A Small Nation in the Turmoil of the Second World War
Verbreyt, Monique, Van der Wee, Herman

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TOWARDS THE END OF THE OCCUPATION

THE TURN OF THE TIDE IN MILITARY AFFAIRS

The repercussions of the turn of the tide for the German armies since 1942 were also felt at the Bank and the Banque d’Emission. Their pressure to have a more effective say in clearing operations now found greater response from the Military Government, handicapped as it was by an increasing shortage of qualified German personnel. Internally, the Bankaufsichtamt even agreed that it was pointless to oppose the growing resistance by threatening to close the two institutions.

At the same time, however, the Berlin government began to take a much tougher line towards its own officials in Brussels. One of the first victims, not undeservedly, was von Becker, head of the Bankaufsichtamt and commissioner of the Bank and the Banque d’Emission, who in the autumn of 1943 was dismissed on suspicion of corruption. He was provisionally replaced by Dr. Jost, an insignificant figure. Initially, after von Becker’s departure, Hofrichter had probably hoped to step into von Becker’s shoes, which he certainly merited, but events dictated otherwise. In Berlin, the Minister of Economic Affairs, Walther Funck, was himself under fire as someone who was too close to von Becker and he feared that Hofrichter had too much inside information. Hofrichter thus fell out of favour and, despite Reeder’s persistent pleading, was also required to leave Brussels for Northern France. He returned to Brussels shortly thereafter, but declined to resume his function as

1 BNB, Archives, DC BEB, 17.04.1944.
2 BNB, Archives, Prack Papers, dossier 2: Jost, Abschluszbericht der Militärverwal- tung und des Reichskommissars für Belgien und Nord-Frankreich, 01.01.1944 – 31.08.1944, pp. 4–5.
3 BNB, Archives, DC BEB 07.01.1944.
Consequently, he was sidelined, even before he disappeared for good from the Military Government in April 1944. Jost, for his part, was appointed as commissioner of both the Bank and the Banque d’Emission, with effect from 1 March 1944.

All these changes at the top of the Military Government did nothing to make contacts any easier for the Belgians attempting to steer their country’s affairs. Oddly, too, they seemed to look back with some regret to the earlier, familiar relationships with the Military Government, even though the encounters then were often confrontational and they had to give way more than once.

The Military Government in Brussels itself had come into direct conflict with the Nazi government in Berlin, due to its strong disapproval of the ordinance in respect of forced labour, which in 1943 led to the large-scale deportation of Belgian workers to Germany and France. The Military Government had also hindered the requisitions of Fritz Sauckel’s administration and vigorously opposed the efforts of the Berlin government to gain greater control over the Belgian economy. The rest was done by the SS’s concoction of a corruption scandal among von Falkenhausen’s confidants. Ultimately, Hitler decided to get rid of the Military Government in Belgium and Northern France, and replace it with a Civilian Administration. As this came into effect only on 13 July 1944, however, it was a little late in the day for such a change and the result was that Reeder stayed on as president of the Administration. Barely two months later, the country was liberated.

Major changes had also taken place at the head of the Bank and the Banque d’Emission during this period. Since 16 January 1943, Goffin and Ingenbleek had been joined by Cracco and Vandeputte, both of whom were immediately very active. But Cracco was suddenly stopped

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4 ARA, fonds Société Générale de Belgique, Direction, Nokin Papers: memorandum of February 1944.
5 BNB, Archives, DC, 08.03.1944.
6 BNB, Archives, sd, 22bis, clearing, 8.11.12/11: réunion des banquiers fondateurs, 17.04.1944.
7 Klemm, German Economic Policies in Belgium from 1940 to 1944, pp. 243-335. Fortunately, the Military Government was supported in this by Röchling, who had been sent specially by Albert Speer to Belgium to push up industrial production there for Germany.
8 Nefors, Economische collaboratie in België, pp. 223-224.
short, when he was arrested by the Gestapo on 7 August 1943. Cracco had received a sum of money from his brother, who was active in the Resistance. Through his office at the Bank, he was supposed to hand this to two Resistance members, the money being to aid Allied pilots who had gone into hiding after being shot down over Belgium. Information about this had leaked out and, after being arrested, Cracco was summoned before a military tribunal of the *Luftwaffe*. The military prosecutor demanded the death penalty, the normal punishment for a deed of that kind, but the tribunal, probably after a great deal of lobbying, and to everyone’s relief, sentenced Cracco on 12 November 1943 to eight years’ hard labour and a fine of 62,000 Belgian francs or a year’s additional jail.

The conviction was confirmed in December, after appeal. Cracco was provisionally confined in the central prison at Leuven and transferred to Germany on 1 April 1944. In the whole affair, the *Bankaufsichtamt* had done what it could and on 30 June 1944 Goffin was able to announce that a fresh appeal for clemency had been granted and that the punishment had been commuted from hard labour to straightforward imprisonment at Wittlich in Germany. Cracco was eventually released in 1945 by American forces.

Cracco’s arrest not only raised emotions throughout the Bank, but also did nothing to simplify the distribution of tasks within the managements of the Bank and the *Banque d’Emission*. At the beginning of February 1943, an eye complaint had obliged Ingenbleek to take a long leave of absence. His work had been taken over by Vandeputte who, upon Cracco’s arrest, was asked to take over his commitments. Vandeputte accepted, but was at the same time relieved of his responsibility for ‘current matters’.

9 BNB, Archives, *DC*, 07.08.1943.
10 BNB, Archives, *DC*, 14.11.1943: report of Vandeputte on his meeting with the jurist F. Eickhoff, a barrister at the Court of Appeal in Brussels and Cracco’s defence lawyer.
12 BNB, Archives, *BR BEB*, 05.04.1944.
13 BNB, Archives, *DC*, 30.06.1944.
14 BNB, Archives, *SD*, 12, notes confidentielles diverses, dossier 8.11/2: letter of 01.02.1943 from Ingenbleek to Goffin.
15 BNB, Archives, *DC*, 07.08.1943.
Vandeputte now emerged as the strong man in the Bank and the \textit{Banque d’Emission}. He had the organizational talent of a real manager and the statements, memoranda and reports of that time bear the unmistakable imprint of his new approach. He bombarded the \textit{Bankaufsichtamt} with critical comments about inadmissible payment orders from German agencies active in Belgium\textsuperscript{16}.

There was, lastly, also a change in the cooperation between the Bank and the \textit{Banque d’Emission}. The catalyst for this was certainly the tragic death of Galopin on 28 February 1944, who was murdered on his doorstep by members of a commando of a pro-German organization (DeVlag). His death came as a heavy blow to many and not least to the \textit{Banque d’Emission}, whose founder-bankers were suddenly deprived of their figure-head and moral safeguard. The Bank’s supervisory council and board of scrutineers had also had great confidence in him, even though he was not a member of either body. After his murder, the mood of confidence ebbed away and the alarming question of whether the leaders of the two institutions had got things right began to undermine their cohesion. A further point was that the Bank now had to prepare for the uncertain future that awaited it after the liberation without a strong personality such as Galopin.

Now that the end of the war was in sight, criticism from London and Belgian Resistance circles became more insistent, prompting the managing directors of the \textit{Banque d’Emission} to be concerned about their responsibility for the clearing system. They asked the board of directors to what degree they regarded themselves co-responsible for the orders, which were being executed on their advice. During a meeting of the board on 8 May 1944 A.-E. Janssen stated that, strictly speaking, it was exclusively Goffin and Vandeputte who were responsible for the management of the \textit{Banque d’Emission}. At the institution’s creation, the board of directors had been given no more than an ‘advisory role’\textsuperscript{17}. However, if after the liberation, an investigation committee were to ask the managing directors to justify their decisions during the war, it would be unforgivable for the directors not to share responsibility with

\textsuperscript{16} BNB, Archives, \textit{sd}, 2, Malaise Papers, dossier 9.5.11/ s. f. 2: note de Mlle Malaise, 03.12.1945.

\textsuperscript{17} BNB, Archives, \textit{sd}, 24, clearing, dossier 8.11.14/25: la mission et l’organisation de la \textit{BEB} (note, 03.05.1944, réunion des banquiers fondateurs, 08.05.1944).
the managing directors. The other members of the meeting agreed with this view. In passing, it should be noted that, at the time, A.-E. Janssen was the only one who had contact with the government in London and who enjoyed its confidence.

THE BELGIAN ECONOMY AT THE END OF THE OCCUPATION

The final years of the occupation saw total war expenditure rising to what was an enormous amount for the time. Of the combined expenditure of the State and the Banque d’Emission just 38.5 per cent went directly to Belgium; the remaining 61.5 per cent going to the occupier.

The Banque d’Emission received the greater part of its resources from the Bank, which was covered by a State guarantee for money due from the Banque d’Emission. For its part, the State was only able to finance its money requirements in part from tax receipts, which in 1943-1944 covered barely 29 per cent of expenditure. The rest was funded by advances from the Bank in the form of transfers in its current account and in banknotes (37 per cent of expenditure), and by long-, medium- and short-term loans (34 per cent of expenditure). By 31 August 1944, the total circulation of banknotes had increased by 233 per cent in comparison with the situation at 8 May 1940. Belgium, though, got off

<table>
<thead>
<tr>
<th>Situation at the beginning of the month</th>
<th>Banknotes (BNB)</th>
<th>Notes and fractional currency (Treasury)</th>
<th>Credit balances in current account (BNB)</th>
<th>Credit balances in current account (Postal Cheque Office)</th>
<th>Credit balances in current account (private banks)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>01.01.40</td>
<td>28,292</td>
<td>1,563</td>
<td>907</td>
<td>4,319</td>
<td>11,645</td>
<td>46,726</td>
</tr>
<tr>
<td>08.05.40</td>
<td>29,806</td>
<td>1,607</td>
<td>909</td>
<td>4,668</td>
<td>13,620</td>
<td>50,610</td>
</tr>
<tr>
<td>01.01.41</td>
<td>35,453</td>
<td>2,302</td>
<td>1,779</td>
<td>5,311</td>
<td>14,151</td>
<td>58,996</td>
</tr>
<tr>
<td>01.01.42</td>
<td>48,942</td>
<td>3,420</td>
<td>2,348</td>
<td>7,401</td>
<td>17,788</td>
<td>79,899</td>
</tr>
<tr>
<td>01.01.43</td>
<td>68,638</td>
<td>3,918</td>
<td>4,563</td>
<td>7,714</td>
<td>22,283</td>
<td>107,116</td>
</tr>
<tr>
<td>01.01.44</td>
<td>84,156</td>
<td>4,365</td>
<td>5,646</td>
<td>8,884</td>
<td>32,220</td>
<td>135,271</td>
</tr>
<tr>
<td>01.10.44</td>
<td>99,216</td>
<td>5,468</td>
<td>3,719</td>
<td>10,674</td>
<td>37,380</td>
<td>156,457</td>
</tr>
</tbody>
</table>

Source: BNB, Archives, AV, report by the board of scrutineers for the 1940-1944 financial years, prepared on behalf of the supervisory council, 1945, p. 11.
fairly lightly in this respect, in comparison to her neighbours: between 1 January 1938 and 31 May 1944, the circulation of banknotes rose by 346 per cent in Belgium, compared with 498 per cent in France, 389 per cent in the Netherlands and 618 per cent in Germany.

Account has of course to be taken of more than just the banknotes. There were also the notes of 50, 20 and 5 Belgian francs issued by the Treasury. Their circulation likewise increased substantially, though not greatly, in comparison to the circulation of the banknotes.

Besides the Ministry of Finance’s payment of occupation costs, the major cause of the rise in money circulation was the Banque d’Emission’s financing of the clearing system. During 1943 and 1944, occupation costs held steady at their level of 1.5 billion Belgian francs a month, whereas the Banque d’Emission’s total credit balances at the Verrechnungskasse in Berlin went up appreciably, particularly the balances vis-à-vis Germany (approximately 90 per cent of the total). Three factors are of importance in the analysis of the figures: the difference between balances arising from transactions in respect of goods, services and capital; the difference between direct and indirect payments in the clearing system; and the difference between balances at the end of the year and at the end of each month.

The Belgian clearing credit balances developed differently, depending on whether they arose from the supply of goods, services or capital. During 1943 and 1944, there was a clear weakening in percentage terms in the rise of the credit balance for goods, the prime reason for this being increasing difficulties in the industrial sector: air raids had inflicted serious damage to a number of factories and to the transport infrastructure, and had hindered the supply of raw materials, which were in any case becoming scarcer as the war dragged on. A second reason for the weakening was the stricter control exercised by the Banque d’Emission on the transactions that qualified for payment within the clearing system. On the other hand, the credit balance for services showed a very marked increase, which was chiefly the consequence of the forced labour in Germany, France and the Netherlands.
Table 19.2: Belgian clearing credit balance at the Verrechnungskasse in Berlin, 1940-1944
(total balances and – between brackets – the Belgo-German clearing credit balances) (in millions of Belgian francs)

<table>
<thead>
<tr>
<th>As at 31 December</th>
<th>Goods</th>
<th>Services</th>
<th>Capital</th>
<th>Total balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>31.12.1940</td>
<td>384</td>
<td>221</td>
<td>248</td>
<td>853</td>
</tr>
<tr>
<td></td>
<td>(390)</td>
<td>(173)</td>
<td>(241)</td>
<td>(743)</td>
</tr>
<tr>
<td>31.12.1941</td>
<td>4,913</td>
<td>2,125</td>
<td>776</td>
<td>7,514</td>
</tr>
<tr>
<td></td>
<td>(4,128)</td>
<td>(2,151)</td>
<td>(749)</td>
<td>(7,028)</td>
</tr>
<tr>
<td>31.12.1942</td>
<td>16,116</td>
<td>6,978</td>
<td>943</td>
<td>24,037</td>
</tr>
<tr>
<td></td>
<td>(14,485)</td>
<td>(6,614)</td>
<td>(1,124)</td>
<td>(22,223)</td>
</tr>
<tr>
<td>31.12.1943</td>
<td>32,239</td>
<td>15,007</td>
<td>713</td>
<td>47,959</td>
</tr>
<tr>
<td></td>
<td>(29,273)</td>
<td>(13,808)</td>
<td>(987)</td>
<td>(44,068)</td>
</tr>
<tr>
<td>30.09.1944</td>
<td>41,774</td>
<td>20,069</td>
<td>- 51</td>
<td>61,792</td>
</tr>
<tr>
<td></td>
<td>(38,906)</td>
<td>(18,243)</td>
<td>(277)</td>
<td>(57,426)</td>
</tr>
</tbody>
</table>

Source: BNB, Archives, AV, report by the board of scrutineers for the 1940-1944 financial years, prepared on behalf of the supervisory council, 1945, p. 16.

Payments in the clearing system can also be broken down according to direct or indirect transactions. The first category concerned amounts that the Banque d’Emission paid out to the beneficiaries directly; the second also concerned amounts that the Banque d’Emission paid out to the beneficiaries, but indirectly via the Wehrmachtverrechnungskasse, the Reichskreditkasse or German banks established in Belgium. For direct payments, the Banque d’Emission received immediate and fairly precise details about the beneficiaries and the nature of the transactions concerned, but that was less the case for indirect payments, details of which were provided only a posteriori, about two months after payment, and were not always particularly accurate. Furthermore, a proportion of the payments was exempt from the requirement to provide details. It is true that the arrangement of 25 November-7 December 1942 considerably reduced that proportion, but in April 1944 Reeder had raised the exempted monthly amount from 50 million to 75 million Belgian francs. All the while, vigilance remained the watchword in monitoring these arrangements.

In addition, much work had been done by Cracco and Vandeputte to get indirect payments reduced as much as possible in favour of direct, and they had been fairly successful in this until the spring of 1944. From April of that year, however, indirect payments began to rise again.
in relative terms. The two managing directors were also able to gain an improvement in the quality of the information provided: Cracco via the introduction of Banque d’Emission certificates, Vandeputte, later, via the tightening of control. They also succeeded in excluding dubious transactions from the payment system and even in claiming back some payments made erroneously.

Table 19.3: Payments in the clearing system, 1942-1944 (in per cent)

<table>
<thead>
<tr>
<th>Period</th>
<th>Indirect transactions</th>
<th>Direct transactions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fourth quarter 1942</td>
<td>62</td>
<td>38</td>
</tr>
<tr>
<td>First quarter 1943</td>
<td>57</td>
<td>43</td>
</tr>
<tr>
<td>Second quarter 1943</td>
<td>48</td>
<td>52</td>
</tr>
<tr>
<td>Third quarter 1943</td>
<td>48</td>
<td>52</td>
</tr>
<tr>
<td>Fourth quarter 1943</td>
<td>45</td>
<td>55</td>
</tr>
<tr>
<td>First quarter 1944</td>
<td>31</td>
<td>69</td>
</tr>
</tbody>
</table>

Source: ARA, fonds SG, executive committee, Nokin Papers, BEB, file 16: observations relatives au rapport de la Commission d’Enquête (BEB) pour la période 15.01.1943-31.08.1944, p. 15.

The post-war Commission of Enquiry was to be very strong in its condemnation of the many payments for unspecified transactions, which it regarded as payments bearing the stamp of political and military cooperation. Cracco and Vandeputte would protest vigorously against this view and produced calculations showing that payments for unspecified transactions accounted for barely 7 per cent (3.9 billion Belgian francs) of the total amounts paid out in 1943 and 1944 (about 35 billion and 20 billion Belgian francs respectively). Included in that 7 per cent, moreover, was expenditure for the Feldpost and the transfers of banknotes to neighbouring countries for, among other things, the remuneration of Belgian workers. According to Cracco and Vandeputte, these could not be considered as transactions of a political or military nature. In addition, the two men argued that this in no way proved that all the transactions in respect of the exempted payments were of

18 BNB, Archives, DC BEB, 04.07.1944, 24.07.1944 (report of a meeting at the Bankaufsichtamt)

19 BNB, Archives, SD, Malaise Papers, 'enquête BEB': report of the Commission of Enquiry (published text, 1946), Part 1, pp. 139-140.
a prohibited political or military nature: they were convinced that the opposite was the case²⁰.

To indicate the burden that the clearing system imposed on the Belgian economy during the occupation, it is better to look at the average monthly increase in the clearing balance in Belgium’s favour, rather than each year’s final balance. That increase remained fairly limited until August 1941, but from then on began to accelerate to reach an overwhelming maximum in the last quarter of 1942, when it averaged 2.2 billion Belgian francs a month. The average remained at this high level throughout 1943, but dipped thereafter.

Table 19.4: Average monthly increase in the clearing balance in Belgium’s favour, 1940-1944 (in millions of Belgian francs)

<table>
<thead>
<tr>
<th>Period</th>
<th>Average monthly increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>01.08.1940-31.12.1940</td>
<td>182</td>
</tr>
<tr>
<td>01.01.1941-31.12.1941</td>
<td>577</td>
</tr>
<tr>
<td>01.01.1942-31.12.1942</td>
<td>1,410</td>
</tr>
<tr>
<td>(01.10.1942-31.12.1942)</td>
<td>(2,200)</td>
</tr>
<tr>
<td>01.01.1943-31.12.1943</td>
<td>2,003</td>
</tr>
<tr>
<td>01.01.1944-31.08.1944</td>
<td>1,701</td>
</tr>
</tbody>
</table>


ANXIOUS YEARS FOR THE STAFF AND FOR THE BANK

The enormous expansion in the money supply had a fatal effect on prices: not so much on official prices as these were fixed and rose only very moderately, but on ‘black market’ prices, which went up by unfettered leaps and bounds. The underlying cause was official rationing, which was so strict that people were obliged to turn to the black market for their food, if they could pay the excessive prices being demanded. The situation was compounded by a tireless competitor on that market, the

²⁰ ARA, fonds Société Générale de Belgique, Direction, Nokin Papers, BEB, dossier 16: observations relatives au rapport de la Commission d’Enquête, observations de M. Cracco.
German purchasing agencies. In August 1944, for example, the index figure for a package of essential consumer goods purchased partly at official prices and partly at black market prices reached a maximum of 939, compared to the reference index of 100 in April 1940.

Like the majority of the population, the staff of the Bank and the Banque d’Emission suffered badly from the price increases, made all the worse by the absence of any substantial adjustment to wages and salaries. The managements of the two institutions attempted to counter this by granting loans and advances that, in principle, had to be repaid after the war. They also increased the budget for charitable activities, which was now directed specifically at those of their own staff in need, including pensioners; in addition, they accelerated promotions, and continued to offer benefits in kind. Overall, it was an impressive effort on the part of the two institutions, which, in the spring of 1943, were employing more than 1,700 people.

A particular concern for management towards the end of the occupation was the drafting of staff for forced labour in Germany. Because of their close contacts with the Military Government and with the Bankaufsichtamt, the two institutions were initially spared the drafts ordered by the ordinance of 6 October 1942. At the beginning of 1943, however, the recruiting office (Werbestelle) began to exert significantly greater pressure on companies, including banks. In April of that year, Goffin consequently submitted a request to the secretary-general of the Ministry of Finance for the staff to obtain the same sort of identity card issued to the staff of government departments, State companies and semi-public organizations, which served as proof of employment and the means of exemption. Goffin’s request was granted and the staff continued to escape being impressed.

However, fresh difficulties arose with the ordinance of 28 June 1943, which laid down that institutions assimilated to government departments would no longer enjoy exemption. In September, the Werbestelle decided to draft Bank staff. Vandeputte was asked to submit detailed lists of employees born in 1920 and 1921, of whom there were about fifty.

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21 Janssens, De Belgische frank, p. 303.
22 BNB, Archives, Contentieux, Miomandre Papers, dossier a: note pour le comité de direction, 07.07.1943.
A sharp discussion arose among the leaders of the Bank about whether the lists should be handed over. Goffin and Vandeputte were in favour, although only the lists of those who had already received notice of call-up. They argued that handing over the lists could enable them to engage the Werbestelle in a discussion to have the departure of a number of employees postponed indefinitely or even cancelled. Their view prevailed. In November 1943, the Bank was requested to indicate sixteen of the group of those called up, just half of whom would be drafted. The management refused to comply, insisting that it would not give active assistance in impressment. This led to the Werbestelle, after deliberation with Vandeputte, dividing the staff called up into three groups, which would depart on 15 January, 15 February and 30 March 1944 respectively.

An ordinance issued on 7 January 1944 tightened the forced labour measures even further, with drafting now being extended to take in young men born in 1922, 1923 and 1924. Fifty-one employees of the Bank were cited and the problem of submitting lists once again came to the fore. This time, Vandeputte allowed those involved to decide for themselves. Twenty-six, including nine who had already been called up, agreed to have their names submitted; eighteen asked for their names not to be given and the rest could no longer be contacted. Ultimately, twenty of the staff were drafted to work in Germany, the rest – the majority – opted to go into hiding. The Bank continued to pay virtually the full amount of their wages and salaries to their families.

The rounding-up of labour that began at the end of 1942 in the occupied territories served to strengthen opposition to the Germans. The Resistance now no longer limited itself chiefly to passing on secret information, concealing escaped air-crew, discreet sabotage through go-slow campaigns, and anti-German propaganda, but gradually extended

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23 BNB, Archives, DC, 27.12.1943, 25.01.1944.
24 BNB, Archives, DC, 21.03.1944, 24.03.1944, 05.04.1944.
25 BNB, Archives, DC BEB, 16.05.1944.
26 Vandeputte had likewise ensured that the Bank granted subsidies to the rectors of the free universities of Louvain and Brussels to help students called up for labour in Germany, but who had refused to go and had gone into hiding: BNB, Archives, SD, 3, Malaise Papers, dossier 9.5.15/ s. f. 1, ‘correspondance Mlle Malaise, 1953-1955’ (draft declaration from Malaise in support of Vandeputte, 26.01.1953).
its activities to armed attacks and to larger-scale sabotage, which, of course, required greater financial resources. The Belgian government in London had been systematically sending US dollars with its agents that were being parachuted into Belgium, but the difficulties created by the clandestine exchange of dollars had forced this form of financing to be abandoned. This led Raymond Scheyven, head of the ‘Socrates’ Resistance cell, to issue ‘Socrates’ certificates, many of which he was able to place with financial institutions and big companies through the mediation of his uncle, A.-E. Janssen, and which brought in a total of 176 million Belgian francs between mid 1943 and August 1944. After the liberation, the certificates were redeemed by the Bank on behalf of the State. Other Resistance groups, too, received financial help from banks, holding companies and large businesses, but this aid was not so formalized as the Socrates-certificate system. The Bank took no part in that system, but later organized its own means of financing the Belgian Resistance.

Some Resistance groups resorted to violence. Even the Bank itself was an occasional victim of hold-ups, sometimes with the secret cooperation of local branch managers. The general climate of unrest and of expectations about an imminent invasion prompted the Bank to take special precautionary measures. On 29 June 1943, for example, the Bank circulated instructions to all branch managers on how to safeguard their cash reserves in case of military operations or outbreaks.

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27 According to what Struye noted, it was only 1942 that the Belgian Resistance began to organize itself. Organized resistance expanded considerably from 1943 on: ARA, fonds Société Générale de Belgique, Défense, dossier 22: Struye, L’opinion publique en Belgique après vingt mois d’occupation (25.02.1942); Struye, L’opinion publique en Belgique après deux ans et demi d’occupation (31.12.1942).

28 ARA, Administrative services of the Prime Minister, dossier 74: letter of 21.10.1943 from de Staercke (London) to Gutt (London); letter of 26.10.1943 from Gutt (London) to de Staercke (London).


30 At the beginning of June 1944, for example, the Bank’s agent at Liège, on his own responsibility, handed over 4 million Belgian francs to representatives of the Secret Army (Het Geheime Leger): BNB, Archives, DC, 07.12.1944. In respect of aid to other Resistance groups, see: Fernand Strubbe, Geheime oorlog 40/45. De Inlichtings- en Actiediensten in België, Tielt, 1993.
of disorder in their area\textsuperscript{31}. The reason for the June instructions was to prepare, in case of an invasion, for the possibility – taken very seriously at the time – of the German forces withdrawing behind a defensive line along the river Meuse. Exactly what measures were to be taken was the subject of a sharp dispute between the Bank, the Ministry of Finance and the private bankers\textsuperscript{32}. A front line along the river would serve to cut off the southern districts from the rest of the country and consequently threaten both the payment of the wages and salaries of public sector employees and the circulation of money. In the opinion of Plisnier and the private bankers, that particular crisis could be averted by giving the Bank’s branches extra cash reserves, a move that would have the additional advantage of preventing a repetition of the chaotic situation of May 1940.

The Bank’s directors were unimpressed by the suggestion and pointed out that, in the present state of unrest in the south of the country, additional cash reserves would only increase the risk of hold-ups and expose the staff to even greater threat. Moreover, there was also the possibility that German troops would simply confiscate the money. Lastly, as Goffin indicated, there was the problem of transport and insurance. The board argued further that the Bank had just four lorries and that the insurance companies had required a considerable reduction in the amount of money carried by each of them. As Plisnier was not prepared to provide a State guarantee to cover the risks of higher cash reserves and the attendant transport costs, the Bank could not disregard the conditions laid down by those companies. If the private bankers wished to have more cash resources at their disposition in Wallonia, the directors argued, they would have to put in more themselves.

The private bankers and the Secretary-general were not particularly happy about the Bank’s standpoint and, at the beginning of 1944, resumed their offensive, supported this time by the \textit{Bankaufsichtamt}\textsuperscript{33}.

\textsuperscript{31} BNB, Archives, \textit{SD}, 2, Malaise Papers, dossier 9.5.6: annexe à la circulaire du 29 juin 1943 (instructions aux agents en vue d’assurer la sécurité de leur encaisse en cas de troubles ou d’événements militaires).


\textsuperscript{33} BNB, Archives, \textit{DC BEB}, 07.01.1944.
In April, Plisnier stated that, as State exchequer, the Bank was obliged to maintain substantial reserves in the provinces as well, in order to ensure the prompt payment of public sector wages and salaries, and to cover other current expenditure. Furthermore, he emphasized that his request for the cash reserves at the branches to be increased was to be considered as an instruction, which in May 1944 the board decided to endorse.

CRACCO’S EMISSIEBANK CERTIFICATES

On 3 December 1942, shortly after the resignation of Berger and Van Nieuwenhuyse, Cracco submitted a memorandum to the Bank’s board of directors, in which he set out a plan to subject clearing-system payments concerning exports of goods and services to stricter control. Payments by the Banque d’Emission would no longer be totally in cash; rather, 30 per cent would be in registered, non-negotiable certificates from the Banque d’Emission, redeemable once hostilities ceased. Besides serving to put a brake on the growth of the money supply and to counter price inflation, this procedure would provide a better insight into the indirect transactions being routed through the clearing system. This would at last be a way of drastically curbing payments for transactions on the black market and transactions of a political or military character.

Galopin insisted that Cracco should make contact with the leaders of the industrial groups via the Ministry of Economic Affairs, as he expected opposition from that quarter. A meeting was arranged and took place on 7 January 1943 at the ministry. As expected, Cracco’s proposal came in for heavy criticism, the industrialists regarding the non-negotiability of the certificates as an unacceptable obstacle, but in the end they gave in.

There was also opposition on the German side. Hofrichter proposed that, by way of experiment, the arrangement be applied initially solely to payments for direct clearing transactions and that there be an as-

34 BNB, Archives, DC, 04.05.1944, 10.05.1944.
35 The amount, corresponding to a payment with certificates, would be entered in the Banque d’Emission’s books on an individual account of the beneficiary.
essment after two or three months’ experience to determine whether it could also be extended to payments for indirect clearing transactions. It was only with great difficulty, and after major concessions, that Cracco was able to persuade Hofrichter to withdraw his counter-proposal and to issue in February 1943 an ordinance that adopted Cracco’s original suggestions. However, the arrangement would cover only payment orders for the purchase of goods, not those for services. In addition, all payment orders for sums below 10,000 Reichsmarks (125,000 Belgian francs) would be automatically exempt and the Bankaufsichtamt would reserve the right to grant an exemption for higher amounts in exceptional cases. The Banque d’Emission would be similarly empowered and would also be able to grant advance redemption of the certificates to companies with liquidity problems.

The system ran into difficulties right from the outset. Arguing that their profit margins were minimal, their activities loss-making or their liquidity position tight, the coal mines and the coke works immediately pushed for exemption, their example being followed by certain textile and steel firms. The Banque d’Emission adopted a flexible stance and granted a number of exemptions, but all this led to a storm of criticism at the meeting of the board of directors in early April 1943. Cracco defended himself by pointing out that no less than 789 certificates had been issued for a total amount of 136.5 million Belgian francs, and these had been in favour of 455 enterprises. However, he had to admit that only 13.5 per cent of payments falling under the arrangement had been financed with certificates during that period, emphasizing that the Wehrmachtverrechnungskasse and the Reichskreditkasse were barely applying the arrangement at all.

As April and May passed, criticism mounted. From Berlin came rumblings of displeasure about the decline in Belgian deliveries to

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36 BNB, Archives, sd, 2obis, clearing, dossier 8.11.10/30: note relative aux récentes négociations au sujet des modalités de liquidation des ordres de paiement en clearing, 15.01.1943.

37 The Bank would cede Treasury certificates from its portfolio to the Banque d’Emission, as surety for and in proportion to Banque d’Emission certificates issued. The Bank would take back the Treasury certificates, as soon as the certificates had been paid out in cash: BNB, Archives, DC BEB, 01.07.1943.

38 BNB, Archives, DC, 05.03.1943.

39 BNB, Archives, BR BEB, 07.04.1943.
Germany and the rise in Belgian export prices. Criticism was also rife within Belgium. Businessmen had no faith in the certificates and complained that exemptions were being granted arbitrarily, leading to widespread discrimination. As a result, the real dupes of the system were those who tried to run their businesses honestly\textsuperscript{40}.

Cracco and Hofrichter began to negotiate possible amendments to the system. Hofrichter sought a gradual scaling-down, beginning with a reduction from 30 to 20 per cent of the payment percentage to be settled with certificates. Cracco demanded that the threshold for automatic exemption be lowered from 10,000 to 6,000 Reichsmarks and that there be stricter action regarding the German purchasing agencies. In the end, Hofrichter got his way in respect of the percentage, while Cracco had to be content with a promise that the agencies would be urged to apply the arrangement more effectively. The new arrangement took effect on 1 June 1943\textsuperscript{41}.

The lowering of the percentage did nothing to quieten criticism on either the Belgian or the German side. In the opinion of the founder-bankers the measure had totally failed to achieve its aims: there had been barely any reduction in the circulation of money and only a marginal improvement, at best, in the control over clearing transactions. Moreover, widespread irritation had been caused by the arbitrary handling of dossiers\textsuperscript{42}. On the German side, the non-negotiability of the certificates came under heavy fire. Hofrichter and Cracco therefore sat down again to see how the system could be improved. The discussion with the bankers was anything but smooth\textsuperscript{43}. They were not keen to take up the certificates, as they had no confidence in them. Indeed, they were prepared to grant advances with certificates as collateral only to companies that could present Treasury certificates from the Banque...
d’Emission’s portfolio as additional security. Cracco and Vandeputte pointed out the impossibility of this: the Bank’s cession of Treasury certificates to the Banque d’Emission was a transaction for the public benefit and could not be changed. The bankers dug their heels in and demanded that they be allowed to discount bills payable at the Bank for the amount of the advances granted. They won and the certificates were made negotiable at the banks under these conditions⁴⁴.

Meanwhile, repeated complaints from Berlin about the dwindling of Belgian deliveries to Germany had again antagonized the Bankaufsicht-amt against the certificates⁴⁵. German pressure became all the greater after Cracco’s arrest on 7 August 1943 and Vandeputte responded by making a further reduction to 10 per cent in the payment percentage required to be settled with Banque d’Emission certificates⁴⁶.

⁴⁴ BNB, Archives, SD, 21bis, clearing, dossier, 8.11.11/36: réunion des banquiers fondateurs, 05.08.1943.
⁴⁵ BNB, Archives, SD, 21bis, clearing, dossier 8.11.11/35: compte rendu de la réunion au commissariat, 20.07.1943; BNB, Archives, SD, 26, WVK, dossier 8.11.16/10: communications des membres du comité, 29.07.1943.
⁴⁶ BNB, Archives, DC BEB, 08.11.1943.