

Polish-Jewish Economic Questions

From the Emmanuel Ringelblum's historical essay - "Polish-Jewish Relations during the Second World War" (Written in Warsaw, 1943)

The Ghetto is formed and a new era begins in Polish-Jewish relations. In organizing the Ghetto, the Germans aimed at isolating the Jewish population completely and segregating it entirely from the Aryan population. The Ghetto was to be isolated and reduced to such a state that the Jews would have no air to breathe and would die of starvation.

The process of eliminating the Jews from the economic life of the country began as soon as the Germans invaded. Jews were removed from all posts in government, municipal and public institutions and business concerns. Aryan firms were forbidden to employ Jewish workers and officials. Jews were forbidden to use public and private libraries, to go to theatres, cinemas, etc. They were not allowed to use state or municipal means of transport (railways, suburban trains, buses, trams). Young Jews were not given access to public schools nor, of course, to private Aryan schools. All economic and cultural contact between Jews and the Aryans was to be broken off completely. In practice, social relations with Jews were forbidden, although regulations were never issued to this effect. Forming the Ghetto was to be the Germans' crowning achievement, the completion of the process of segregation. From now on the Jews would be able to communicate with the Aryan world only with the approval of the authorities, who would control and supervise all economic contacts. The Ghetto was to be hermetically sealed off.

The Aryan world - the *umwelt* in official terminology - is a foreign country, separated from the Ghetto by a frontier customs post. Economic exchange between these countries is based on the principles of clearance agreements. The clearing institution is the *transferstelle*, an ad hoc creation. The Ghetto was to receive food provisions according to the amount of labor provided. At the time the Ghetto was formed, there were other co-existent ideas, which, if realized, would very soon have led to disaster. The Ghetto was to pay for provisions with currency, valuables and gold. Fortunately, neither of these ideas was ever realized. The Commissioner of the Jewish District, Auerswald, somehow couldn't tackle this problem, and he let things take their course.

In practice, the Ghetto was something in the nature of an autonomous territory with a local municipal authority, its own Order Service, Post Office, prison, even its own Bureau of Weights and Measures. The Jews defined it as a concentration camp, bounded by a wall and barbed wire, the only difference being that in the Ghetto the inhabitants had to pay for their keep out of their own pockets.

The formation of the Ghetto produced great consternation in the Jewish community. It was estimated that in a year, at most, the Ghetto would have no means of payment left, for everything would have been transferred to the other side as payment for provisions. Official food supplies were sufficient for a few days in the month at most; the other days had to be covered by smuggling. It soon became apparent that dry theory is one thing and that the "tree of life" is another, very different thing. The Germans wanted to tie down the Ghetto in a Procrustean bed of production for the benefit of their Army. But in spite of the special *sonderdienst* watching the Ghetto from the outside, in spite of the Gendarmerie, the Blue Police, the S.S., the S.D., the *transferstelle* and the Jewish Order Service, it became evident that the resilience of Jewish economic life, Jewish energy and initiative, professional competence and ancient tradition, and the will and desire to live of four hundred thousand Jews had brought about a miracle: the Ghetto proved capable of independent economic life. A year after the Ghetto was formed, when an attempt was made to strike an annual balance, even the most ferocious pessimists who had forecast the darkest prophecies - financial exhaustion of the Ghetto and general starvation of the Jewish population - had to admit that their expectations had not been well founded. The main fault in their reasoning was their assumption that the exchange of products between the Ghetto and the Aryan world would be carried out solely on official lines, that is, through the specially created *transferstelle*. In practice it became evident that the ratio of official exports to unofficial was in proportion to the ratio of official food supplies to the real ones. It turned out that the Ghetto continued to carry out lively economic transactions with the Aryan side as before, and that economic ties created long before the war were not cut off, even when the walls that separated the Ghetto from the Aryan world were raised higher and still higher. Apart from what was produced officially for the needs of the German Army and the German market in general, the Ghetto continued to produce for the Polish market, utilizing the stock of raw materials in the Ghetto and raw materials smuggled into the Ghetto. These raw materials were acquired, illegally

of course, from firms in custody in Tomaszow, Mazowiecki, Czestochowa, Lodz, etc, out of these firms' quotas of raw materials. Jewish industrialists and artisans displayed unprecedented ingenuity in contriving substitutes to replace scarce materials. Everything that had been manufactured for the Aryan market before the war was being produced now as well. The weaving plants produced excellent woolen fabrics with wool stolen from factories in Czestochowa, the "Wola" factory in Warsaw and from other towns. Prayer shawls were dyed and made into scarves, sweaters, etc. Production was started of women's kerchiefs, jerseys, peasant's overcoats, etc. These were made out of old clothes that could be bought wholesale on the enormous square on Gesia Street (the so-called Gesiowka), where there were mass sales of things that had belonged to the Jewish population, which was being reduced to poverty. Day after day, special agents of various firms would buy up thousands of kilograms of old sheets and all sorts of old clothes in general. In this market Polish merchants sold a large transport of old clothes (20,000 kilograms) bought from the Lublin Werterfassung after the liquidation of the Ghettos in the District of Lublin. All these old clothes were dyed and printed with various patterns in the dye house set up specially for this purpose on Niska Street or in private flats. A flourishing textile industry was organized by former Lodz entrepreneurs. Woolen stockings and mixed cotton and wool gloves were produced. The production of fancy articles made from wool, cotton and leather also flourished. Cardboard from various kinds of castoff packaging and the covers of old account books was pressed and made into fiber suitcases. The brush industry was greatly developed. Apart from real bristle, the brushes were made from old carpet beaters, goose feathers and similar refuse, which was assiduously collected in the Ghetto. This industry employed several thousand workers. Mattresses made from all sorts of materials were produced for the army and for the Aryan side. Illegal tanneries processed the leather that was being smuggled into the Ghetto. Children from the age of ten, even six, made mass-produced toys in private flats, lofts, cellars, etc. An aluminum industry - bowls, spoons, etc, - was developed, using fragments of planes imported into the Ghetto. In addition, the Ghetto produced stoves, hinges and other metal articles. House-slippers with wooden soles and cardboard tops were produced in mass quantities. Beautiful pipes, cigarette holders and fancy articles in general were made from wood. The chemical and pharmaceutical industry, processing of fats, soap factories, etc., were all flourishing.

The wood industry - sawmills and furniture manufacturing, the rubber industry, etc., were expanded.

Even after the "action" of July 1942, when three hundred and fifty thousand Jews were deported and all this industry collapsed, the Ghetto kept on producing on a smaller scale for the needs of the Polish market. This production took place under cover of the newly-organized workshops, where the remaining Warsaw Jews were employed. In these workshops, thousands of pairs of trousers were produced for the rural population out of military trousers, which were first dyed of course. Wind jackets were also made out of trousers. This went on in almost all the workshops. Supply of the materials as well as delivery of the finished articles was done by smuggling; the *transferstelle*, created for the official exchange of goods with the Aryan side, was of great help in this. These factories, or rather workshops, were concealed in cellars, camouflaged rooms, and specially built hide-outs. During the day it was impossible to see that a factory was at work there at night. The owners of these workshops had to bribe a variety of bloodsuckers who preyed on the Jewish economic organism. The Gestapo branch in the Jewish District, called the Office for the Struggle against Usury and Profiteering (the so-called "Thirteen"), as well as the *preisueberwachungsstelle* and also police agents active in the Polish Police Station in the Ghetto belonged to these bloodsuckers. There were more agents now than there had been before the war. In the Police Station No. 4, where there had been only four police agents before the war, there were twelve during the war. All trade and industrial establishments functioning in this district, the legal ones as well as the illegal, had to bribe them. In these lawless times even legitimate shops and factories were exposed to searches by these agents, who simply concocted false accusations of crimes. Under the pretext of searching for arms, they searched everywhere and took everything. Every factory within the bounds of the Fourth Police District paid at least 1,000 zloty a month, while some establishments paid up to 20,000 and even 50,000 zloty a month. The mill at 33 Nalewki Street, although an absolutely legitimate enterprise, producing for the Judenrat, paid 20,000 zloty a month. The agents went from one flat to another searching for hidden wares. Even if the wares were legal, the agents claimed they were stolen, etc. When the decree about furs came out, they searched everywhere for furs. The fur exchange at Walowa Street had to pay them 1,000 zloty a day. The police agents were like a plague of locusts, stripping the Ghetto

bare. Bribery was nevertheless worthwhile. Manpower in the Ghetto was very cheap, the illegal factories did not pay taxes, and so production was profitable.

At the suggestion of a few industrialists, a special association came into being in the Ghetto called Juedische Produktion, to set up workshops for the needs of the German Army. Industry in the Ghetto constantly expanded, providing employment for more and more workers and artisans. Shortly before the "resettlement action" a very significant article appeared in the *Warschauer Zeitung* on the economic role of the Warsaw Ghetto. It pointed out that 80,000 Jews were active in their trades, producing for the German Army and for the Polish market. The various branches of production that had been developed in the Ghetto were described in highly appreciative terms. In accordance with the general line of German propaganda, all this was, of course, the doing of the Germans. Until their arrival, the Jews had busied themselves with trading and had cheated the Christians. Only the Germans had taught the Jews how to work and, thanks to them, a productive Ghetto had come into being. This reminds us of the naive propaganda articles in the German press, from which it followed that the Polish population is indebted to the Germans for everything modern in the General-Government, even electric light in the cities, gas lighting, water supply, etc. The article in the *Warschauer Zeitung*, published after the Jews had been deported from Lublin, the first town in the General-Government affected by this "action", made a great impression at the time. This article was regarded as a sign that the Germans intended to leave the capital in peace, precisely because of the productive nature of the Ghetto. The hopes connected with this article proved vain. Warsaw was not spared the fate of Lublin. The *Warschauer Zeitung* article was merely publicity for the *transferstelle*, which was showing off its diversified activity in the sphere of exports.

What was happening in production was happening in trade as well. The Jews kept up active trade relations with the Aryan side, both large and small scale. Wares that had escaped German pillage and requisitioning were sold. The process also began at the time when individual households sold linen, clothing, household articles, etc., which had been accumulated for generations. The sale of household articles had a favorable influence on the Ghetto balance of payments. It was an undeniable fact that from this time on, the sale of personal belongings was to be one of the most important items in Ghetto economy. Until the last moment of the Ghetto's existence, this sort of sale was to maintain tens of thousands of Jewish families. Unfortunately there would be more

and more of these belongings. The more Jewish families that disappeared as a result of the various "actions", "selections", etc., the more belongings would pass to the remaining members of the family, despite the intense activity of the *Werterfassung*, which was the official heir to properties left by the Jews murdered in Treblinka.

From July 1942 on, old clothes would be the most important export article of the Ghetto. Old clothes would also be the most important, possibly even the only trade article of Jews employed in the workposts, who took their own things or things they had bought out of the Ghetto in rucksacks and bags every day. Hundreds of Polish smugglers would come into the Ghetto through openings in the walls or through the guardposts (by paying bribes valued in scores of zloty). Old clothes would be the livelihood for hundreds of families of Polish workers employed in various workshops on Ghetto grounds (Braver, 28-38 Nalewki Street; Kurt Roehrich, 105 Zelazna Street; K. G. Schultz, 76 Leszno Street, etc.). These Polish workers would come to the Ghetto in the morning and would leave in the evening after buying old clothes. Individuals not wearing armbands were leniently treated at the guard-posts. During the morning hours before work began, crowds of Poles and Jews could be seen trading in old clothes on Leszno and Zelazna Streets and in the courtyards of Nalewki Street, where the Brauer workshop was situated (nos. 28-38). The Polish old clothes peddlers would often spread rumors with the aim of lowering prices; for example, the date of the liquidation of the Ghetto or the workshops, and so on. The point was to create an atmosphere to make the Jews fear a new "action" and put more things on the market, which would naturally lower prices. They often said to the Jews employed in the work-posts, "They'll turn you into leather anyway - sell your jacket and buy yourself something to eat." The Germans fought this trade energetically. Patrols of *gendarmierie* would round up the Christian old clothes traders in the Ghetto, and some paid with their lives.

Apart from the old clothes trade, there was trade in currency, valuables, gold, silver, etc. A black market money exchange functioned in the Ghetto, fixing a daily rate of exchange for "hard" - gold dollars, "soft" - paper dollars, "pigs" - golden roubles, etc. Rumors circulated that on Pawia Street, where currency trading was concentrated before the "resettlement action", there was a secret mint where gold dollars were produced. I was unable to establish how much truth there was in this. The Ghetto Exchange played the important role of a National Exchange, where the dollar rate of

exchange was established for the whole country. Currency trading in the court took place through the intermediary of the so-called buskers, couriers who carried the currency about the country on their persons, and often "in their persons" (in the rectum), etc. From Warsaw the currency was distributed not only throughout the country but also abroad. Fearing depreciation of the German mark, the Germans would not infrequently buy dollars or jewelry. Between the exchange in the Ghetto and the exchange on the Aryan side, there was usually a difference on the minus side for the Ghetto - that is, the dollar rate of exchange was always higher on the Aryan side. The trade in gold was usually carried on by the Blue Police, the gas and electricity account collectors, tax collectors and officials from the different institutions and establishments who got passes for the Ghetto in general.

One of the most important economic matters in the field of Polish-Jewish relations was the problem of Jewish possessions and goods left with Poles for safekeeping. This practice dated from before the formation of the Ghetto, and was prompted by the constant searches made by the Germans in Jewish flats. Then the only resort was to hand over these belongings or goods to Aryans for safekeeping. At this time it was done on a mass scale. Belongings were given for safekeeping to former clients, partners and to Christian acquaintances in general. Goods had to be given to Aryans for safekeeping because of several anti-Jewish decrees - registration of all textiles, leather goods, etc. Jewish merchants recorded only a minimum quantity of goods in these registers, leaving the rest with Aryans. When the decree about handing over of furs by the Jews was issued, the Jews turned over the furs to Aryan friends for safekeeping. In many cases the Jews entered into partnership with the Christians, handing over their warehouses and stocks on condition that the Jew should be a partner in the business. It usually turned out very badly for the Jew. The war had demoralized people who had been honest and decent all their lives; now they appropriated the Jews' possessions unscrupulously, in most cases not wanting to share even part of them. The Jews were treated as "the deceased on leave" about to die sooner or later. Thus there was no need to take them into account. I know of cases where Aryans withheld payment of debts during the "resettlement actions", hoping that their Jewish creditors would sooner or later fall into the German net. In an overwhelming majority of cases, perhaps 95 per cent, neither goods nor personal belongings were returned. Stock explanations were usually given that the things had

been taken away by the Germans, stolen, etc. These Jewish belongings more than once supplied a motive for blackmail and denunciation. In order to eliminate an unwanted claimant, someone would turn him over to the "competent authorities". But we also know of many cases where belongings, furniture, goods, valuables, etc. were kept safe without recompense, even when it meant trouble for the Aryans in the form of denunciations, searches, etc. These noble Poles have saved and to this day are still saving the lives of Jews on the Aryan side for whom these belongings are often their only source of maintenance. However, as happens in war, baseness predominates. The number of noble individuals who have resisted the temptation to appropriate other people's possessions is small, as is the number of idealists who keep Jews alive in hiding.

During this war, conditions have been created which hamper Jews with restrictions at every turn. The force of every order of the German authorities has been directed against the Jews. When stamping of paper banknotes by the Issue Bank was decreed in the winter of 1940, thousands of Jews found themselves in very difficult circumstances, since a former decree had ordered the Jews to deposit all sums above 2,000 zloty in *Sperrkonto* in the banks. Thus the Jews were now not allowed to exchange more than 2,000 zloty, and even this was difficult, since Jews were taken out of the queues in front of the Issue Bank. The only thing left to do was to seek help from Aryans. This yielded large profits for some Aryans, who took a percentage of the sums they exchanged, at the beginning ten per cent and later twenty or more. In the end, the individual who made the exchange jointly with a suitable bank clerk, took three quarters of the sum for the two of them. At this time thousands of Jews lost their fortunes through lack of Aryan middlemen to exchange their money.

Smuggling of food into the Ghetto, as well as the smuggling of goods out of the Ghetto, was a very important part of Polish-Jewish cooperation. The smuggling began the moment the Jewish residential area was fixed, and rations were fixed at 180 grams of bread a day, 220 grams of sugar a month, one kilogram of marmalade, half a kilogram of honey, etc. It was estimated that the official food supplies did not satisfy even ten per cent of the regular demand. If the whole Ghetto population had really been forced to restrict themselves to these official supplies, they would all have been bound to die of starvation in a very short time. And in fact these minute supplies of food, in addition to a typhus epidemic, were the cause of an alarming increase in the

death rate, which reached 5,000 to 7,000 a month, while before the war, with a slightly smaller population, about 1,000 Jews died annually in Warsaw. The real aim in creating the Ghetto was to starve the Jewish population. If this slow death of the Ghetto did not succeed, it was certainly not the fault of the Commissioner of the Jewish District, Auerswald, who did everything he could to carry the diabolical German plan to completion. The credit for its failure goes to the smuggling organized by Jews and Poles. No matter what our opinion may be of the moral worth of those people who provided the Ghetto with food by smuggling and who after the liquidation of the Ghetto changed over to blackmailing the Jews on the Aryan side, we approve of the attitude of the distinguished counsel for the defense of the fighters for independence during the partition of Poland, the attorney Leon Berensohn, who died during the war. He proposed to erect a monument to the memory of the Unknown Smuggler. The same positive attitude towards smuggling has been adopted by the Polish Underground. The Underground press urges the Poles to support smuggling, as it thwarts the invader's policy regarding food provision, a policy aimed at dispatching all food resources out of the borders of the General Government. Without smuggling, stresses the Underground press, the cities of Poland would be bound to die, and smuggling should be supported.

The German authorities did their best to seal off the Ghetto hermetically so as not to allow one gram of food to enter. The Ghetto was encircled by a wall on all sides, and no open space was left. Several stretches where the borderline went along the roofs of houses were taken out of the Ghetto, and the line was drawn in the middle of the road. Barbed wire and broken glass were put on the walls. When this did not help, the Judenrat was ordered to make the walls higher, and this, naturally, at the expense of the Jews, who were constantly forced to pay hundreds of thousands of zloty to cover expenses connected with the building and upkeep of the walls. Several kinds of sentries were put to guard the walls and the exit points; their number and kinds were constantly being changed and increased. The walls were guarded by the Gendarmerie jointly with the Blue Police, and the Ghetto gates were guarded by a triple cordon of *Gendarmerie*, Polish Police and Jewish Order Service. The *Sonderdienst*, called *junaki* by the Ghetto population, used to patrol the Ghetto looking for cars with smuggled goods. The *transferstelle* clerks also controlled the circulation of goods at the exit gates. To all this we must add the Gestapo, who often appeared at the Ghetto

gates together with the S.S. and who guarded the Ghetto jointly with Ukrainians, Latvians and Lithuanians during the "resettlement actions". To sum up, the Ghetto walls were guarded by six kinds of formations three, and sometimes six, nations - Germans, Poles, Jews, and in the case of the "resettlement actions" Ukrainians, Lithuanians and Latvians.

The mildest punishment for smuggling is death, carried out on the spot. A gendarme catching anyone on or near the walls will kill him on the spot. Scores of hundreds of passers-by have fallen to this German ruthlessness. There were gendarmes like the notorious one whom people called "Frankenstein" (because he acted like the well-known film character). They daily "removed" several victims from among the smugglers or more often still, from among passers-by. A Silesian, Boruta, was this kind of molester in human form; he maltreated the Jews employed in the work-posts and would often kill someone for the slightest offence, such as not stating the correct sum of money, etc. The victims among the smugglers were mostly Jews, but Aryans were not lacking. Mr. Auerswald also made use of the severest repressive measures in order to put an end to smuggling. Repeatedly, smugglers were shot at the Central Gaol on Gesia Street; once there was literally a massacre, a hundred persons were shot in the vicinity of Warsaw. Among the Jewish smuggler victims were scores of Jewish children aged five or six, whom the German bandits shot down en masse at the exits and near the walls. Apparently the Duesseldorf murderer had millions of followers in Germany! And yet, in spite of these victims, smuggling did not stop for a moment. While the pavement was still slippery with fresh blood, other comrades would set out on the job again as soon as those keeping "cave" gave the sign that the coast was clear. Only during the "resettlement action", when the walls were closely guarded and picketed by new watchmen who had not yet been "cultivated" by the smugglers, was there a break in smuggling across the walls, but not a total break.

Smuggling was done: 1) across the walls; 2) at the exit points; 3) through underground tunnels; 4) through the sewers; and 5) through the houses on the borderline. Smuggling through the exit gates was the most important, as it was carried on almost officially, in full view of everyone. A "fiddler" (Jewish policeman who bribed gendarmes) would make contact with the Gendarmerie and the Polish Police, and they would then fix a lump sum for the period a particular gendarme was on duty or, more frequently, a sum according to the number of carloads smuggled in. As the

car was driven through the gate, it gave the gendarme a password that had been fixed in advance. It occasionally happened, however, that the gendarme was surprised by an unexpected Gestapo or S.S. inspection, and then the car would be confiscated or, to use the smugglers' terminology, would be "burnt". The greater part of the smuggled goods went through the exit points in enormous trucks, which would drive quickly into some block entrance where the wares would swiftly be reloaded into other cars. Lots of goods were also smuggled into the Ghetto across the walls, usually at night or at dawn. However, there were daredevils who did smuggling over the walls in the daytime as well. In the initial period of the Ghetto's existence, food provisions and goods were smuggled in through holes in houses bordering on the Aryan side. These holes were bricked up every day but the smugglers were constantly breaking them open. The smugglers were organized in Polish-Jewish bands, which operated on the basis of a common "pool". Their profits were large, but the risk was also great, for their lives were in danger. The price difference between the Aryan and Jewish sides was fairly large, reaching as much as a hundred per cent, but this could not be helped, as smuggling was the only means of subsistence of the Jewish population in the Ghetto. After the "resettlement action", smuggling largely abated, and some of the smugglers turned into *schmalzowniks*. To sum up: Polish-Jewish cooperation in the field of smuggling has been one of the finest pages in the history of mutual relations between the two peoples during the present war. This cooperation has taken place not only in the capital but also in almost all the other Ghettos of the General Government; these Ghettos would most certainly have swiftly perished without the help of Polish smugglers.

A propos of Polish-Jewish economics, it is not inappropriate to mention the hundreds of sales of Jewish property in Warsaw to Aryans. Before the war, real estate was a very important source of livelihood for thousands of Jewish families. This ended the moment the Germans invaded. On the instructions of the authorities, administration of real estate was taken away from the Jews. Jewish real estate owners, suddenly deprived of their former means of subsistence, were forced to sell their properties in whole or in part. This was done through agreements which were drawn up by attorneys or even by public notaries and entered in the books with a date prior to 1 September 1939, and which were founded on mutual trust. The basis of these agreements was a loan, with the house as security, repayable one year after the war,

either in gold or according to the price of grain or some other commodity. In the event of the Jew's not repaying the debt on the date fixed, the building or part of it would pass into the hands of the Aryan.

Polish-Jewish economic relations were very much alive in spite of the constant obstacles and hindrances created by the invaders. Neither the restrictions on the liberty of movement of the Jews on the Aryan side nor the walls, rising higher and higher, were of any avail. Normal, healthy economic relations were maintained. The Aryan side forgot about the economic boycott which had been so fervently propagated before the war and raised to the level of the highest civic virtues. The most fervent antagonists of the Jews recognized the weakness of the barrier that had been artificially built. The original German plan to subjugate the whole economic life of the Ghetto and to use slave labor to support its Army was thwarted. Healthy economic principles overcame. The Jews were able to break out of all the cages in which economic life was to have been confined and were able to continue producing for the needs of the Aryan market as they had before the war. The evil designs of Polish anti-Semites who proclaimed an economic boycott of the Jews and the evil designs of the invaders who aimed at a slow death of the Jews in the Ghetto were defeated. Economic life knows no national and racial distinctions. After the establishment of the Ghetto, and later, when the normal exchange of commodities came to an end between the Ghetto and the Aryan side, a substitute offered itself in the form of smuggling as an excellent means of exchange. Across walls and barbed-wire entanglements Poles and Jews traded raw materials and manufactured goods in order to defeat the invaders' plan to starve four hundred thousand people walled up alive in the narrow confines of the Ghetto. Extraordinary ingenuity and energy on both sides, combined with the greedy corruption of the "invincible" German Army and its auxiliary formations, resulted in defeating the infamous plan of Auerswald, Commissioner for the Jewish District.

Source: Emmanuel Ringelblum, *Polish-Jewish Relations during the Second World War*, Yad Vashem, Jerusalem, 1974, pp. 58-88.