CHAPTER 17

The Creation of a United Front

THE RESOLUTIONS OF 16 OCTOBER 1942

The memorandum approved unanimously by the management on 3 October 1942 was submitted to the Bank’s supervisory council and the Banque d’Emission’s board of directors on 8 October. The next day the supervisory council examined it. Bekaert declared that the Bank should refuse to co-operate in financing German purchases on the black market and, to that end, should develop a supervisory system that would examine every transaction. Berger and Van Nieuwenhuyse, present at the meeting, demurred, unconvincing of its viability and preferring a general measure, more particularly the abandonment of the 1940 convention. Bekaert, an experienced and pragmatic businessman, and supported by Peltzer, another businessman, stated his conviction that the Germans had to be confronted at every turn and that a general and radical measure would inevitably fail, because of German opposition.

The jurists Marcq and De Visscher had been invited to the meeting and attempted to place the opposing standpoints within a realistic context. They pointed out that, to abandon the 1940 convention, would be to invite a series of measures from the Military Government, aimed at obtaining execution of the payment orders; once things reached that pass, the management could either bow to orders or refuse to accept them and consequently resign; acceptance meant no lightening of responsibility and, in the present circumstances, resignation was clearly not in the interest of the country. The suggestion of the two jurists, therefore, was that it might be wiser to demand concrete concessions from the Military Government, before terminating the convention; a feasible goal put forward by De Visscher was for a ceiling to be agreed for the charges being imposed.

1 BNB, Archives, RR, 09.10.1942.
Initially, Berger and Van Nieuwenhuyse stuck to their guns, but ultimately allowed themselves to be convinced by the arguments of the jurists; in consequence, the renunciation of the convention was scrapped from the conclusion of the memorandum and replaced by a demand for a ceiling to be set for the payment orders.

The meeting of the founder-bankers of the Banque d’Emission to discuss the memorandum was likewise attended by Marcq and De Visscher. Discussion proved to be more tense than within the supervisory council and, as always, the proceedings were dominated by Galopin. He stated that the occupier had not respected the agreement of 5 May and that the Banque d’Emission and the Bank had therefore to react forcefully and together. However, it was less clear how this might be done. Here, Galopin favoured Bekaert’s proposal to the supervisory council: the managements of the two institutions should fight to gain more control over the payment orders; once they had succeeded in this, it would be easier for them to identify abuses in the clearing system, expose them and attempt to eliminate them.

Goffin and Ingenbleek saw no salvation in Galopin’s strategy and remained in favour of the management’s proposals. They were convinced that efficient supervision was impossible: the 135-strong staff of the Foreign Department were handling an average of 2,500 dossiers a day and there was a major problem in separating the legitimate transactions from the illegitimate. Because the information supplied by the Germans was so scant, tracking down irregularities was like looking for a needle in a haystack. In Van Nieuwenhuyse’s view, there could be only one solution: to obtain a joint ceiling for the clearing deficit and the occupation costs.

Galopin realized immediately that the proposal of the managing directors would place a curb on Belgian exports, thereby threatening his policy of maintaining employment in Belgium. Since the Germans refused to admit the word ‘unemployed’ in their vocabulary, any reduction in industrial activity would be accompanied by large-scale deportation of Belgian workers to Germany, the more so since the Ger-

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2 BNB, Archives, Studiedienst, 4, dossier 01.02.01.70 (A 239/8): relations des négociations consécutives au mémorandum du 3 octobre.
3 BNB, Archives, SD, 19, clearing, dossier, 8.11.9/2: réunion des banquiers fondateurs, 12.10.1942.
man ordinance of 6 October 1942 envisaged ‘forced’ labour, involving such deportation. De Munck noted that the danger was increased by the ‘fixed’ ceiling that Berger and Van Nieuwenhuyse had proposed. Indeed, because the sole aim was to set a fixed ceiling for the total costs, the Germans could spread those costs at will. If they judged it better to deploy Belgian workers in the service of war industry in Germany, they could shift all costs in respect of Belgium onto occupation costs and thus allow the clearing system to atrophy. Exports from Belgium to Germany would then automatically cease and the labour thereby released be fully available for deportation.

Berger and Van Nieuwenhuyse responded by suggesting that the ceiling be embedded in a system of control, whereby exports to Germany would be accompanied by a licence issued by a Belgian authority. This *a priori* control would eliminate irregular transactions from the clearing system and be an effective replacement for the *ex post facto* control of the agreement of 5 May. Pragmatists as they were, the founder-bankers of the *Banque d’Émission* were extremely sceptical of any such concept: the idea that the Germans would accept a ceiling demonstrated a poor sense of reality and to couple the obligation of a Belgian licence to the ceiling was totally unrealistic.

The bankers, for their part, stated that there were valid arguments to justify *de facto* collaboration. Supplying the population with food, avoiding the mass deportation of workers to Germany, maintaining an industrial infrastructure in the country, with a view to post-war recovery, were all overriding arguments in their opinion. Moreover, during the preceding two years of war, nearly 40 per cent of total Belgian exports had been offset by imports of foodstuffs and raw materials; undoubtedly, therefore, the policy of the least evil had produced a number of positive results, however unsatisfactory in general.

In De Visscher’s opinion the arguments put forward by the founder-bankers were not valid for those heading the Bank and the *Banque d’Émission*, who had their own monetary responsibility to bear that even German enforcement orders could not remove. Moreover, for the Bank’s leaders the situation was not to get any better, because the problem of financing was made all the more acute by the transfers of savings from workers deported to Germany.

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Following the discussion, De Visscher and Marcq were given the task of working out a number of resolutions with Berger and Van Nieuwenhuyse, that would take account of the remarks and criticisms that had been made. Since both directors were by now so firmly rooted in their ideas, there was little scope for compromise between them and the two jurists. The two managing directors, in fact, dictated the content of the texts, and they proposed six resolutions. The first included De Visscher’s suggestion of a ceiling, meaning that henceforth there would be a monthly maximum for the burden of costs imposed by the occupier, including occupation costs, clearing payment orders, requisitions and the conversion of Reichskreditkassenscheine. Furthermore, Belgium needed to exert control over how the costs were broken down according to the various categories. The second stated that the agreement of 5 May had not been respected by the occupier and was therefore deemed to have lapsed; payment orders bearing the inscription ‘laut besonderer Mitteilung’ would no longer be automatically executed. The third was that all transactions with other countries, including Germany, should be subject to prior control and approval by the Clearing Office at the Ministry of Economic Affairs.

The three following resolutions were not so comprehensive and thus less essential. The first declared that transfers to Belgium of money by workers employed in German war industry could not be accepted and would not be executed in future; the needs of families in Belgium would be supplied by Belgian poor-relief services. The second was for Belgian credit balances in the clearing system between the French and Belgian Reichskreditkasse to be deducted from occupation costs. The third was for the Bank and the Banque d’Emission to refuse to transfer 1 billion Belgian francs’ worth of Reichskreditkassenscheine from their portfolios to the Reichskreditkasse, recently requested by the Military Government.

The six resolutions were submitted to the founder-bankers of the Banque d’Emission. Goffin ensured that they had the support of the Bank’s supervisory council, even though they were exacting in their demands and aggressive in tone. Unusually, the bankers found them-

5 BNB, Archives, SD, 19, clearing, dossier 8.11.9/3: résolutions du 16 octobre 1942.
6 BNB, Archives, SD, 19, clearing, dossier 8.11.9/2: réunion des banquiers fondateurs, 14.10.1942.
selves thrown entirely on the defensive. They had always pressed the management of the Bank and the Banque d’Émission to act vigorously to combat abuses. Now that vigorous action was being taken, how could they back down? On the other hand, they realized all too well that the demands being made were not feasible. If this went ahead, they would be on course for a serious clash with the Military Government, which they wanted to avoid.

A.-E. Janssen made a dramatic call for everyone to support the policy of accommodation and for new negotiations with the occupier, the sole purpose being to increase the effectiveness of Belgian control of the clearing transactions. Only if this proved to be impossible could consideration be given to the proposals of Berger and Van Nieuwenhuyse.

In the end, however, the founder-bankers lined up behind the resolutions and on 16 October, together with the directors and supervisory council of the Bank, as they put their signatures to the text. However, the agreement that was reached was not quite what it purported to be: the founder-bankers regarded the resolutions as maximum bargaining demands to be used in negotiations with the Military Government and eventually to be scaled down in exchange for German concessions. Berger and Van Nieuwenhuyse, with the backing of Goffin, demanded that the resolutions be accepted in toto by the Germans as a conditio sine qua non for any agreement, otherwise they would resign. However, neither standpoint was made explicit in the text, apparently in order to gain the support of the secretaries-general of the Belgian administration.

THE DRAMATIC INTERVIEW WITH REEDER

The text of the resolutions was sent to Plisnier and Leemans, with a request for them to join the action. Plisnier reacted positively to the text. Wanting first to hear how the two parties interpreted it – because he suspected that their versions might differ – he invited those involved

8 BNB, Archives, SD, 32, dossier 8.11.26/8: divers (difficultés actuelles de la BEB), 20.10.1942.
to a joint meeting in his private office. He was not mistaken. According to Galopin, the resolutions were not to be taken as an ultimatum to the Germans, but as a basis for negotiations. For Van Nieuwenhuyse and Berger, however, they had indeed to be regarded as an ultimatum: if the Military Government could not agree with the entire package, then the board of directors of the Bank (most of them also managing directors of the Banque d’Emission) would resign. Plisnier declared that, if that were the case, he would align support their decision. The representatives of the Banque d’Emission’s board of directors and the Bank’s supervisory council had no wish to break ranks; they stated that they, too, would resign, if the respective managements did so ‘for justified reasons’. As individuals, however, they would remain at their posts in their companies, ‘not wanting to abandon their workers to be deported to Germany’.

It became clear as the meeting drew to a close that there was still uncertainty about a considerable number of points, particularly about the strategy to be adopted in arguing the case for the memorandum with Reeder and about who should be delegated to argue it. On this last issue quick agreement was reached: Plisnier and Leemans would act for the country’s administration, Goffin and Berger for the Banque d’Emission, and Galopin and M.-L. Gérard for the founder-bankers. It was also decided that these delegates would coordinate their strategy in a preparatory meeting.

The intense preparations for the planned action had naturally not gone unnoticed by the Bankaufsichtamt and, on 21 October 1942, von Becker asked Ingenbleek for more information. It appeared from what was said that von Becker was particularly well informed. He warned Ingenbleek that too aggressive an approach would have severe consequences: ‘you will have government by the ss’, and there would be very unpleasant sanctions. After these threats, he introduced a note of disappointment, asking whether the Belgians had no appreciation of the efforts of the Military Government to make the occupation as bearable as possible. He was certainly honest in stating that: ‘general von Falkenhausen sometimes risks being considered too lenient by the Nazi-gov-

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10 BNB, Archives, SD, 19, clearing, dossier 8.11.9/5: préparation de la réunion chez M. Reeder.
ernment in Berlin, by going out of his way to alleviate the burden of occupation on Belgium.\footnote{BNB, Archives, DC BEB, 21.10.1942.}

The meeting with Reeder was initially set for 27 and then for 28 October. After intensive discussions during their preparatory meeting the Belgian delegates resolved to abandon the idea of presenting the six resolutions as a straightforward ultimatum.\footnote{ARA, fonds Société Générale de Belgique, dossier KB 1: note relative à la crise traversée par la BEB au cours du quatrième trimestre 1942, 04.02.1943.} First would come the demand for the Banque d’Emission to have effective control of the global payment orders, which from the end of the summer 1942 were again increasing dramatically. The main argument for this was the fact that German purchases on the black market were no longer exceptional occurrences, but common practice. Such abuses could no longer be tolerated and only effective control by the Belgian authorities could stop them.

The second point to be addressed would be the question of the clearing system as such, and here the emphasis would be chiefly on determining what transactions qualified for the system. The third point would be the matter of the ceiling, though this would be presented as only a secondary problem. Lastly, in order of importance, would come the questions of the wage transfers, the offsetting between the French and Belgian Reichskreditkassen and the refusal to transfer the Reichskreditkassenscheine to the Reichskreditkasse in Brussels. Van Nieuwenhuyse was quite disillusioned about the direction things were taking, but the opportunity for a united front demanded a readiness to accept a degree of compromise.\footnote{In this respect, see the allusions in: BNB, Archives, SD, Basyn Papers, dossier 6 g: letter of 12.01.1943 from Kauch to Basyn, p. 6.}

The actual meeting with Reeder took place at the headquarters of the Military Government.\footnote{BNB, Archives, SD, 19, clearing, dossier 8.11.9/ s. f. 6: réunion chez le Président Reeder, 28.10.1942; BNB, Archives, SD, Basyn Papers, dossier 6 e: Basyn, relation des négociations consécutives au mémorandum du 3 octobre 1942 (17.12.1942).} In his introductory remarks, Reeder immediately set the tone by stating that the Military Government did not like requests for negotiations. The fact that it had agreed to receive the delegation had therefore to be seen as an exceptional gesture of courtesy on the part of the Germans.
Reeder’s discouraging introduction did not deter Plisnier from taking the bull by the horns and declaring that, as the Germans were not respecting the agreement of 5 May 1942, the arrangements it contained had to be reviewed and improved: ‘Belgian’ control over clearing transactions had to be built into a new agreement and steps had to be taken to curb German purchases on the Belgian black market. He concluded with an urgent call for a reduction in overall occupation costs.

In his response, Reeder reduced the entire matter to Plisnier’s comments regarding the problem of the black market and claimed that he would be the first to act vigorously to stamp out such malpractice. In an aside, however, he remarked that there were two parties in the market: without the Belgian black-marketeers, the German purchasing agencies could not operate. He then proposed that a special commission be set up to control all that Belgians were offering on that market to German buyers. In future, moreover, all payments within the clearing system would be concentrated and executed via an account opened at the Wehrmachtverrechnungskasse (WVK), in order to impose effective control by the Military Government and thereby eliminate the abuses and irregularities.

Galopin perceived positive elements in Reeder’s proposals, but doubted whether they were sufficient to resolve all the questions that had been tabled. He was convinced that, if the intention was really to eliminate payment orders carrying the reference ‘laut besonderer Mitteilung’, German control would have to be matched by a system of control set up within the Belgian administration.

Reeder declared his readiness to examine the demands of the Belgian delegation and the degree to which the Military Government could meet them. However, the effect of these positive noises was dampened when, just before ending, he mentioned, as if in passing, that the coming months could well see new requests for lump-sum payments, without any details being offered. Surprised by this unexpected statement, the Belgian delegation asked what precisely it meant, whereupon Reeder gave the floor to Hofrichter. The explanation was businesslike, curt, even imperious, immediately cancelling the sense of conciliation to reveal how big was the gap within the Military Government between the moderates around Reeder and the Hofrichter coterie, which looked to follow Berlin’s strict line\textsuperscript{15}.

\textsuperscript{15} BNB, Archives, SD, 20, clearing, dossier 8.10.10/ s. f.15: réunion des banquiers fondateurs, 03.11.1942, p. 5.
Hofrichter then set out a complete financial programme that would fundamentally reorganize the clearing system. The *Banque d’Émission* was to accept the concentration of all payments in the *Wehrmachtverrechnungskasse*. It also had to execute immediately the suspended payments, which already amounted to about 750 million Belgian francs. Furthermore, the *Banque d’Émission* was required to transfer a lump sum of 500 million Belgian francs each month, for which no details would be provided; however, details would be given for 90-100% of blanket payment orders exceeding that monthly sum. Lastly, and contrary to what had been laid down in the agreement of 5 May, no further details would be given about the payments made between May and October 1942, amounting to 1,512.5 million Belgian francs.

Hofrichter’s words and arrogant manner came as a violent shock to the delegation. Goffin reacted immediately and said that Hofrichter’s programme had not taken the least account of the Belgian delegation’s proposals. Now it appeared that, with their unacceptable demands, the German authorities were leaving the managers of the Bank and the *Banque d’Émission* no option but to tender their resignations. Reeder had not expected such a sharp reply and reacted rapidly and drastically. He found Goffin’s intervention unseemly and declared that acceptance of Hofrichter’s four-point programme – which would also be set out in a letter to be circulated – was the *conditio sine qua non* for Belgian request to be considered. He then suspended the meeting and stormed out.

### REEDER’S ORDER FOR IMMEDIATE PAYMENT

The letter Reeder had referred to was delivered on 29 October. It repeated the demands set out by Hofrichter, but reformulated them, making them in part more imperative and in part more flexible. The demand for execution of the suspended payments amounting to about 750 million Belgian francs was translated in the letter into a formal order; payment was required to be made by no later than 4 p.m. on 30 October and was an unconditional requirement for negotiations to be

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16 BNB, Archives, sd, clearing, dossier 8.11.9/s. f.10: réunion tenue le vendredi 30 octobre 1942 à 19 heures chez M. le Bâtonnier René Marcq, p. 12.

17 BNB, Archives, sd, 19, clearing, dossier 8.11.9/ s. f. 7: lettre du Président Reeder, 29.10.1942.
resumed. Furthermore, Reeder explicitly confirmed that the agreement of 5 May remained in force, with the difference that the details agreed upon would no longer be supplied by the German purchasing agencies, but by the Wehrmachtverrechnungskasse. A more flexible stance was taken towards execution of future blanket payment orders, with Reeder offering two options.

The first (option A) was for the monthly payment of a lump sum of 500 million Belgian francs to the Wehrmachtverrechnungskasse: in principle, no details would be provided, although the Military Government promised to make an effort to supply the names of the Belgian sellers, as well as the amounts paid to them and the nature of the goods involved in the transactions; in any case details would be given in respect of virtually all blanket payment orders exceeding the monthly lump sum.

The second option (option B) was for all purchases of goods in Belgium made by German agencies or by troops in transit, and destined for use outside Belgium, to be financed via the clearing system and no longer via occupation costs; details would be provided for at least 90 per cent of the transactions concerned. Were the Banque d’Emission to reject this option, financing would continue to be via occupation costs. If the first option was also rejected, occupation costs would be increased by the amount of the monthly lump sum.

The order for immediate payment of 750 million Belgian francs required a rapid decision about the course of action to be followed. The managing directors of the Banque d’Emission met the same day. In a first draft of the reply they refused to comply with Reeder’s order. Their argument was that the money would largely be applied to finance purchases on the black market; but since both German ordinances and Belgian decrees prohibited such transactions, the Banque d’Emission was bound to refuse to execute the payment.

The draft reply was submitted to Plisnier who the following morning invited Galopin and M.-L. Gérard, together with Goffin and Berger, to discuss it. Galopin and M.-L. Gérard disapproved of the text, believing the refusal to pay was pointless and irresponsible, since it would

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18 BNB, Archives, DC NBB-BEB, 30.10.1942.
block the future negotiations. They also found the tone of the reply too aggressive. No-one wanted a breach with the Military Government, but breach there would be if the reply was sent in its present form. The draft was therefore revised in Plisnier’s office and its tone moderated. The new form stated that the Banque d’Emission was prepared to execute the payment, but only on condition that the Bankaufsichtamt give a prior assurance that the money would not be used to finance purchases on the black market.

The revised text was ready by 1 p.m. and in principle could be handed in due time to the Bankaufsichtamt. However, Berger wished to submit it first to the other managing directors. They disagreed with the revised text and decided to work on a new and harsher version that partly reflected the original draft. The founder-bankers, in their turn, saw themselves unable to accept the new version and sent it back to the managing directors with the request that everything possible be done to moderate it. By now, however, the lengthy discussions and arguments over the text had overrun the deadline of 4 p.m. Half an hour late, Goffin reported to the Bankaufsichtamt and asked whether he could submit the text on the following Tuesday morning, a delay of four days, on the excuse that the Banque d’Emission’s leaders had not finished discussing it and that some members could not be reached, because ‘All Saints’ fell on that weekend. Hofrichter asked whether the payment had been made. When Goffin replied that it had not, he was told to remain at the Bank until further notice.

The intense discussion that had been taking place all the while among the managing directors centred on how the reply could be amended to bring it more into line with what had been proposed by Galopin and M.-L. Gérard. Ultimately, it was the more moderate version that was chosen as the agreed text, i.e. the one on which consensus had been reached around midday in Plisnier’s office.

Around 6 p.m., Goffin was summoned to the Bankaufsichtamt. He was now able to present the reply, but when he drew the attention of von

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20 BNB, Archives, DC NBB-BEB, 30.10.1942, p. 5.
21 BNB, Archives, SD, ‘enquête BEB’: report of the Commission of Enquiry (published text, 1946), Chapter 3, p. 112.
22 BNB, Archives, DC NBB-BEB, 30.10.1942, p. 6. See also, BNB, Archives, SD, 20, clearing, dossier 8.10.11/ s. f. 15: réunion des banquiers fondateurs, 04.11.1942, p. 6.
Becker and Hofrichter the payment being conditional, the Germans refused to accept the reply\(^{23}\): they said that an official of the Bankaufsichtsamt would be at the Bank at 10 a.m. the following morning to verify that the payment had been made. The memorandum also contained certain unmistakable threats: for example, before 7 p.m. that evening Goffin was required to confirm that the Bank’s equipment – particularly its printing presses – were in good condition and that all the Bank’s valuables were immediately available. Any slip-up in these respects would be regarded as an act of sabotage. Furthermore, not only the management of both banks, but also the members of the Bank’s supervisory council and board of scrutineers, as well as the members of the Banque d’Emission’s board of directors, would be held responsible for a refusal to execute the payment\(^{24}\).

The managing directors were at their wits’ end and therefore sought external help. They found the jurist Marcq prepared to receive them in his office that evening and there they were joined by De Visscher and Plisnier\(^{25}\). De Visscher and Marcq judged that the threats had reached such a pitch that they had to be regarded in a new light. Manifestly, the Military Government now saw the execution of an order as a matter of prestige and felt that there could be no further discussion. The two jurists took the view that, if, in spite of everything, the Germans still appeared ready to negotiate further, this was an important reason to justify immediate and *unconditional* payment. Plisnier took the same line.

The managing directors resolved to do this. Berger agreed, but with ‘rage in his heart’. Van Nieuwenhuyse, too, declared his support for the majority, but not without reservation: on the assumption that negotiations would lead to nothing and that the plundering of the country would continue and ultimately result in ruin, he wanted to decide whether he would remain as a director or resign\(^{26}\).

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24 BNB, Archives, *SD*, 19, clearing, dossier 8.11.9/ s. f. 9: sommation des autorités allemandes, 30.10.1942.
26 The two jurists gave their opinion in writing and submitted the letter to Goffin on 3 November 1942: BNB, Archives, *SD*, 19, clearing, dossier 8.11.9/s. f. 11: consultation de Me Marcq et du Prof. De Visscher.
The payment was made the next morning. During the night of 30/31 October, German police in plain clothes surrounded the Bank and at 10 a.m. burst into the cashiers’ hall. Meanwhile, two members of the Bankaufsichtamt, dressed in army uniform, presented themselves to Goffin to check whether the instruction to transfer the money had been handed to Cracco and if the transfer had actually taken place.

27 BNB, Archives, SD, 19, clearing, dossier 8.11.9/ f. 12: exécution de la sommation, 31.10.1942.