

# **Path to Central Bank in Poland: The Duchy of Warsaw**

## Background and Purpose

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### **ABSTRACT**

The Duchy of Warsaw was client state of French Empire. A lot of studies are already devoted to the Duchy of Warsaw, but they are still some branches of history that requires additional studies – one of them is economic area which include my research topic – central banking. This thesis investigate legal proposal of central bank in the Duchy and because of insufficient amount archival documents that are missing due to being destroyed in II world war, I am also building proper background in different areas that could help explain the reasons why there was an idea to establish central bank in the duchy and how it could be possible. In order to answer that I described economic situation of the Duchy from domestic and international perspectives, which include economic condition of the Duchy and the Duchies citizens. French influence which I do believe was crucial to inspire such an idea, which not only include independence of Poland from partition in 1795 but also social, legal and administration changes. On the other hand being French client state forced the Duchy to participate in the Continental Blockade and participating in two wars (1809 and 1812) which eventually transfer Duchy into Russian control and after 1815, it became Congress Kingdom with personal union with Russian Empire. In order to get right picture of such complex issue, I used various sources from economic analysis to understand state perspective of unstable economic situation of the Duchy but also to show those condition form regular citizen perspective , through history of legislation to bring the concept of continuity of the law from the Duchy of the Warsaw to the Congress Kingdom, which include legal acts brought by Napoleon to the Duchy like Code de Commerce or Code Civil. By knowing the background of why the idea for central bank was created in the Duchy as well as knowing other political and social factors and compare it to the first central bank in Poland – Bank of Poland (1828), it can be told how advanced this project was and what make it different from other proposition in this thesis. This research, I do believe also create base for further research about central banking and banking relations in Europe.

**KEYWORDS:** *Central Bank, The Duchy of Warsaw, economy, French Empire, Napoleon*

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# 1. Introduction

The Duchy of Warsaw was the Polish state existing between 1807 and 1815, created as Napoleonic client state and buffer zone from Russian Empire. Right before creation of the Duchy, Polish crown was object of diplomatic game between Napoleon and Alexander I, the intention of Napoleon was to weak alliance between Russia, Prussia, and Austria, by offering the Polish crown to Russian Emperor, eventually as the result of the game between empires, The Duke of the Duchy became Frederick Augustus I of Saxony, King of Saxony. Created due to result of treaty of Tilsit in 1807, The Duchy was 1/7 of total size of pre-partition Polish state called Commonwealth. What is important, key port city, Gdańsk, was outside of the Duchy as free-city state under French protection. All of lands that were creating the Duchy, in 1807 were re-taken from Prussian rule. Reaction of Russian Emperor about creation of the Duchy was also worth of mention, in the letter to his, at that time, mistress Maria Czetwertyńska-Światopełk, he was writing – “At least there will be no Poland, only risible Duchy of Warsaw”<sup>1</sup>. In 1809, Polish Minister of War, Prince Józef Poniatowski, was aware of Austrian preparation to strike the Duchy and on 14<sup>th</sup> of April 1809, Austrian Army under command of Archduke Ferdinand<sup>2</sup>. War was quite challenging for reborn Polish state but in the same year, on 14<sup>th</sup> of October, peace treaty gave the Duchy other pre-partition territories that Austria took earlier. Final shape of the Duchy was 155,5 km<sup>2</sup> and 4.3 million people. After failure of Napoleon’s campaign in Russia, Alexander I, was occupying the Duchy of Warsaw and as the temporary government, he established, on 1<sup>st</sup> March 1813, The Highest Temporary Council which was governing the realm in the name of the Russian Emperor<sup>3</sup>. If we sum up peace time of applying of French reforms until 1812, it give us, less than 5 years to rebuild and reform state and 2 more years under the Russian rule, which did not have any clear direction<sup>4</sup>. As I introduced short version of the Duchy of Warsaw history, I want to proceed further with topic. From lecture of Grochulska’s work about commercial in the Duchy of Warsaw, we can read that economic issues of the Duchy are ‘barely touched’<sup>5</sup>, and her statement which was written in 1967, is still relevant as we read some later works by other

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<sup>1</sup> Jarosław Czubyty, *Księstwo Warszawskie: 1807-1815* (Warsaw, Wydawnictwo Uniwersytetu Warszawskiego, 2011), 133 – 134.

<sup>2</sup> Ibidem, 202.

<sup>3</sup> Ibidem, 516.

<sup>4</sup> Jarosław Czubyty, ‘Księstwo Warszawskie – Pierwsze Nowoczesne Państwo Polskie?’, *Kwartalnik Historyczny* 125, no. 2 (1 October 2018), 396.

<sup>5</sup> Barbara Grochulska, *Handel zagraniczny Księstwa Warszawskiego: z badań nad strukturą gospodarczą* (Warszawa: Państwowe Wydawnictwo Naukowe, 1967), 8.

polish historians like Złotkowski (2001)<sup>6</sup> or Pilarczyk (2013)<sup>7</sup>, they are confirming point of Grochulska. There was recently one attempt which could fill this gap in Polish historiography by Kowalczyk (2010)<sup>8</sup> but reception of his work was negative<sup>9</sup> and how in details it is wrong approach to the economy history of the Duchy, I explained that in the Literature review section. As Czubyty said that the Duchy of Warsaw is the first Polish modern state because of adapting new thought and spirit of this particular time – Napoleonic era<sup>10</sup>. I do believe that Central Banking – or as I will show beginning of legal path in case of Duchy, is also one of the factors of being modern state. There is no literature whatsoever about Central Banking in the Duchy of Warsaw beside one title from interwar period that is mentioning Central Banking very breathily – one longer sentence about date, author, and few words about plan<sup>11</sup>, it is the same plan and author that I investigated in this work.

## 1.1 Literature Review

As the Duchy history is only 8 years, the historic discussion around it is still very live debate. But I want to focus only on those aspects of the history of the Duchy like law, economy in order to provide information about some gaps as well as changes in historiography. As I wrote in the introduction I will start with the topics economy and central banking.

About Central Banking in the Duchy of Warsaw, unfortunately there is barely any work, from my research I can only described position of Polish economist, Andrzej Grodek, from 1936 who mention central banking in the Duchy but he is also giving quite a lot of space to the debate around Central Banking in the Commonwealth and he also is showing the mercantilist politicians and thinkers as the founders of institution that will focus as well as on

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<sup>6</sup> Dariusz Złotkowski, *Miasta departamentu kaliskiego w okresie Księstwa Warszawskiego: studium gospodarcze* (Częstochowa: WSP, 2001), 22.

<sup>7</sup> Piotr Pilarczyk, 'Polityka Gospodarcza Jako Czynniki Kształtowania Rozwiązań Prawnych. Wpływ Na Regulacje Celne w Polskiej Skarbowości Od XVIII Do XX Wieku', *Studia z Dziejów Państwa i Prawa Polskiego XVI* (2013): 77.

<sup>8</sup> Rafał Kowalczyk, *Polityka gospodarcza i finansowa Księstwa Warszawskiego w latach 1807-1812* (Łódź: Wydawnictwo Uniwersytetu Łódzkiego, 2010).

<sup>9</sup> Piotr Degen, 'Rafał Kowalczyk, Polityka Gospodarcza i Finansowa Księstwa Warszawskiego 1807–1812, Łódź 2010, Wydawnictwo Uniwersytetu Łódzkiego, Ss. 391 + 69 Il.', *Studia z Historii Społeczno-Gospodarczej XIX i XX Wieku* 12 (2013): 137–46.

Piotr Pilarczyk, 'Rafał Kowalczyk, Polityka Gospodarcza i Finansowa Księstwa Warszawskiego w Latach 1807–1812, Łódź 2010, Wydawnictwo Uniwersytetu Łódzkiego, Ss. 391', *Kwartalnik Historyczny* 119, no. 4 (2012): 835–40.

<sup>10</sup> Czubyty, 'Księstwo Warszawskie – Pierwsze Nowoczesne Państwo Polskie?', 397.

<sup>11</sup> Andrzej Grodek, *Idea Banku Narodowego (Geneza Banku Polskiego 1763- 1828)* (Warszawa: Biblioteka Szkoły Głównej Handlowej w Warszawie, 1936), 78.

the emission of currency as on the provide base for economic growth of the Commonwealth<sup>12</sup>. More about Central Bank in the time of Commonwealth, but not of the Duchy as the topic is not existing apparently in any work that is known to me, it can be read in three authors works. First is Wojciech Morawski (1998), who wrote as he called it a ‘Historical dictionary of Polish banking till 1939.’, most of his book is dedicated to banking from second half of 19<sup>th</sup> century and first half of 20<sup>th</sup> century. His only focus is only on plans that were already successfully established without single mentioning about any legal acts/plans of forming central bank and due to this, the first institution that can be named as the Central Bank is Bank of Poland, funded in 1828 and was disbanded in 1885 due to Russian Empire policy<sup>13</sup>. Other scholar is Cecylia Leszczyńska (2010) who wrote the book about sketch of Polish central banking history published by current Polish central bank called National Bank of Poland – she not only did the short introduction about plan of Andrzej Kapostas from end of 18<sup>th</sup> century, but also a theory about evolution of concept of central bank from the beginning of 19<sup>th</sup> century to until the end of 19<sup>th</sup> century<sup>14</sup>. Last but not least is Krzysztof Łopuszyński (2018) who present the most recent approach to Central Banking between end of 18<sup>th</sup> century and beginning if 19<sup>th</sup> century. Compare to other authors he is focusing on ideas that were created in the last years of Commonwealth and giving some general amylase of those plans, debate around them when they were put onto discussion, which result into abandoning those projects<sup>15</sup>.

Moving to more general point of view about state the discussion about economy of the Duchy of Warsaw is present from the time of this realm, on example of nobleman Wawrzyniec Surowiecki (1810) who wrote the book about need for industrial reformation in the Duchy<sup>16</sup> but the first historian to wrote about the economic situation in the Duchy was Fryderyk Skarbek (1860) who was describing events like the Continental Blockade in terms of ‘total bankrupcty of agricultural realm’<sup>17</sup> but without any data to prove that point. As the Czubyaty is claiming that illustration by Skarbek of economic condition was a little bit exaggerated<sup>18</sup> but it does not mean that he was right about not very best condition of the Duchy of Warsaw about which is more in Chapter 2. The first modern approach to the economy or some its

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<sup>12</sup> Ibidem, 12, 58.

<sup>13</sup> Wojciech Morawski, *Słownik Historyczny Bankowości Polskiej Do 1939 Roku*, (Warszawa: Muza, 1998), 37.

<sup>14</sup> Cecylia Leszczyńska, *Zarys Historii Polskiej Bankowości Centralnej* (Warsaw: NBP, 2010), 4 – 7.

<sup>15</sup> Krzysztof Łopuszyński, ‘Idea Bankowości Centralnej w Ostatnich Latach I Rzeczypospolitej’, *Roczniki Nauk Prawnych* 28, no. 3 (2018), 106 – 108.

<sup>16</sup> Wawrzyniec Surowiecki, *O Upadku Przemysłu y Miast w Polsce* (Warsaw, 1810), <https://polona.pl/item/o-upadku-przemyslu-y-miast-w-polszce,MTA2MDA2MzQ/4/#info:metadata>.

<sup>17</sup> Fryderyk Skarbek, *Dzieje Xięstwa Warszawskiego*, vol. I (Poznań: J.K. Żupański, 1860), 182.

<sup>18</sup> Czubyaty, *Księstwo Warszawskie (1807-1815)*, 190.

points was Barbara Grochulska (1967) in her work about International commercial situation of the Duchy of Warsaw. Here, the points about poor condition of the economy, especially of the trade aspects are based on data like efficiency of agricultural sector<sup>19</sup>, conclusion about industrial development of the Duchy<sup>20</sup>, trade policy<sup>21</sup> or the outcome of trade policy on example of trading wheat with other countries<sup>22</sup> and in my opinion this is macroeconomic approach to economic data by only giving result, which are important to understand the structure of the state as well decision made by the Duchy but there is lacking of socio-economic approach, which is more visible in later works of other authors. Historians are naturally relying more frequently on quantitative sources because of their field of research. Statistics in many ways can free from oppression of descriptive sources which are biased because of their origin – they were created by human therefore they cannot show whole picture because of its subjective nature<sup>23</sup>. Next authors are following the rule of using subjective sources like journals from period of the Duchy as well as the data evidence to make complete picture of socio-economic situation in the Polish realm. Dariusz Złotkowski (2001) is one of the authors that is using data from archives documents about budget of towns<sup>24</sup>, to prove hard conditions he use letter that were sent do Ministry of Domestic Affairs about unfair fat tax that were collected from butchers<sup>25</sup>. Those two examples were supported by their ‘opposite elements’, in case of city budgets which were sums of income and expanse of particular towns there are also elements that can make this data more understandable like letters between Ministry of Domestic Affairs official and their representative in the field about necessary intervention who is going to obtain particular lease agreement on tavern for 30 years and to cut it down to 3 years because only for reason known to official of Ministry<sup>26</sup> and that was direct intervention into town budget. For support the letter to Ministry of Domestic Affairs from butchers, Złotkowski is giving data about tax income from archives, in order to show how many taxes, those permanent and temporary ones, where collected from all citizens<sup>27</sup>. Aleksandra Oniszczyk (2021) is giving specific case of relations between

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<sup>19</sup> Barbara Grochulska, *Handel zagraniczny Księstwa Warszawskiego: z badań nad strukturą gospodarczą* (Warszawa: Państwowe Wydawnictwo Naukowe, 1967), 69 – 75.

<sup>20</sup> *Ibidem*, 112 – 113.

<sup>21</sup> *Ibidem*, 114.

<sup>22</sup> *Ibidem*, 184.

<sup>23</sup> Lucyna Majka-Błażejczyk, ‘Rola metod statystycznych w badaniach nad historią gospodarczą’, in *Historia gospodarcza: problemy i metody: studia w stulecie powstania poznańskiej szkoły historii gospodarczej*, ed. Tadeusz Janicki (Poznań: Wydział Historii UAM, 2020), 162 – 163.

<sup>24</sup> Złotkowski, *Miasta departamentu kaliskiego w okresie Księstwa Warszawskiego*, 130.

<sup>25</sup> *Ibidem*, 218.

<sup>26</sup> *Ibidem*, 222 - 223.

<sup>27</sup> *Ibidem*, 217 – 218.

government and Jewish citizens of the Duchy of Warsaw – as she is going through all cases of relations on the line citizen – government, from legal to economic relations, I want to make points about those. As Złotkowski (2001) was also giving some points about position of Jewish citizens in his work, Oniszczyk made points only about them. She is giving a picture of legal-economic relations between Jewish and Duchies government, as she is giving data about specific taxes and other fees that only Jewish citizens have to pay<sup>28</sup> and to emphasise this she not only is going to documents of Jewish community<sup>29</sup> or political discussion<sup>30</sup> of Duchy officials but also for poetry<sup>31</sup> which is unusual in historic works therefore I do believe it was done in order to show whole spectrum of seeing issue of taxation – from very formal way of archival documents to more free approach on such a topic. Jacek Przygodzki (2021) took very unique way to look at commercial relations issue in the Duchy of Warsaw, as the rest of mentioned author are going through whole history of the Duchy of Warsaw, Przygodzki is narrowing he's work to functioning of temporary government established by Russian Emperor, which give us 2 years of functioning of the Duchy from 1813 to 1815. This point of view is showing us the condition of the Duchy of Warsaw economy as well as from data as well as from Russian officials journals. The same point was given for example by Grochulska, in terms of abolishment the Continental Blockade but Przygodzki point is strengthened by Russian Empire point of view about it as well as changes in the law made by them<sup>32</sup>.

On the other hand, there are recently more economic works than historic about the Duchy of Warsaw which shows that this topic can be describe by other scholars than historian. More economic than historical point of view is provided by Bukowski et al. (2019). They are writing that recent research about more focused on economic and statistic rather than on history on Eastern Central Europe were made in 1950s to 1970s which were made under Marxist view on economy and history<sup>33</sup> and there is still missing data about urbanization and GDP in 19<sup>th</sup> century Polish territories<sup>34</sup>. As the results are from years 1790 – 1910, I will

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<sup>28</sup> Aleksandra Oniszczyk, *Pod Presją Nowoczesności. Władze Księstwa Warszawskiego Wobec Żydów* (University of Warsaw Press, 2021), 197 – 200.

<sup>29</sup> *Ibidem*, 208.

<sup>30</sup> *Ibidem*, 221.

<sup>31</sup> *Ibidem*, 209.

<sup>32</sup> Jacek Przygodzki, 'Problematyka Handlu Pod Rządami Rady Najwyższej Tymczasowej Księstwa Warszawskiego 1813-1815', 2021, <https://doi.org/10.34616/23.21.029>.

<sup>33</sup> Maciej Bukowski et al., 'Urbanization and GDP per Capita: New Data and Results for the Polish Lands, 1790–1910', *Historical Methods: A Journal of Quantitative and Interdisciplinary History* 52, no. 4 (2 October 2019): 213 – 214.

<sup>34</sup> *Ibidem*, 214.



focus on results that are useful for my thesis, 1790 – 1815. They used correlation between urbanisation level and GDP per capita to estimate in other parts of Europe to get estimation of extrapolation of GDP per capita of Poland in two ways – as a whole region and as a three parts under three countries – both are for 19<sup>th</sup> century<sup>35</sup>. Authors recall earlier approach to those studies on GDP:

Wójtowicz made estimates of historical Polish GDP based on a simple Solow model, using very rough estimates of the value of capital and labour resources as well as simplifying parameters of the model. Unfortunately, their methods and data sources remain rather unclear and cannot be replicated.<sup>36</sup>

As well as other two examples of similar papers done in 1999 and 2017 are also questionable when it came to extrapolate those data for other regions of Poland<sup>37</sup>. As authors are claiming they have collected various data from because Poland at that time was under three countries – Prussia/Germany, Russia, Austria/Austria-Hungary which means they had to indicate borders and cities properly to specific country – they collected data from 1794 to 1910 which can help them in furthered estimations.<sup>38</sup> Results on Table 2 – 4 and Figure 2 and 3 are showing that in 1790s and 1810s – which is time of my interest in this paper – Prussia part is the richest and most urbanized. This is very useful information to confirm information from primary sources which can indicate if i.e., author (some nobleman) of journal/dairy was giving in his writings picture that can find confirmation in data or it was just biased information which can be misleading. Authors are aware of fact that due to complicated nature of data – especially for earlier periods – they are estimation which are not perfect<sup>39</sup> but this one of the most recent approaches which is giving to further analysis a lot of data. And what is making this approach very different from others that this is quantitative type of work as well as group work. I do not mean here group publishing under editor but 5 authors working on single paper which is *novum* when it comes to work on the Duchy of Warsaw. In same spirit of economic approach is by Marcin Wroński (2022) and it is first work about income equality in the Duchy of Warsaw and what has been said by all scholars that I mentioned before about insufficient research on different aspects of economy, Wroński is also making the same point. He is not only making this point about he is part of research, which according to Wroński is promising

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<sup>35</sup> Ibidem.

<sup>36</sup> Ibidem, 216.

<sup>37</sup> Ibidem, 216 – 217.

<sup>38</sup> Ibidem, 220.

<sup>39</sup> Ibidem, 224.

research topic for historians and social scientists but also about to include to this subject other ethnic, religious, and social groups that were living in the Duchy of Warsaw<sup>40</sup>. And this is especially valid point because pre-partition Poland was multiethnic, religious, and cultural state<sup>41</sup>. The debate about economics of the Duchy of Warsaw has been active since 1810 from Wawrzyniec Surowiecki but compering frequency and intensity to other aspects of the Duchy – like legal, military, or political matters, publications about economy of the Duchy are not numerous as those others. In fact, such a short time period filled with events like Napoleonic era creates a lot of challenges for scholars because this is not only matter of that what had happen in this era but also what. Thanks to the recent grant program of Polish National Science Centre (NCN) there is new approach to issue of economy of the Duchy of Warsaw especially work of Wroński (2022) is the most recent.

Legal perspective was partially used in work about economics of the Duchy of Warsaw due to nature of establishing such policy, in all works mentioned earlier but strictly about legal are not only about the Duchy of Warsaw but also its successor – Congress Kingdom create during Congress of Vienna. In work of Czubyaty (2003) we have approach to legal changes among elites of the Duchy of Warsaw but this is more historic work than an history of law as the research is focused heavily on investigation of subjective type of primary sources like journals of French and Polish officials<sup>42</sup> and his later work from 2018 is also historical and philosophical approach to question what means modern state and his sees the law as one of the arguments for recognize the Duchy of Warsaw as the first Polish modern state<sup>43</sup>. But in the law as the main object of research there are 3 modern notable scholars that are studying legal aspects of the Duchy of Warsaw. There are two scholars that are mostly writing together, Anna Klimaszewska and Michał Gładek, which is unusual situation, as I wrote earlier, in past approaches to study history. The study about the law are well covered, Klimaszewska (2020) is making arguments about what were the problems with translation of French law into Polish language for whole period of using particular French law code<sup>44</sup>.

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<sup>40</sup> Marcin Wroński, 'Income Inequality in the Duchy of Warsaw (1810/11)', *Scandinavian Economic History Review*, 2 December 2022, 13.

<sup>41</sup> Ewa Domańska, '[Re]Creative Myths and Constructed History. (The Case of Poland)', in *Myth and Memory in the Construction of Community: Historical Patterns in Europe and Beyond*, ed. Bo Stråth, Series Multiple Europes, no. 9 (Bruxelles; New York: P.I.E.-P. Lang, 200AD), 253 – 255.

<sup>42</sup> Jarosław Czubyaty, 'The Attitudes of the Polish Political Elite towards the State in the Period of the Duchy of Warsaw, 1807–1815', in *Collaboration and Resistance in Napoleonic Europe*, ed. Michael Rowe (London: Palgrave Macmillan UK, 2003), 169–85, [https://doi.org/10.1057/9780230294141\\_10](https://doi.org/10.1057/9780230294141_10).

<sup>43</sup> Jarosław Czubyaty, 'Księstwo Warszawskie – Pierwsze Nowoczesne Państwo Polskie?', *Kwartalnik Historyczny* 125, no. 2 (1 October 2018): 365–401, <https://doi.org/10.12775/KH.2018.125.2.04>.

<sup>44</sup> Anna Klimaszewska, 'About the Translations of the French Commercial Code of 1807 into Polish', *Czasopismo Prawno-Historyczne* 72, no. 1 (10 August 2020): 269–83, <https://doi.org/10.14746/cph.2020.1.15>.

Klimaszewska and Gądek (2016) are making similar thing as Czuby (2003) but there are not taking into account opinions of nobles but rather going into documents where merchants and lawyers using and obeying implemented French Code de Commerce in legal arrangements<sup>45</sup> as well they are doing tracing the way of implementation<sup>46</sup> but not only for this Code de Commerce as well for others French Codes implemented in the Duchy of Warsaw.<sup>47</sup> There is also one notable work written by Gałędek (2013) showing something unique from other non-legal works, strongly emphasise continuity of legal solutions implemented by Napoleonic Empire in the Duchy of Warsaw and to show French Codes in use in the Congress Kingdom<sup>48</sup>. Piotr Pilarczyk (2013) is showing quite similar approach as Gałędek when it comes to the long term consequences of establishing law but also he is pointing out that in Polish historiography the economic history and history of law are connected with each other in the terms of study but there are a lot of gaps and lack of network between scholars that are specialized in history of law and those who are specialized in the history of the economy<sup>49</sup>.

The last aspect of the literature review is the holistic approach to the economics of the Duchy of Warsaw by Rafał Kowalczyk (2010)<sup>50</sup>. I want to take it from different viewpoint – from two critical reviews of this book from the Polish history journals by two the Polish scholars both are negative and because of that I decided to not include at all work by Kowalczyk. It has to be explained why it has been seen as negative book. As we start with review by Pilarczyk (2012), we can read that whole work is done wrong because of a quite a lot of things, the book has chaotic and has not well organised chapters and do not have any subchapters which is making difficult this book in use. Beside the fact that the author is re-using the same arguments, information, and footnotes in the same context in other places without any further information, he also used, for a whole book only 1 table and without any

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<sup>45</sup> Anna Klimaszewska and Michał Gałędek, 'Stosowanie Norm Francuskiego Kodeksu Handlowego w Księstwie Warszawskim, Konstytucyjnym Królestwie Polskim i Rzeczypospolitej Krakowskiej w Świetle Aktów Notarialnych', in *Studia z Dziejów, Państwa i Prawa Polskiego*, ed. Jerzy Malec, vol. XIX (Kraków: Oficyna Wydawnicza AFM, 2016), 135–136.

<sup>46</sup> *Ibidem*, 137 – 138.

<sup>47</sup> Anna Klimaszewska and Michał Gałędek, 'The Implementation of French Codes on the Polish Territories as Instruments of Modernization – Identifying Problems with Selected Examples', in *Le droit comparé et: actes de la conférence annuelle de Juris diversitas 17-19 juillet 2014, Aix-en-Provence Faculté de droit et de science politique, Aix-Marseille Université = Comparative law and, ed. Alexis Albarian et al., Droits, pouvoirs et sociétés (Juris Diversitas, Aix-en-Provence: Presses Universitaires d'Aix-Marseille, 2016), 75–82.*

<sup>48</sup> Michał Gałędek, *Koncepcje i projekty nowego ustroju administracji dla przyszłego Królestwa Polskiego: studium z dziejów myśli administracyjnej* (Sopot: Wydawnictwo Arche, 2017).

<sup>49</sup> Pilarczyk, 'Polityka Gospodarcza Jako Czynniki Kształtowania Rozwiązań Prawnych. Wpływ Na Regulacje Celne w Polskiej Skarbowości Od XVIII Do XX Wieku', 73.

<sup>50</sup> Rafał Kowalczyk, *Polityka gospodarcza i finansowa Księstwa Warszawskiego w latach 1807-1812*, Wydanie 1 (Łódź: Wydawnictwo Uniwersytet Łódzkiego, 2010).

information to which year this data belongs. There is no theory about of financial and economic policy and he often use as the synonym to the financial – fiscal policy. He is also beryl mentioned the topic of practical dimension of the financial and economic policy as well as the basic primary and secondary sources according to Pilarczyk<sup>51</sup>. On further pages Pilarczyk is describing false arguments of Kowalczyk, that either are from lack of knowledge of author about particular area of subject like claiming that administration in the Duchy was fully Prussian or biased interpretation of data – that Poznan’s population growth during Prussian rule before establishing the Duchy of Warsaw, to Kowalczyk it was higher economic position of this city, Pilarczyk shown that this growth of population was because of administration borders of Poznan were expanded for its downtowns and that had nothing in common with economic growth<sup>52</sup>. Beside misplacing or misspelling towns, names, documents, terms, numbers there are also false information based on those mistakes of misplacing and misspelling<sup>53</sup>. Pilarczyk ended his review with negative opinion about work of Kowalczyk and wrote that this attempt was unsuccessful, and the history of finance and economy of the Duchy are still not described properly<sup>54</sup>. Second review is by Piotr Degen (2013) at the beginning he is writing Kowalczyk took very hard and ungrateful task to make an attempt to write about this particular topic which is still avoiding by scholars<sup>55</sup>. From the first page Degen is writing that Kowalczyk decided to write the book against facts, against information that primary and secondary sources are presenting and against principles of economy as well as on other rules set by Aristotelian logic<sup>56</sup>. The rest of the review is quite similar to the review by Pilarczyk but in my opinion, Degen is more, cruel (!) to Kowalczyk as being mean he is also very detailed about every mistake made by Kowalczyk, there are quite a lot of them, and I want to translate and paraphrase only three of them. Kowalczyk is using the term of visible hand not as Alfred Chandler about modern management of companies but as the synonym of state protectionism on the other hand Kowalczyk named Prussian administration as the invisible hand of market. Second mistake on the very same page of review, Degen is writing about Kowalczyk’s theory that increase of taxation in regions taken by Prussia from Commonwealth were done in order to increase economic

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<sup>51</sup> review of Rafał Kowalczyk, *Polityka gospodarcza i finansowa Księstwa Warszawskiego w latach 1807–1812*, Łódź 2010, Wydawnictwo Uniwersytetu Łódzkiego, ss. 391, by Piotr Pilarczyk, *Kwartalnik Historyczny* 119, no. 4 (2012): 835–837.

<sup>52</sup> *Ibidem*, 837.

<sup>53</sup> *Ibidem*, 837 – 839.

<sup>54</sup> *Ibidem*, 840

<sup>55</sup> 137.

<sup>56</sup> 137 - 138

growth. Degen is writing that there is no economic theory that would link increase of taxation with economic growth and publishing this idea in more than 200 copies could revolutionize global economy.<sup>57</sup> Kowalczyk is also giving the Prussian peasants brought from core part of Prussia to taken lands of Commonwealth from partition that their superior agriculture abilities were increasing income to the budget, he is missing the fact, that those peasants were free from paying taxes and fees and they just couldn't make any income to budget, also when it comes to year 1808 and 1809 we can observe mass emigration back to Prussia from the Duchy of Warsaw, Degen is writing that those people who, according to Kowalczyk, can't pay rent despite the fact of superior agriculture skills and technique<sup>58</sup>. After few pages of pointing out mistakes, Degen also done the same thing as Pilarczyk, emphasizing misplacing, and misspelling of places, documents, people, dates, institutions<sup>59</sup>. Degen finished his review with calling Kowalczyk a *bricoleur*, which in English is a loanword bricolage<sup>60</sup>. Unfortunately, none of this review was answered by Kowalczyk yet.

## 1.2 Research Question

In this thesis I am providing the answer for the following main research question *What are the legal foundations and practical framework of central banking in the Duchy of Warsaw*. To answer how and to what extent Napoleonic Empire was influential on the Duchy of Warsaw – *What was the influence of France on the Duchy of Warsaw's legislative, economic, and commercial*. Because of breadth of concepts given in this sub-research question, the answer about French influence is in Chapters 2 and 3. Chapter 2 is about the economic situation of the Duchy as well as result of French decision about economic policies that were shaping the Duchy of Warsaw economic and financial condition. Chapter 3 is focused on implementation and reception of French law as it is crucial to understand how adjustment of Napoleon rules was working. Next sub-research question that helps build background and shows the ideas for Central Bank in the Commonwealth – *What was the legal foundations of central banking in pre-partition Poland*. Answer for this sub-research question is provided in the Chapter 4. Chapter 4 is focused on analyses of primary sources and to get information about hypothetical shape of Central Banking in the Duchy of Warsaw as well in the Commonwealth. The last research question compare works of Kapostas and Chrucki with first

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<sup>57</sup> review of Rafał Kowalczyk, *Polityka gospodarcza i finansowa Księstwa Warszawskiego 1807–1812*, Łódź 2010, Wydawnictwo Uniwersytetu Łódzkiego, ss. 391 + 69 il., by Piotr Degen, *Studia z Historii Społeczno-Gospodarczej XIX i XX Wieku* 12 (2013), 140.

<sup>58</sup> *Ibidem*, 141.

<sup>59</sup> *Ibidem*, 143 – 146.

<sup>60</sup> *Ibidem*, 146.

established Polish Central Bank in 1828 in order to indicate similarities of those projects as they shows analogous purpose of their goal of providing funds for development of the Polish realm. To all research question analysis of outcome of their chapters as well as the answer for the main research question is given in Conclusion to make a clear overview of arguments.

### **1.3 Conceptual framework: Central Banking.**

When it comes to banking, there has to be distinction between today meaning of central bank and historic definition of it. According to Ugolini defining central bank is quite problematic – term of central bank used since about the beginning of 19<sup>th</sup> century but that was the name of headquarter of multi-branched bank or sometime later to express the position of the Bank of England. He proposes to apply modern definition of central bank and as a result of it is the first central bank was Sweden’s Riksbank because it was first bank with prerogative of creating money. Second is applying definition of “authority” of bank which in that case transfer us to 1870s which could suggest that Bank of England (1694) was the first central bank which is suggesting that requirement of being a central bank is being a ‘bank for a bank’ or lender of last resort. The third option is Amsterdam’s Wisselbank – public Dutch bank was the first bank if we apply condition of creating credit money to existing account.<sup>61</sup> As Ugolini is writing about axiological nature of criteria as they have more judgment value and it creates unsolvable controversy, he shows alternative solution with I personally prefer and agree, is to change the *institutional approach* to *functional approach* – instead of analysing form of organization he chooses to take a closer look to functions/solutions that need to provide, and it doesn’t matter which organization is responsible for them. The first advantage over institutional point of view is functions or solutions do not have to necessarily be ranked and thanks to that they avoid trap of judgmentalism. Second is the clearer approach to definition, instead of asking what central bank is supposed to *be* – can be asked in different way – what central bank supposed to do<sup>62</sup>. Ugolini shows tasks of central bank – financial stability and monetary stability.<sup>63</sup>

### **1.4 The sources and methods**

In this thesis I used various sources to build a proper picture of Central Banking in the Duchy of Warsaw. The secondary sources are used to establish background, as the topic of research is about legal as well economic matters the usage of literature is mandatory to give context for

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<sup>61</sup> Stefano Ugolini, *The Evolution of Central Banking: Theory and History*, Palgrave Studies in Economic History (London: Palgrave Macmillan, 2017), 9 – 10.

<sup>62</sup> *Ibidem*, 11 – 12.

<sup>63</sup> *Ibidem*, 13.

the analysis of the primary sources, to know why the Central Bank appeared as an idea and what was the purpose of such institution in economic plan of the state. In this thesis I will analyse a few kinds of primary sources. First are the legal propositions from the time of the Duchy of Warsaw as well as the Commonwealth. There are two legal proposition in this thesis, first is from 1790, from the Commonwealth by merchant and banker, Andrzej Kapostas<sup>64</sup>, second type of this particular primary source is by nobleman Jan Kanty Chrucki in 1808<sup>65</sup>, both of those documents are from archive of National Library in Warsaw, Poland. Both documents as well are the most completed, presented in this thesis, plans of establishing primary sources, as I shown in chapter 4 and, besides having different core of ownership the end goal of both of them is the same – improving economic conditions of the state which is suffering from lack of industrialization. Second type are articles from the Enlightenment era Commonwealth's periodical from years 1788 – 1790, two articles were written by anonymous author in 1788<sup>66</sup> and in 1790<sup>67</sup>, they are discussion around how exactly central bank should be organized and experience of other European countries about central banking, third article was written by castellan Jacek Jezierski in 1790, who created sketch of central bank<sup>68</sup>. Detailed study on those primary sources is in Chapter 4 The last type are reprinted primary sources Protocols of the Duchy of Warsaw State Council, it was published in 2 volumes, each volume was dived into 2 parts, published in 1960<sup>69</sup>, 1962<sup>70</sup>, 1965<sup>71</sup> and 1968<sup>72</sup>. This are the most valuable documents in terms tracing discussion and legal procedure on central bank projects

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<sup>64</sup> Andrzej Kapostas, 'Planta Ułożenia Projektu Banku Narodowego Do Prześwietnej Deputacji Projektu Ekonomiki Krajowej Podana', 1790, SD XVIII 3.5992, Biblioteka Narodowa,

<sup>65</sup> Jan Kanty Chrucki, 'System Banku Skombinowanego Dla Xięstwa Warszawskiego. Projekt Prześwietnym Stanom Na Seym Zgromadzić Się Mającym Do Rozwiązania i Potwierdzenia Przedstawiony.', 1808, 2.005.462 A, Biblioteka Narodowa,

<sup>66</sup> 'Sposób Pomnożenia Majątku i Dochodu Publicznego Przez Ustanowienie Banku Narodowego.', Pamiętnik Polityczny i Historyczny Przypadków, Ustaw, Osób, Miejsc i Pism Wiek Nasz Szczególniej Interesujących IV, no. X–XIII (1788): 1020–45.

<sup>67</sup> 'Myśli i Przestrogi Nie Objęte Dla Naordu Względem Projektu Bankowego. Wzór Nowy Banku Użytecznego.', Pamiętnik Polityczny i Historyczny Przypadków, Ustaw, Osób, Miejsc i Pism Wiek Nasz Szczególniej Interesujących III–IV (1790): 1129–53.

<sup>68</sup> Jan Jezierski, 'Projekt Banku Narodowego', Pamiętnik Polityczny i Historyczny Przypadków, Ustaw, Osób, Miejsc i Pism Wiek Nasz Szczególniej Interesujących III–IV (1790): 1123–29.

<sup>69</sup> Bronisław Pawłowski and Rada Stanu Xięstwa Warszawskiego, 'Protokoły Rady Stanu Xięstwa Warszawskiego. Vol. 1, no. 1 (1960), <https://kpbc.umk.pl/dlibra/doccontent?id=25711>.

<sup>70</sup> Bronisław Pawłowski, 'Protokoły Rady Stanu Xięstwa Warszawskiego.' Vol 1, no. 2 (1962), <http://kpbc.umk.pl/dlibra/publication/edition/25713>.

<sup>71</sup> Polska. Rada Stanu Xięstwa Warszawskiego, Tadeusz Mencil, and Bronisław Pawłowski, 'Protokoły Rady Stanu Xięstwa Warszawskiego.' Vol. 2, no. 1 (1965), <http://kpbc.umk.pl/dlibra/publication/edition/25714>.

<sup>72</sup> Tadeusz Mencil and Bronisław Pawłowski, 'Protokoły Rady Stanu Xięstwa Warszawskiego.' Vol. 2, no. 2 (1968), <http://kpbc.umk.pl/dlibra/publication/edition/25715>.

in the Duchy of Warsaw as due to massive destruction of archives gathered in Warsaw during Second World War<sup>73</sup>, the ways of indicating result of such legislation works are very limited.

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<sup>73</sup> ‘Straty Wojenne w Warszawskich Archiwach Wyniosły 90–95 Proc. Ich Przedwojennych Zasobów’, accessed 31 May 2023, <https://dzieje.pl/wiadomosci/straty-wojenne-w-warszawskich-archiwach-wyniosly-90-95-proc-ich-przedwojennych-zasobow>.



## 2. Economy background of the Duchy Warsaw

I believe that in order to understand development of ideas for central banking in the Duchy of Warsaw, we should first look at:

1. International Commercial situation of the Duchy of Warsaw.
2. Economic situation of the Polish realm.
3. French Influence on the Duchy of Warsaw.

First point is about commercial situation of the Duchy in the Europe, impact of certain French policies like the Continental Blockade on trade of the Duchy of Warsaw. Second point is about describing Such factors as poor condition not only of the state of the Duchy but also citizen of the Duchy, lack of investment into industry, tax burdens due to war etc., had their impact on the ideas how to rebuild Polish economy. Second point is also crucial to understand why there was a need for central bank that would also support industrialization of the Duchy of Warsaw and plan for central bank like this is described in Chapter 4. The third point of this list is whole other chapter due to significance of it. as the French Empire was creator of the state and constitution of the Duchy<sup>74</sup> and all the foreign policy including foreign aspects of economic, and commercials were under control of Kingdom of Saxony as well as under French control. Grochulska wrote that the line of policy was between interest of Kingdom of Saxony and French Empire<sup>75</sup>. Frederick Augustus as the Duke of Warsaw accordingly to the formula in Constitution granted by Napoleon that “government is in the person of the ruler” which means all executive prerogatives are in the hand of King of Saxony<sup>76</sup>. When it comes to see an image of the economy of the Duchy of Warsaw, from more holistic perspective we have 3 different influences, Saxon, Polish and French, moreover problems of wars in 1809 and 1812, supplying not only state armies but also allied, mostly French, new taxes, fast changing geopolitical situation of the Duchy and other issues are making whole economic picture of the Duchy of Warsaw complex and unclear.

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<sup>74</sup> Czuby, ‘Księstwo Warszawskie – Pierwsze Nowoczesne Państwo Polskie?’, 366.

<sup>75</sup> Grochulska, Handel zagraniczny Księstwa Warszawskiego: z badań nad strukturą gospodarczą, 114.

<sup>76</sup> Czuby, ‘Księstwo Warszawskie – Pierwsze Nowoczesne Państwo Polskie?’, 366.

## 2.1 International Commercial Situation of the Duchy of Warsaw

Existence of the Duchy of Warsaw during Napoleonic Wars put significant meaning on the commercial situation of the Duchy. The first topic is Continental Blockade. The Napoleonic idea of blockade of Great Britain can be seen in two ways – as economic warfare and as mercantilist style of economic policy but as Aaslestad is writing it also led to chaos and rapid transformations in commercial world<sup>77</sup>. I shall begin with the other perspective than Polish to give a short example for reader to make those issues clearer. Instead of writing how the Continental Blockade affected on trade relations in Amsterdam or London decided to described situation of Riga, port city in Russian Empire at that time, and influence on trade situation in this city caused by embargo on trade with Britain. It is because the Riga is in the same region of Europe as Gdańsk and at the very same sea – the Baltic Sea. Riga – it was one of the most important trade cities in Russian Empire – 20 to 24 per cent of total Russia's export.<sup>78</sup> English merchants and their ships were significant and often visitors of this port, over 2100 ships which were in total 20.1 per cent of the total sum of the ships in years 1802 and 1804<sup>79</sup>. On 17 November 1807 was published *ukase* of Alexander I about breaking commercial relations with England, as it was one of the points of the Treaty of Tilsit. Anita Čerpinska is comparing the dynamics of Riga export in years 1801 – 1817 – this data is showing massive drop of amount of ships from year 1806 ( 2096 ships, export value 15 547 thousands roubles) comparing to years 1807 ( 1154 ships, export value 11, 525 thousands roubles) and 1808 ( 284 ships, export value 5882 thousands roubles) but it increased during years 1809 – 1817 ( from 745 ships and export value of 19,596 thousands roubles, to 1774 ships and 71,399 thousands roubles)<sup>80</sup>. England was holding 10.3 per cent of Riga's export market, between years of the Continental blockade in Russia (1807 – 1812), United States became one of the biggest players on Riga's trade market, when the English merchants were

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<sup>77</sup> Katherine Aaslestad. "Revisiting Napoleon's Continental System: Consequences of Economic Warfare," in: Katherine Aaslestad and Johan Joor, eds., *Revisiting Napoleon's Continental System: Local, Regional and European Experiences, War, Culture and Society, 1750-1850* (Houndmills, Basingstoke, Hampshire; New York, NY: Palgrave Macmillan, 2015), 2 – 3.

<sup>78</sup> Anita Čerpinska, 'Riga Export Trade at the Time of the Continental Blockade (1807– 1812)', in *Revisiting Napoleon's Continental System: Local, Regional and European Experiences*, ed. Katherine Aaslestad and Johan Joor, War, Culture and Society, 1750-1850 (Houndmills, Basingstoke, Hampshire; New York, NY: Palgrave Macmillan, 2015), 242.

<sup>79</sup> Čerpinska, 'Riga Export Trade at the Time of the Continental Blockade (1807– 1812)', 243.

<sup>80</sup> *Ibidem*, 246.

banished from Russian's ports<sup>81</sup>. Together with American merchants, Dutch merchants were mainly purchase flax and hemp. Napoleonic times also changed commercial relations with Sweden, before 1807 Sweden was mainly interest in buying hemp and rye, due to the Continental Blockade, they have become also interested in timber and flax. American merchants were absent during years 1801 – 1806 and in years 1807 – 1812 were the second most significant buying power of Riga's goods, first became Sweden (it was on the 6<sup>th</sup> position in years 1801 – 1806) and the third position was Holland (in years 1801 – 1806 it was on the third position as well). In Riga as well in the other cities, the Continental Blockade had also social consequences among citizens. Illegal trade and smuggling were a way to survive due to fact of rapid changes. For many merchants it was also time of bankruptcy – not only caused by the Continental Blockade but also by later war with Napoleonic France in year 1808 Riga face the crisis and shortage of coinage, gold, and bullions<sup>82</sup>. Income of the city returned to the same level as it was before the Continental Blockade in year 1809 to fall down in next years and reach its lowest point during war in 1812<sup>83</sup>. Grochulska's work titled *Foreign Trade of Duchy of Warsaw: from studies about structures of economy* is giving extensive range of information and details when it comes to trade relations and data in Gdansk. Changes after the Continental Blockade were significant. Main merchant power were English traders, in years 1798 – 1805, they were 36,8% sum of total trade ships in Gdańsk's port. There is also another data about how many ships sail into Gdańsk and how many sail out in years 1798 – 1805, the first is England – 3 318 ships in and 4 044 ships out, second and third are Denmark ( 2 108 in and 1 767 out) and Netherlands ( 1 790 in and 1 438 out).By having this data, Grochulska indicate that this amount of ship was used because those countries like Denmark and Netherlands were massively exporting grain but we see that relations with England were more oriented to import, nevertheless export of grains to England was in total half of the general export of Gdańsk's port ( 1793 – 1805), which was (in lasts) 289 556,5 and in second place was Netherlands (102 401,25 lasts) with 17,8% sum of total export of grain. But if we look closely, we see total Britain domination in exporting grain in particular years: 1800 – 90%, 1801 – 74% and 1805 – 73% of total sum<sup>84</sup>. Data about exporting wheat from Gdańsk is showing that it was disrupted by the Continental Blockade, in last is given volume of wheat – which was in 1805 – 52 412, in next year, 1806 – was only

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<sup>81</sup> Barbara Grochulska, *Handel zagraniczny Księstwa Warszawskiego: z badań nad strukturą gospodarczą* (Warszawa: Państwowe Wydawnictwo Naukowe, 1967), 248.

<sup>82</sup> Grochulska, *Handel zagraniczny Księstwa Warszawskiego: z badań nad strukturą gospodarczą*, 252.

<sup>83</sup> *Ibidem*, 253.

<sup>84</sup> *Ibidem*, 174 – 177.

15 344. It took almost 25 years for Gdańsk to export excessive amounts of wheat as they were used to before the Continental Blockade.<sup>85</sup> The merchants from Gdańsk were writing letters to French officials about license to trade Great Britain because this economical war will make them bankrupt. Even if such permission were for sale, they were so expensive that was beyond reach for merchants. French officials in Gdańsk were so corrupted that smuggling was even possible during daytime<sup>86</sup>. But there was also positive news about the Continental Blockade, in years 1806 – 1811, prices of rye dropped by 48% and prices of wheat dropped by 40%<sup>87</sup>. The Continental Blockade was disaster to trade relations in Gdańsk as well as for earlier mentioned Riga. I created based on data given by Grochulska and Čerpinska, changes in export of all types of grain between 1800 and 1818 in Gdańsk (Graph 1) and Riga (Graph 2) to visual how the Continental Blockade and war itself disrupted trade with grain and how slow was recovery. I also unify measurement units to litres. Empty spaces on export grain in case of Gdańsk are because of missing archives that would give this data.

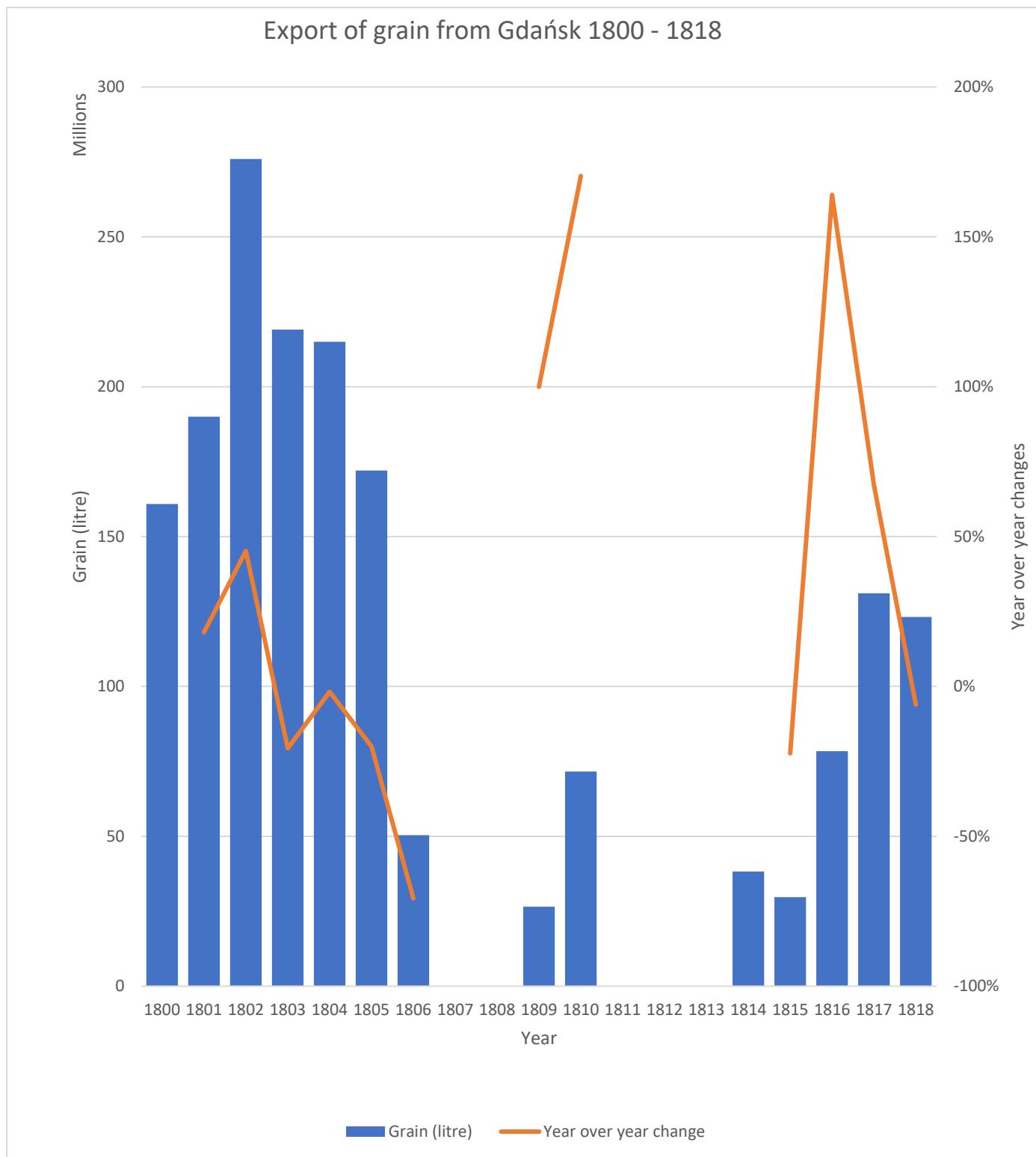
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<sup>85</sup> Ibidem, 185.

<sup>86</sup> Ibidem, 190 - 193.

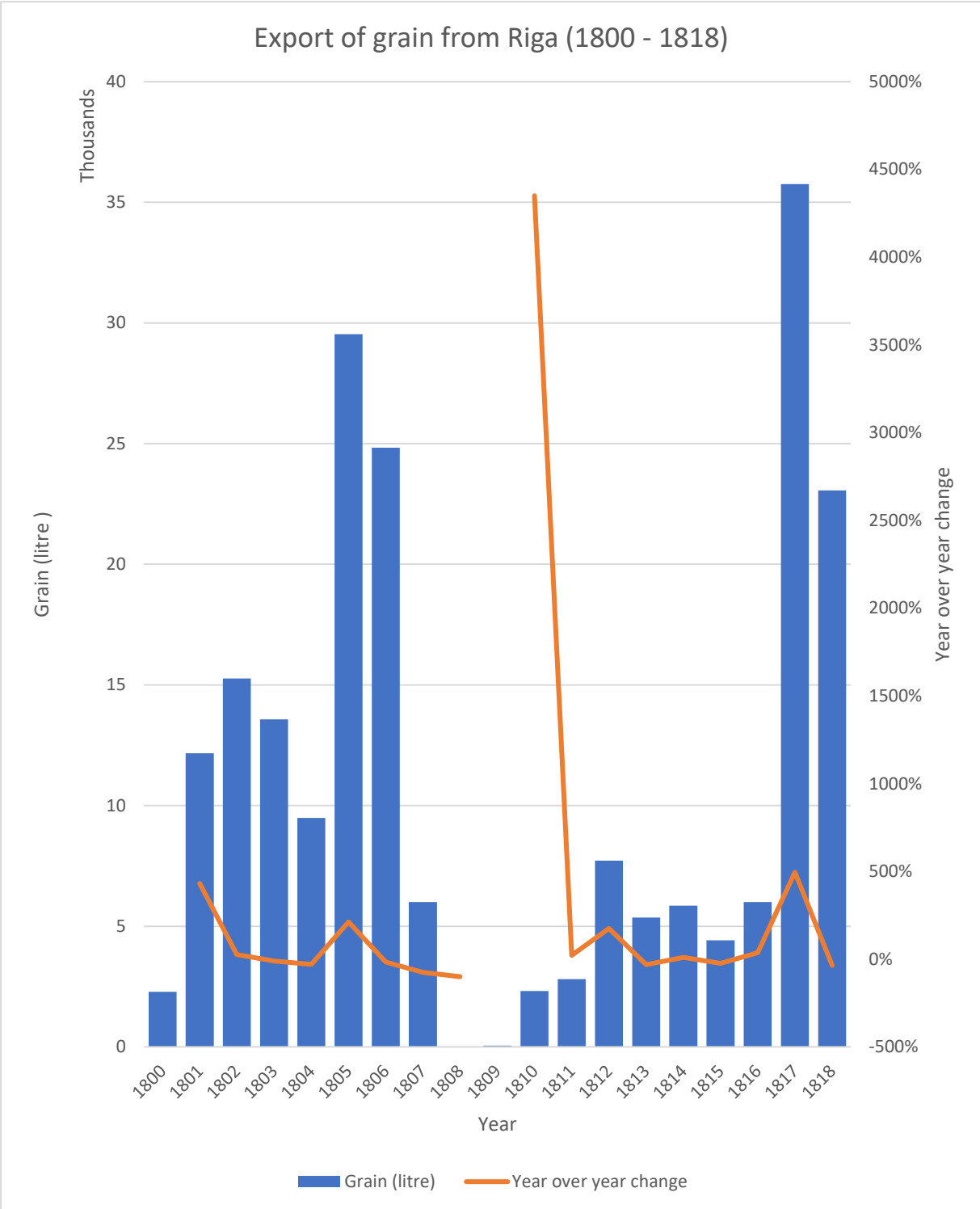
<sup>87</sup> Jacek Przygodzki, 'Problematyka Handlu Pod Rządami Rady Najwyższej Tymczasowej Księstwa Warszawskiego 1813-1815', 2021, 140.

Graph 1



Source: Barbara Grochulska, *Handel zagraniczny Księstwa Warszawskiego: z badań nad strukturą gospodarczą* (Warszawa: Państwowe Wydawnictwo Naukowe, 1967), 186 – 187.

Graph 2



Source: Anita Čerpinska, 'Riga Export Trade at the Time of the Continental Blockade (1807– 1812)', in *Revisiting Napoleon's Continental System: Local, Regional and European Experiences*, ed. Katherine Aaslestad and Johan Joor, War, Culture and Society, 1750-1850 (Houndmills, Basingstoke, Hampshire; New York, NY: Palgrave Macmillan, 2015), 250.

The Continental Blockade was one of many factors, which was making economic situation of the Duchy of Warsaw relatively harsh – as for the government and budget as well as for merchants and regular people. One of the decisions of the temporary government established by Russian Empire in the Duchy on 13<sup>th</sup> March 1813, was to make commercial law more liberal. They concluded that the economic situation in the Duchy was tragical - lack of the industry and commercial, finances of the Duchy were as well in bad condition<sup>88</sup>. On 9<sup>th</sup> September 1813 Russian Emperor, Alexander I, decreed, that from this date, there will be no extra fees and taxes on English products<sup>89</sup> which means, for the Duchy of Warsaw, end of the tariff war with the Great Brittan. The corruption among bureaucrats was tremendous, after lowering import taxes fees there was much more trade in the Duchy but income from the tariff tax was lower in 1813 (869 807 Złoty) even if we compare that to 1811(882 180 Złoty) when it was still ongoing commercial warfare. Temporary Government made some steps toward to improve this situation and in 1815 this sum was more than doubled – 1 760 083 Złoty<sup>90</sup>.

## 2.2 Economic Situation in the Duchy of Warsaw

Without any doubt economic condition of the Duchy of Warsaw was not great. Realm created in the middle of wars between Napoleon and opposing him coalition is not factor that would support building stable and prosper economy. Not long after establishing Duchy, there was another war with Austria in 1809 and there was war in 1812 till 1813, as Russian army walked into the Duchy. In total there were years 1808, 1810, 1811 and 1814 - 1815 as five years relative peaceful years of development. As I mentioned earlier, the continental blockade creates great disturbance in trade in the Duchy of Warsaw it also means shortage in of particular trade goods. Those conditions and smuggling of those goods create informal economic situation in the Duchy which can be called *black market* and according to Kochanowski, birth of black market was during the French Revolution and the Continental Blockade was one of the factors of further development of illegal trade practices<sup>91</sup> and he is

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<sup>88</sup> Przygodzki, 'Problematyka Handlu Pod Rządami Rady Najwyższej Tymczasowej Księstwa Warszawskiego 1813-1815', 137 – 138.

<sup>89</sup> Ibidem, 140.

<sup>90</sup> Ibidem, 141.

<sup>91</sup> Jerzy Kochanowski, 'Ekonomia nieformalna czyli ile może mieć kolorów czarny rynek.', in Historia gospodarcza: problemy i metody: studia w stulecie powstania poznańskiej szkoły historii gospodarczej, ed. Tadeusz Janicki (Poznań: Wydział Historii UAM, 2020), 366.

also pointing out very key issue – the black market is not presented because of lack of certain goods but because of need for them<sup>92</sup>.

There are other evidence showing disorder in the economy of the Duchy. Those data are showing macro scale comparison of wealth. But there are few things about this research of Malinowski and von Zaden – firstly they are giving data about region of Cracow so it can be different from whole country. Also, Malinowski and von Zaden are using \$PPP from 1990 and Bukowski et al. – which are next – \$PPP from 2011. It can be seen that GDP per capita given by Malinowski and van Zaden in compare to Great Britain and Netherlands is showing around three time higher values ( respectively 1513 \$PPP and 1620 \$PPP to 569\$PPP) before Industrial revolution around 1700 but when we look at data for year around 1820 (which is the closest date to my research given in this paper), difference is still three times higher ( respectively 2074 \$PPP and 1886 \$PPP to 634\$PPP)<sup>93</sup>. When it comes to data given by Bukowski et al., I chose the data for period around 1810 and from lands taken by Prussian and Austrian because that were the lands forming the Duchy of Warsaw, not entirely but huge part so the given data will be estimation for the Duchy. For Prussian's regions it was 1576 \$PPP and for Austrian's regions it was 1138 \$PPP which in average is 1357 \$PPP<sup>94</sup>. As compared to available data for United Kingdom (1810) and Netherlands (1808) for the same 2011 \$PPP, respectively there are 3410 \$PPP and 2971 \$PPP<sup>95</sup>. Taking data given by Bukowski et al., those GPD per capita of United Kingdom and Netherlands, are respectively bigger about two and a half times and two times. So, there can be made an assumption that Cracow was poorer than the average for the Duchy of Warsaw. As there is data about GPD per capita there is also recent work of Wroński who made estimation about scale of taxpayers in the Duchy of Warsaw which is leading to the following information. The total population of the Duchy of Warsaw was 4 300 000 residents but as Wroński is claiming, the specific data that can help establish view of taxpayers in the Duchy is only available for Kalisz Department<sup>96</sup>. I can say the same thing, going through digital available set of documents there are visible lack of many

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<sup>92</sup> Kochanowski, 'Ekonomia nieformalna czyli ile może mieć kolorów czarny rynek.', 364.

<sup>93</sup> Mikołaj Malinowski and Jan Luiten van Zanden, 'Income and Its Distribution in Preindustrial Poland', *Cliometrica* 11, no. 3 (September 2017): 401, <https://doi.org/10.1007/s11698-016-0154-5>

<sup>94</sup> Maciej Bukowski et al., 'Urbanization and GDP per Capita: New Data and Results for the Polish Lands, 1790–1910', *Historical Methods: A Journal of Quantitative and Interdisciplinary History* 52, no. 4 (2 October 2019): 222, <https://doi.org/10.1080/01615440.2019.1580171>.

<sup>95</sup> Maddison Project Database, version 2018. Bolt, Jutta, Robert Inklaar, Herman de Jong, and Jan Luiten van Zanden (2018), "Rebasing 'Maddison': new income comparisons and the shape of long-run economic development", Maddison Project Working paper 10.

<sup>96</sup> Marcin Wroński, 'Income Inequality in the Duchy of Warsaw (1810/11)', *Scandinavian Economic History Review*, 2 December 2022, 2,4, <https://doi.org/10.1080/03585522.2022.2148736>.



volumes of documents – which is an issue when it comes to condition of archives, more than 90 percent of archives material were destroyed because of II World War<sup>97</sup>. Taxpayers are divided into ten classes (I – X)<sup>98</sup> based on their wealth, from non-stable source of income taxpayers – which is approximately 2.5 % of total population of the Kalisz Department<sup>99</sup>, the rest is given in Table 2.

**Table 1.** Division of taxpayers.

Group	Example of occupation or material status.
I	Poor without any stable source of income
II	Small farmers, hired peasant
III	Medium – size farmer, some artisans, servants
IV	Landowners – whole village, successful artisans, innkeeper, priests
V	Owner of 2 villages, higher officers, bookkeepers, merchants in bigger towns
VII	Owner of 3 to 6 villages, lawyers, public officials, owners of palaces
VIII	Owners of 7 to 11 villages, abbots, most successful merchants, goldsmiths
IX	Owners of 12 villages, bishops and archbishops, suppliers of the army, bankers
X	Owner of more than 12 villages, all persons receiving over 40 000 zł from public funds

Source: Marcin Wroński, ‘Income Inequality in the Duchy of Warsaw (1810/11)’, *Scandinavian Economic History Review*, 2 December 2022, 5, <https://doi.org/10.1080/03585522.2022.2148736>.

<sup>97</sup> ‘Straty Wojenne w Warszawskich Archiwach Wyniosły 90–95 Proc. Ich Przedwojennych Zasobów’, accessed 31 May 2023, <https://dzieje.pl/wiadomosci/straty-wojenne-w-warszawskich-archiwach-wyniosly-90-95-proc-ich-przedwojennych-zasobow>.

<sup>98</sup> See Table 1.

<sup>99</sup> Wroński, ‘Income Inequality in the Duchy of Warsaw (1810/11)’, 5.

**Table 2.** The number of taxpayers revenues from them

<i>Categories of taxpayers</i>	<i>II</i>	<i>III</i>	<i>IV</i>	<i>V</i>	<i>VI</i>	<i>VII</i>	<i>VIII</i>	<i>IX</i>	<i>X</i>
<i>Absolute numbers</i>	72 560	55 656	6 573	1 386	1 469	594	180	136	105
<i>% of taxpayers</i>	52.33	40.14	4.74	1.00	1.06	0.43	0.13	0.10	0.08
<i>% of income from taxes</i>	27.79	42.63	10.07	3.18	5.63	4.55	2.07	2.08	2.01

Source: Marcin Wroński, 'Income Inequality in the Duchy of Warsaw (1810/11)', *Scandinavian Economic History Review*, 2 December 2022, 5, <https://doi.org/10.1080/03585522.2022.2148736>.

It can be clearly seen that II and III class of the taxpayers are creating together 92,47% of taxpayers which are responsible for paying over 70% of total sum of taxes. The middle class is practically non existing, only 6.8% of taxpayers and 0.08 percent of top class of taxpayers is generating 2% from total sum. This data is very helpful in creating social image of the Duchy of Warsaw, with mostly agrarian oriented society in which middle class is practically non-existing.

To realise how this young state was absorbed with war, it is worth it to mention 90% of public spending were on military<sup>100</sup> which limit any other inventions in roads, industry, or other elements of civil infrastructure. In work of Złotkowski there is more insight look into how war affected development of cities – as it was before – in Kalisz Department. Złotkowski gave perspective of burdens of regular citizens of the Duchy – while the nobility was giving hospitality to one or two officers, artisans was obligated to take care of even 12 (!) common soldiers<sup>101</sup>. He is also pointing out few other situations on this and next page which led to conclusion that not only state budget was burdened with military spending, but also regular citizens had to play they role in this situation also. Conscription is also negative factor on economic development but it's quite hard to say how exactly it disturbed local

<sup>100</sup> Wroński, 'Income Inequality in the Duchy of Warsaw (1810/11)', 3.

<sup>101</sup> Złotkowski, *Miasta departamentu kaliskiego w okresie Księstwa Warszawskiego*, 68.

manufacturing<sup>102</sup> and about similar things was writing Surowiecki in 1810 that artisans are only making money to pay taxes and there is very little from their savings to develop further and upgrade their business<sup>103</sup> on the other hand, the presence of the armies, created demand on certain services and goods which were also determining popularity of particular branches of craftsmanship like cooper, shoemaker, blacksmiths etc., but under such burdens mentioned earlier, in terms of numbers it was not impressive<sup>104</sup> and without those, it is easy to make assumption that it could be developed more. As well as for citizens as for local authorities' maintenance of allied armies in the towns was real challenge – logistic and economic – and receiving money back for hospitality was another challenge but with bureaucracy<sup>105</sup>. There is also letter from inhabitants of town, Goliny, destroyed by French Army in January, in which they were writing to abolish for some period of time, taxes and other fees that they were obligated to pay, this offer was rejected by authorities<sup>106</sup>. On the other hand, development of economy is long term process, and first buildings of textile industry were established in 1801, in 1810 authorities allowed 8 people to establish factories that were using Cichorium as their raw resource. The most successful industry was alcohol one – demand on this industry was multiplied by armies located in the Duchy<sup>107</sup>. But realm could only really on domestic investors because foreign investors, from Netherlands for example, were too afraid to invest big sums into newly created, in uncertain position and in heavy debts (Bayonne sums are great example) state<sup>108</sup>.

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<sup>102</sup> Ibidem, 70.

<sup>103</sup> Wawrzyniec Surowiecki, *O Upadku Przemysłu y Miast w Polsce* (Warsaw, 1810), 60 - 61, <https://polona.pl/item/o-upadku-przemyslu-y-miast-w-polszce,MTA2MDA2MzQ/4/#info:metadata>.

<sup>104</sup> Złotkowski, *Miasta departamentu kaliskiego w okresie Księstwa Warszawskiego*, 229.

<sup>105</sup> Ibidem, 83 – 84.

<sup>106</sup> Ibidem, 163 – 164.

<sup>107</sup> Ibidem, 227 – 229.

<sup>108</sup> Jarosław Czuby, *Księstwo Warszawskie (1807-1815)*, (Warszawa: Wydawnictwa Uniwersytetu Warszawskiego, 2021), 190 – 192.

### 3. French Influence in the Duchy of Warsaw

The history of French influence in the Duchy of Warsaw was partially taken into consideration in section of economic background of this realm. Here I want to take focus on mainly legal and political influence on the Duchy by the French Empire. As Czubyty is writing – the lack of proper sovereignty of last decades in Commonwealth was nothing new and Napoleon was replacing Catherine II and political elites knew well how to operate under foreign influence. This style involves backstage negotiations, gaining favour of particular group of interest etc., but was the difference between Napoleon and Catherine II, Napoleon was “enlightened” emperor, whom, from Duchy of Warsaw perspective, seemed easier to accept for most of the society<sup>109</sup>. It is also visible in statement of Polish Jacobins, who were saying that Napoleon is unique opportunity to get outcome of revolution without bath of blood from beginning the revolution<sup>110</sup>. Also, it is very important to understand what is hidden under influence of Catherine II in last decades of Commonwealth – the power was divided among so many fractions that it was almost impossible to rule and in fact for the most time, nobody ruled. What Napoleonic constitution offered – was actual chance to have the power to rule for elite and King of Saxony who was under personal union with the Duchy. Frederick I of Saxony was most of his time as the ruler in Saxony, not quite often visiting the Duchy, it was another factor of giving more power to Polish elites of the Duchy of Warsaw<sup>111</sup>. But on the other hand, if particular ministry wanted to make some changes, they had to wait for respond from Dresden with approval or disapproval from their Duke which took weeks until answer arrives to the Warsaw<sup>112</sup>. There were two major legal acts given by French Empire to the Duchy – Constitution and Napoleonic Code. Despite the fact of having those legal acts in the Duchy from French conferment, they were partially modified to Polish tradition from pre-partition time. Nevertheless, there were significant changes that transformed decentralized realm into highly centralized country with powerful political figure of Duke in person of Frederick I of Saxony. The example of element, which was preserved in new the Duchy, was two – chamber parliament with system of direct election to them. Taking into consideration the

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<sup>109</sup> Jarosław Czubyty, ‘The Attitudes of the Polish Political Elite towards the State in the Period of the Duchy of Warsaw, 1807–1815’, in *Collaboration and Resistance in Napoleonic Europe*, ed. Michael Rowe (London: Palgrave Macmillan UK, 2003), 173, [https://doi.org/10.1057/9780230294141\\_10](https://doi.org/10.1057/9780230294141_10).

<sup>110</sup> Czubyty, ‘Księstwo Warszawskie – Pierwsze Nowoczesne Państwo Polskie?’, 373.

<sup>111</sup> Czubyty, ‘The Attitudes of the Polish Political Elite towards the State in the Period of the Duchy of Warsaw, 1807–1815’, 176.

<sup>112</sup> Michał Gałdecki, ‘Prawne i Polityczne Uwarunkowania Statusu Ministra Księstwa Warszawskiego’, in *Studia z Dziejów, Państwa i Prawa Polskiego*, ed. Jerzy Malec, vol. XVI (Kraków: Oicyna Wydawnicza AFM, 2013), 152 – 153.

prerogatives of the duke and comparing that to the prerogatives of the two-chamber parliament, it can be said that it was strong monarchy with superficiality parliament<sup>113</sup>. Centralization of bureaucracy was also effect of implementation of Constitution given by Napoleon and those administration order was little bit modified or even just copied French administration solutions, but it was only to general rules, as we go more into detailed principles, the more adjustments are done to adapt them to the situation of the Duchy of Warsaw. On the top of the Duchy administration were Council of the State – directly implemented from the French bureaucratic system. Unknown to French, Council of Ministers. This particular model was divided into 5 different departments: War, Treasury, Police, Domestic Affairs and Justice. Those offices were created on Emperor's decree from 14<sup>th</sup> January 1807 and later lead by French minister – Hugues-Bernard Maret, who after consultation with political elites of the Duchy, lead to discussion how many departments should be, at the end, 5 of those departments were created and final decision belonged to France<sup>114</sup>. Napoleonic paradigm of creating administration as base to create other models in Europe was very popular in first half of 19<sup>th</sup> century. Local administration was also very different from pre-partition solutions, prefects were in charge of departments and responsible for districts were subprefects, but rural areas still had their right to choose head of commune<sup>115</sup>. Napoleonic Code was also important change into Polish legislation but as the history of implementation it to the Duchy shown, it was too radical to more conservative parts of elite. As changes as introduction of common judiciary, separation of criminal and civil courts and new institutions like notaries, were creating some confusion among part of elites, the main opposition was against abolition of serfdom created by old and wealth noble families. The main support to legal and societal changes were among the noble houses that were supporting spreading enlightenment and were against anarchic liberties. Changes were also supported by poor noblemen and townspeople – this is supported by observation of two French – resident in the Duchy, Etienne Vincent, and Marshal Davout but their point of view could be distorted by Polish Jacobins' biased opinions about nobility<sup>116</sup>. Jacobins were for *en bloc* implementing of French Constitution in the Duchy of Warsaw and they were also seeing every Napoleonic institution as perfection due to fact Napoleon as a revolutionist was leader of progress of

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<sup>113</sup> Czuby, 'Księstwo Warszawskie – Pierwsze Nowoczesne Państwo Polskie?', 366 – 368.

<sup>114</sup> Michał Gałędek, 'Miejsce Resortu Spraw Wewnętrznych w Administracji Księstwa Warszawskiego', *Krakowskie Studia z Historii Państwa i Prawa* 6, no. 4 (2013): 407 – 408.

<sup>115</sup> Michał Gałędek, *Koncepcje i projekty nowego ustroju administracji dla przyszłego Królestwa Polskiego: studium z dziejów myśli administracyjnej* (Sopot: Wydawnictwo Arche, 2017), 55.

<sup>116</sup> Czuby, 'The Attitudes of the Polish Political Elite towards the State in the Period of the Duchy of Warsaw, 1807–1815', 174.

civilization and every government and legal model are worth of application because they have universal values and also at the same time they are permanent for every time, place, and country<sup>117</sup>. After two changes, on 21<sup>st</sup> December 1807 which was changed in favour of nobility, peasants gained personal freedom, but the land they were working on, was still a property of nobility. The second was suspending civic rights of Jews<sup>118</sup>. The implementation of French solutions was not mandatory, in fact, changes had to be strict on rules given by Constitution and French influence on law and administration was used as a general way of changes and reforms, details of those were comprises or not finished projects because of end of the Duchy<sup>119</sup>. The new things that were implemented based on French example had their main objective on extending influence of centralized government on public opinion. That means creation of censorship of publications and press as well as creating propaganda for domestic purpose. The state propaganda also stands for creation of ‘Journal of Law’ which was based on French custom of announcements of law acts. Second paper was ‘Department Journal’ which was used as one of methods to educate people in terms of health, hygiene, and thrift<sup>120</sup>. The peak of administrative reforms was on 20<sup>th</sup> June 1810, when commission of deputies for changes in administration was created. They goal was to show the ways, how to improve ineffective administration but only on level below the Constitution, as the Constitution is a gift from Napoleon, and it cannot be change in any manner. Report was ready on 19<sup>th</sup> January 1811 and from the perspective of searching for French Influence and execution of it – the Duchy’s deputy commission was very sceptical about implementation of Napoleonic model into their realm. They were claiming that given law to the Duchy was not taken properly into consider before application, like difference between French and Polish state on matter of different cultural and historical heritage. What is more, they were saying that “perfection of the French law” draws our attention away from domestic issues. French solutions according to authors of this report were too advanced and whole administration was organised too chaotic and wrong, local customs and already existing structures, in order to build proper structures, should not be ignored. So all critique was focused not on the Constitution but rather on unsuccessful regular law acts that were creating system but as there was some criticism about Constitutional institutions, it was more about local ones like

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<sup>117</sup> Gałędek, *Koncepcje i projekty nowego ustroju administracji dla przyszłego Królestwa Polskiego*, 57.

<sup>118</sup> Czuby, ‘The Attitudes of the Polish Political Elite towards the State in the Period of the Duchy of Warsaw, 1807–1815’, 176.

<sup>119</sup> Gałędek, *Koncepcje i projekty nowego ustroju administracji dla przyszłego Królestwa Polskiego*, 56.

<sup>120</sup> Czuby, ‘Księstwo Warszawskie – Pierwsze Nowoczesne Państwo Polskie?’, 379.

Council of Ministers, rather than French ones.<sup>121</sup> Beside critical approach, members of commission seen the institution of Directors, French model, as desired one. It was implemented but it turns out that they are doubling position of Ministers<sup>122</sup>. Code de Commerce was another major legislation change in the Duchy of Warsaw, which was applied on 1<sup>st</sup> May 1809, it is also worth to mention that France was first country which codified their trade law. But the implementation of this Code was not full until 1817 – the time of Congress Kingdom<sup>123</sup> but, to show how legacy of this particular French legislation, it is worth to mention that it was valid until 1933<sup>124</sup> so it give us 124 years if we take into consider partial implementation and 113 years if we count from full application. As it was said in example of other legislation changes, application of law that is designed for industrializing society into feudal economic reality of the Duchy of Warsaw was hard, especially that this law was not translated into Polish language, it was fully implemented, to its boundaries, in French language. But on the other hand, that was attempt on creation frames for grow of industry and commercial relations. Code itself was also a novum and issue for interpretations. For example, it was heavy focused on maritime trade, 29 articles about captain of ship which are sub-group of group of articles about sea trade which contains in total 247 articles. When we compare that to the law about contract of sale, which is only 1 article, which in its own structure is very liberal about sale arrangements and 3 articles about stock exchange. What is more, three can be also find 80 articles about promissory note which were regulating issues around this<sup>125</sup>. Creating the commercial company was also in the regulations given by Code de Commerce but there were also problems with fully obeying this law, as for example, people were creating commercial partnership but without specifying profile of such partnership<sup>126</sup>. But it was not controversy in the public debate as the Civil Code neither it was presented in debate and later, in Congress Kingdom, it became an instrument of modernization<sup>127</sup>.

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<sup>121</sup> Gałędek, *Koncepcje i projekty nowego ustroju administracji dla przyszłego Królestwa Polskiego*, 58 – 61.

<sup>122</sup> *Ibidem*, 69 – 70.

<sup>123</sup> Łukasz Baszak, ‘Znaczenie Francuskiego Kodeksu Handlowego z 1807 r. Na Ziemiach Polskich’, 2021, 152. <https://doi.org/10.34616/23.21.030>.

<sup>124</sup> Anna Klimaszewska, ‘About the Translations of the French Commercial Code of 1807 into Polish’, *Czasopismo Prawno-Historyczne* 72, no. 1 (10 August 2020): 269 – 270, <https://doi.org/10.14746/cph.2020.1.15>.

<sup>125</sup> Anna Klimaszewska and Michał Gałędek, ‘Stosowanie Norm Francuskiego Kodeksu Handlowego w Księstwie Warszawskim, Konstytucyjnym Królestwie Polskim i Rzeczypospolitej Krakowskiej w Świetle Aktów Notarialnych’, in *Studia z Dziejów, Państwa i Prawa Polskiego*, ed. Jerzy Malec, vol. XIX (Kraków: Oficyna Wydawnicza AFM, 2016), 135 – 138.

<sup>126</sup> *Ibidem*, 140.

<sup>127</sup> Anna Klimaszewska and Michał Gałędek, ‘The Implementation of French Codes on the Polish Territories as Instruments of Modernization – Identifying Problems with Selected Examples’, in *Le droit comparé et: actes de*

After failure in war with the Russian Empire, the Duchy of Warsaw, from 1813, found itself under Russian occupation. On 18<sup>th</sup> May 1814, Russian Emperor, Alexander I, create special commission, which was dealing with abolishing and reforming the French legal changes, probably it was lead form not will of the emperor but rather local polish elites like Prince Adam Jerzy Czartoryski and others who shares his negative point of view about legislation reforms under Napoleon<sup>128</sup>. But it was not radical as it could be, and Code de Napoleon stayed as example figure for future reformatio<sup>129</sup> as well as other legal solutions brought by France to the Duchy. The legal landscape was shattered, old legal traditions supported by one part of Polish elites mixed with French way of governing country, were creating new law order until 1814 so there was 7 years of which left many reforms unfinished like Code de Commerce. Some of them were highly controversial like Code de Civil. French influence was without any doubt very strong on legal, administration and political issues, also it determined where future reforms in Congress Kingdom will lead.

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la conférence annuelle de *Juris diversitas* 17-19 juillet 2014, Aix-en-Provence Faculté de droit et de science politique, Aix-Marseille Université = Comparative law and, ed. Alexis Albarian et al., *Droits, pouvoirs et sociétés* (*Juris Diversitas*, Aix-en-Provence: Presses Universitaires d'Aix-Marseille, 2016), 81–82.

<sup>128</sup> Anna Klimaszewska and Michał Gałędek, 'Stosunek Polskich Elit Do Prawa Francuskiego Po Upadku Napoleona – Zarys Problemu', in *Studia z Dziejów, Państwa i Prawa Polskiego*, ed. Jerzy Malec, vol. XXI (Kraków: Oficyna Wydawnicza AFM, 2018), 73 -74.

<sup>129</sup> *Ibidem*, 81.



## 4. Road to Central Banking.

This chapter is divided into few groups by chronological logic, from pre-partition Poland then the Duchy of Warsaw to the Congress Kingdom in which the first Polish central bank, called *Bank of Poland*, has been established in 1828. To make structure of this chapter easier to navigate through for non-polish readers, I decided to translate titles of documents which I used to show the road to central banking. Then, in last subchapter I made compare of projects of Kapostas and Chrucki to Bank of Poland.

### 4.1 Attempt to create Central Banking in the pre-partition Poland.

*Sposób pomnożenia majątku i dochodu publicznego przez ustanowienie Banku Narodowego.*  
*Way to multiple national treasure and income by establishing National Bank*

Identity of author is unknown to me, in whole journal there is no clue about name of the author, so I assume that it was published anonymously. Through first page's author is writing about bank is much safer place than any house and it is desired place by merchants because of possibility of changing ready cash to bill of exchange.<sup>130</sup> Author also mentioned the possibility of establishing paying tickets which supposed to be reliable method of payment because only massive paying out of ready cash may lead to collapse of this system and this particular event is not very likely to happen. But in case such things happen he is pointing on public treasury as the element which will send ready cash to bank to avoid situation of destroying value of paper money<sup>131</sup>. Author is strongly supporting monopoly of state on the money-creating policy, any private bank or trade company should not have any rights to create money, including banknotes. This is connected with direct support of government in case of any major crisis that will interrupt work of the Bank and also the better supervision on operations of bank and public trust toward such a bank. The wise government as the author is claiming, by using profits from bank activities will be investing into public goods, quite opposite thing would have been done by private owners which will keep profits to themselves. Moreover, if the bank is going to lend money to someone, that person will pay 2 or 3 percent per year unless credit was taken to create "most useful venture"<sup>132</sup>. One of the argument why the national bank is better than the private one when it comes to safety of financial stability is

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<sup>130</sup> "Sposób Pomnożenia Majątku i Dochodu Publicznego Przez Ustanowienie Banku Narodowego.", *Pamiętnik Polityczny i Historyczny Przypadków, Ustaw, Osób, Miejsc i Pism Wiek Nasz Szczególniej Interesujących IV*, no. X–XIII (1788): 1020–45.1020 – 1021.

<sup>131</sup> 'Sposób Pomnożenia Majątku i Dochodu Publicznego Przez Ustanowienie Banku Narodowego.' – 1025.

<sup>132</sup> *Ibidem*, 1026 – 1027.

authority of national bank as the bank run by the authorities which private one is lacking. Due to some dispute among the influent families, this private bank can be sabotaged by foes and such a situation is impossible for national one<sup>133</sup>. When it comes to ratio between banknotes or tickets as the author is naming them, they should be proportional to treasury income and the total sum of tickets shall not be bigger than an ¼ of budget income. Ready cash gathered in the treasury of bank should be in proportion 3:1 as to achieve stability and avoid crisis connected with rapid exchanging bank tickets to cash. Also, this kind of deposit made by state could be used as short-term loan and seen as the kind of pledge to assure clients that the usage of banknotes is safe, and they will not lose their value dramatically in short period of time<sup>134</sup>. Administration would not be allowed to increase sum of bank tickets; it could be only done by highest authorities<sup>135</sup>. If such a need going to be recommended to the authorities, then they could make for every 100 000 złoty in the deposit 300 000 złoty of banknotes. To convince people to use bank tickets there should be agreement between the government and private bankers about exchange their ready cash into new banknotes in domestic transactions. The same goes for government transactions like salaries for clerks which 1/3 of their salary can be paid out in form of tickets. The words about banknotes among the common people should be spread e.g., by Church. The lowest value of bank tickets should be 9 złoty and the highest 1000zł, the author does not give any details how those assignats should be designed or what range of values should be taken into concern, only 9 200 and 1000 or 9, 50, 200, 400, 1000<sup>136</sup>. The author is seeing two things which would support the idea of banknotes. First one is easier flow of money in Commonwealth's economy. Second is possibility to give for enterprise purpose low-interest credit in order to stimulate economy<sup>137</sup>.

### *Projekt Banku Narodowego*

*Project of National Bank* by castellan Jacek Jezierski (1722 – 1805).

Bank was supposed to create bank tickets in sum which will be equivalent of 80 000 000 złoty. One half of those tickets will be used to pay half of the salary of the administration and the army, other half would serve for casual bank transactions. Bank should make enough

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<sup>133</sup> Ibidem, 1028.

<sup>134</sup> Ibidem, 1028 – 1030.

<sup>135</sup> 'Sposób Pomnożenia Majątku i Dochodu Publicznego Przez Ustanowienie Banku Narodowego.', On page 1033, author is explaining that the highest authority in Commonwealth is Parliament or as it is called in Polish *Sejm*.

<sup>136</sup> Ibidem, 1032 – 1035.

<sup>137</sup> Ibidem, 1035.

profit expenses on salaries for bank administration. Author is describing next branch of a bank that would take care of loans, but it should be also or at least he gave information to judge it as non-profit branch. Also, if someone would take mortgage credit, this person could pay off debt in yearly terms and this yearly amount is up to borrower. Author is assuming that payments for administration official would be around 300 000 złoty and profit for national treasury would be around 2 500 00 złoty because from loans, profit should be around 7 percent from 40 000 000 given into, as the Jezierski called it, Lombard Bank (second branch). From this 2 500 000, Jezierski would divided it between industrial and economical goals like creating factories, building roads and water channels for sum 1 000 000. Second aim of investments would be military for sum 1 500 000. Author is seeing cheap loans as one of the remedies to recover and modernise Commonwealth economy<sup>138</sup>. According to Jezierski's idea, Bank should last for 20 years, and later is to *Sejm* (Parliament) decision if bank should be working for more than those 20 years<sup>139</sup>. At the end of his paper, Jezierski is writing that matters in his work are rather short and general in order to not make this text hard to read and details should be on people that have proper knowledge about central banking issues<sup>140</sup>.

*Myśli i przestrogi nie objętne dla Narodu względem Projektu Bankowego. Wzór nowy Banku Użytecznego*

*Thoughts and cautions not indifferent for Nation accordingly to Banking Project. New example of Useful Bank.*

This is the same anonymous author as in previous article published in 1788 and we know it because he is giving direct clue about that writing previous article by himself<sup>141</sup>. He is also arguing with Jezierski's idea of Central Bank. He is arguing that the amount of assignats in Jezierski's idea is too big and cause more troubles for economy than it should. Also, he is pointing out lack of interest of Jezierski about issue of gaining capital for exchange tickets in such quantity<sup>142</sup>. And he is comparing catastrophic vision of hypothetical bank's crash to two

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<sup>138</sup> Jan Jezierski, 'Projekt Banku Narodowego', *Pamiętnik Polityczny i Historyczny Przypadków, Ustaw, Osób, Miejs i Pism Wiek Nasz Szczególniej Interesujących III–IV* (1790), 1123 – 1126.

<sup>139</sup> Jezierski, 'Projekt Banku Narodowego', 1127.

<sup>140</sup> Jezierski, 'Projekt Banku Narodowego', 1128.

<sup>141</sup> 'Myśli i Przestrogi Nie Objętne Dla Narodu względem Projektu Bankowego. Wzór Nowy Banku Użytecznego.', *Pamiętnik Polityczny i Historyczny Przypadków, Ustaw, Osób, Miejs i Pism Wiek Nasz Szczególniej Interesujących III–IV* (1790): 1133.

<sup>142</sup> *Ibidem*, 1134 – 1135.

real situations of Swedish and French Banks from XVIII c.<sup>143</sup>. He is giving, as an example, Danish Bank but here are some problems with this primary sources – oldest institutions that could be consider as a bank was *Kreditkassen* and it was established in march 1797<sup>144</sup> but after careful studies of *Kreditmarkedsstatistik* I found out that the polish author was right and there was established in 1791 *Speciesbanken*<sup>145</sup> but there is one significant difference between Polish project and actual Danish bank – first mean to be rule only by government and be a project of central bank and second is commercial joint-stock bank<sup>146</sup>. Nevertheless, Polish author is giving set of rules which this set can be an example how to establish proper bank – because as he will give his point, the most important issue is banknote policy<sup>147</sup>:

1. Until now existing the Royal Bank will get every ticket to them doing it with step by step. And when they pay their value, they will destroy those tickets and as by doing this, all tickets will be repurchased then the bank will be shutdown.

2. For replace this bank, will be established another, deposit-loan bank from private enterprises which will use this bank, but they have to follow rules which are dictated by good of country, laws of monetary policy and credit of country. Principles on which whole bank will be established are:

2.1 Ticket of previous bank cannot be in further circulation.

2.2 Every year new bank should erase quantity of them by annual repurchase for 750 000 thalers. Every year, bank should announce how many tickets it will buy and destroy.

2.3 In mean time, unless tickets will not be repurchased, they can be exchanged in equal rate even in royal cash registers. Correspondingly, they will be also accepted to the old bank for exchange to real cash unless bank will be shutdown.

2.4 The Bank will fund for buying out tickets from those goods which King was taking from the Bank and which he is willingly sacrifice those for the end and from stocks which he has from other public income for this meant.

3. The New Bank will lend, to some point of the time, from period 1 month to 6 months, accordingly to the condition and security of the Bank, to those people how seems dependable in terms of paying on the time. It will be replacing and cash bonds, creating deposits and it is public storage of deposits.

4. From borrowed sums and cashed bonds will take 4 percent annually and from deposits 0,1 percent.

5. Bank instead of borrowing money discount bonds and lend tickets but under condition of losing their privilege it cannot emit more than proportion to money in treasury because of possibility for

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<sup>143</sup> Ibidem, 1135

<sup>144</sup> Denmark Statistics, *Kreditmarkedsstatistik* (Copenhagen: Danmarks Statistik, 1969), 134. (*Kreditkassen*)

<sup>145</sup> Statistics, *Kreditmarkedsstatistik*, 222.

<sup>146</sup> Ibidem.

<sup>147</sup> 'Myśli i Przestrogi Nie Objęte Dla Naordu Względem Projektu Bankowego. Wzór Nowy Banku Użytecznego.', 1138 - 1143

everyone to cash their tickets any time.

6. Bank all its notes of accountancy and incomes is doing in coin which has good exchange rate. Those tickets shall be fixed with exchange rate of ready cash.

7. Danish Bank's tickets are fixed into free exchange rate in Duchy of Schleswig and Holstein.

8. Enterprise interested in this Bank will choose banking directors and administration. Bank is free institution so far that even government cannot make any intervention unless they violate agreement. Directors and administration should be responsible for their activities.

9. Every Danish habitant is allowed to get sign up to this bank if earlier this citizen mentioned this fact. Even foreigner can sign up to this bank and they will be allowed to collect their capital from bank without any extra fee.

10. Every stock will be worth from 500 thalers and will be marked with name of owner. Everyone is allowed to possess as many actions as they want.

11. Funds – Bank Capital will be in proper size associated with quantity of stocks. Shareholders will pay in instalments sums that they declared in fixed period of time. As time goes by, capital can be multiplied by fee or by new shareholders.

12. If the profit of the enterprisers will be higher than 4 percent, from extra percent bank will make tax to the crown for the safety and defence they receive from country.

13. Bank is privileged for 40 years, if that is possible, bank will operate from 1791 and place for it will be in Copenhagen where the old bank was located.

At end of this article, author is saying that this particular Danish bank was established on the example of few other successful European bank like English, Scottish and Prussian and it will be wise to consider their path to avoid tragedy of Swedish and French Central Banking<sup>148</sup>.

Those articles printed in years 1788 and 1790 clearly show awareness of some Polish elites to reform the Commonwealth and one of the areas which needs those reformation is Central Banking. Recognition of need for such a financial tool for government, as I showed in translated documents was inspired obviously by Western European examples from less successful like French and Swedish to more like English one. Especially anonymous author was greatly aware of crucial Swedish and French mistakes made in past and he gives instructions how to avoid them. Methods of small steps is the best definition of anonymous approach to central banking.

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<sup>148</sup> Ibidem, 1144 – 1145.

*Planta ułożenia projektu banku narodowego do przeswietney Deputacyi Projektu Ekonomiki Krajowej*

*Plan of the creation of National Bank project to the great representatives of National Economic*

This particular plan is estimated for 20 years, supervising on this project should be on Ministry of Treasury. As Kapostas is writing, there should be new commission called the Banking Commission which contain 6 representatives, 1 director and vice-director – those positions are paid and voluntary there is 6 assessors as *cum voce consultive* which from Latin it can be translated as voice of advising which simply means advisors. But as advisors are unpaid position, they will get in return possibility to be elected to the Banking Commission<sup>149</sup>. Every other bank ticket that was released before establishing this particular bank, will be removed from the financial system. At least half of the sum of all taxes and national expenses will be paid in assignats and reason why he is favouring taxes is because of poor trade condition in Commonwealth<sup>150</sup>. He is estimating that from those transactions, in the Bank should be accumulated around 5 million Złoty after the first quarter of functioning this institution and minimal amount of assignats that has to be maintain in the distribution is around 5 million. The limit of bank tickets should be around 10 million because as Kapostas is claiming the experience of credit systems in other countries give those lessons. Also, he is warning not to print everything at once – there should be rule of printing 2 million Złoty in assignats every quarter so that give us, 5 quarters of introducing paper money. There is also other assumption, that citizens, especially those ones which their main specialization is commercial, and trade would be more likely to have their cash in bank tickets rather than ready cash, so it also means another source of ready cash in the bank deposit for insurance of assistants. Credit system will be also limited to another 10 million which could generate hundreds of thousands of Złoty, from interest and fees, annual profit for the Bank<sup>151</sup>. Author also mentions instability of banks of following countries: France, England, Sweden, Denmark, Austria etc. which were struggling mostly with lack of ready cash for insurance for assignats

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<sup>149</sup> Andrzej Kapostas, *Planta Ułożenia Projektu Banku Narodowego Do Prześwietnej Deputacji Projektu Ekonomiki Krajowej* Podana (Warsaw, 1790), a, <https://polona.pl/item/planta-ulozenia-projektu-banku-narodowego-do-przeswietney-deputacyi-projektu-ekonomiki,NzY4MTA/1/#info:metadata>.

<sup>150</sup> Kapostas, *Planta Ułożenia Projektu Banku Narodowego Do Prześwietnej Deputacji Projektu Ekonomiki Krajowej* Podana, 5.

<sup>151</sup> *Ibidem*, a – a2

and by changing monetary policy, some of them managed to stabilize their situation. That is leading to the reason why Poland at that time needed such a bank and to stronger his judgment, Kapostas is quoting Jacques Necker about his opinion and line of reasoning, which are mostly why it is so important to keep right balance between ready cash and assignats – reliability of bank is the key point<sup>152</sup>. The total value of assignats should be about 40 million Zloty in denomination of 10, 25, 50, 100, 500, 1000. 10 Zloty will be the most common note, as the author is writing, he is greatly aware of poverty in Commonwealth and by establishing such a system could partially make better their situation. The highest value is dedicated to issues of trade and big transactions<sup>153</sup>. On further pages of his document, author is giving calculations that total number of assignats should be around 290 000 – 10 Złoty as the most common banknote will be in number of 100 000, 25 złoty – 40 000, 50 – 60 000, 100 – 50 000, 500 – 20 000, 1000 – 20 000<sup>154</sup>. Kapostas is writing about responsibilities of members of Banking Commission and Directors of Bank. For make sure that bank tickets made by this bank will be secure from fraud – 3 representatives will sign those with Director and 3 others representative with vice-Director will make sure about stamps of Bank and Commonwealth. The same rule is applied for keys to both treasures – with ready cash and assignats. 3 of members will have keys to one vault and the other 3 will have keys to second vault. In case of absence of any member of commission, one of the assessors will be doing his duty. Directors are obligated to create monthly rapport from balance of both, cash ready and assignat cash registers and semi-annual from general status of banking operations. Everything from those reports should be presented during their economic sessions. Beside this, on such sessions they will be also discussed matter of expanding of credit policy of bank or considerations about debtors. There is also second type of session typical for Banking Commission – court session where they have authority to prosecutor any member of Bank would commit embezzle, failure to perform duties or treason. But as for Director or vice-director there will be no inner case as for other members but regular trial<sup>155</sup>. Treasury Commission should cooperate with Bank Commission if Central Bank will lack ready cash for exchange for, then public treasury should send certain amount of ready cash to the Bank. Parliament should also obligate Treasury Commission to at least pay half of amount of every expenses in assignats, that will exceed 10 Zloty. They will be 6 exchange offices where citizens can exchange ready cash for

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<sup>152</sup>Ibidem, i – iv.

<sup>153</sup> Ibidem, 1.

<sup>154</sup> Ibidem, 9.

<sup>155</sup> Ibidem, 1 – 5.

bank tickets. Fee attached to such transaction will be 1% of total exchanged sum<sup>156</sup>. Every 10 years – Bank should collect old banknotes and emit new ones<sup>157</sup>. It is highly advised for bigger sums collected in assignats to write each serial number down because in case of their destruction by fire for example – they can go to the exchange office and with the proof of those numbers, demand new one – in exact amount as they lost. In case of robbery or if someone just misplaced them there cannot be done anything from the Bank site. For forging fake assignats there will be death penalty – also author is giving interesting proposition – if there is going to be any person that will give evidence for punish the particular group of forgers, this person will be rewarded with bounty of 1000 Złoty even if that particular person would participate in such a group – those say short arguments given by Kapostas in this case – *divide et imperia*<sup>158</sup>.

#### **4.2 The Duchy of Warsaw and Chrucki's plan for central bank.**

*Money and public income are blood and bank is heart which is pumping and sending all these goods through whole body.*<sup>159</sup>

*System Banku Skombinowanego Dla Xięstwa Warszawskiego. Projekt Prześwietnym Stanom Na Sejm Zgromadzić Się Mającym Do Rozwiązania i Potwierdzenia Przedstawiony.*

*Bank System done for the Duchy of Warsaw. Project to Great States which will gather to Parliament for resolution and confirmation showed.*

The vision of central bank in the Duchy of Warsaw by Chrucki assumed that at the beginning Bank would have two departments called “First Bank Department” and “Second Bank Department”.<sup>160</sup> *Department one* – managing debts and debts relief connected with *Bayonne sums*.<sup>161</sup> The Bayonne debts would be handled by special commission that was planned to be established in every department where can be found nobles involved in such a debt. Standing before this the Commission, particular person should show which sum is *Bayonne's* one with every detail about it and handle to the Commission *copia vidimata* of mortgage file.

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<sup>156</sup> Ibidem, 5 – 6.

<sup>157</sup> Ibidem, 19.

<sup>158</sup> Ibidem, 20 - 21

<sup>159</sup> Jan Kanty Chrucki, *System Banku Skombinowanego Dla Xięstwa Warszawskiego. Projekt Prześwietnym Stanom Na Sejm Zgromadzić Się Mającym Do Rozwiązania i Potwierdzenia Przedstawiony*. (Warsaw, 1808), 10.

<sup>160</sup> Chrucki, *System Banku Skombinowanego Dla Xięstwa Warszawskiego. Projekt Prześwietnym Stanom Na Sejm Zgromadzić Się Mającym Do Rozwiązania i Potwierdzenia Przedstawiony*, 10.

<sup>161</sup> Ibidem



Depending on situation of debtor the commission will create protocol about possibilities of relief or partial relief from debt and making a plan of payment. In case of negative answer about debt – commission has to write short document that would contain reason of negative opinion about debtor. Chrucki is also writing about need for writing detail instruction for commission about which commission has to be very strict<sup>162</sup>. The Commission should be assembled should be assembled from people that know German language, knowledge about foreign institutions and Prussian mortgage law. From general overview of the Commission responsibilities, we can indicate direct work with debtors and creation of necessary documents to register things like how exactly large debt of particular debtor is, value of estate, deposit to bank in order to start management of debt for debtor. Money for deposit can be only taken if they are secured by sufficient mortgage value. If the same person, make deposit but on different estate this particular deposit is secured then this person should receive another certificate of payment<sup>163</sup>. It is not said how exactly large this sum should be. After paying off *Bayonne sums* the Commission should be dismantle and in case if there is not existing already Director of Bank, the members of the Commission will be become a members of Director of Bank. Chrucki also mention few tasks for management – long term plan called 10 years plan and emission of debt papers (bonds), he claims that those action could help to open domestic banking system to foreign investments and contacts. Other task is emission of banknotes that Chrucki named *Biletę Bankowe* (Bank Tickets) – this supposed to be other debt instrument where people in debt can exchange  $\frac{1}{30}$  of their debt for the ticket mentioned earlier. All the sums of debt should be divided between *Kantor Wymiany Biletów Bankowych* (Bank Ticket Exchange Office), and those should be located in every district in the Duchy of Warsaw as well as in the biggest trade cities which also are connected in commercial way with the Duchy.<sup>164</sup> In second department there will be possibility of lending on percentage money and Bank Tickets as well as put those into deposit, but those features would be more popular in the future, according do author, because people are affected by poor economic conditions of their country. On deposit bank would be offering 5 percent and for the loan that would be 4 percent – as the author does not give specific information about duration of them, I will make the assumption about yearly period. Bank will be mostly earning from fee that would be on exchanging from cash (coins, money) to the Bank Ticket. To avoid bankruptcy of bank the money lend to the Bank on 5 percent would be lend back to clients not in cash but in the Bank

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<sup>162</sup> Ibidem, 12 – 13.

<sup>163</sup> Ibidem, 13 – 15.

<sup>164</sup> Ibidem, 16 – 17.

Tickets and the Second Department is responsible for investments in cash to maintain financial stability of the Bank. The last thing connected with polish assignats is their stocks which can be dived into two groups – paid and unpaid. That is other thing to secure financial stability of the bank, if in time of first year of existing the bank, no one will lend to bank cash made from silver or gold then bank should only borrow in *unpaid* assignats and demand percentage being paid in assignats as well.<sup>165</sup> First department will own all assignats stocks, creation of them and exchange of those<sup>166</sup>. Chrucki created 33 guidelines, as he called them, main rules of the bank. The first department will have separate team in assembly of General Directors of the Bank from second department as well as assignats register, ready cash, accounting, bookkeeping cashier etc.. Directors are responsible for exchange of assignats and sums which are going to be in first place to exchange for *Bank Tickets* will be on mortgage. The commission is responsible for proper estimation of those sums. The first department is only allowed to deposit sums and capitals from the Bayonne Sums that had to be paid to the Prussians. The debt sum approved by the Commission is later dived for 10 equal parts, every part will be name debt stock, as they will be part of the Banking Tickets emitted by the First Department. There would be created  $\frac{3}{4}$  of total sum of earlier established sum assignats. Those sums should be paid by creditors within 10 years' time. As further Chrucki is describing safety policy of bank, as the bank will take from national income, sum equal to one stock of debt, and will give back to national treasury equal number of tickets. Bank Directors have right to announce exchange from assignats to ready cash in form of public announcement. In next point there is direct connection of plan of Chrucki with Napoleon Codex about debtors that will not pay on the time their payment obligations to the Bank, Codex is also used to solve issues of mortgage law for the Bank. Further, Chrucki is describing responsibilities of Bank Directors like investing funds as their mission to create income for the government, for future policies of the Bank, and hosting General Assembly once a year, and they are obligated to invite clients, debtors and make proper announcements about past years as well as plans for the future. But Directors are not allowed, neither General Assembly, to change once set general rules of the Bank because for the stability of the bank tickets system<sup>167</sup>.

Author estimated that Bayonne sums are between 60 and 80 million Złoty, he is taking into consider sum of 60 000 000 Złoty in relation to §4 as a principal of Ten-year plan and give

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<sup>165</sup> Ibidem, 18 – 19.

<sup>166</sup> Ibidem, 21.

<sup>167</sup> Ibidem, 21 – 40.

general rules about it in 7 points<sup>168</sup>. To summarize, he divided debt into 10 equal parts, each for one year and each named *debt stock*. Bank Directors will take some sum from national income to pay off debts and they will take mortgage with all conveyances to bank deposit to make sure that the debtors will pay 1/3 (2 000 000) of sum to bank cash register for ticket exchange fund. Percent from the rest of sum will be paid to the Bank and that would be used for depreciation of the ticket exchange system. Furthermore, according to §9, Bank Directors in 10 years' time should emitted that much of bank tickets as they should cover  $\frac{3}{4}$  sums taken by Bank to pay off. Whole sum of tickets according to should be divided into 30 equal parts and each of it should be name *ticket stock*.<sup>169</sup> In further parts of document author is describing 10 year plan, year after year where he is writing about ready money and tickets – how many tickets supposed to be emitted in each year (in term of value not quantity) and the same for ready cash deposited in Bank<sup>170</sup>. In chapter called “Note over the Ten-year plan” Chrucki is writing that this plan is only some general idea which can be affected by many factors, and he is comparing his idea to compass which will guide realm. After fulfilling the goal of this plan, Bank Directors will not emit any new tickets and they will stay at capital level of 19 500 000 Złoty. In case if bank directors have a problem with accumulation of tickets, then the Government will buy those tickets from them to throw those into the market. This 1 percent per year from capitals will be around 1 500 000 which means extra funds for cushioning the ticket exchange system in the Bank. There is also very interesting note on establishing bank lottery:

But I heard from one man who has a lot of experience, he claimed that who has stayed in addiction for 10 years then this person will not ever drop this habit and the same thing can happen with our tickets, could be happen that we will not be able to function without those.<sup>171</sup>

First benefit of this plan is that the debtors will have to pay only the half in this ten-years term. Another benefit of this plan is that debtor will have proper plan of paying off their debt which will be also very helpful in administration of their family estates. Third is higher value of goods produced in estates because assurance from results of plan will make those goods more valuable and at the same time value of estates. Which is not only limited to agrarian products but also to industry. Fourth benefit is centralizing banking matters to reduce foreign

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<sup>168</sup> Ibidem, 41.

<sup>169</sup> Ibidem, 41 – 43.

<sup>170</sup> Ibidem, 45 – 59.

<sup>171</sup> Ibidem, 62.

influence on citizens.<sup>172</sup> Chrucki is rephrasing conclusion from above and adding that owners of estates paying interest to the Bank and the Bank with operating those money in terms of actions with assignats, those ready money are staying in country. He made also other arguments like easier flow of money and assignats in the Duchy because of the Bank, last argument is about growing political activity in terms of establishing institutions that take care of orphans, widows etc., which the Bank could help create and provide security in term of deposit etc..<sup>173</sup> After describing his plan of recovering financial situation he wrote down rules of the Second Department. As the First Department, the Second Department will create the same administration structures. There would be possibility to transfer from the First Department to Second Department some sum of bank tickets to maintain functioning of the Second Department. Bank would pay 5% from money which were lend for them deposit and would borrow their tickets on 4%, that is because to increase interest of citizen in using assignats instead of ready cash. Bank would lend on every bond, that is mortgage sums which has pledge in  $\frac{1}{2}$  of value of estate and that should cover  $\frac{3}{4}$  part of mortgage sum. If the owner of the estate guarantee that he will pay percent from loan, he can take another mortgage loans on his estate. The Bank can borrow to their customers maximum of 2 000 000 Złoty in tickets per year. This sum will be borrowed for many people in many parts not only to one person in one piece and for a particular reason that will help in exchange process of assignats as Chrucki is claiming<sup>174</sup>. Further, author is describing rules about bonds and policy of the Bank toward them as rule of emitting, borrowing, and depositing them. Bank Tickets will be from 25 Złoty, other are going to be 50, 100, 250, 500 and the highest will be 1000 Złoty. Sealed with bank stamp, signed by Bank Directors, and marked with proper numbers through whole Ticket Stock on every ticket will be mark with details to make them differentiable. Every stock of tickets will be different in colour or in printmaking. Every assignat would be marked in order to recognize stock of belonging, it would have been written in Polish, German and French. Forger would be punished in the same way as counterfeiters of coinages and public papers. One stock of bank tickets would have 30 000 tickets<sup>175</sup>. The rules for the General Assembly are – meeting cannot be longer than 8 days and should be hosted 8 weeks before Saint John Day. Members of General Assembly, which has 4000 “Red Złoty<sup>176</sup>” in the department of the Bank, they have advice voice in majority voting. Bank Directors on General

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<sup>172</sup> Ibidem, 60 - 63

<sup>173</sup> Ibidem, 64.

<sup>174</sup> Ibidem, 65 – 69.

<sup>175</sup> Ibidem, 70 – 73.

<sup>176</sup> Name for golden Polish coins.

Assembly should preside, they will present to clients condition of the Bank, they will also gather any petitions. On General Assembly clients can voluntarily donate the Bank. If there is going to be not enough money to keep the Bank on the track, Bank Directors will contact those clients which has offered part of their donation. The exchange offices were supposed to be local branches of the Bank, first one, he placed in Poznań. About Exchange Offices, Chrucki is writing in more general way, without sets of rules like before. He wants to make deals with Banks and merchants about using tickets/assignats in trade, in places like Gdańsk, Szczecin, Wrocław and Leipzig. Same set of rules and same type of funding would be applied to those offices abroad. He sees those tickets as a tool to make the foreign trade easier for the Duchy of Warsaw<sup>177</sup>.

To sum up this rich in details legal act. Firstly, this is not only legal act about how should be running the Central Bank in the Duchy of Warsaw. It is also economic plan – section about ten years plan and commission to pay off debts make this very clear. So, it can be said that this legal act is also mirror reflection of current political and economic situation. The next question after presenting this legal act can be – how exactly Parliament of the Duchy respond to this proposition? Unfortunately, due to lack of primary sources I can only show that in 30<sup>th</sup> of January and 6<sup>th</sup> of February in 1809, it was already ongoing issue and cause of debate<sup>178</sup> but what were exactly details of discussions and if there was any final decision? It will remain probably unknown due to distraction of many sources (between 90% to 95%), likes those, in Poland due to Second World War<sup>179</sup> or it can be also out of my reach to find it.

### **4.3 First Central Bank – “Bank of Poland”.**

This subchapter is devoted to similarities and differences between first established Polish central bank in 1828 to projects of Kapostas and Chrucki. Before that, I want to make sharp and short characterization of the Bank of Poland to make base for later compare.

Unfortunately, I am not able to say if there is any continuity between projects from Duchy of Warsaw and Congress Kingdom, so I am making assumptions about no connection between those two projects. The idea of the Bank of Poland was born in 1820 and was précised in 1824 by its creator Ksawery Drucki-Lubecki, Minister of Treasury in the Congress Kingdom in

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<sup>177</sup> Ibidem, 74 – 78.

<sup>178</sup> Tadeusz Mencil and Bronisław Pawłowski, *Protokoły Rady Stanu Księstwa Warszawskiego.*, vol. 2 (Toruń: Towarzystwo Naukowe w Toruniu, 1965), 64 – 66.

<sup>179</sup> ‘Straty Wojenne w Warszawskich Archiwach Wyniosły 90–95 Proc. Ich Przedwojennych Zasobów’, accessed 31 May 2023, <https://dzieje.pl/wiadomosci/straty-wojenne-w-warszawskich-archiwach-wyniosly-90-95-proc-ich-przedwojennych-zasobow>.

years 1821 – 1830 as the Bank that will benefit for financial and industrial sector<sup>180</sup>. On January 29, 1828, bank was officially established by *ukase* of Russian Emperor and Polish King, Nicolaus I, and signed by Polish Minister of Treasury, Ksawery Drucki-Lubecki, and Secretary Minister of State Stefan Grabowski<sup>181</sup>. Royal decree that from January 1828 also mentioned purpose of the Bank of Poland – stabilize situation with national debt and expansion of commercial and industrial sphere. The authorities of the Bank of Poland were – president and vice president as well as 3 directors. Decisions were made by majority type of voting in presences of 3 persons, if the result of voting was tie, the president had decision about it. Bank of Poland was closely cooperating with ministry of treasury<sup>182</sup>. The Bank had following prerogatives<sup>183</sup>:

1. Emission of assignats – Polish Zloty – exchange rate was equal to silver coinages beside uprising time against Russian Empire in 1831, rate was stable and using of those tickets was popular among citizens.
2. Public debt service.
3. Banking services like regular deposit and deposit for public institutions capitals. Long- and short-term credits, interest in year scale was from 4 to 8 %. Various types of loans.
4. Commercial actives like trading with grain, wood, and fabric with direct engagement of the Bank of Poland in such activities.

In 1833, the Bank of Poland took control over mining facilities in the Congress Kingdom for 10 years, giving credits to those companies. After few years of investing, companies were unable to make any profit despite support from the Bank of Poland and they had to be shut down. Later study over this credit help, shown that there were numerous example of embezzlement, responsible were some members of the Bank with their direct involvement. Later, people that engaged in previous mentioned fraud, faced the trail, and were sentenced to jail. Overall, investments as well as providing bank services were well done by the Polish according to Leszczyńska<sup>184</sup>. From 1841, monetary autonomy from Congress Kingdom was slowly taken and in 1859, only in Russian language were inscription on notes<sup>185</sup>. From May 1870 to June 1885 Russian Empire took final step to dismantle the Bank of Poland and

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<sup>180</sup> Leszczyńska, Zarys Historii Polskiej Bankowości Centralnej, 9.

<sup>181</sup> Małgorzata Grzesik-Kulesza, 'The Creation of the Bank of Poland in the Years 1828–1885', *Przegląd Prawa Konstytucyjnego* 36, no. 2 (30 April 2017), 134.

<sup>182</sup> *Ibidem*, 135.

<sup>183</sup> Leszczyńska, Zarys Historii Polskiej Bankowości Centralnej, 10 – 11.

<sup>184</sup> *Ibidem*, 12- 13.

<sup>185</sup> Grzesik-Kulesza, 'The Creation of the Bank of Poland in the Years 1828–1885', 140.

transform it for currency exchange office of the Russian State Bank as well as other branches of the Polish Bank. What is more, all real estate as other valuable assets of the Polish Bank were given to Russian State Bank<sup>186</sup>.

The peak of autonomy of the Bank of Poland as well as the Congress Kingdom was until November uprising of Polish citizen in November 1831, that means only 3 years of proper autonomy of Bank of Poland and slowly decreasing of it through next 50 years, last 15 years where the harshest for this Polish bank. Various services were provided by this bank, from loans, through deposits to investment credits.

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<sup>186</sup> Ibidem, 142 – 143.

## 5. Conclusion

The two unsuccessful attempts, mentioned in this thesis, by Kapostas and Chrucki shown that central bank in order to be established needs few keys factors that Commonwealth in last years as well as the Duchy of Warsaw were missing. First factor can be indicated as relative peaceful time without any war or uprising. The Commonwealth was on its last days when Kapostas wrote his plan, the Duchy of Warsaw was almost all the time at war due to it connection as client state with French Empire. The Congress Kingdom which was created on the place of the Duchy of Warsaw, had opportunity to grow in peace for almost 15 years until and apparently that was enough time from 1815 to 1828 to idea of the Bank of Poland from creating it to establishing it.

Firstly, the idea of central bank was born as an enlightenment awareness of governing the state. From many plans and discussions around central bank in pre-partition Poland, most recognizable was by merchant and banker Andrzej Kapostas. It was central bank of mix ownership private and public – the commercial part meant to be private. Supervising and emitting part would be under control of the state. This bank was supposed to offer wide range of banking services, from deposit to credits. Plan of Kapostas was also heavily focused on replace ready cash with banknotes emitted by central bank as well as stimulate economy and investments. As Grodek was writing that mercantilist where using central bank or emitting institutions, to boost domestic economy<sup>187</sup>, we can assume that Kapostas, Chrucki and Drucki-Lubecki where in favour for mercantilist policy at least to some moderate extension. In the Duchy of Warsaw due to Napoleonic influence and making this particular polish state as model example or the reflection of ideas of Napoleonic state. That was chaotic and problematic transformation for the Duchy of Warsaw. As reborn state, with mostly feudal economic structures, previous attempt of reformation was stopped by Russian Empire and after 1807, quite radical as elites where dived about French attempt on reformation which were, partially, successful. In 8 years, of unstable geopolitical and economic situation of the Polish state, the Duchy still manage to embrace reforms that were ahead of time for this realm. Some of legislation solutions were fully applied, like Code de Commerce, in the time of personal union with Russian Empire. The idea of central bank written by Chrucki is the closest to idea for establishing central banking system in closest way that was described in

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<sup>187</sup> Grodek, *Idea Banku Narodowego (Geneza Banku Polskiego 1763- 1828)*, 12.



first chapter. Even more complex than an actual first central bank – the Bank of Poland. Especially the 10-year plan is a proof of foresight of Chrucki. It was also due to fact, that the Duchy was the most independent in creating their domestic policy and Napoleonic influence, could be consider as more significant to shape the structure of state, it was not so abusive and dominant in compare to Russian approach from pre-partition time or post 1815. It can be said also, that by embracing modern Napoleonic administration structures there was prepared ground for establishing central bank. Unfortunately, there are no primary sources known to me, that would answer for key question, what was the reception of this central bank plan among elites of the Duchy and how legislation process has ended, if this process came to end. If it ended in way of Kapostas' plan, rejected in last days of the Commonwealth or there were plans and debate about establishing it and it could end like the Bank of Poland in the Congress Kingdom. Tragic loss of primary sources leave this question unanswered. The most characteristic point for all of those projects was inspiring by abroad examples and this foreign influence was giving clues to Kapostas, Chrucki and Drucki-Lubecki how shape of central bank should look, what policy was too risky to implement because it lead to collapse of central banks in other countries like Sweden or France and what was the issues for other central banks that were functioning at that particular time in Europe. I do believe that my research will be base for future compare studies on central banking in Europe in 19<sup>th</sup> century as well as banking relation in Europe too. However there are further research field in my topic to be investigated from economic perspective which would be more focused on how real where hypothetical financial policy of Kapostas and Chrucki central banks as there is no literature about it of which I am aware.

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