The situation of the Social Insurance Institution under German occupation during World War II

The aim of this paper is to introduce the reader to the history of the Social Insurance Institution [Zakład Ubezpieczeń Społecznych, ZUS] during World War II. Archival materials found in the Historical Committee of the Social Insurance Institution's Provisional Council [Komisja Historyczna Tymczasowej Rady Zakładu Ubezpieczeń Społecznych], constituting one of the divisions of the Polish Central Archives of Modern Records [Archiwum Akt Nowych], proved to be a most valuable source of information. The available archival documents show that after the German army had invaded the territory of Poland, ZUS units from the areas incorporated into the Reich were in a particularly difficult situation. All their movable and immovable property was confiscated on behalf of German insurance institutions. ZUS units from the area of the General Government [Generalne Gubernatorstwo] were in a better situation – the Germans allowed them to continue their activities, of course, on the condition of full compliance with the occupier's regulations. Unfortunately, the credit and financial regulations introduced by the German administration within the territory of the General Government resulted in the freezing of the capital assets of social insurance institutions for the whole period of the occupation, which completely deprived them of the right to draw any income from their property.

Key words: General Government, social insurance, Social Insurance Institution (ZUS), World War II

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Introduction

The history of the Social Insurance Institution [Zakład Ubezpieczeń Społecznych, ZUS] during World War II has yet to be studied in depth. The aim of this paper is to partly fill this gap. It is largely possible thanks to the archival collection of the Historical Committee of the Social Insurance Institution’s Provisional Council [Komisja Historyczna Tymczasowej Rady Zakładu Ubezpieczeń Społecznych], constituting one of the divisions of the Central Archives of Modern Records [Archiwum Akt Nowych]. The author’s intention is to publish a series of texts acquainting the reader with this period in ZUS activities, with the present paper inaugurating the series.

Institutions responsible for social insurance at the outbreak of World War II included those which operated on the basis of the Act on social insurance and the Regulation on social insurance of white-collar workers and on the basis of acts regulating separately certain types of social insurance in the western parts of Poland.

These were the following:

1. In the area of sickness and maternity insurance – social insurance companies [ubezpieczalnie społeczne] and sickness funds [kasy chorych] of Upper Silesia.
2. In the area of pension insurance (in the case of invalidity, old age and death) – the Social Insurance Institution, the Invalidity Insurance Institution [Zakład Ubezpieczeń na Wypadek Inwalidztwa] in Chorzow, the National Insurance Company [Ubezpieczalnia Krajowa] in Poznan – from 30 August 1938 in liquidation and subsequently taken over by ZUS, the Pension Fund for State Railway Workers

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Social insurance companies were responsible for the administration and collection of insurance contributions for all types of insurance: sickness, accident, pension and unemployment insurance. After the repartition of contributions, the social insurance companies kept the sickness insurance contributions, while the remaining ones were transferred to the Headquarters of the Social Insurance Institution. The award and payment of pensions and cash benefits was the responsibility of ZUS, which did this partly through the Headquarters and partly through its regional branches.

The flow of money within the activities described was directed through ZUS current accounts in state-owned banks, in Post Office Savings Bank [Pocztowa Kasa Oszczędności] and in municipal credit institutions. The Social Insurance Institution transferred any surplus liquid assets to fixed-term accounts in state banks [Bank Gospodarstwa Krajowego, BGK; Państwowy Bank Rolny, PBR], or made deposits of various types and to various extents. Only cash constituting a cash reserve was left in current accounts, which, in accordance with cash-flow policy, secured ZUS’s on-going operations.

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Preparations for the war

In the last weeks before World War II, neither the State authorities nor the Social Insurance Institution issued regulations providing for the organisation of insurance in the event of the outbreak of war, including proceedings in financial and property matters. Only in the last days of August 1939 did ZUS Headquarters send evacuation orders in the event of a “temporary occupation of the area by the enemy”. But it was too late. The orders did not reach many towns, especially those in the western part of Poland. They recommended that before any expected occupation by the enemy of an insurance facility, the administrative staff should be withdrawn. Only a few could remain on the premises under the direction of an senior employee, one not previously involved in anti-German agitation. All office valuables, sanitary and medical equipment were to be evacuated by the relevant military command. However, assets and documents were to be sent directly to ZUS Headquarters. The ZUS management incorrectly assumed that the occupier would respect its role as defined in international law. Therefore, the functions of the Headquarters in relation to the social insurance companies and local
ZUS facilities (sanatoriums, local administration and management of real estate and medical facilities) in terms of reporting and financial settlements for their regions were to be taken over by the ZUS branches in Poznan and Chorzow.\(^3\)

In the event of a temporary occupation of the area by the enemy, ZUS Headquarters, like any other public institutions, bank or credit institution, weighed up the feasibility for the evacuation of movable assets, especially cash, securities and treasury bills. As far as securities are concerned, for which inventory books were kept, this involved the need to organise the transportation of hundreds of volumes. Consequently there was no sense for Headquarters to evacuate such assets. The State had a whole range of measures at its disposal to sufficiently safeguard the interests of institutions issuing securities\(^4\) as well as holders of securities, including their destruction, without the need to engage such a large transport to evacuate them (which, after all, could be put to more important use at a time of invasion). Unfortunately, the decision was ultimately taken to transport these assets, something which only intensified the chaos on road and rail.\(^5\)

A major obstacle for social insurance institutions in carrying out the evacuation in an efficient way was certainly the lack of prior preparation for such a situation. Besides, they did not have adequate means of transport. Moreover, in a way similar to other legal and public institutions, no action was taken to select from among employees teams responsible for evacuation. It was not difficult to predict that given war, a significant number of men would be mobilised and current tasks, including the evacuation of documentation, would have to be performed by those unfit for military service, mainly the elderly and women. Unfortunately, the rapid and deep advancement of German troops into Poland exposed the farcicality of evacuation procedures. Due to their fragmentary nature and the lack of coordination with other administration offices and authorities, they simply introduced more chaos than order into proceedings.\(^6\)

### Evacuation and the first days of the occupation

During the first days of the war, the new part of ZUS Headquarters at Czerniakowska street in Warsaw, commissioned in spring 1939, found itself requisitioned as a hospital, necessitating the transfer of documentation and office equipment to the old part on 1 September. Work to prepare the evacuation of the vault began on 3 September. For this purpose, convoy groups formed internally were armed and instructed; attempts followed to burn securities in the

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\(^3\) T. Bober, op. cit., pp. 118–120; Central Archives of Modern Records [Archiwum Akt Nowych, hereinafter – AAN], Historical Committee of the Social Insurance Institution’s Provisional Council [Komisja Historyczna Tymczasowej Rady Zakładu Ubezpieczeń Społecznych, hereinafter – Komisja Historyczna], file No. 12, pp. 269–270.

\(^4\) The following were the issuers of securities: the State Treasury [Skarb Państwa], financial institutions, enterprises and local government institutions.

\(^5\) Ibid.

stoves of the central heating system. This was done in the presence of a notary public, who prepared the certified specifications including the type and numbering of securities. This did not bring the desired outcome for paper packets burned slowly and badly, so the undertaking was stopped. A trusted team of Finance and Property Department employees packed the securities into a total of 60 boxes, each weighing about 250 kg. The first shipment of these boxes took place already in the evening of 3 September. The transport of two trucks, one passenger car and one motorcycle went to Lublin. After a change in orders regarding the final destination, the convoy headed to the Social Insurance Company in Łuck. After the Soviet Union had invaded Poland, the transport was seized by the occupying Soviet authorities. The second transport, given the risk of capture by the Soviet army, was burnt on its way to Łuck. The third, and largest, was taken abroad. On the Polish-Hungarian border, the 8th Hungarian Army corps took the transport to be war spoils: the assets that made it out of Poland, accompanied by Hungarian military authorities, were deposited at the Hungarian National Bank in Budapest on 28 September 1939.\(^7\)

In discussing the evacuation of ZUS securities, one should add that the securities issued by Bank Gospodarstwa Krajowego, to the amount of 1/3 of all the securities issued by the Bank, deposited by ZUS in the bank’s vaults, were taken by BGK to Równe. Following the Soviet annexation of these areas, the assets were taken, post 17th September, by the Soviet authorities, while the securities issued by Państwowy Bank Rolny, deposited by ZUS in the PBR vault, were not moved and were to remain in Warsaw for the duration of the German occupation.\(^8\)

The order to evacuate ZUS Headquarters was issued on the night of 4–5 September. On the morning of the fifth, ZUS staff left by train in the direction of Włodawa. As a result of the rapidly advancing German forces, plans were changed, and Headquarter staff headed for Lublin and from there to the village of Podchajce between Łuck and Dubno. After the ZUS chief director and commissioner had left Podchajce and gone abroad, other employees returned to Warsaw in late November and early December 1939. At ZUS headquarters installed was already a German commissioner and his deputy, who took over full power in ZUS at the end of October. Those ZUS employees who had remained in Warsaw, actively participated in the defence of Warsaw.\(^9\)

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**The beginning of the occupation**

On the day of war broke out, social insurance institutions had the means to conduct their activities. The money was in their own cash registers and in current accounts in banks. The Social Insurance Institution, including its Headquarters and regional branches, had

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440,691 zloty in their own cash registers, 12,982,656 zloty in current accounts with credit institutions, and in capital in fixed term accounts: with a notice of up to 1 year – 9,068,714 zloty, with a notice of over 1 year – 146,188,902 zloty, in arrears and current interest on deposits – 1,576,995 zloty. Regarding social insurance companies, and here based on incomplete source materials, it was established that their liquid assets in their own cash registers and on accounts with credit institutions were estimated at around 12 million zloty."

ZUS hoped that in the event of any problems with the inflow of national insurance contributions it would be able to realise fixed term security deposits through banks and pawnshops. In the case of financial problems, the social insurance companies could count on loans from the Social Insurance Institution. Settlements under the loan agreements were to be ensured by the Ordinance of the President of the Republic of Poland of 3 September 1939, suspending the Polish zloty’s gold clause for the duration of martial law while settling liabilities whose payment dates fell during the war."

The outbreak of World War II interrupted ZUS investment activities. At that time being built were: outpatient clinics in the Central Industrial District [Centralny Okręg Przemysłowy], tuberculosis sanatoriums in Bystra Śląska (the main pavilion), Nowojelnia near Nowogródek and Kruk near Gostyno; residential homes in Warsaw, Gdynia, Łuck, Starachowice, a hospital in Stalowa Wola. As of 1 September 1939, real estate to the value of 30 million złoty was under construction, which constituted 21% of the value of the finished premises owned by ZUS."

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**ZUS situation in the General Government**

Immediately after invading the territories of Poland, the Germans issued a number of orders concerning the administrative organisation of the occupied territories. Based on the *Erlass des Führers* of 25 September 1939, those territories passed under the military administration of a commander-in-chief of the eastern area. Then, as early as 12 October 1939, an order: *Der Führererlass über Verwaltung der besetzten polnischen Gebiete* was issued, coming into force two weeks later. According to this document, the Free City of Danzig and the western areas of Poland were incorporated into the Reich as the Reichsgaue Danzig West Preussen, Wartheland and Ostobersschlesien, and the area of Suwałki and Ciechanów as the Ostpreussen. The remaining areas of Poland occupied by German military units were subordinated to the Governor-General for the occupied Polish territories. From August 1940, these areas were called Generalgouvernement, omitting the phrase “for the occupied Polish territories”, in terms of their legal status they were described by Hitler as “Vorplatz des Reiches” and by Hans Frank the Governor-General as “Nebenland des Reiches”.

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10 AAN, Komisja Historyczna, file No. 12, p. 261.
13 Reichsgesetzblatt 1939, part I, p. 2077.
In the first weeks of the German occupation, in the territory of the General Government [Generalne Gubernatorstwo, GG], the German administration’s financial and property orders were of key importance for the liquidity of the ZUS’s working assets and those of other social insurance companies. Their main purpose being the control of the money circulation and the credit market within the GG area, which aimed to subordinate the economic life of the occupied territories to the interests of the Reich as closely as possible. At the very beginning, the occupying authorities blocked bank accounts and divided the assets in banking and credit institutions into “old” and “new” business. The “old business” related to banking operations that had taken place up until the outbreak of World War II, i.e., until 1 September 1939, while the “new business” – operations carried out already within the GG under the auspices of the German occupying authorities. The separateness of these assets meant that liabilities could only be covered through the realisation of the assets from “old business”. Initially, the issuing institution on the territory of the GG was played by the German Credit Bank [German: Reichskreditkasse, Polish: Niemiecka Kasa Kredytowa], which at the beginning of 1940s stamped Bank of Poland 100 zloty banknotes (in a limited quantity for a single supplier) in order to stop their inflow from outside the General Government. Because the occupation regulation of 15 November 1939, maintained the Polish zloty as a legal tender with its relation to the German mark (RM) set at – 0.5, it was not until 8 April 1940 that Governor-General Hans Frank established the Bank of Issue in Poland [German: Emissionsbank in Polen, Polish: Bank Emisyjny], which issued its own banknotes, popularly known as młynarki, from the name of the bank’s director Feliks Młynarski. Only then the pre-war Polish banknotes were exchanged, and again only in limited amounts.

The above mentioned orders of the German administration dating from the beginning of the occupation deprived ZUS and the social insurance companies of its realisable assets. At that time, these institutions only had cash at their disposal, and here in very modest amounts. Given that insurance contributions were gradually being paid (initially only slowly), social insurance companies slowly started to put into operation a medical and administrative apparatus and to resume their activities.

ZUS was in a difficult financial situation. Its cash reserves in banks had been frozen. It also could not count on any quick inflow from the social insurance companies in respect of contribution distribution. This forced ZUS to take out a loan of 7 million zloty with the German Credit Bank. Getting such a loan was not easy. After several weeks of negotiations, the German Credit Bank agreed to a loan under certain conditions. It was necessary for ZUS to: secure the loan under a promissory note, an underwriting of the loan by a guarantee issued through a consortium of five pre-war

16 AAN, Komisja Historyczna, file No. 12, p. 277.
banks of Warsaw, as well as the mortgage-based security of ZUS real estate in Warsaw at each behest the German Credit Bank. Thanks to the loan, ZUS was able to start the disbursement of pensions in December 1939. Of course, this was immediately used by the Germans for propaganda purposes. Pension payments were preceded by public announcements on city walls, with the Warchauer Machthaber informing of the alleged “foot-dragging and wastage” of ZUS assets, of the enormous difficulties overcome by the German management of ZUS to acquire these 7 million zloty, and of the caring Reich in ensuring benefit payments for “citizens betrayed”. Of course this was not true. Furthermore, the payments made were in fact only allowances, not pension benefits – after several months and with encroaching inflation their value became merely symbolic.  

Regulations introduced by the Reich in the GG during the occupation and governing the pre-war obligations, were particularly unfavourable for social insurance institutions. At the outbreak of war, almost all their liquid assets were in fixed-term or current accounts at numerous credit institutions. As a result of these regulations, social insurance institutions were unable to realise assets of this type not only at the beginning of the occupation, but for its entire duration, with but one exception.  

Pursuant to the economic agreement concluded between Poland and Germany in 1938, Poland was to receive machinery for industry in return for grain exported to Germany. Due to the foreign exchange restrictions in both countries and different dates of mutual deliveries, settlements were to be made by the Polish Clearing Institute [Polski Instytut Rozrachunkowy, PIR] in Warsaw on the one hand, and by Deutsche Verrechnugskasse in Berlin on the other. The condition of the agreement was that the Polish side should credit the German side in due time, as the delivery of German machine tools was to occur only after the lapsing of a certain period of time of Polish grain exporting to Germany. BGK covered the receivables of Polish grain exporters against the debt on the German side. BGK received a deposit for this purpose from ZUS for the total amount of 20 million zloty. ZUS did not know officially the intended purpose of the deposit, and it was placed with BGK under its sole jurisdiction and risk as one of many special deposits destined “for economic purposes”. After receipt of the grain, the German side was unable to deliver the machine tools to Poland as a result of the outbreak of war. As the Deutsche Verrechnugskasse had already credited Poland with 20 million zloty, paid in 1940 by German importers for the grain received, the German side decided to return the 20 million zloty instead of sending the machine tools themselves. Despite ZUS protests, BGK accepted such a solution, with the losses that had been incurred as a result of this transaction, relating to exchange rate difference and interest rates, were transferred to the holder of the deposit, i.e., ZUS (despite the fact that the deposit was made by ZUS with

18 T. Bober, op. cit., p. 124; AAN, Komisja Historyczna, file No. 12, p. 280.
full responsibility and risk falling to BGK for its capital and interest rate). According to ZUS calculations, for its 20 million zloty deposit, ZUS received frozen PIR accounts in Warsaw banks and 11 million zloty in a new (forced) deposit account with BGK.  

It is now difficult to determine what made the Germans decide to pay for the imported grain, given that according to them the Polish State had ceased to exist. However, one should agree with the opinion of Tomasz Bober, an expert on the social insurance situation in GG, that:

In any case, the finalisation of this transaction in the then reality of Polish life under occupation gave the impression of a macabre grotesque when comparing on the one side the attitude and methods of the victor, and on the other the “good manners” of German merchants.

The orders of the German occupier, regulating credit and financial issues in the General Government, resulted in a complete and continued freezing of the capital assets of social insurance institutions throughout the period of occupation. Particularly painful were the following: the limited exchange of Polish banknotes for the occupation zloty, division of assets in banks into “old” and “new” interests, the immobilisation of bank accounts, abolition of interest on frozen deposits, confiscation of a large number of loan assets by taking over the property from pre-war debtors by way of confiscation, a ban on servicing loans taken out by municipalities or cost ineffectiveness of investment in real estate.

The freezing of assets of social insurance institutions excluded both the possibility of their realisation and completely deprived them of any income from their assets. The deprivation of income, which to a large extent served to cover statutory benefits, was particularly painful. In 1938, this constituted 20%, with 34% in the area of pension and accident insurance. This turn of events was particularly unfavourable for the Social Insurance Institution. Other insurance companies, those handling short-term benefits, had no surpluses that could be invested in the form of securities, rental properties or loans.

The social insurance situation in those territories incorporated into the Reich

The situation of social insurance institutions in those areas incorporated into the Reich was much worse. After the annexing of these areas, the Germans established a trust institution called Haupttreuhandstelle Ost [English: Central Trust Office East, Polish:

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21 Tomasz Bober (1900–1979) – long-serving director of the ZUS Finance and Property Department.
22 AAN, Komisja Historyczna, file No. 12, p. 283.
Główny Urząd Powierniczy Wschód], based in Berlin. On the basis of the powers conferred on it by the German authorities, the Central Trust Office issued a number of executive orders, *inter alia* on the treatment of real estate within the annexed territories (the seizure of Polish property), on the satisfaction of claims by companies under receivership, *etc.* The liquidation of debts and Polish property receivables was regulated by the Debt Order of 15 August 1941.\(^{25}\) According to this order, any mortgages, pecuniary claims, or pledges due to Poland, Polish local government entities and municipalities as well as other publicly legal Polish entities, were amortized on the condition the debtors’ assets had been seized [beschlagnahmt].\(^{26}\)

This regulation was to become basis for the redemption of debts from insurance contributions and from mortgages on the assets of debtors from areas incorporated into the Reich. The regulation also provided for the redemption of claims against municipalities and local government associations and other former public law entities. As a result, loans granted by ZUS, or by ZUS from the merged insurance institutions as well as by the Invalidity Insurance Institution in Chorzow were cancelled and subject to removal from mortgages.\(^{27}\)

Polish social insurance institutions in those territories incorporated into the Reich were replaced by the relevant German insurance institutions, in which only a few Polish officials found employment. It should be noted that these officials delayed (or sabotaged) the removal of Polish legal acts from mortgages. For example, it is worth mentioning that out of the total number of loans granted by the ZUS Branch in Chorzow and taken over during the occupation by the Reichsversicherungsanstalt für Angestellte in Berlin, to the amount of 19.7 million zloty, including 16.8 million zloty granted to social insurance companies, the Silesian Treasury [Skarb Śląski] and charitable, social and local government institutions, only about 7 million zloty was deleted from mortgages.\(^{28}\)

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**Division of ZUS assets between the Reich and the General Government**

Given the war division of the Polish lands by Germany into areas annexed to the Reich and those of the General Government, attempts were made to divide social insurance assets. It should be recalled that ZUS branches, which were located in areas annexed to the Reich, were incorporated into the organisation of the relevant German institutions with their movable and immovable property becoming the property of the occupier. That said, the most important assets of the Social Insurance Institution, *i.e.*, securities,

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25 Reichsgesetzblatt 1941, part I, p. 516.
remained in the possession of ZUS in Warsaw. Taking into account the fact that the division of assets is determined by the seat of the institution, such a solution was, according to ZUS, correct. Unfortunately such an argumentation was not to convince the German authorities. Similarly, the Germans did not agree to apply the principle of any ZUS assets division according to the current place of residence of the insured party. This was very important for the Social Insurance Institution from the GG area. A significant part of the Polish population from lands annexed to the Reich was displaced to the GG, so the principle of distributing capital assets according to the capital coverage of the relevant pensions and future claims (expectatives) would be in favour of the social insurance institutions of the General Government.\(^29\)

During the initial months of the German occupation, the Reich authorities postulated that ZUS assets should be divided in equal parts between the Reich and the General Government, justifying this \textit{inter alia} by the need to take into account the actual distribution of the insured during the period before the outbreak of World War II. Negotiations on the division of ZUS assets between the German management of ZUS in Warsaw, and later also the GG government, with the Reich Ministry of Labour were conducted throughout the occupation. Representatives of the Reich Ministry of Labour used, among other things, statistical data, which were to provide conclusive arguments for the division of assets in the way proposed by them already at the beginning of the negotiations, \textit{i.e.}, in equal parts – \textit{i.e.}, 700 million zloty for each side.\(^30\)

The Polish management of ZUS disagreed with the German arguments. A study submitted to the German management of ZUS indicated that the areas incorporated into the Reich constituted in Polish insurance the “older” insurance area. The insurance contribution introduced for the central, southern and eastern areas of Poland could be lower than the accepted one. It was unified at a higher level for all areas, in order to cover the deficit of western districts in the “older” insurance. At the outbreak of war, ZUS assets included mainly the surplus from the above mentioned areas, while the share of western areas in creating this surplus had been minimal. The Polish management believed that it was impossible to separate the assets without taking into account the additionally increased contribution of GG’s areas in relation to the western territories.\(^31\)

The Polish ZUS management arguments quoted probably convinced the German side. The Germans agreed that the pool from the division of ZUS assets designed for the Reich should amount to 500 million zloty. The settlement showed that ZUS in Warsaw was to transfer 150 million zloty to the Reich in the form of BGK securities. The amount of ZUS assets located or left behind in the territories annexed to the Reich was lower by such amount than the amount finally determined in the settlement for the German side. This calculation also took into account the anticipated ZUS loss resulting from the division of BGK mortgage bonds, calculated unfavourably for ZUS at only 50% of the nominal

\(^{30}\) T. Bober, \textit{op. cit.}, pp. 128–130; AAN, Komisja Historyczna, file No. 12, p. 290.
\(^{31}\) \textit{Ibid.}
value. Such an operation was the result of the confiscation by the Reich of BGK document, i.e., real estate and mortgage deeds in Poznan and Pomerania. As compensation for these expected losses, ZUS was to receive the so-called Schuldanerkennung; still in its possession after the end of World War II. This was an acknowledgement of the GG government debt to ZUS to the amount of 70 million zloty, payable in 1948. However, despite the settlements made, no surplus, i.e., BGK mortgage bonds, were transferred to the Reich. And Schuldanerkennung was to remain the only visible trace of the division of ZUS assets between the General Government and the Reich itself.

The role and scope of powers of the Polish management of ZUS

As for all public institutions in the GG, the occupying authorities introduced German commissioners to social insurance institutions. After the Germans had announced that the Polish territory (the General Government) was not subject to occupation according to the rules of international law, but was a peculiar creation, governed by the principles of public German law, these commissioners were renamed institution heads [leiters].

According to the regulations imposed, representatives of the German administration in Polish institutions had full executive and often legislative power. In social insurance institutions, their power was particularly broad. All kinds of financial operations required not only a German decision, but could only be carried out with the signature of the commissioner, i.e., the leiter – even minor bank transfers and cash transaction slips had to be approved by the commissioner.

While the role and scope of authority of those referred to as the Polish management, formally included the responsibility for the internal organisation of social insurance institutions and the submission of applications. In practice, this power proved important, because these persons made decisions on business issues, decisions on employment, promotion, transfer, working and pay conditions. The Polish management became the guardian and advocate of employee in relations with the German occupier.

The competences of the Polish management also included the submitting of applications, something of importance in financial and property matters. Although the German management of ZUS, originating from the Landesversicherungsanstalt Breslau, was competent in insurance matters, they did not have any deeper knowledge in the field of finance and property. Despite the constant mistrust and suspicion towards the staff from Poland, the German superiors expected Polish managers to file applications. These were.

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35 Sprawozdanie..., op. cit., pp. 118–119.
listened to and in most cases approved. It should be noted that the German management tended to leave no physical traces of decisions taken, willingly replacing paper records with less formalised meetings [besprechungs].\textsuperscript{36}

### Official supervision of the financial activities of social insurance institutions

The official supervision of social insurance institutions’ financial activities in GG concerned both the determination of the mode and scope of operations and the competence of the German heads of these institutions, as well as the professional overseeing of supervisory authorities, \textit{i.e.}, in the districts and in the GG government itself.

The social insurance companies were functionally joint to the Labour Offices [Arbeitsamt]. Heads of the social insurance companies were subordinate to the managing staff of these Arbeitsamt, thus they were subject to the supervision of the Labour Department at the Office of the District Head [Urząd Szefa Dystryktu]. The German administration supervising ZUS activities was mainly interested in the exploitation of the labour force of the insured. Financial issues were not paid much attention to as long as the insurance companies were self-sufficient.\textsuperscript{37}

The ZUS branch in Cracow had been taken over by the German authorities earlier than ZUS Headquarters in Warsaw. Because Cracow became the seat of the General Government, the occupier tried to move ZUS Headquarters there as well. This proved impossible for practical reasons. The problem was to provide an adequate number of flats for the Polish staff needed to run insurance agencies. For this reason, there was a long-lasting rivalry between both centres, reflected even in their names: the Central Social Insurance Institution in Cracow [Centralny Zakład Ubezpieczeń Społecznych w Krakowie] and the Main Social Insurance Institution in Warsaw [Główny Zakład Ubezpieczeń Społecznych w Warszawie]. The dispute was to end with Cracow’s subordination to Warsaw, but the Cracow branch received a wide range of competences and a large degree of autonomy.\textsuperscript{38}

Such an arrangement was of great importance for the financial and property situation of ZUS. Location dictated that the supervision of the Labour Department of the GG government was focused on the Cracow branch. The Headquarters in Warsaw took advantage of the distance from the GG government in Cracow. Although the German \textit{leiter} resided at ZUS Headquarters, the Headquarters made independent decisions on many issues concerning the investment of financial surpluses, although under the Polish Social Insurance Act in force such decisions required the approval of the supervisory authority.\textsuperscript{39}

\textsuperscript{36} AAN, Komisja Historyczna, file No. 12, pp. 295–296.
\textsuperscript{37} Sprawozdanie...., \textit{op. cit.}, pp. 119–120; AAN, Komisja Historyczna, file No. 12, p. 325.
\textsuperscript{38} T. Wasylecki, \textit{op. cit.}, p. 183; AAN, Komisja Historyczna, file No. 12, p. 326.
\textsuperscript{39} AAN, Komisja Historyczna, file No. 12, pp. 326–327.
Resumption of ZUS service activities and money surplus

ZUS was able to resume its service activities and start paying pension allowances in December 1939 thanks to the aforementioned loan taken out at the German Credit Bank. Under the terms of the loan, the Social Insurance Institution was obliged to return the borrowed money within six months. The proceeds from the realisation of ZUS assets, or the income from these assets, could not guarantee the return of the borrowed amount on time, as was already known at the time the loan was taken out. The quick inflow of funds from current insurance contributions was the only possibility considered for repayment. These inflows were supposed not only to secure the repayment of the loan, but first and foremost to finance ZUS operations, including the payment of any outstanding and current insurance benefits.\footnote{AAN, Komisja Historyczna, file No. 12, p. 292.}

Social insurance company activity interrupted as a result of warfare, was gradually restored by the end of 1939, the beginning of 1940; contributions from Polish companies were received without any major difficulties. Dues enforcement during the occupation improved significantly, compared to the period before the war. Contributions assessment and collection apparatus and ZUS itself were granted by the occupation authorities enforcement powers they had not have before. For during the interwar period, the collection of contribution arrears was carried out by the enforcement department of tax offices. During the occupation, contributions were received quickly and regularly, with their efficiency in payment and collection being almost one hundred percent.\footnote{K. Kąkol, \textit{op. cit.}, p. 118; AAN, Komisja Historyczna, file No. 12, p. 293.}

Contributions during the occupation were assessed in full with unaltered contribution rates for all types of insurance, although some of them had no benefit relevance, such as white-collar worker insurance in the event of lack of work. Then, the contributions were collected ruthlessly from insured person deprived of the right to any benefits whatsoever (the Jewish population). However, the level and scope of benefits in relation to all insured persons was significantly reduced. Therefore, it is of no surprise to learn that during the occupation there was a constant growth in money surpluses at GG social insurance institutions. Thanks to which, these institutions were able to allocate considerable funds to real estate investments, and medical equipment and to pay off pre-war debts to ZUS and other creditors. A part of the surplus was also forcibly invested in General Government treasury bills. The money surplus in ZUS accumulated during the occupation was such that it posed a serious challenge to the Polish management of ZUS.\footnote{K. Kąkol, \textit{op. cit.}, p. 118; AAN, Komisja Historyczna, file No. 12, pp. 293–294.} However, this issue will be discussed in the next paper.
Summary

At the outbreak of World War II, ZUS was not properly prepared for evacuation. There was a lack of adequate transportation and no special teams had been prepared to carry out the evacuation. The lack of appropriate departure preparations was clear as German troops moved rapidly into Poland. Unfortunately, the fragmentary nature of the evacuation and its non-correlation with retreat of other administration offices, meant the evacuation of the Social Insurance Institution was chaotic.

The fate of ZUS branches under German occupation depended on the status that the Polish lands received following the German invasion. ZUS units from the areas annexed to the Reich were in a particularly difficult situation. Polish social insurance institutions on the territories annexed to the Reich were replaced by the relevant German insurance institutions, their new owners as such. All ZUS assets were taken over by German insurance institutions, with only a few Polish officials being employed.

ZUS in the territory of the General Government was in a better situation. The Germans allowed the social insurance companies to continue their activity; provided, of course, that they obeyed the ordinances of the occupier. First of all, the social insurance institutions received German commissioners, renamed heads – leiters, for these institutions. Representatives of the German administration within the Polish institutions also had full executive and often legislative power. Any financial operation required not only German decisions, but could only be realised when the commissioner’s signature was obtained. While the role and scope of authority of those referred to as Polish management, formally included responsibility for the external organisation of social insurance institutions and application submission.

The orders of the German occupier, regulating credit and financial issues in the General Government, resulted in a complete and continued freezing of the property assets of social insurance institutions throughout the period of occupation. This excluded both the possibility of assets realisation and completely deprived these institutions of the right to draw any income. This was particularly problematic in the area of the in-payments that were largely used to cover statutory benefits themselves.

Prof. Mirosław Kłusek, Ph.D.
Faculty of Economics and Sociology
Institute of Economics, Department of the History of Economic Thought and Economic History
University of Lodz
ORCID: 0000–0003–4493–1440

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Sytuacja Zakładu Ubezpieczeń Społecznych pod okupacją niemiecką podczas II wojny światowej


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