to

32 Ibid.

receive post should be a general certificate stating that the person in question is authorised. Considering the conditions expressed previously, it is difficult to see a way in which the Money Exchange Committee could offer a position which would satisfy the Board of the Postal Service and at the same time exclude the previously outlined liability. The initial draft of the declaration sent by the Board of the Postal Service assumes that the employees of the Committee will refer to formal titles permitting selected individuals to represent companies [...] The requirement to quote these titles would make it hugely difficult to distribute the necessary information. If the Money Exchange Committee accepts the suggestions of the Board with regard to responsibility for its information, and wishes to confirm formal titles of individuals, and if using these titles in practice is impossible or creates difficulties, then the declaration should be edited in such a way as to allow for issuing certificates without referring to formal titles³³.

The final activity of the Money Exchange Committee was political engagement. The Committee's goal was to have its representatives voted onto the City Council in elections conducted on 15-24 January 1917. Leading "social institutions, representing the great trade and industry, namely: the Textile Industry Division, the Money Exchange Committee, The Board of Elders of the Merchants' Association and the Association of Merchants and Industrialists have compiled a list of strictly professional and non-partisan candidates in the second Curia"³⁴. Among the candidates there was Dr. Józef Konic, a member of the Money Exchange Committee. The Committee also took part in organising the election campaign, including the preparation of leaflets and posters with the list no. 21 and its program.

Looking at the activities of the Łódź Exchange Committee in 1914-1918, attention should be paid to several key issues. The First World War meant challenges for the Money Exchange Committee – often extending beyond the Committee's statutory tasks. However, meeting these new challenges became an imperative. While before 1914 the activity of the Money Exchange Committee was concentrated mainly on representing and carrying out the economic and financial goals of the richest echelons of Łódź (aimed at multiplying their capital), due to the challenging situation of the community, in 1914-1918 the Committee was active in three new areas:

33 Ibid.

34 APŁ, GPwŁ, 118, Wybory do Rady Miejskiej w Łodzi. Przemówienia i listy kandydatów. The group consisted of five organisations, the final organisation to join was the Association of Polish Christian Merchants and Industrialists of Łódź.

- regulating the economic and financial relations in Łódź – particularly securing the everyday existence of the poorest social groups,
- securing the assets of local industry and recording losses resulting from war requisitions,
- an active participation in current political, economic and financial life both in Łódź and the Kingdom of Poland.

In all three areas, the Łódź Exchange Committee made many valuable contributions.

On general balance, and considering the frequent administrative and legal changes and wartime conditions, the Money Exchange Committee's activities aided the economic stabilisation of Łódź. Thanks to conducting statistical measurements, the Committee was well prepared for new challenges. The most valuable capital which the Committee had at its disposal were people – a large number of professionals and highly skilled employees with many years of experience in the financial and economic sectors. This in turn made it possible to prepare expert solutions which helped support the local economy under German occupation.

Documents found in the records of the Łódź Money Exchange confirm the importance of the Łódź Exchange Committee against the disintegration of the Russian administrative authorities. Thanks to these materials it is possible to trace and analyse the Committee's functioning and its activities in the 1914-1918 period. As a final remark, the substitution of the administrative authority with the structures of the Money Exchange Committee became a template for granting far-ranging competences to Chambers of Commerce and Industry in the Second Polish Republic. The work of the Łódź Exchange Committee has proven that economic self-government can be most effective, and, even more importantly, can prevent and solve local problems.

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