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THE INFLUENCE OF WAR AND OCCUPATION  
ON THE PRIMARY RECONSTRUCTION OF THE POLISH ECONOMY  
BETWEEN JULY 1944 AND JULY 1945

The liberation of the Polish lands was the result of two Soviet military operations.

The first of these operations took place in June and July 1944 and liberated the areas situated East of the Vistula and Narew rivers. The second—January 1945 operation—liberated the rest of the lands belonging to Poland, prior to the Second World War.

On the 26th of July 1944, the Polish National Liberation Committee and the Soviet Army's High Command signed an agreement concerning the taking over by the Polish administration of lands lying West of the so-called "Curzon line". The problem of the West borders was left open and was finally solved as late as the end of July 1945. And so, The West and North lands (then called "the Recovered Lands") were attached to Poland in the second half of July 1945. Thus, the part of the country, which we consider to be the subject of the present deliberation, stretched from the Soviet Western frontier up to the Western frontier of the Second Polish Republic. It is worth noticing, that the Polish Eastern boundary was fixed in result of an agreement signed in Moscow between Poland and the USSR on the 16th of August 1945, and our Western boundary was settled after Potsdam between the territory of Poland and the Soviet-Occupied Zone of Germany. The latter one followed the Odra and Nysa Łużycka rivers, with Szczecin and Świnoujście falling to Poland.

The territories under the Polish National Liberation Committee's and (from the 1st of January 1945) under the Provisional Government's control, were in 1939 inhabited by about 23.5 million people. At the break of 1945 they had between 15.5 and 16 million inhabitants. To explain this enormous drop in population one must look at the situation of these lands under the Nazi occupation. Almost a half of the territories in question was included into the Reich, the rest of it being formed into the so-called General Gouvernement.

From the lands included into the Reich, some 560 thousand Poles were deported and 600.000 were taken away to serve as forced labour. As far as the General Gouvernement is concerned, about one million and sixty thousand people left for forced labour, and 700 thousand were deported (the number including those deported from Warsaw). A great number of Polish citizens of Jewish origin were murdered in extermination camps. Of all the Poles sent to concentration camps, only 100 thousand survived the war. Apart from that, about 400 thousand people were placed in Prisoners of War camps and—from the lands included into the Reich — about 200 thousand men were drafted into the German army.

As the result of the occupation policy, the number of the inhabitants of the lands in question fell by 7.8 million, out of which 4.3 million was not to survive the war and 3.5 million was taken away from their homeland. The people left, added up to only two thirds of the pre-war population. We may add, that people from cities constituted 80% of the losses in population. The Jewish population was wiped out almost completely. Heavy losses were suffered by the highly qualified and educated groups of the society. It was the men in the 20 to 30 age bracket that suffered the most. So, after the liberation, Poland — of all the countries of the anti-Nazi coalition — was the one, that suffered the heaviest population losses.

The losses in economy were also considerable. The direct losses were estimated at 100 billion zlotys — the 1938 equivalent of about 20 billion US dollars. This was about six times the Polish national income in 1938.

The losses in industry are valued at 22.5 billion zlotys, which includes plants either destroyed or crippled. The losses in agriculture and forestry amounted to about 12 billion zlotys, and 7.2 billion in buildings... One would have to add to that losses in the communications, the transport and in property of the citizens. The latter, so difficult to evaluate, included the private works of whole generations.

All the countries freed from the Nazi occupant suffered a difficult economic situation. There were very similar conditions in France, Belgium or Holland as well as in Poland, Yugoslavia and Greece. Apart from that, all the liberated lands became the direct hinterland of the allied armies. But, as in West Europe the economic losses were caused mainly by military activities, so, in the case of East Europe, and especially in the case of Poland, they were the result of a deliberate nazi policy.

One may distinguish three groups of losses:

1. Losses caused by military activities in 1939, 44 and 45.
2. Deliberate destruction of the national estate and the production forces, so that they would not fall into the hands of the German enemy. The motives were different in the case of Warsaw, whose destruction was an act of sheer vengeance.

3. Destruction resulting from the dismantling and evacuation of equipment and machines to the Reich.

When complete liquidation of plants was not possible — power plants, conveyor belts and other essential elements were destroyed. Apart from that, efforts were made to destroy all existing stocks of raw materials and semi-products.

The primary acts of reconstructing the economy were hampered by monetary chaos caused by the Nazis. It is estimated, that about 27 billion zlotys issued by the Nazis was in circulation. This caused a heavy inflation.

Securing the population with at least a minimum rate of food, was the fundamental problem of all the liberated countries. The situation of the Polish agriculture was disastrous. About 500 thousand farms were destroyed in the 40 agricultural counties, that suffered the heaviest losses. The population of these counties had to spend the severe winter of 1944 and 45 in tents and dugouts. Compared to the figures for 1939, the number of horses dropped by 60%, the number of cattle by 67% and the number of swine by 83%. There was lack of sowing seed and potatoes. The solving of the provisions problem was difficult, owing to the fact, that the Nazis introduced quota deliveries, which made all reserves impossible.

During the Nazi occupation, almost all of the big, medium and some of the small property was expropriated on the lands included into the Reich. The same fate met the big and medium property in the General Gouvernement. This went for the industry, agriculture, commerce, etc. In this manner, when liberation came, there were no owners who could handle the job of reconstructing and activating these enterprises. All factors implied by the occupation policy had a considerable influence on the character of the primary rebuilding of the country and the organisation of the economic life. The total destruction of the social infrastructure compelled the Polish National Liberation Committee and the Provisional Government to give the state a dominant role in the economic reconstruction of the country. This decision was also brought about by the fact, that all institutional and administrative structures of the Second Polish Commonwealth ceased to exist during the occupation. This included the school system as well as the organisations of the great capital. The destruction of social and political structures created a gap, which could be bridged only by a new state authority, which would call into being new social and economic structures, so as to ensure the activation of social and economic life.

I have arrived at the following conclusions:

1. In the occupant's policy one may clearly notice a deliberate drive towards the liquidation of the Polish social structure, which caused an actual lack of it at the moment of liberation. This policy went beyond the limits of the normal aims of war, but it very well fitted in the fascist aims of war.

There is a clear difference between the described case and the German occupation during the First World War.

2. The liquidation of the national estate was performed in a somewhat casual manner and should be regarded as an economic consequence of the social policy. Frequently, the direct necessities of war dominated the ideological aims of fascism.

3. The liquidation of the social infrastructure turned out to be a far more severe blow than the destruction of economy.

4. The actual work on reconstruction began from about the half of 1945, and ended after the population's stabilisation and the conclusion of deportations and repatriations.

I would now like to say a few words about the course of the primary reconstruction in the last year of war, that is between July 1944 and July 1945.

The principles of war economy were not put into practice in September 1939. The September campaign developed too quickly and dramatically to allow for that. On the other hand, the Polish National Liberation Committee, the Provisional Government and the Provisional Government of National Unity practiced the principles of war economy from the moment of liberation in July 1944 till about July or August 1945. The character of the Polish economy in that period was determined by the following, major factors:

- a) the enormous losses in population;
- b) the destruction of the major part of the economy;
- c) the presence of a multimillion allied army on Polish soil;
- d) the necessity to build a new political system.

Especially the first and the last of the mentioned factors differed Poland from the countries of Western Europe liberated at the same time. The formation of an army, furnishing it with a part of the equipment and provisions was the main task, which virtually drained the country's resources. Despite the effort and due to the lack of human reserves, the work on forming the army was not finished in 1944. Instead of the planned three armies, only two were formed.

The job of reconstructing the communications and transport could not be met by the Polish administration's resources, so it was handled by the Soviet Army. The army's and city population's demand on food could be met only by imposing compulsory deliveries of food from the rural population.

Because of the severe destruction of industry and the lack of raw materials, the activated industrial plants were profiled to meet the demands of the army. This may be said for mills and distilleries as well as for coal and crude oil mining.

In this way, the whole industry was being activated by the state and acted under state control, despite the fact, that there were no legal sanctions for its nationalisation. The distribution of foodstuffs was under state control.

Securing the population in work and lodging became the key problem. It was virtually until July 1945, that the demand for labour in state and private enterprises depended upon the quantity of state delivered raw materials, which, in turn, depended upon the army's demand. In July 1945, the industry employed about 740 thousand people, which was about a half of the number employed on these lands before the war. The value of goods produced was of course far smaller and reached about 10 to 15% of the pre-war production. The housing problem was being solved on the basis of state disposal.

The inflation chaos was solved by change of currency. Each person could change a limited amount of the occupation currency and German marks for new notes, issued by the Polish National Liberation Committee.

The fact that state administration covered so many spheres of social life, generated a demand for sufficiently qualified administrative staff. However, as we have shown, the occupation resulted in a shortage of such staff. Owing to that, insufficiently prepared people had to be employed on many responsible posts. The economic and state administration as well as school teachers were very often run by people who managed to finish seven classes of primary school.

It must be stressed, that neither the Polish National Liberation Committee nor the Provisional Government discriminated the old intelligentsia and that the staff shortages were a direct consequence of the nazi occupation.

Perhaps it is worth mentioning still another effect that the nazi occupation had on the process of the primary reconstruction. I am thinking of the moral damages that the occupation had brought about. The German instrument of occupation was not only criminal, but also corrupt. The occupation created conditions, which favoured unscrupulous and venturesome individuals. The nearly six year long existence in conditions, which posed a continual threat to one's life disposed many of their moral standards. This explains why speculating, breaking of law and looting did not cease after the liberation. The moral devastation brought about by the war could not be mended instantly.

It seems, that the new Polish administration chose the right mode of action and managed to reach the goals, that it had been expected to. The society was preserved from starvation, the people could work, the economy, the administration and the schools were revived.

At the moment of the German capitulation, Poland had an army of 400 thousand men in the East and an army of 200 thousand men in the West. Despite the occupant's policy, whose aim was to liquidate the Polish society, the Polish armed forces were more powerful in 1945, than they were on the 1st of September 1939. Polish divisions were celebrating victory in the heart of Germany.

The Polish society's sole aim since the 1st of September 1939 was to win

the war. This, as we may notice, was achieved. The nazi occupation caused irreparable losses, but it did not impair the reconstruction of the state, the state, which in the last year of the war, contributed its potential to the military effort of the allies.