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Chapter 18. The Rupture of the United Front

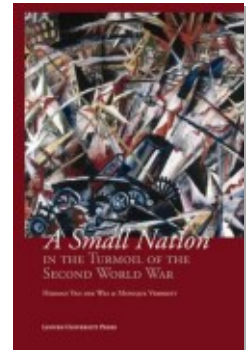
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The Rupture of the United Front

PREPARATIONS FOR THE NEGOTIATIONS OF 18 NOVEMBER 1942

On 3 November, the dramatic events of the ‘All Saints’ weekend were revealed to the founder-bankers and the Bank’s supervisory council. Galopin, in his personal notes, regarded making the payment as ‘unconditional surrender’ that severely weakened the Belgian negotiating position and consequently boded ill for the future. He was also critical of the opinion given by the two jurists, who had recommended that the payment be executed so that negotiations could be continued. But how were they to be continued? By hostages? The Bank and the *Banque d’Emission* now had to get agreement to the unacceptable demands of 16 October. In the face of this, any negotiation was doomed to failure. What would happen then? Collective resignation? If this was to be accepted, then the only course was also to abandon the policy of accommodation.

At the meetings of the leaders of the Bank and the *Banque d’Emission* on 3 and 4 November, Galopin referred only vaguely to his personal evaluation of the drama played out over the weekend. M.-L. Gérard was more explicit and regretted that he had not been involved in the deliberations, even though, unlike Galopin, he had been in Brussels over the weekend. However, both endorsed the decision that had been taken, accepting that the managing directors had allowed themselves to be guided by the opinion of two competent and reliable jurists¹.

During the meetings, there was also thorough discussion of the choice between the two options that Reeder had proposed in his letter of 29 October, regarding reorganization of the clearing system. As mentioned in the previous chapter, option A would require the *Banque*

¹ BNB, Archives, SD, 20, clearing, dossier 8.11.10/ s. f. 15: réunion des banquiers fondateurs, 03.11.1942 and 04.11.1942.

d'Emission to accept to pay an additional lump-sum amount of 500 million Belgian francs a month via the clearing system, without the Military Government being obliged to provide any details for the payment; option B would require the goods and services purchased by troops in transit to be financed by the *Banque d'Emission* via the clearing system, and no longer be charged to occupation costs. Should the *Banque d'Emission* reject both options, everything would remain as it had been, i.e. with purchases by troops in transit being charged to occupation costs, but with the addition of the 500 million Belgian francs of option A to the present monthly amount of occupation costs.

For those present, option A was unacceptable: to sanction it would be to invite a further increase in the risk of the *Banque d'Emission* finding itself financing doubtful transactions. After great hesitation, it was also decided to reject B, as this also concerned transactions of a military character. However, the rejection of both options meant that the Ministry of Finance was now saddled with an additional charge of 500 million Belgian francs a month, which Ingenbleek, supported by Galopin, de Munck and Berger, felt could not be permitted². The question then was to find a way out of the impasse. According to Berger and others, some of the purchases of troops in transit were clearly commercial transactions and could therefore be financed without any objection via the clearing system; consequently, Reeder's additional charge of 500 million Belgian francs could be reduced in proportion, thereby spreading it over the clearing system and occupation costs. This suggestion met with approval.

Berger then brought the expenditure of the *Feldpost* into the equation. This institution was used by German troops in Belgium to obtain certain sums of money from Germany each month to buy goods to send back home. Until now, the expenditure of the *Feldpost* had been financed via occupation costs, but, as Berger pointed out, the expenditure chiefly concerned commercial transactions and could therefore also be financed via the clearing system, which would naturally result in a further reduction in occupation costs and bring about an even better distribution of the additional charge of 500 million Belgian francs.

² BNB, Archives, SD, Basyn Papers, dossier 6 G: letter of 12.01.1943 from Kauch to Basyn.

Naturally enough, the suggestions had to be put to Plisnier, whose agreement was necessary if the united front was to be maintained³.

The managing directors had put the proposals in a draft reply to Reeder that was intended to serve as the basis for talks with Plisnier, taking place on 6 November. The Secretary-general showed no interest in the proposals and was unwilling to commit himself. In the end the draft was reduced to a vague text that everyone, including Plisnier, could accept. By and large, it indicated a preference for option B, but also included a reference to option A. It stated that, as regards blanket payment orders, the *Banque d'Emission* was prepared to transfer a maximum monthly sum of 500 million Belgian francs to the *Wehrmachtverrechnungskasse*, provided that the money was applied to financing normal commercial transactions and that payments would be made directly to the Belgian sellers concerned and after each transaction. The nature of the transactions would also be notified in detail to the *Banque d'Emission*.

Meanwhile, during his encounter with Leemans, Reeder had indicated that the discussion about his two options could be integrated into overall negotiations on the many questions that had remained unresolved since the suspension of the meeting at the end of October. Reeder set 18 November as the date for the negotiations. The news, however, did not change the disillusion of the managing directors about Plisnier's negative attitude during the discussion of 6 November. Van Nieuwenhuyse, in particular, was highly resentful of Plisnier's apparent lack of interest – his indifference, even – during the discussion. Plisnier had shown clearly that he had not moved a jot from his previous position: 'direct cooperation' in purging the clearing operations implied 'direct cooperation' in increasing occupation costs and he had no intention of becoming involved. During their meeting the next day the managing directors resolved to reject *both* options in Reeder's letter and to shift the entire charge of 500 million Belgian francs onto occupation costs, thereby returning to their previous resolution to pursue a policy of monetary and financial orthodoxy, even at the cost of the collapse of the united front. Berger went to Galopin to inform him of the management's new position and mentioned a possible collective resignation.

3 BNB, Archives, SD, 20, clearing, dossier 8.11.10/ s. f. 15: réunion tenue chez M. Plisnier, 06.11.1942.

This sudden about-turn of the managing directors left Plisnier once again facing the spectre of higher occupation costs. He was unsure of how to react. Should he resign as secretary-general, because of the higher costs? Or should he accept the increase as '*cas de force majeure*'? It was a difficult dilemma. For advice, he turned to De Visscher and on 11 November convened a meeting of a number of former ministers in whom he had confidence⁴.

For De Visscher, there could be no doubt: the united front had to be maintained at all cost. The former ministers were more down-to-earth in their response, though their opinion was far from unanimous. Joseph Pholien and Octave Dierckx suggested resignation. Most of the other former ministers insisted on not resigning, expressing their fullest confidence in the wisdom of the secretary-general's judgement, even if some new concessions had to be made. The words were very flattering, but contained little effective advice. However, all those present were agreed on one thing, namely that the clearing system had to be purged of all suspect transactions, both political and military. On 13 November, A.-E. Janssen and M.-L. Gérard reported to the managing directors and board of directors of the *Banque d'Emission* on what had taken place at the meeting of former ministers⁵. They emphasized that all those present were agreed that dubious transactions should be kept out of the clearing system.

The *Banque d'Emission*'s leaders then set about drawing up the strategy to be followed at the coming meeting with the Germans on 18 November, the managing directors repeating that they wished to keep entirely to the resolutions of 16 October and to their position on 7 November. Galopin agreed, but felt that Plisnier could not be left in the lurch. Turning next to the composition of the Belgian delegation to the meeting, it was decided that it would consist of Berger, Van Nieuwenhuyse and Cracco, for the *Banque d'Emission*, and Smeers and Olivier Gérard respectively for the Ministries of Finance and Economic Affairs.

The delegates met on 16 November. Those from the *Banque d'Emission* proposed that a monthly ceiling of 2.5 billion Belgian francs

4 BNB, Archives, SD, enquête BEB: réunion du 11 novembre 1942 des anciens ministres chez M. Plisnier, 11.11.1942.

5 BNB, Archives, SD, 20, clearing, dossier 8.11.10/15: réunion des banquiers fondateurs, 13.11.1942.

be demanded for total charges (actual charges during October had risen to 3.7 billion)⁶, spread as follows: 1.5 billion for orthodox occupation costs and 1 billion for additional charges, 400 million of which to be financed via the clearing system, since that amount could be regarded as concerning normal commercial transactions. Half the remaining 600 million related to wage transfers from Belgian workers employed abroad, in respect of which the German authorities had at one time declared themselves prepared to work out a formula acceptable to the Belgians. What were termed ‘dubious transactions’ thus accounted for no more than 300 million Belgian francs and would have to be borne by the Ministry of Finance as additional occupation costs.

The proposal was not well received by the ministry’s delegate, Smeers. He immediately pointed out that Plisnier never would agree to it. Upon this, the managing directors convened an emergency meeting with the founder-bankers, Plisnier, Smeers and the jurists Marcq and De Visscher on 17 November. The meeting proved to be dramatic⁷, with Plisnier sticking obstinately to his guns: he repeated that, when the *Banque d’Emission* had refused to have the lump sum of 500 million Belgian francs financed via the clearing system, as proposed by Reeder in his first option, he had never assented to that amount being shifted onto occupation costs. Although he showed understanding for the *Banque d’Emission*’s decision, he could not accept that, in consequence of that refusal, he was required to approve being saddled with the additional charge.

In this, Plisnier was following the advice of De Visscher, who judged that, once a joint refusal had been made, no further reproach could be levelled at the Belgians: they had resisted strongly and courageously, and the fact that they had nevertheless had to submit to the increase in charges – charges imposed by order of the occupier – was not now a matter of their *voluntary* cooperation. De Visscher, moreover, had a strong suspicion that the consequences of such a strategy would not necessarily be dramatic: the Germans would not react by dismissing the top people in Belgium, because they had need of them. Approximately 700 German officials could not administer the country ade-

6 BNB, Archives, SD, enquête BEB: réunion à la BEB, 17.11.1942; BNB, Archives, SD, 20, clearing, dossier 8.11.10/15; réunion tenue au cabinet de M. Plisnier, 18.11.1942.

7 BNB, Archives, SD, enquête BEB: réunion à la BEB, 17.11.1942.

quately without the cooperation of competent Belgians, which was the underlying reason why, throughout the occupation, major instruments of administrative control had remained in Belgian hands⁸.

Plisnier was able to associate himself with De Visscher's opinion when he stated that the *Banque d'Emission* and the Ministry of Finance should act in solidarity. In line with that, Plisnier accepted that payments in respect of dubious transactions be split, deciding – now against De Visscher's advice – to do so *voluntarily* as a logical consequence of the state of emergency. But what did 'solidarity' actually mean for those involved? For the *Banque d'Emission*, which felt itself for ethical reasons no longer able to finance dubious transactions via the clearing system, solidarity meant the Ministry of Finance accepting to finance them via occupation costs. For Plisnier, on the contrary, it meant precisely that the burden and the responsibility should be shared.

Ultimately, it was Galopin who provided the breakthrough⁹. He pointed out that much of the discussion with the German authorities would concern Belgian control of the transactions that fell under Reeder's demand for an additional 500 million Belgian francs a month. As it could be assumed that most of the transactions would be justifiable, they could be financed by the *Banque d'Emission* via the clearing system. The transactions that remained as dubious would probably account for no more than 100 million Belgian francs a month. Which institution took on that residual amount was now a matter of indifference and he urged the management of the *Banque d'Emission* to finance that too.

Ingenbleek noted the consensus and Plisnier declared that this was a conclusion he could accept. The clouds seemed suddenly to have disappeared, but what had been missed in the tense discussion and the ensuing euphoria was that the solution accepted turned De Visscher's original and vital idea on its head. What Plisnier had done was to get the *Banque d'Emission* and its founder-bankers *voluntarily* to agree –

8 ARA, *fonds Société Générale de Belgique*, BEB dossier n° 9: visite à M. De Visscher 20.11.1942 (text probably from de Munck, who went to De Visscher after the crisis and on 04.01.1945 requested him to confirm the content of that conversation). See also: ARA, Archives, SD, 20, clearing, dossier 8.11.10/16: note sur l'état de nécessité par le prof. De Visscher, 10.11.1942.

9 BNB, Archives, SD, 20, clearing, dossier 8.11.10/15: réunion tenue au cabinet de M. Plisnier, 18.11.1942.

for the sake of maintaining the united front – to finance a number of dubious transactions.

It quickly became clear that Goffin, Berger and Van Nieuwenhuyse would not agree to Galopin's proposed compromise. Ultimately, they decided among themselves to stick to De Visscher's original advice and reject the proposal for the *Banque d'Emission* to assume *voluntary* payment of the additional charge.

THE NEGOTIATIONS OF 18 NOVEMBER 1942

The negotiations with the Germans took place in the afternoon of 18 November at the premises of the *Bankaufsichtamt*, as agreed the previous week¹⁰. The first point tabled by the Belgian delegation concerned the demand for *a priori* control of transactions through the use of a licence and, yet again, the Germans declared that they could not comply. However, they were prepared to provide prior details for transactions up to 375 million Belgian francs a month for payment orders issued by German banks in Belgium.

The demand for an upper limit on total occupation costs was likewise refused. Reeder's letter of 29 October came up for discussion and the Germans stated their readiness to provide as many details as they could regarding the additional charge of 500 million Belgian francs. Information about all purchases by German agencies would be provided six to eight weeks after payment¹¹. However, if the *Banque d'Emission* still aimed to keep a totally checked clearing system, the Military Government would be obliged to increase the current level of occupation costs by between two thirds and three quarters.

¹⁰ BNB, Archives, *SD*, 20, clearing, dossier 8.11.10/17: procès-verbal succinct de la séance au commissariat allemand, 18.11.1942.

¹¹ During a meeting with de Launoit, Leemans said that the Military Government was highly irritated by the activities of the German purchasing agencies, which, on the instructions of Berlin and without the knowledge of the Military Government, were creaming off the markets in Belgium and demanding payment via the clearing system on the basis of joint orders. Reeder had given Leemans an angry letter to read from Hofrichter to the Berlin government, in which the abuses were sharply attacked: ARA, Plisnier Papers, dossier 1: *Banque d'Emission*, aide-mémoire, 23-26.11.1942.

The Germans were prepared to accept the conditions set by the delegation for the wage transfers from Belgian workers employed in France and the Netherlands, and the amounts in question would be credited to a special *Banque d'Emission* account at the *Banque de France* and *De Nederlandsche Bank*¹². However, the demand for goods – in other words, food – to be given in exchange for goods and services delivered from Belgium to France and the Netherlands on behalf of the occupier could not be met, as the two neighbouring countries refused to comply. However, the resulting credit balances could be applied to repaying Belgian public debt in France and the Netherlands: an agreement in this sense had already been concluded with the Netherlands and the German authorities were looking for a similar agreement with France.

The day after, at a meeting of the founder-bankers, attended by certain members of the Bank's supervisory council, the delegates reported on their previous day's encounter with the Germans. Goffin, Berger and Van Nieuwenhuyse noted that, with the exception of the wage transfers, no account at all had been taken of Belgian demands. Consequently they had resolved to resign from both the *Banque d'Emission* and the Bank. Solvay and A.-E. Janssen felt that this decision could well be defended from a strictly monetary point of view, but not on the higher grounds of the common interest. Galopin agreed entirely with Solvay and Janssen's statement. Plisnier, too, regretted the resignation, wanting the negotiations to be continued, and requesting forty-eight hours for reflection¹³. After a great deal of discussion, Goffin withdrew his resignation and asked Berger and Van Nieuwenhuyse to reconsider their decision. Berger answered by posing a counter question: would Plisnier maintain his decision not to include any dubious transactions in the package of 500 million Belgian francs as additional occupation costs or was he prepared to concede on this? Plisnier answered that he had to refuse.

The two jurists Marcq and De Visscher, who were also present, shared Plisnier's view. They had, in fact, gained their point: both sides had refused to accept *voluntarily* the additional increase in charges.

12 BNB, Archives, SD, 2obis, clearing, dossier 8.11.10/27: lettre du Président Reeder, 07.12.1942 (report of the meeting of 14.12.1942 at the *Bankaufsichtamt*).

13 BNB, Archives, SD, Basyn Papers, dossier 6 e: Basyn, relation des négociations consécutives au mémorandum du 3 octobre 1942 (01.12.1942), p. 37.

However, their success was tempered by the refusal of Berger and Van Nieuwenhuysse to accept their advice not to resign. As long as there was a chance of keeping control of monetary and financial events in reliable Belgian hands, they argued, however fragile and inadequate that control was, resignation was not the path to follow.

Finally, the meeting requested Ingenbleek to make contact with Plisnier personally in order to examine whether a compromise, which could satisfy the two resigning managing directors, was still possible. Meanwhile Ingenbleek had contacted the former ministers Pholien and Dierckx, who, during the meeting of 11 November, had advised the secretary-general to resign. After a long exchange, Ingenbleek was able to convince the two ministers to reverse their decision and give their support to the policy of accommodation. In a memorandum of 22 November, they stated that Plisnier now found himself in a '*cas de force majeure*' situation and could legitimately accept the dubious transactions as part of occupation costs¹⁴. The three then visited Plisnier, who promised to make a conciliatory statement at the meeting of the *Banque d'Emission*'s board of directors the next day, 23 November¹⁵. However, during the meeting, Plisnier failed to make the statement he had promised, and from this Galopin inferred that there could be no further papering over the cracks in the united front. Henceforth, each group would have to act on its own responsibility. Taking its cue from this assessment, the board of directors resolved to continue negotiations with the Military Government¹⁶.

Was Plisnier's attitude determined by wounded pride, willfulness and a lack of resolve, as the *Banque d'Emission*'s founder-bankers always claimed later? Was the advice of Marcq, and especially De Visscher, to continue to resist the occupier decisive or were there at play more personal feelings of repressed antipathy towards the founder-bankers, whom Plisnier had never really trusted? Was he thinking that,

14 Quoted by F. Maerten, 'Pholien face à la seconde occupation du pays', in: F. Carton de Wiart and G. Janssens, eds., *Joseph Pholien. Un homme d'état pour une Belgique en crise*, Brussels, 2003, pp. 175-176.

15 BNB, Archives, SD, clearing, 2obis, dossier 8.11.10/23: nouvelles propositions du Commissariat (communication de M. le Vice-Gouverneur, 26.11.1942).

16 BNB, Archives, SD, 'enquête BEB': report of the Commission of Enquiry (published text, 1946), Chapter. 3, p. 117.

as always, they were trying to shift the entire problem of the dubious transactions onto him?

It may well have been a mixture of all these factors. Indeed, that the last reflection was not entirely unfounded is borne out by the unexpected comment of such a man as A.-E. Janssen: 'For us it's a good deal: the shit bin has been moved' (*'Bonne affaire pour nous. Le bac à merde est déplacé'*)¹⁷. In his arguments, as well as in his subsequent letters, Plisnier regularly emphasized that he favoured joint action, which for him implied concessions by both sides. He never forgave the *Banque d'Emission*'s founder-bankers for their abandonment of solidarity during the crisis.

THE ARRANGEMENT OF 25 NOVEMBER 1942

In Ingenbleek's view, the situation had become extremely critical. Without the knowledge of the founder-bankers, but with the approval of Goffin, he went to speak with Prack of the *Bankaufsichtamt* to sound him out about how the German authorities would react to the rigid standpoints now adopted by the *Banque d'Emission* and the Ministry of Finance¹⁸. Prack warned Ingenbleek that there would be severe sanctions if the monetary and financial leaders of the country were to carry their resistance to extremes: '*The Gestapo will reign without any restraint..., general von Falkenhausen will disappear*'¹⁹. Ingenbleek began to fear that, as a counter-measure, the Germans might well take control of the Bank and the *Banque d'Emission*. He therefore continued

17 Quoted by Kauch: BNB, Archives, SD, Basyn Papers, dossier 6 g: letter of 12.01.1942 from Kauch to Basyn, p. 9.

18 BNB, Archives, SD, 'enquête BEB': report of the Commission of Enquiry (published text, 1946), Chapter. 3, pp. 118-119.

19 BNB, Archives, SD, 2obis, clearing, dossier 8.11.10/23: nouvelles propositions du Commissariat (communication de M. le Vice-Gouverneur, 26.11.1942). During a later meeting with A.-E. Janssen, Ingenbleek said the following about his role in the acute crisis of that moment: '*c'est grâce à moi que les Allemands ne se sont pas installés en maîtres à la Banque Nationale pour y faire imprimer tous les milliards qu'ils désiraient se procurer, et que les hautes personnalités sont encore à la tête de leurs établissements*' (BNB, Archives, Studiedienst, 5, dossier 01.02.01.70 (A 409/2 and A 267): Ingenbleek, aide-mémoire of 23-28.12.1942).

to search for a compromise that would extract the *Banque d'Emission* from the impasse. To that end, he went to see Hofrichter, who had made an interesting suggestion the previous May. It had not been followed up then, although – as has been indicated – it had occasionally resurfaced, first in a letter written by Reeder on 29 October 1942 and later in a memorandum prepared by Berger during the meetings of the founder-bankers on 3 and 4 November. Ingenbleek now proposed subtracting the commercial purchases made by troops in transit and the *Feldpost* transactions from the occupation costs and moving them to the clearing operations of the *Banque d'Emission*. The reduction in the occupation costs, realized in this way, would compensate for the monthly charge of 500 million Belgian francs, imposed by Reeder as an extra occupation cost upon the Ministry of Finance, if the *Banque d'Emission* refused to integrate it in its clearing system. The shift thus would amount to a zero operation for the Ministry and not entail any increase in occupation costs; for the *Banque d'Emission*, it would mean a purging of the clearing system. Hofrichter promised to look into the matter.

On 25 November, Hofrichter summoned Goffin and Cracco, and told them what the *Bankaufsichtamt* now proposed²⁰. First of all, it had agreed to all dubious transactions of a political or military nature (including those involving the black market) being removed from the clearing system. As regards all normal commercial transactions, all the required information would be provided at the same time as payment orders were submitted. For blanket payment orders, the *Wehrmachtverrechnungskasse* would provide details for up to 90 per cent of the total amounts involved. Moreover, payments for commercial purchases made by troops in transit, and destined for another country, as well as payments for *Feldpost* transactions, would be withdrawn from occupation costs and would henceforth be settled via the clearing system. Lastly, the financing of dubious transactions would be transferred to occupation costs, but would not result in any rise in the overall amount.

Hofrichter went on to underline that the Military Government had now gone a long way to meeting Belgian wishes and that he therefore

²⁰ BNB, Archives, SD, 2obis, clearing, dossier 8.11.10/23: nouvelles propositions du Commissariat (compte rendu de la séance, 25.11.1942). See also: ARA, Plisnier Papers, dossier 1: *Banque d'Emission*, aide-mémoire, 23-26.11.1942.

expected immediate endorsement of the proposal by all parties concerned, adding that heavy sanctions would follow if full endorsement was not forthcoming. Should the *Banque d'Emission* reject the proposal, it would be required to make substantial sums available to the military commander; in case of refusal to act on the military commander's order, the board of directors and all other leaders of the *Banque d'Emission* and the Bank would be held jointly responsible for the refusal, and the private banks would be obliged to pay the sums demanded themselves.

At a meeting of the *Banque d'Emission*'s founder-bankers that same day, Goffin and Cracco reported on their encounter with Hofrichter²¹. The bankers found that the proposal largely met what they were demanding and that there was no reason to refuse. However, Cracco felt that Plisnier ought to be informed in advance. Plisnier was pleased to hear that a favourable arrangement had been found for the *Banque d'Emission* and that there was to be no increase in occupation costs. Of course, he regretted that the proposed arrangement had shifted the problem of the irregular payments on to the Treasury, but the problem was not insurmountable. He would raise the question when next he had an opportunity to argue for the occupation costs to be reduced²². He finally expressed the hope that, with so much achieved, Berger and Van Nieuwenhuysse would withdraw their resignation.

On 3 December, Hofrichter travelled to Berlin to submit the arrangement to the government representatives for approval²³. There appeared to be no great problem and by 7 December Reeder officially informed the *Banque d'Emission* that the agreement of 5 May 1942 was regarded as having been terminated and replaced by the arrangement of 25 November, coming into effect on 1 January 1943. Only the monthly lump sum of 50 million Belgian francs imposed by the May arrangement would remain²⁴. Finally Reeder stated that there could be no favourable

21 BNB, Archives, SD, 2obis, clearing, dossier 8.11.10/23: nouvelles propositions du Commissariat (réunion des banquiers fondateurs, 25.11.1942).

22 NBB, SD, Basyn Papers, dossier 6 e: Basyn, relation des négociations consécutives au mémorandum du 3 octobre 1942 (17.12.1942), p. 31.

23 BNB, Archives, DC NBB BEB, O3.12.1942.

24 In April 1943, this amount was increased to 75 million Belgian francs a month: BNB, Archives, SD, 'enquête BEB': report of the Commission of Enquiry (published text, 1946), Part 1, Chapter. 3, p. 127.

response at the moment to the request for a reduction in occupation costs.

THE QUESTION OF SUCCESSORS FOR BERGER AND VAN NIEUWENHUYSE

Reeder's letter was followed by an abatement of the storm aroused by Plisnier's stance during the meetings of the previous weeks. A.-E. Jansen took the opportunity to convene a meeting on 19 December 1942 of the leaders of the *Banque d'Emission*, the Bank and the secretaries-general of the Ministries of Finance and of Economic Affairs. The attempt at reconciliation took place in Plisnier's private office. A.-E. Jansen opened the meeting with a plea for the united front to be restored: as negotiations were about to be resumed regarding the clearing system and the occupation costs between the *Banque d'Emission* and the Military Government, it would be useful if the *Banque d'Emission* and the Ministry of Finance could dovetail their approaches. Plisnier stated that he was ready to co-operate, Galopin responding that the *Banque d'Emission* would show complete solidarity with the secretary-general in his resistance to occupation costs being raised²⁵.

The arrangement of 25 November and the restoration of the united front on 19 December prompted the members of the Bank's supervisory council to confirm that they would be remaining in office and not following the example of Berger and Van Nieuwenhuyse in resigning. Although not ideal, the arrangement of 25 November included important concessions on the part of the Germans and could be considered as '*a serious attempt to purge the clearing*'²⁶. Nevertheless, the resignation of Berger and Van Nieuwenhuyse remained a source of great embarrassment. Most of the leading figures in the country, supported by public opinion, praised the two directors for acting courageously, but felt that, particularly after 25 November, they ought to reconsider their decision, the Military Government having met Belgian demands to a substantial degree²⁷.

²⁵ ARA, Plisnier Papers, dossier 1 h: réunion tenue au cabinet de M. Plisnier, 19.12.1942.

See also: BNB, Archives, RR, 30.12.1942; BNB, Archives, BR BEB, 06.01.1943.

²⁶ BNB, Archives, RR, 30.12.1942.

²⁷ BNB, Archives, SD, 20bis, clearing, dossier 8.11.10/ 24: réunion des banquiers fonda-

On 3 December, Galopin spoke with the two directors for two hours in an attempt to convince them to change their minds, but to no avail. Both continued to insist that the resolutions of 16 October had to be accepted in their entirety by the occupier as a *conditio sine qua non* for further negotiations. As regards the upper limit, Berger showed himself a little more flexible, but for Van Nieuwenhuyse this point was also not negotiable: the limit represented a 'total and fixed' maximum. Galopin concluded that the two directors were so unbending and rooted in their prejudices that it was preferable to keep them out of the leadership. That same day, Goffin spoke with Hofrichter about the possibility of the two directors returning, and mentioned the unanimous resolution of his colleagues to request them to withdraw their resignation. Hofrichter found this unfortunate and pointed out that Reeder was highly displeased about the resignation and was looking to replace the two as quickly as possible. The Military Government was even considering blocking their eventual return²⁸.

The question now arose of who was to replace them. Hofrichter suggested Cracco. In spite of feeling that Cracco was not an easy man to negotiate with, Hofrichter regarded him as intelligent, with a thorough grasp of his dossiers and behaving correctly during and after negotiations. Goffin found the suggestion acceptable and Cracco was sounded out. He agreed to have his name put forward and thus the first candidate had been discovered without too much discussion. Ingenbleek, on his part, proposed Kauch as the second candidate: he had been private secretary to the former governor, Janssen, and was a prominent member of the Research Department²⁹. Kauch himself agreed directly, but speaking for the founder-bankers, A.-E. Janssen and de Munck vetoed his candidature, arguing that Kauch did not have a sufficient mastery of Dutch and that he also lacked the necessary competence. That was, at least, the official reason for the veto; it was, after all, a public secret that Kauch was not over-fond of private bankers; it was also a fact that

teurs, 09.12.1942; BNB, Archives, *Studiedienst*, 5, dossier 01.02.01.70 (A 409/2) and A 267); Ingenbleek, note (spring 1943).

28 BNB, Archives, *BR BEB*, 06.01.1943.

29 BNB, Archives, *Studiedienst*, 5, dossier 01.02.01.70 (A 409/2 and A 267); Ingenbleek, aide-mémoire, 23.12.1942 – 31.12.1942.

the founder-bankers had a candidate of their own: Robert Vandeputte, secretary of the Belgian Banking Association.

Serious objections to Vandeputte's candidature were raised by a number of persons. The first was that, from a political point of view, his appointment would create an unacceptable imbalance within the leadership of the Bank and the *Banque d'Emission*, as he, too, like Cracco and the Bank's economic adviser, L.-H. Dupriez – not to mention its legal adviser, De Visscher – held a professorship at the University of Louvain. A second concerned his professional past, since he came from within the Belgian Banking Association and was thus a confidant of the private bankers. One of the aims of the reform of the Bank in 1937 had been to curb the influence of the private bankers within the Bank and for such a person to be brought into its management would be in conflict with the spirit of the law³⁰. However, the *Banque d'Emission*'s founders continued to support their candidate and carried the day.

The candidature and the status of the new directors was vigorously debated during the meetings of the Bank's supervisory council³¹ and of the *Banque d'Emission*'s board of directors³². Within the supervisory council, Bekaert's proposal to appoint the new directors solely *ad interim* met with stiff opposition from the *Banque d'Emission*'s founder-bankers. Ultimately, a compromise was reached, with Bekaert accepting the principle of an appointment, but only for the duration of hostilities³³. The government commissioner Smeers endorsed the compromise.

Cracco's appointment had meanwhile failed to win general approval within the Bank or the *Banque d'Emission*. Within the Bank, many perceived a contradiction in his attitude: it was, after all, his highly critical report of July 1942 regarding the clearing system that had spurred Berger and Van Nieuwenhuyse to adopt an aggressive stance towards the occupier. Sticking to principle had led them to resign, but now it appeared as though Cracco was using the situation to ease himself into a directorship. The first thought of the employees and staff of the Bank

30 BNB, Archives, RR, 06.02.1943.

31 BNB, Archives, RR, 30.12.1942, 06.01.1943.

32 BNB, Archives, BR BEB, 06.01.1943, 11.01.1943.

33 BNB, Archives, SD, 2obis, clearing, dossier 8.11.10/29; letter of 31.12.1942 from Bekaert to Goffin.

and the *Banque d'Emission* was to meet Cracco's appointment with going on a 'sit-down strike' (*une grève des bras croisés*), but that would have been contrary to house tradition and was not pursued³⁴.

³⁴ Weekly newspaper *Cassandre*, 17.01.1943.