THE GERMAN INVASION

In the small hours of 10 May 1940, a spring day that brought the sun with it, German fighting units poured across the south-eastern border of Belgium: the feared attack was under way. For Hitler, it was a new phase in his obsessive plan to reorganize the political and socio-economic face of Europe into a Groszraum under German hegemony. The time of European nation states – in his view, a time of destructive, mutual conflicts and murderous economic competition – was dead and gone. What the Führer proposed in their place was a new entity, a unified Europe under German leadership that, by means of a well considered dirigiste policy, would grow to become a zone of organized autarchy, thereby regaining Europe’s status as a dominant world power. A necessary first step in the realization of this grand idea was war, but not a long war of attrition like that of 1914-1918, which would only give the enemy the opportunity to regroup and catch up in the arms race. In Hitler’s strategy, it would be a short and successful Blitzkrieg, a war that would have the great advantage of sparing German territory and the German population, with an army committing itself effortlessly to an ultimate deployment of power; to paraphrase Mussolini: ‘War alone brings to its highest tension all human energy and puts the stamp of nobility upon the peoples who have the courage to meet it’.

The German ground attack between Liège and Malmédy was supported by a massive air attack all over the country. A wave of panic swept over the population. Schools were closed and, except for anxious

2 Milward, War, Economy and Society, p. 6.
listening to the radio’s continuous stream of alarming news, the activity of most citizens was restricted to frenetic hoarding and to queuing at the private banks to withdraw their deposits. The banks, however, were closed over the Whitsun weekend of Saturday 11 May and did not open again until the following Tuesday morning, May 14. Although the private banks had a stock of approximately 2 billion Belgian francs in banknotes on the eve of the German invasion, they awaited the reopening of their counters after the weekend with trepidation. The panic withdrawals, in fact, continued and cash reserves became exhausted in some private banks.

In order to prevent the situation descending into chaos, the government, in consultation with the bankers, had, by decree of 13 May, issued a moratorium on paying out bank deposits; withdrawals were thenceforth limited to a maximum of 5,000 Belgian francs per account per fortnight, though the banks were allowed to make exceptions under certain conditions. On 15 May, a moratorium was also instituted on paying-out commercial paper.

Prior to this, the Belgian government had already taken other measures in response to the crisis. At an emergency meeting on 10 May, it had promulgated a series of important decrees, including a number bearing on monetary and financial matters. The gold convertibility of the franc was suspended and a mandatory rate of exchange set for paper money in circulation; nothing was done in respect of the Bank’s obligation to maintain a minimum gold cover of 40%. The control on foreign exchange transactions—set in place for the first time on 17 March 1935 and suspended in April of the following year—was reinstated and the

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3 At the meeting of the executive committee of the Bank van de Société Générale on 15 May, for example, the chairman de Munck reported that there was a shortage of banknotes in the branches of Charleroi and Mons: SG, Archives, DC, 15.05.1940.


5 BNB, Archives, AV, 30.06.1945, report by the board of scrutineers for the 1940-1944 financial years, prepared on behalf of the supervisory council, p. 10. See also: Janssens, De Belgische frank, pp. 285-286.

6 In connection with this, a decree of 14 May was to impose an obligation on all inhabitants to declare all their holdings of gold and foreign currency to the Exchange Institute (BNB, Archives, SD, Malaise Papers, dossier 9.5.11/ s. f. 4: Kauch, rapport au Roi, 20.12.1943, p. 5). See also: BNB, Archives, AV, 30.06.1945: report by the board of scrutineers for the 1940-1944 financial years, prepared on behalf of the supervisory council, p. 11.
stock markets were closed until further notice. Lastly, the government authorized the Minister of Finance to conclude with the Bank all regulations that might be necessary to obtain additional credit.

As was to be expected, the renewal of the control on foreign exchange transactions brought problems in its wake. On 11 or 12 May, the Banque de France in Paris informed Governor Janssen by telephone that Belgian refugees who had crossed the border in the Ardennes were trying to exchange Belgian banknotes for French, and requested a regulation in that respect. Moreover, it wanted the arrangements with Belgium to be linked to the Franco-British Reynaud-Simon monetary agreement of 4 December 1939. In that agreement, France and Great Britain had determined a fixed rate of exchange for their two currencies for the duration of the war and, as allies, had undertaken to grant each other lines of credit to promote and underpin mutual economic cooperation.

At the beginning of May 1940 free market rates of up to 173.04 French francs to 100 Belgian were being quoted on the Brussels Exchange and in Northern France, compared to the then official rate of 143.425 French francs to 100 Belgian. In the telephone discussion of 11 or 12 May with Janssen, the Governor of the Banque de France, Fournier, declared that he was prepared to accept the exchange of banknotes at the official rate of exchange; now that Belgium had called on the French army for help and French troops operating in Belgium would necessarily need Belgian money, there would be an offset between the money requirements of the French army in Belgium and those of Belgian refugees in France, so that the exchange rate risk for the Bank had become virtually non-

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8 BNB, Archives, DC: 12.12.1944: memorandum from Baudewyns. Due to the advance of French and British troops to the Belgo-Dutch front, the borders remained officially closed to non-military traffic until 13 May inclusive: BdFr, Archives, Secrétariat Général, dossier 1060.2001.01/38, ‘or belge’: letter of 13.08.1940 from A. de Brouckère (Pau) to the Banque de France (Châtelguyon); note sur les opérations traitées aux guichets de la Banque de France par les réfugiés belges, 29.08.1940).
9 BNB, Archives, SD: P. Kauch, note sur les opérations de change de francs belges et de francs français lors de la fuite des belges en France et de leur rapatriement (unpublished text), Chapter. 1, pp. 1-3.
10 BNB, Archives, Boekhouding, Dossier 88.02.02.00 - B 610/1-5
existent. In order to resolve this thorny question, Gutt and Spaak on 13 May travelled to the French Ministry of Finance in Paris.

The Belgian and French ministers rapidly reached an accommodation and, after consultation with London, it was also accepted that Belgium would accede to the Reynaud-Simon monetary agreement of 4 December 1939. On the following day, 14 May, Gutt and his French counterpart Félicien Lamoureux signed an interim Franco-Belgian monetary agreement whereby the two countries declared themselves prepared to grant credits to each other: the French Treasury opened an interest-free line of credit in the amount of 500 million French francs in favour of the Belgian Treasury, which in turn opened an interest-free line of credit in the amount of 340 million Belgian francs in favour of the French. Further details would be included in a subsequent, definitive agreement and a similar agreement would be signed with Great Britain in the near future. Debts arising out of the credit lines granted would be settled at exchange rates of 147.2 French francs to 100 Belgian francs and 1 pound sterling to 120 Belgian francs; the rates would remain in force for the duration of the war and could be changed only by mutual agreement.

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11 BNB, Archives, DC, 12.12.1944: memorandum from Baudewyns.

12 According to an indication by Hubert Ansiaux, it was only from 17.05.1940 on that there was any extensive exchange of Belgian money into sterling in Great Britain: exchange was at a rate of 1 pound sterling to 120 Belgian francs, with a maximum permissible amount of 10 pounds per person per week: BNB, Archives, Studiedienst, dossier 01.02.01.70 (A 247/6): memorandum of 28.08.1942 from Dussart to Kauch. Although the French pushed for a rapid conclusion of a provisional Anglo-Belgian monetary and financial agreement on the same lines as the Franco-Belgian agreement, and although the Bank of England indicated that it would have no objection, there was opposition from the British Treasury. Sir David Waley, while agreeing in principle, wanted first thoroughly to examine the text of the Franco-Belgian agreement, which is why assent to an Anglo-Belgian agreement came only later, probably on 16 May (BEngl, Archives, Belgium, dossier OV88/3: telephone conversation of 14.05.1940 with Philips (Paris); letter of 14.05.1940 from Waley to Cobbold).

13 BNB, Archives, sd: Kauch, note sur les opérations de change, Chapter 1, p. 7. The agreement regarding the mutual granting of credit lines never came into force, due to the changed military circumstances, and was in fact superseded in this respect by the Franco-Belgian agreement of 7 June (BNB, Archives, sd: Kauch, note sur les opérations de change, Chapter 2, p. 11, footnote 28). See also: V. Janssens, De Belgische frank, p. 287.
However, the exchange rate that the ministers had set between the French and Belgian francs proved unacceptable to the Banque de France, which, on 15 May, notified its branches that the rate of 144.4 French francs to 100 Belgian it had announced on 9 May remained in force. The Belgian government made a vague protest, but to no avail. The Bank appeared to accept neither of the rates, as, that same day, the board of directors resolved that only small quantities of banknotes presented by French soldiers would be exchanged, and then only at the pre-war free market rate of 172.4 French francs to 100 Belgian. At Gutt’s express request, the Bank fairly quickly relaxed its stance and on 16 May announced that French military personnel could exchange banknotes up to an amount of 25,000 French francs per person at a rate of 144.4 French francs to 100 Belgian, but that the rate of 172.4 French francs to 100 Belgian would remain in force for private individuals. On the other hand, and with chiefly the safeguarding of the Bank’s gold reserves in mind, the board of directors urged the Banque de France to restrict the exchange of Belgian banknotes for French to the maximum of 5,000 Belgian francs per account per fortnight.

The provisional arrangement of 16 May with Great Britain was also received with a certain degree of displeasure on the part of the Bank. In the same way as France had supported Belgium militarily, Great Britain had sent a great number of troops to the continent and, again like France, looked to obtain as favourable an exchange rate as possible for her military forces’ spending in Belgium. In consequence, the Bank of England was not prepared to accept the unfavourable free market rate of 1 pound sterling to 101.675 Belgian francs that had been quoted on the Brussels Exchange just prior to its closure. It wanted the official rate of 1 pound sterling to 120 Belgian francs to be applied. On 11 May, it notified

14 BNB, Archives, Studiedienst, dossier 01.02.01.70 (A 247/6): letter of 28.08.1942 from Dussart to Kauch; Janssens, De Belgische frank, p. 287.
15 BNB, Archives, sd, 36, Service étranger, dossier 8.11.30/1: activité du service des changes et du service étranger, 10 mai 1940-31 décembre 1941 (rapport au comité de direction); Janssens, De Belgische frank, p. 287.
16 BNB, Archives, sd, 49, dossier 8.13.11/ s. f. 1: ‘période de guerre, correspondance 20 mai 1940-30 mai 1940’: letter of 28.05.1940 from Janssen to Gutt.
17 BNB, Archives, Studiedienst, dossier 01.02.01.70 (A 247/6): letter of 28.08.1942 from Dussart to Kauch.
the Bank by telephone that British forces would exchange their pounds at the official rate, but that there would be a limit of two pounds per soldier\textsuperscript{18}. After discussion with Governor Janssen, Gutt declared himself in agreement with the rate proposed by the Bank of England \textsuperscript{19}.

**RISING WAR PANIC**

Since the invasion, a rising sense of unease about the course of military operations had prevailed at the Bank in Brussels. The management of the Bank, therefore, judged it wise to make all haste to complete the evacuation of Bank’s holdings of gold, as well as all other valuables it held\textsuperscript{20}. On 15 May, the government decided to leave Brussels and establish itself at Ostend. Gutt requested the Bank to transfer its registered office to where the government was retreating and to carry out its monetary tasks there. The Bank decided that Governor Janssen, Deputy-governor Ingenbleek and Director Baudewyns would follow the government to Ostend. Director Goffin and the Treasurer Sontag were to remain in Brussels. Thirty-three members of the head office staff were detailed by the board of directors to follow the management to where it was decamping\textsuperscript{21}. Various semi-public institutions, including the Postal Cheque Office and other public services such as the Banking Commission were to follow, as were a number of secretaries-general, or their representatives, with part of their administration.

Once the government had resolved to quit Brussels, it invited leading figures from the world of banking to the Ministry of Finance to discuss with Gutt and the Minister of Foreign Affairs Spaak how affairs were to be managed in the occupied area of the country after the government’s departure. Only Alexandre Galopin, Governor of the Société Générale, Max-Léo Gérard, Chairman of the Banque de Bruxelles, and Fernand Collin, Chairman of the Kredietbank, were in a position

\textsuperscript{18} BNB, Archives, \textit{sd}: Kauch, La Banque Nationale (unpublished text), Part 1, Chapter. 2, p. 32, footnote 40. See also: BNB, Archives, \textit{sd}: Kauch, note sur les opérations de change, Chapter. 1, pp. 6-7.

\textsuperscript{19} BNB, Archives, \textit{sd}: Kauch, note sur les opérations de change, Chapter. 1, pp. 6-7.

\textsuperscript{20} Between 11 and 14 May gold was sent to France by Ansiaux under rail convoy (BNB, Archives, \textit{Boekhouding}, dossier 88.02.02.00 - B 610/1-5).

\textsuperscript{21} BNB, Archives, \textit{dc}, 15.05.1940.
to participate in the discussion. Gutt notified the three of the decision regarding the imminent departure of the government and added that a substantial proportion of government institutions and the central administrative framework would follow the government to Ostend and, in the event, abroad. Because a departure on this scale would create a large administrative vacuum in the occupied territory, particularly in respect of public finances, Gutt requested the bankers to assume responsibility for the payment of the wages and salaries of the public sector employees who remained behind, and, to that end, handed Galopin a blank cheque from the Treasury.

The discussion in Gutt’s bureau revealed once again with what incomprehensible ignorance the Belgian government faced the war. Galopin sought in vain for a guiding principle among those in authority remaining in Belgium, whether in the public or the private sector. What attitude was he and his colleagues to adopt toward the German occupier, he asked, now that the departing government had resolved to pursue a scorched earth policy as regards politics and administration (‘stratégie de vide politique et administrative’)? Surely it was not the government’s intention to abandon the population unprotected to the occupier or, as Galopin put it, ‘You don’t want us, after all, to turn Belgium into a cemetery?’ That was certainly not what was wanted by the ministers, who accepted that concessions had to be made to the occupier, but gave no indication as to what they were. How this thorny question was to be dealt with they left to the wisdom and courage of those in authority remaining behind. Spaak ended the discussion with the rhetorical declaration that was later to cause so much controversy, ‘Gentlemen, we entrust you with Belgium.’

22 Van der Wee and Verbreyt, De Generale Bank, pp. 243-246.
24 UCL, Archives, fonds A.-E. Janssen, dossier 200B/10: letter of 30.08.1946 from Collin to A.-E. Janssen and letter of 11.07.1946 from Gérard to A.-E. Janssen. See also: UCL, Archives, fonds A.-E. Janssen, dossier 200B/11: letter of 05.01.1947 from Velge to A.-E. Janssen. A great deal has been written about the exact scope of the request by Gutt and Spaak to the three bankers to follow-up the economic development of the country prudently. It is very certain that no details were discussed – indeed, there was no time for that – and nothing was set down in writing. The discussion nevertheless followed the direction indicated above. For more details of the entire debate, see particularly: M. Van den Wijngaert, L’économie belge sous l’occupation. La politique d’Alexandre Galopin, gouverneur de la Société Générale, Brussels, 1990.
OSTEND, A CONFUSED EPISODE

Governor Janssen and Baudewyns left for Ostend on 16 May, together with the government, and Ostend automatically became the place where the Bank’s registered office was established\(^{25}\). The very next day, the Germans marched into Brussels. Before this happened, Sontag and Ansiaux had worked feverishly at head office to move the last securities and the printing equipment out of the capital, and to safeguard the cash stocks and securities of the branches that, in accordance with the evacuation plan, had in an initial phase been transferred to Brussels from the south and east of the country\(^{26}\).

The evacuation of the branches went far from according to plan. In many cases, the transfer was a chaotic affair, even though, miraculously, it was completed successfully\(^{27}\). In the final instructions from head office before the German invasion, the branch managers had been told to stay at their posts for as long as possible before bringing their cash stocks and securities to Brussels or Ostend under escort from the local gendarmes. The rapid advance of the German troops stymied that flow, as did the fact that, in certain cases, the gendarmes withdrew without alerting the local branch. Thus, abandoned totally to their own devices, the managers had to find secure transport. They could call on the local military commandant to requisition the necessary lorries. Where that was not possible, they had to get out as best they could, using whatever means of transport they could lay their hands on. Once transport was secured, they then had to make their way between the advancing or retreating armies and the swarms of refugees that clogged the roads everywhere. On top of that, they had to run the gauntlet of German fighter planes in search of military convoys. They arrived sporadically at head office in Brussels, some of them, including the managers from

\(^{25}\) BNB, Archives, Boekhouding, dossier 88.02.02.00 (B 608/12): France 1940. Inventaires, évacuation, rapatriement (ordre de service du 17 mai, signé par Goffin).

\(^{26}\) In this respect, see the reports of the agents about their evacuation: BNB, Archives, Inspectie, dossier 22.00.00.00 (G 373/4): rapports d’évacuation des agences de la BNB.

\(^{27}\) The agents’ reports contain interesting details about this: BNB, Archives, Inspectie, dossier 22.00.00.00 (G 373/4): rapports d’évacuation des agences de la BNB.
Tongres, Nivelles and Mons, having had to abandon branch premises destroyed or damaged by bombardment\footnote{BNB, Archives, RR, review of 1940. See also: Tijdschrift voor het personeel van de NBB, 1958, 6, pp. 1-6.}

In the early afternoon of 15 May, Ansiaux left Brussels for Ostend for the last time, accompanied by a few lorries packed chiefly with unissued banknotes and the stocks of cash that had arrived from the local branch managers in the south of the country\footnote{‘Entretiens avec Hubert Ansiaux, I. L’or et les valeurs de la Banque Nationale dans la tourmente de 1940’, in: Revue Générale, February, 1985, p. 10; Ansiaux, Souvenirs, 1990, pp. 48-50.}. It was only in the early morning of the following day that he arrived with his consignment at the branch in Ostend. Confusion reigned there, too. Considerable quantities of cash were arriving from the branches in the north and centre of the country, that from Antwerp even in a number of commandeered hearses, for want of other means of transport. There was naturally insufficient manpower to inventory everything accurately and, moreover, the labels of many sacks and crates had been torn or lost.

Governor Janssen was in a sombre mood. He had learned from Gutt that the military situation was hopeless and that the government would soon decamp: in Gutt’s words, ‘It’s a disaster, the government will leave for France, either to Le Havre, or further south’\footnote{KP, Archives, fonds Leopold III, 58: Ingenbleek, mon journal de guerre, p. 2.}. Following this bad news, Janssen convened an emergency meeting of the board of directors at the Ostend branch on the morning of Friday 17 May, in order to discuss what course of action the Bank ought now to take\footnote{BNB, Archives, DC, 17.05.1940.}. It was resolved that the Governor should follow the Minister of Finance and that Baudewyns should leave immediately for Paris and there contact the Banque de France. In the early morning of 18 May, the government resolved to leave forthwith for Le Havre, its departure from Ostend having been hastened by a night bombardment of the town. The following day, Gutt and Governor Janssen arrived in Paris, where Janssen accepted the hospitality of the Banque de France, in whose premises he established the Bank’s registered office\footnote{BNB, Archives, SD, 36, Foreign Department, dossier 8.11.30/1: activité du service des changes et du service étranger, 10 mai 1940 – 31 décembre 1941 (rapport au comité de direction, Chapter. 1).}.
When Ostend came under renewed bombardment later in the day, Ingenbleek deemed it time to get the staff and most of the cash stocks deposited at the branch there to safety in Le Havre. Greater urgency was given to his decision by the news, just received, that the German army was successfully forcing a breakthrough to the north French coast, so that Belgium would probably very soon be cut off from France. The task now facing Ansiaux, left behind in Ostend, was hopeless. The load still to be evacuated consisted of 281 crates, weighing approximately forty tonnes. Apart from a few staff from head office, he had virtually no one left; much worse was the fact that he had only one lorry with which to transport the entire load. The day before, 17 May, he had been in contact with the port authority, which was then in the hands of the French military, and had found a willingness to help; but the port lay deserted and no further ships were expected to arrive, so that no salvation could be expected from that quarter.

With Sunday 19 May dawning, the situation had become hopeless. By amazing good fortune, however, a Belgian coastguard vessel bearing the number A4 sailed into Ostend from Dunkirk at around six o’clock that evening and Ansiaux was able to convince the local Belgian Naval commander to make the ship available. Initially, the A4 hugged the Belgian coast. As it approached Nieuwpoort, however, the port of Dunkirk came into sight, ablaze; the rudder was thrown over and the vessel headed out into the open sea. The following morning, the A4 reached the Thames estuary, where the British Admiralty instructed it to sail on to Folkestone. From Folkestone, the A4 was directed to Dartmouth and from there to Plymouth, where transport to London would be provided. At last, on the morning of 26 May, the vessel tied up in Plymouth harbour. Under the watchful eye of Ansiaux, the valuable crates were unloaded onto the quay and transported to the vaults of the Bank of England. Ansiaux had carried out his remit with flying colours.

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34 BNB, Archives, Studiedienst, dossier 01.02.00.10 (A 230/4): quelques renseignements recueillis concernant les évacuations des encaisses de la Banque Nationale.
THE PEREGRINATION THROUGH FRANCE

The evacuation of the cash stocks and valuables of the local branches to France was a very tortuous affair, particularly the first stage to Le Havre. Once again, progress was hindered by clogged roads, numerous diversions and incessant bombardment. Furthermore, the convoy assembled in Ostend lost some of its cohesion, so that a number of branch managers were thrown onto their own resources and had to resort to a great deal of improvisation in order to reach Le Havre. The majority of the convoy finally reached the agreed place of assembly at Sainte-Adresse near Le Havre around 21 May; there they were awaited by Ingenbleek and directed further to Caen\textsuperscript{35}, where they met Bastiné, a deputy-general manager of the Bank, and Pierre Kauch, the Governor’s private secretary. These two organized convoys destined for Tarbes in southwest France\textsuperscript{36}, where the Banque de France had placed the strong-room of its branch there at the Bank’s disposal to deposit the cash stocks; between 21 and 29 May, no less than thirty of the Bank’s forty-two branch managers made use of this facility\textsuperscript{37}. This brought the number of staff and family members in Tarbes and its surroundings to 240\textsuperscript{38}. Fortunately, the staff had received three months’ pay in advance upon their departure from Belgium, a gesture that was repeated on the instructions of Bastiné in Caen\textsuperscript{39}.

\textsuperscript{35} For a detailed account of the wandering of a large number of these agents, see their reports in: BNB, Archives, \textit{Inspectie}, dossier 22.00.00.00 (G 373/4): rapports d’évacuation des agences de la BNB mai-juin 1940. See also: the diary of a member of staff, Walter Patoor (NBB, war diary of Walter Patoor).

\textsuperscript{36} BNB, Archives, \textit{Inspectie}, dossier 22.00.00.00 (G 373/4): rapports d’évacuation des agences de la BNB, mai-juin 1940.

\textsuperscript{37} BNB, Archives, \textit{Inspectie}, dossier 22.00.00.00 (G 374/4): rapport consécutif à l’évacuation de l’encaisse de nos agences, 10.06.1940; BNB, Archives, sd, Ingenbleek Papers: le problème de la vie sous l’occupation, Chapter. 4, p. 11.

\textsuperscript{38} BNB, Archives, \textit{Boekhouding}, dossier 88.02.02.00 (B 608/12): France 1940. Inventaires, évacuation, rapatriement (these figures also included the staff in Toulouse, but not the staff at Mont-de-Marsan; in total, 344 members of staff were repatriated in July-August to Belgium: see below).

\textsuperscript{39} BNB, Archives, \textit{Inspectie}, dossier 22.00.00.00 (G 373/4): rapports d’évacuation des agences de la BNB, mai-juin 1940 (report of the agent J. Leleux of the Ath branch, 30.05.1940). See also: BNB, Archives, sd, 49, dossier 8.13.11 / s. f. 3, ‘période de guerre, correspondance du 6 au 10 juin 1940’: letter of 06.06.1940 from Baudewyns (Paris) to Van Nieuwenhuyse (Mont-de-Marsan)).
As already mentioned, Janssen, accompanying Gutt, had left Ostend for Paris on 18 May, in order to establish the Bank’s registered office there. No less important, though, was the matter of the provisional monetary agreement of 14 May, which now had to be given definitive form. The matter had become exceptionally urgent, as the number of Belgian refugees in France was now enormous, the government putting it at nearly two million\(^40\). It was probable that there were, in fact, only about a million or somewhat more Belgian refugees actually in France and that the government estimate wrongly included the approximately 800,000 Belgian refugees in West Flanders and a part of East Flanders\(^41\), but this still meant that more than one million refugees in France were looking to exchange Belgian francs for French.

Consequently, the French banks were inundated with requests to convert Belgian money into French, something that gave Janssen and Baudewyns extreme cause for concern about the future of the gold reserves that had been deposited with the *Banque de France*. Conversion on a massive scale would result in a sharp increase in the quantity of Belgian banknotes in the hands of the *Banque de France*. Buying them in with gold, the only method normally permitted, would severely diminish the Belgian gold deposit in France or even jeopardize it completely.

For his part, Gutt was well aware that he would be in sore need of French credit\(^42\). In the first place, he had to finance the expenditure of

\(^40\) BNB, Archives, *Boekhouding*, dossier 88.02.02.00 (B 608/11): memorandum concerning the expenditure of the Pierlot government in Belgium and in France, 10 May-15 August 1940, p. 1. This figure was endorsed by the Dutch envoy in Brussels, who had kept a close track of the Belgian government during its peregrination through France: Ndl.BZ, London Archives 1940-1945, *GA, G II*, België n°2: letter of 29.05.1940 from van Harinxma thoe Slooten (Poitiers) to van Kleffens (London). In 1941, the French authorities were even speaking of between two and three million Belgian refugees (BdFr, Archives, *Direction de la documentation*, dossier 1397.1994.01/71: séance du 4 octobre 1940, relative à l’or belge.

\(^41\) Robert Vauchez, ‘Le Drame belge’, an article published in the newspaper Le Soir at the end of 1940, in which he wrote: ‘Aujourd’hui, le rapatriement (de France) de plus d’un million de belges est presque terminé’ (Ndl.BZ, Archives, dossier ‘London’: Belgium).

\(^42\) According to a memorandum drawn up during the summer of 1940, the Bank, as State cashier paid out a total of 1,692,142,547.27 Belgian francs for account of the government between 10 May and 15 August: BNB, Archives, *Boekhouding*, 88.02.02.00 (B 608/11).
the armed forces in France and also provide for the maintenance of the reserve of recruits, the tens of thousands of young men between the ages of sixteen and thirty-five who were not yet in the armed forces, but whom, during the first days of the invasion, the government had sent to the south of France, pending their joining the Belgian troops. Moreover, the government had granted the refugees a subsistence benefit and had to pay the salaries of the numerous officials who had fled to France. The government had also agreed to provide cash advances to persons who could prove that they had money in their post office account, and continued to pay pensions and invalidity benefits to refugees qualifying for them. Lastly, it had to build up an administrative structure in France, continue to maintain the diplomatic services abroad and continue to service foreign debt.

In fact, the only major assets that the government could use as collateral for credit were the gold deposit of the Bank and the quantity of foreign currency, gold pieces, securities and other valuables that refugees and businesses had brought to France. There was, thus, a dual concern of not allowing the gold deposit to shrink too much and of keeping private assets out of the hands of the French government.

The government and the Bank had also to take account of the financial interests of the refugees, who were very unhappy about the exchange rate that had been accepted with the Franco-Belgian agreement of 14 May, i.e. 144.4 French francs to 100 Belgian, a parity considerably different to the market rate of 9 May, which was 173.04 French francs to 100 Belgian. The new situation, whereby the decrees of 10 May had abolished transactions on the free market, so that only the official rate continued to apply, was perceived by the refugees as a drastic devaluation of the Belgian currency. As a result, they felt that they were suffering a considerable loss every time they exchanged money and that their government had let them down. On top of that, the Bank had agreed with the Banque de France on 18 May that, with effect from the follow-

43 ARA, fonds ministerie van Financiën, Plisnier Papers, dossier 2 b: note of M. Gutt sur l’activité financière du gouvernement belge, summer 1940.

44 ARA, fonds ministerie van Financiën, Plisnier Papers, dossier 2 b: letter of 27.07.1940 from Smeers (Vichy) to Plisnier (Brussels). In this respect, see also: BNB, Archives, SD, London Archives: note of M. Janssen sur son activité entre le 10 mai et le 9 juillet 1940, n° 14.
ing day, the conversion of Belgian money into French would be limited to 2,000 Belgian francs per person per fortnight, with a maximum of 5,000 Belgian francs per household.\footnote{BNB, Archives, \textit{Studiedienst}, dossier 01.02.01.70 (A 247/6): memorandum of 28.08.1942 from Dussart to Kauch. See also: BNB, Archives, \textit{sd}: Kauch, note sur les opérations de change, Chapter. 2, p. 3.}

Quite simply, Gutt and Janssen were between hammer and anvil. On the one hand, their aim was to keep the Bank’s gold deposit as intact as possible and to do that by keeping the conversion of Belgian money to a minimum. On the other, their unwillingness to ignore the interests of the refugees meant that the exchange rate of the Belgian franc had to be maintained, while scope had to be left regarding the amount of money to be converted. Neither of the two men was at the time fully aware of the extraordinarily high feelings and emotion that the government’s manipulation of the exchange rate was arousing among the refugees. It was an ignorance that later came to haunt them.

\footnote{BNB, Archives, \textit{sd}: Kauch, note sur les opérations de change, Chapter. 2, p. 2.}