

The Second World War and the Belgian Stock Exchanges

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Internal activities at the Belgian stock exchanges during the Second World War were characterised by an overwhelming effort on the part of the Stock Exchange Commissions to fight the closing down of their institutions, a move that would have deprived them of their jobs and income and, in their opinion, would have generally harmed the stock exchange. It was considered unavoidable that they should give in to German orders which included the expulsion from the exchange of Jewish clients and Jewish stock agents, plus a lot of other measures to boot. Stock Exchange authorities justified their collaboration with the German occupiers by referring to Belgian law as it had been in place before the occupation or to decisions taken by the secretary-general of the Ministry of Finance.

1. Introduction

The study of the relationship between wars and the evolution of the stock exchange is rather new; only a limited number of publications are available¹. In this article, we examine the relationship between the Second World War and the Belgian stock exchanges. This relationship has been predominantly influenced by the particular position of Belgium during the War, which was that of an occupied country, Belgium being a defeated country occupied by Germany. We focus, in particular, on the functioning

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¹ B.S. Frey and M. Kucher, 'World War Two as reflected in capital markets' *Economic Letters* 69 (2000), pp.187-191; B.S. Frey and M. Kucheridem, 'History as reflected in Capital Markets: the case of World War Two' *Journal of Economic History* 60 (2000), pp.468-496; B.S. Frey, *Inspiring Economics*, (Cheltenham 2001); K. Oosterlinck, 'The bond market and the legitimacy of Vichy France' *Explorations in Economic History*, 40, 3, pp.327-345.

of and on the institutional changes at the Belgian stock exchanges during the Second World War. Those changes were deeply influenced by three factors. First, Nazi-Germany wanted to maximise as many resources for the war as it could, with finance obviously being foremost on their list of priorities. Secondly, there was the whole question of the interference of Nazi doctrine on the organisation of society within a future German Empire. Thirdly, there was the persuasiveness of ideology, which Nazi-Germany also wanted to impose in the economic, social, and political spheres, with the most terrifying consequences for the Jewish people. Where necessary this article will include some reflections on the situation in other occupied countries, like France and the Netherlands, in search for similarities and differences in the regime governing the stock exchange.

Section two gives a short overview of the sources used and the current state of research, in particular with reference to Belgium. Section three summarises some of the most important stylised facts from the pre-war history of the Belgian stock exchanges. Section four studies the reopening of the stock exchange and the institutional settings in which it had to operate. This will be combined with a short overview of the Galopin doctrine of least damage, which underpinned the functioning of Belgium's occupied economy. Section five discusses the measures taken by German occupation forces affecting the Belgian Stock Exchange, and considers the sometimes rather cynical way in which some Belgian participants tried to enforce their own agenda, making use of German occupation. Section six summarises and suggests an agenda for further research and formulates conclusions.

2. State of research

The situation of the Belgian economy during the Second World War was well described by the economic historian Fernand Baudhuin² immediately after the war. Following that period, research was only sporadic. Baudhuin's study, although of high quality, was meant only as a general overview and contains a lot of research items that call for still

² F. Baudhuin, *L'économie Belge sous l'occupation*, (Brussels 1945), p. 435.

further research. Only recently have economic historians begun studying some of the aspects of the war in depth, yet a lot remains to be done. Some studies focused on the new institutional setting, such as the creation of an Issuing Bank³ and clearing system; the Committee on Prices and Wages; the appointment of new secretary-generals⁴. Much of this research has focused on the central doctrine of Belgian industrialists and bankers, the so-called 'Galopin doctrine' named after Alexandre Galopin, the governor of the biggest Belgian holding company, *Société Générale*. Galopin was president of a committee formed during the first days of the German attack, when it had become clear that the Belgian army would not be able to resist. The central question here was whether the Galopin committee had collaborated with German forces during the war. According to Belgian and internationally recognised law, the use of the economic potential of the (occupied) country was an act of collaboration vis-à-vis the occupiers who were still at war with allied forces. Although financial and monetary problems are treated separately, no full history of the stock exchange has been carried out in these studies⁵.

³ As the staff of the National Bank had fled to France, the Germans wanted to create a new Issuing Bank. On the proposal of the Galopin Committee, the Belgian banks and other financial institutions created a temporary Issuing Bank. It was founded on 27 June 1940, and called the *Banque d'émission*. Once part of the staff returned, the National Bank took over their activities (H. Van der Wee and Verbreyt, *De Generale Bank*, (Tiel 1997), pp 250-253)).

⁴ D. Luyten, *Burgers boven elke verdenking?*, (Brussels 1996), p. 270; P. Nefors, *Industriële collaboratie in België*, (Louvain 2000), p. 344; E. Verhoeyen, 'Enkele beschouwingen rond de houding van de Belgische industriëlen tijdens de tweede wereldoorlog' *Belgisch Tijdschrift voor Nieuwste Geschiedenis* IX (1978), pp.259-288; E. Verhoeyenidem, 'Les grands industriels belges entre collaboration et résistance' *Cahiers d'histoire de la seconde guerre mondiale* X (1986), pp.57-114.

⁵ Baudhuin has two short chapters in which the subject is treated briefly (Baudhuin, *L'économie Belge sous l'occupation*, p. 435). Sercu and Oosterlinck made a meaningful contribution to the study of the history of this period (P. Sercu, "'De oorlog en de wederopbouw", in G. De Clercq (ed.), *Ter Beurze*, (Antwerp 1992), pp.309-322'; K. Oosterlinck, 'Les anticipations des marchés obligatoires belges de 1939 à 1944', *Cahiers d'Histoire du Temps Présent* (1999), pp.151-182). This article follows the same path. We also made use of two rather detailed surveys on the Netherlands as many similarities can be observed between the two countries (H. Klemann, *De Nederlandse economische contacten met Nazi-Duitsland* (Amsterdam 1995), p. 128; J. De Vries, *Een eeuw vol effecten*, (Amsterdam 1976), p. 327. Also a very recent study on the behaviour of the most important banking houses in the Netherlands was a big help (M. Van Tielhof, *Banken in Bezettingstijd*, (Amsterdam 2003), p. 368).

To investigate the subject, we had recourse to several important sources. First among them featured the archives of the Antwerp stock exchange, as well as the archives of the Brussels stock exchange and the Ministry of Finance.

These archives are a unique source for an understanding of the working of the stock exchanges during the Second World War. Besides these descriptive sources, we made use of such quantitative data as can be found in the original stock price lists of the Brussels stock exchange.

3. Reopening of the stock exchange

The economic resources of an occupied nation can contribute to the war effort of the occupying country. This was certainly the case during the German occupation of Belgium in the First and Second World Wars. However, there was a big difference in the official guidelines of the Belgian establishment during both wars. With the outbreak of the First World War, stock exchanges in Belgium, but also in France, the UK and the USA were closed and in some cases (Belgium or France) not reopened until after the end of the conflict, although the occupying forces insisted on this. A wave of resistance had spread throughout the country and the general attitude was one of non-collaboration. German occupation forces responded by dismantling Belgian industry⁶. But the attitude of resistance did not change, nor at the stock exchange. This did not mean that the stock exchange activities were completely shut down. There was a flourishing trade in all kinds of securities, but in an unofficial capacity, outside the official buildings, in pubs and on the street. Unofficial stock price lists were even published in the newspapers. The Brussels stock exchange and its commission lost much of their international influence⁷.

The outbreak of the Second World War saw the Belgian stock exchange authorities completely at a loss as to what actions to take. The London Stock Exchange had in those days developed a security plan for

⁶ C. De Kerckhove De Denterghem, *L'industrie Belge pendant l'occupation allemande 1914-1918*, (Paris 1927).

⁷ R.C. Michie, "New beginnings : the Second World War", in R.C. Michie, *The London Stock Exchange*, (Oxford 2001), pp.287-292.

closing the stock exchange but neither the Belgian stock markets nor the Ministry of Finance had thought of a plan. As was the case in Amsterdam, the outbreak of the war took the Belgian Stock Exchange authorities by surprise⁸. The Paris stock exchange, on the other hand, had taken some precautions and was determined to make the closure of the stock exchange as short as possible⁹.

When on 10 May 1940 – the day of the German attack on Belgium – the Ministry of Finance decided to close down the Belgian stock exchanges (there were at the time still four Belgian stock exchanges, Brussels, Ghent, Liege, and Antwerp), this was an anticipated measure. But there was some very evident resistance at the beginning of the occupation as stock exchange authorities were not prepared to acquiesce in this plan for closing down the stock exchange. A number of the members of the Brussels Stock Exchange Commission stipulated that this decision had to be taken under their authority¹⁰ and that, as far as they were concerned, it should never have taken place.

The stock exchange was not the only one to react in this way. Its position was not far removed from the general, new line of conduct that has since become known as the 'Galopin doctrine'. This is one of the most widely-debated issues of this period¹¹. It meant that Belgium's whole economic apparatus acquiesced in the policy to continue operating during German occupation, thus contributing to the German war effort. The Galopin doctrine was justified by reference to a meeting with the Belgian government (Ministers Spaak¹² and Gutt¹³) on 15 May 1940, at which time the line of conduct during (a foreseeable) German occupation was

⁸ J. De Vries, *Een eeuw vol effecten*, (Amsterdam 1976), p.175.

⁹ K. Oosterlinck, *A Tool to Plunder: the role of the Paris Stock Exchange during WWII*, (Paris, 2005), p.3.

¹⁰ Brussels Stock Exchange Archives (hereafter BSE), minutes, 10 May 1940.

¹¹ M. Van den Wijngaert, *Het beleid van het comité van de secretarissen-generaal in België*, (Brussels 1975), p.20-24 ; M. Van den Wijngaertidem, *Nood breekt wet*, (Tiel 1990), p.18.

¹² Paul Henri Spaak (1899-1972) was Minister of Foreign affairs before the war. During the war he stayed in London as a member of the government in exile. Afterwards, he combined this with the function of Prime Minister. He became Secretary-General of Nato (1957-61).

¹³ Camille Gutt (1884-1971) was Minister of Finance. In London he prepared the post-war economic recovery, especially the liquidation of the high amounts of money issued during the war (C. Gutt, *La Belgique au carrefour*, (Paris 1971), p. 188; V. Janssens, *De Belgische frank*, (Antwerp 1976).

discussed. This committee was composed of a number of prominent figures of the financial and industrial world. It claimed that the Belgian government had asked them to ensure the proper and appropriate functioning of the Belgian economy during the occupation. But this interpretation is open to question¹⁴. In any event, the Galopin committee was but a temporary measure; at first they saw each other every day but stopped the practice in April 1941. The committee as such never intervened in the stock exchange. This line of conduct does not deviate much from the situation in the other occupied countries like the Netherlands or France, where legitimisation was sought to keep the stock exchanges open or at least to cut down the time of closing¹⁵.

Soon after the capitulation of the Belgian army, the government (exception made for Leopold III, King of Belgium) fled to France and later to Great Britain. The occupation regime took office on 31 May 1940, and made use of the administrative structure in which the secretary generals exerted power but were subject to the German military administration. The secretary generals were the highest executive officials of the various Belgian Ministries, under direct responsibility of the Minister. To justify their role, they referred to the law of 10 May 1940., adopted by the government on the basis of the law of 7 September 1939.

This law permitted the government to draw up laws in military, economic, financial, juridical and administrative matters without parliamentary intervention for as long as the army was put in a state-of-war stand-by¹⁶. The law of 10 May determined the conduct of the administration during the whole war¹⁷. The famous article 5 stipulated that a subordinate government official, in the absence of his superior, was allowed to take on the latter's role¹⁸. This article was used and widely interpreted by Belgian leading residents and the German occupier as it

¹⁴ M. Van den Wijngaert, *Nood breekt wet*, (Tiel 1990), Van den Wijngaert, *Nood breekt wet*, p.21.

¹⁵ R. Guilloit, *La réglementation des bourses de valeurs en France depuis 1940*, (Paris, 1946), p.23.

¹⁶ F. Baudhuin, *L'économie Belge sous l'occupation*, (Brussels 1945); Baudhuin, *L'économie Belge sous l'occupation*, p. 65, E. Witte, *Politieke geschiedenis*, (Brussels 2006), p. 218.

¹⁷ M. Van den Wijngaert, *Nood breekt wet*, (Tiel 1990); Van den Wijngaert, *Nood breekt wet*, pp.22-24.

served as a basis for justifying all the decisions taken by the secretary generals. After the flight of the Belgian government (25 May 1940) the secretary generals took over the administration.

By acting in this way, Germany could organise the occupation with the least possible forces while achieving its aims at the same time. The Galopin committee decided to restart the Belgian production system in exchange for food for the Belgian population; this had to be imported from elsewhere in the German-occupied territories. Very soon it became clear that the Germans would not fulfil their part of the agreement. This forced the Galopin committee to revise the justification of their attitude, especially as it became clear that the allied forces were winning the war. Instead of a production-for-food argument, it gradually turned into a need to keep the industrial infrastructure alive and well¹⁹. But as the occupation dragged on, the distinction between collaboration and serving the interests of the nation and its population became blurred and these differences gradually shifted towards collaboration. It was not at all clear what the role of the secretary generals had to be in these circumstances and how their activities could be justified²⁰.

Against this general economic and institutional framework, the functioning of the Belgian stock exchanges can be better understood. Soon after the closure in 1940 of the stock exchanges, special rooms within the buildings of the stock exchanges were made available where stock agents could deal with transactions made before the closure. Initially, the general opinion held was that it was better to wait and see what would happen, given the chaotic situation caused by the German aggression. This situation was characterised by the hordes of refugees, the break-down of the postal, telegraph, and telephone services, as well as the publication of only limited information on the economic system. Nevertheless, the chairman of the Brussels Stock Exchange Commission, Van Dessel, thought that, if the German authorities were

¹⁸ T. Luyckx, *Politieke geschiedenis van België*, (Amsterdam 1969), pp.380-381.

¹⁹ J. Gillingham, *Belgian business in the Nazi New Order*, (Ghent 1977) ; J. Gillingham, *Geld maken in oorlogstijd*, (Louvain 1979).

²⁰ E. Verhoeven, *België bezet 1940-1944*, (Brussels 1993), pp.50-52.

to decide to reopen the stock exchange, it would be advisable to obey this decision. Very soon after the occupation regime began, he asked the German authorities as early as June 1940 to reopen the stock exchange, following the request by members of the Brussels Stock Exchange Commission. Such a decision has to be seen in an international context. The Paris stock exchange did not close at all after the German invasion. Only three weeks after the invasion, and when the black market was booming, did the Germans decide to close the Paris stock exchange. In Amsterdam the stock exchange was closed on the 10 May 1940, but, as in Paris, immediate action was taken to guarantee reopening as soon as possible²¹.

In June 1940, a meeting was held on the initiative of the Brussels Stock Exchange Commission concerning the official opening of the exchange. However, the Brussels Stock Exchange Commission did not contact the German authorities directly but discussions continued through the High Council of Finance (*Conseil Supérieur des Finances*). Within this High Council, a Financial Committee was formed as a sub-commission. Its members were Oskar Plisnier, Secretary-General of the Finance Department (who remained in this office throughout the war); Fernand Baudhuin, an economist from the Catholic University of Louvain; Poot, representative of the banking sector, and Henri Van Dessel, Chairman of the Brussels Stock Exchange Commission. This sub-commission therefore representative of the Antwerp stock exchange.

The driving force behind these negotiations was the reopening of

²¹ After the war, the attitude of the stock exchange commissions had to be monitored by the so-called committees of honour, which exerted an internal control function over the stock exchange. These were founded by the ministerial decree of 28 Oct. 1944 (*Belgian Official Gazette/Book of Statutes Moniteur Belge*, 5 November 1944). Their members were appointed by ministerial decree; sanctions had a more administrative nature (withdrawal from the stock exchange or penalties). The committees formulated a lot of critical remarks about the line of conduct followed during the first years. Even so, almost no sign was found of any criticism of German intervention. It was said that the Stock Exchange Commissions had lacked courage. Nevertheless, no investigation was ever conducted on the simple fact of the reopening the stock exchange, as nearly all of the stock agents and other people concerned had asked for the reopening of the stock exchanges.

the stock exchange. But it would be wrong to say that the reopening took place under strong German pressure; in fact, there is hardly a single indication of much pressure at all, at least not at this early stage. Subsequently, however, the Germans would exert ever more pressure so that the stock exchange had no choice but to follow their instructions. The reopening initiative came from the Stock Exchanges Commissions who insisted that the Germans would agree to immediate reopening. From the Antwerp minutes, it is clear that the Antwerp stock exchange authorities were very upset because they had no representative on the commission that would decide upon the reopening. It was their fear that only the Brussels stock exchange would be reopened, thus leading the Antwerp stock exchange into a quiet descent towards oblivion²². There was not a single sign of any restrictive attitude with regard to the occupiers' policy. Nor was there any evidence of a debate about the political or moral justification for the reopening. The same *modus operandi* can be found in Amsterdam and Paris, where the only concern of the participants was also the reopening of "their" exchange²³.

At the centre of the debate on how to determine their position towards the occupiers, the exchange authorities could refer to the Belgian law in force on the eve of the Second World War and to the attitude of the secretary general. This means that a very important role was given to the official who stood between the secretary general and the Stock Exchange Commission, i.e. the government commissioner. Until May 1940, Jean-Maurice Marx, who became responsible in May 1939 for all stock exchanges, held this office. During the war, Marx would remain responsible for the Brussels stock exchange and for the stock exchanges of Ghent and Liege. But at the Antwerp stock exchange, the Germans appointed on 11 October 1940, a confidant, Herman Jacobs (assistant

²² Koebe, J., 'Das Französische Börsenwesen' *La revue économique Franco-Allemande, organe du centre en France des organisations économiques allemandes*, 39 (1944), pp. 3-8.

²³ In practice, he always followed the advice of the Stock Exchange Quotation Committee, and we found no single sign of intervention against this advice as far as their admission to the stock exchange is concerned (PROMF, piece 755, Reopening of the Brussels stock exchange, 21 August, 1940).

juridical advisor with the Ministry of Finance), as government commissioner. Moreover, the Germans intervened in a structural way by creating another office, to be filled by a German. This German would operate as a liaison officer and had to look after German interests. Moreover, he had to give his final consent for new securities to be allowed a quotation on the stock market²⁴. In the first phase, this was the Director of the Bank Sprockhoff; afterwards he was replaced by Dr. Möckel ('*Börsenkommissar*', member of the '*Oberkriegsverwaltungsrat*', and acting in name of the '*Militärbefehlshaber*' for Belgium and Northern France).

Although nearly all parties concerned insisted on reopening the stock market in June 1940, it would take until September before this actually took place²⁵. The Brussels Stock Exchange Commission saw the justification for this action in their duty to protect the public, in their (possible) confrontation with non-official circuits and adventurers who would make use of the opportunity created by the war to enrich themselves at huge discount prices. In fact, part of the public would have to rely on their stock exchange investments in order to survive or keep their consumption at a certain level; there was a real danger that all kinds of stolen securities would be thrown onto the market. Moreover, the sustainable employment of more than 1000 stock exchange agents was considered to be an important argument as well, although this would prove not to be that easy²⁶. At no point was reference made to the 'Galopin doctrine'. Indeed, with regard to the stock exchange, the argument of protecting food supplies could hardly be taken as a justification. Rather the contrary: as the Galopin Committee

²⁴ The Paris stock exchange would reopen permanently only on 14 October 1940. The Amsterdam stock exchange reopened on 15 July 1940. Other stock exchanges like the one in Prague, was closed during the whole war (Karnik M., 'Die Prager Waren- und Effektenbörse, Organisator eines sekundären Wertpapiermarktes in der Zwischenkriegszeit' *Prague ESHP*, 7 (2004/2005), p.108.

²⁵ Antwerp Stock Exchange Archives (hereafter ASE), Antwerp Stock Exchange Minutes, 19 August 1940.

²⁶ This department had as its most important task to find out whether securities sold at the stock exchange were acquired in a legal manner from the owner or were already in the possession of the owner before the start of the Second World War in Belgium, on 10 May 1940.

shifted gradually away from the original argument towards one of keeping the industrial and financial infrastructure complete, it became easier for the stock exchange authorities to fall back upon this to justify their attitude towards German occupiers.

The basic principles at the time of the reopening the stock exchange were formulated by the Brussels stock exchange. Their advice was to reopen the spot market only and admit those securities that had already been admitted before 10 May 1940. Moreover, the proposition to liquidate all transactions on the forward market one month after the reopening of the stock exchange was their idea. Recommendations by the Financial Committee were followed, too, the most important one being the advice to install an identification department to prevent all kinds of stolen, lost, or confiscated securities from being traded without investigation²⁷. It is noteworthy that in Belgium this department was created after an initiative by the brokers themselves, whereas, in Paris, it was the German occupier who insisted on the creation of a "Caisse centrale de depots et de virements de titres (18 June 1841)"²⁸.

Besides these principles, the German occupiers formulated some measures which were already in force in Berlin or Amsterdam, such as the prohibition of the forward market and measures regarding the sale of foreign securities, the exclusion of Jews as customers and stock brokers, and the non-replacement of stock brokers who left their jobs. This demonstrates that, already from the reopening of the stock exchange, some measures were taken that were inspired by the Nazi doctrine. Accepting these measures would lead the stock exchange authorities ever further along a very narrow path between near acceptable behaviour and collaboration.

An agreement on the basic principles was reached. The secretary-general formulated a decree on 20 August 1940, with formal instructions for the reopening of the stock exchanges. The Brussels stock exchange would reopen on 6 September; the Antwerp stock exchange on 16 September.

²⁷ K. Oosterlinck, *A Tool to Plunder: the role of the Paris Stock Exchange during WWII*, (Paris, 2005), pp. 8-10.

²⁸ Colonial securities were only allowed again on 16 December 1940.

4. Functioning and institutional changes

The Nazi doctrine had its own particular ideas and effects on the course of events and institutional settings, one of the most notorious being their measures against the Jewish people, which finally culminated in the genocide of the Holocaust. Some months after the beginning of the war, it could be observed that measures against the Jewish people were being taken in the whole economy as well as at the stock exchange. These started with their expulsion from the stock exchange, the expropriation of their assets, and the prohibition against selling their securities on the stock exchange. In addition, other sets of measures were introduced, such as the stock exchange authorities' preference for the *Leader* principle and the new appointments to the stock exchange commissions of German and Nazi sympathisers.

First, there was a limitation on the number of securities allowed and the forced deposit of securities. The reopening of the stock exchange was carried out in different phases. Initially, it was decided on 20 August 1940, that, once the stock market opened in September, only the bonds issued or guaranteed by the state would be allowed for quotation, the same policy was followed in the Netherlands and in France. Only on 11 September would all the quoted securities be allowed on condition that they had been quoted before 10 May 1940, and that they did not belong to the category of colonial or foreign enterprises with main operations outside Belgium²⁹. As far as foreign securities were concerned, the German occupiers had determined on 27 August 1940, that these, as well as most of the colonial stocks, had to be deposited at the banks. Baudhuin (1945) ensured that more than 300,000 securities would follow this path. In spite of this, the Stock Exchange Commission would undertake various attempts to create semi-official markets for securities not officially admitted on the stock exchange during the occupation, to the extent, that in practice, it was possible to trade in nearly all securities during the war.³⁰

Secondly, a limit was set on the number of stock brokers and Jewish

²⁹ BSE, minutes, 21 August 1940.

³⁰ The same situation occurred in Paris and Amsterdam. The non-Jewish brokers were prepared to go far to save their jobs (K. Oosterlinck, *A Tool to Plunder: the Role of the Paris Stock Exchange during WWII*, (Paris 2005), p. 12).

brokers and customers were excluded from the stock exchange. As far as the internal structure of the stock exchange was concerned, it soon became clear that the German occupiers had problems with the high number of stock brokers active on the exchanges. Already in 1935, the Stock Exchange Commission had made the same comments. During the discussions of stock exchange reform, a lot of complaints were levelled against the quality of the work of so many stock agents which led to a set of conditions that affected the latter. But in the light of mobilising as much of the labour force as possible (culminating in forced labour in Germany in 1943) with the German priorities this issue took on a new dimension. Every stockbroker not employed at the stock exchange had to look for a job elsewhere, most likely in Germany. The German occupiers considered the measures taken to reduce the number of stock brokers inadequate.

At the same time, a prohibition against Jewish stock agents came into effect. With regard to the Jewish community, measures were taken over trade by and with Jews. One could argue that the overall effect of all this on the stock exchange was negligible as the number of Jewish stock agents was only 25 throughout Belgium, of whom six were in Antwerp. And indeed it was, except for the Jewish clients themselves, who felt the effects considerably, and for the Jewish stock brokers in particular, for whom it was a complete disaster. However, it is impossible to look at these effects solely or primarily on the quantitative level as the measures were based on racial discrimination and became dramatic in the light of future events such as the prohibition on having a job, exclusion from economic life, deportation and the extermination of Jews. These measures met with hardly any protest from any member of the stock exchange; in fact, all of them signed a paper that they would obey them with regard to trading with Jews³¹.

As far as the stock exchange authorities are concerned, their official

³¹ We could not find any detailed motivation for as to why the exclusion of particular stock agent and brokers was made. An interesting working hypothesis could be to investigate if the Stock Exchange Commission (or at least some of its members) used this opportunity to get rid of some of their colleagues. It is a fact that the stock agents known as German sympathisers were certainly favoured as they got orders from the German occupiers. In the letters of complaint, the criteria are attacked but no real details are given.

point of view is rather unclear. There is barely any reference to the measures in the correspondence or in the minutes, and whenever reference is made, no clear positions are taken. An open memorandum that protested against anti-Jewish measures such as, for instance, the one published by the Dutch stock exchange authorities – although it was rather *pro forma* in nature – was never written in Belgium; people preferred to ignore these events and concentrated on their own business: thus business as usual.

Secondly, in the course of 1941, the German government commissioner worked on a much stricter selection procedure. The government commissioners forced the Stock Exchange Commissions to submit a questionnaire in which every stock brokers would schedule his sales. On the basis of this, it would then be determined who had to leave the profession. This time, the Stock Exchange Commission found itself confronted with a serious problem of conscience, all the more so as the German stock exchange commissioner looked harshly at those who would not fill out the questionnaire, or worked for another stock broker, or benefited from supplementary employment through their wives or children. All of these were considered sufficient reasons not to be accepted any longer as a stock agent. Although the secretary general (under German pressure) determined the final exclusions, this decision was taken on the basis of the figures and recommendations supplied by the Stock Exchange Commissions. Within the Stock Exchange Commissions of Antwerp and Brussels, a committee was formed (composed of a chairman and two members) that drew up a list of stock agents. Subsequent exclusions were decided on this list. Although these Commissions stressed that they were only executing orders from a higher level, confirmed by the secretary general, it could not be denied that they played a role in these practices. The Stock Exchange Commission was (after several letters of protest) prepared to collaborate, making reference to a (possible) closure of the stock exchange; but this decision would be one of the most contested after the war³². Despite some efforts to postpone the operation, 1 January 1942 witnessed the expulsion of a large number of stock brokers. In

³² ASE, Piece War 1940-1945, Report 15 December 1941.

keeping with German demands, most of the stock agents at the Brussels stock exchange were expelled. In Antwerp, the final tally was only 251 (135 were excluded)³³. At the Brussels stock exchange about 750 stock brokers were finally allowed to stay (234 were excluded)³⁴. A final way to circumvent the German measures (and one used by several stock agents) was to employ colleagues as associated stock agents, but the Germans very soon forbade this³⁵.

Thirdly, from 1943 on, the stock exchange was subjected to the more severe measures of forced labour. The Germans ordered the Stock Exchange Commission to make lists of all the employees as well as all stock brokers younger than 35 years. The Antwerp and Brussels Stock Exchange Commissions initially refused to draw up such lists. Drawing up such lists was the same as preparing a list for (virtually certain) forced recruitment and transportation to Germany, and thus it contributed to the German war effort while, at the same time, it brought the life of civilians into danger and submitted them to modern slave labour. Although the same kinds of lists were demanded from the Rector of the University of Louvain, Mgr. Ladeuze, with regard to students, he courageously refused to comply³⁶. This was not the case at the stock exchange since, after the threats of the German stock exchange commissioner – who considered a refusal as an act of sabotage – the Brussels Stock Exchange Commission decided by eight votes against six to hand over such a list to the German occupier³⁷. In the end, 40 members of the corporation were affected by this measure. It seems clear that the Stock Exchange Commission had taken a new step in its collaboration with

³³ Paris had only 60 stock brokers and Lille only six.

³⁴ The Belgian system had different categories of stock brokers. Besides the full-time agents, there were also the associated stock brokers (*agent de change adjoint*). These were considered to be employees of a stock broker but were allowed to fulfil nearly identical tasks. The stock brokers continued to bear responsibility for the transactions they carried on. A third group was formed as correspondents of stock agents. Stock brokers who lived more than 25 km from the stock exchange could apply and carry on their transactions by telephone or by letter, using other stock brokers as an intermediary (Fondsen- en wisselbeurs van Antwerpen, *Codex van den Antwerpschen Wisselagent*, (Antwerp 1941), pp. 8-10).

³⁵ F. Baudhuin, *L'économie Belge sous l'occupation*, (Brussels 1945), pp. 301-304.

³⁶ BSE, minutes, 12 May, 1943.

³⁷ J. De Vries, *Een eeuw vol effecten*, (Amsterdam 1976), pp. 175-177.

the German occupier. After the war these successive operations on the subject of employment at the stock exchange would lead to bitter complaints and an official inquiry into these decisions. Indeed, some people with 15 to 16 years of employment were dismissed without any discussion. Although a sales level of one million BEF seemed to be the norm, some examples illustrate that, even with a sales level of 2.8 million BEF, one could be expelled from the stock exchange.

A third measure concerned the germanisation and nazification of the Stock Exchange Commissions and the introduction of the 'leader' principle. The stock exchange reform of 1935 had brought the stock agents into an association with a corporate structure, represented by the Stock Exchange Commission. This Commission was elected without any intervention from outside. The German occupiers did not agree with this democratic system. In the Netherlands, the stock exchange was transformed into a sectoral corporation with a public statute and the principle of leadership was introduced, meaning that all decisions for all Dutch stock exchanges (Rotterdam, Den Haag, and Amsterdam) were taken by just one chairman, assisted by two deputy chairmen³⁶. The Belgian situation was different. The German occupiers allowed the existing administrative structure to continue, including the Stock Exchange Commission. However, this did not mean that the Germans did not want to gain control over the stock exchange authorities. Already on 9 December 1940, the German occupiers decided to end the election procedure of members of the Stock Exchange Commission which had been used since 1867. From now on, vacant seats had to be replaced by functionaries appointed by the secretary general of the Ministry of Finance. It is quite remarkable that the Stock Exchange Commission hardly protested against this decree. After the war, the Commission's argument in its defence was that this measure had followed the existing Belgian law, a rather weak argument at that. This, once more, reflects an attitude of fear of the German authorities with regard to the possible consequences of resistance. However, as far as the Antwerp stock exchange is concerned, the influence of the German occupiers on these appointments

³⁶ D. De Bels, *België in oorlogstijd*, (Unpub. Thesis Univ. of Antwerp 2002), pp. 60-62.

remained rather weak. Due to all kinds of restrictions, it was often impossible to fill open mandates and the replacement of people was postponed. In the end, it was mainly due to members of the Stock Exchange Commission who refused to fulfil their mandate any longer that the German occupiers were obliged to make new appointments³⁹. Nevertheless, a quite remarkable fact is that at the Brussels stock exchange Van Dessel, while looking for new members who were acceptable to the German occupiers, made an attempt to make the least possible concessions to them. As far as the language spoken at the stock exchange was concerned, notwithstanding the German requirement, only one member of the Flemish community was recruited⁴⁰. However, a new Stock Exchange Commission was appointed, since the chairman, Van Dessel,

³⁹ Belgium had two languages, French and Dutch (called Flemish), but Belgian history has seen the French language since 1830 as the only sole official language. It was only after a long struggle that Flemish came to be accepted as an official language and, even afterwards, it took some time for Flemish to have the same rights in practice. For more than a century, the upper and middle classes of Belgium used the language as a barrier between the ruling elite and the popular classes in Flanders. Germany tried to make use of this language problem to win over the Flemish part of the country to their side. They introduced an obligation to use the two languages for all official documents on an equal footing at the stock exchange. This measure met with much protest from many stock agents. This protest led to real acts of resistance (for example, withholding texts until they were produced in the two languages) but it contrasts with the lack of resistance in other fields such as the measures against Jews. The minute books of the Brussels stock exchange stayed in only one language (French), notwithstanding the efforts and remarks made by the Germans. The Antwerp stock exchange, even before the Second World War, changed to the Dutch language (C. Dieltjens, *Geschiedenis van de fondsen- en wisselbeurs van Antwerpen* (Antwerp 1967), pp.70-74).

⁴⁰ Rexism was a political movement in Belgium that arose during the thirties and was active within the Catholic party. From May 1935 onwards, Léon Degrelle as a leader of the Rex party had transformed the movement into an independent party. The programme was aligned to the Fascist programmes elsewhere in Europe and consisted of totalitarian, authoritarian, and corporate ideas. Rexism met with a lot of success in the Southern part of Belgium (Walloon) and Brussels, although there was a smaller Flemish wing, too (in Flanders other pro-Fascist parties were active). In the elections of 1936, they won 21 parliamentary representatives, their best results ever. The lack of vision and faults in their organisation were responsible for their decline thereafter, as well as the united resistance from the other political parties. After the German invasion of the country, Léon Degrelle collaborated with the occupiers, placing several Rexists in responsible positions while recruiting soldiers for the German army. After the war, the collaborators were severely punished. Degrelle himself fled to Spain where the Fascist Franco regime was still in power (R. Pfeiffer and J. Ladrière, *L'aventure rexiste*, (Brussels 1966).)

had lost the confidence of the Germans, especially after his refusal to trade securities of which no origin could be proven. Under this pressure, he resigned. Within the new Stock Exchange Commission (which still had four of the old members), the Germans appointed six new members. Two of them were members of Rex⁴¹, while the new chairman was Rosar, a Brussels stock agent and an adherent of the New Order, according to the German stock exchange commissioner⁴². Among the other commissions at the stock exchange (quotation commission and commission for appeal), no single intervention was noticed; the mandates that had ended were extended without any discussion. All members of the Stock Exchange Commission who were appointed during German occupation would be called before the military court after the war.

A fourth measure was limiting stock price increases and the prohibition of the futures market. The interference of the German occupiers was not restricted to the institutional aspects of the stock exchange's internal functioning. Other important aspects included the decisions as to what securities should be allowed for quotation and how the official quotation lists should be drawn up. The German interest in these matters was the fear of uncontrollable upward price movements in the stock exchanges and wild speculation. Strong price increases in stocks, and hence high profits for investors of private means, did not correspond with German financing war requirements nor with Nazi ideology (see further).

First of all, the most important reform introduced on the instigation of the German Stock Exchange Commissioner was the new quotation system that came into force at the Brussels stock exchange as of May 1942 onwards. Before the introduction of the new system, months of discussion had passed between the Brussels Stock Exchange Commission, government commissioner Marx, and German commissioner Dr. Möckel. In the end a test was conducted (from 24 March 1942, onwards) on six securities⁴³. The new system was adopted for all securities from 11 May

⁴¹ D. De Bels, *België in oorlogstijd*, (Unpub. Thesis Univ. of Antwerp 2002), pp. 63-64.

⁴² *Electrobel, Intercommunale d'électricité, Gaz et électricité de Hainaut, André Dumont, Union Chimique, Gazelec.*

1942⁴⁴. The Paris stock exchange also underwent some changes in parallel with the new Belgian system.

The new characteristics of this system were that it made use of so-called quotation agents (*agents coteurs*). These quotation agents were stock agents appointed by the Stock Exchange Commission. They each were assigned responsibility for a number of securities. Stock agents who wanted to trade in these securities had to contact the quotation agents whose task it was to group together all the ask and bid prices, after which they had to propose a price quotation to the quotation commissioner (*commissaire de service de la criée*); subsequently, these were grouped centrally. These quotation agents, who were in fact stock agents with a special task, were not allowed to trade on their own account or for their clients; their only source of income was an extra commission of 0.1 percent for every traded security⁴⁵. In 1945, the government commissioner was severely criticised about the new quotation system he had introduced in collaboration with the Germans. Marx argued that the chairman of the Stock Exchange Commission himself had given his approval after a trial period and that the new system was better, as it implied some guarantees against the stock price manipulation that had formerly existed on a structural level at the Brussels stock exchange with the existence of market holders (*teneurs du marché*). Although this system of market holders had never been officially recognised before the Second World War, it was a frequent practice at the Brussels stock exchange. Several dominant stock agents had specialised in a few securities and had succeeded in monopolising the market for these securities. This dominant position, together with the fact that these market holders could rapidly determine what direction stock prices would follow each day, was responsible for abuse and price manipulation. The reason for the introduction of this system was that it would guarantee a certain liquidity in the trade of some

⁴³ BSE, minutes, 13 May, 1942.

⁴⁴ *Moniteur Belge (Belgian official gazette)*, 12 June 1942. Moreover, these stock brokers had to take a supplementary oath before the chairman of the Stock Exchange Commission. It was formally forbidden to breach their professional oath. Moreover, very strong rules determined how they should do their work.

⁴⁵ K. Oosterlinck, *A Tool to Plunder: the Role of the Paris Stock Exchange during WWII*, (Paris 2005), p. 15.

stocks, as market holders had to be prepared to buy stocks at any time.

During the war, liquidity was a major problem as, even at the major Paris stock exchange, the most popular securities only reached a level of 200 to 300 transactions a day⁴⁶.

Another condition was that they knew enough clients to sell effectively. The royal decree of 1935 had brought no change in this situation. But the Germans replaced it by another system, Marx argued, that was better. It was to be temporary in any event, since it could be replaced by the old system if found desirable. After the war, this centralised system of collecting orders would continue to exist. But it would become a special department within the stock exchange, composed of employees appointed by the Stock Exchange Commission. The reason for this was that many complaints about market holders were formulated during and after the war with regard to the way in which the quotation agents had performed and to the lack of independence and objectivity shown. At any rate, when the system was introduced, many stock agents were deeply distrustful about and protested against the monopoly position of these quotation agents. The government commissioner and the Stock Exchange Commission took up the defence of the new system during the war, fearing (eventual) closure of the stock exchange if they refused⁴⁷.

In December 1942, a total of 49 quotation agents were appointed at the Brussels stock exchange, amongst them the chairman and five members of the Stock Exchange Commission. Secondly, a very stringent working procedure was introduced to obtain the maximum possible market equilibrium. Stock price fluctuations of more than 5 percent over the previous price were prohibited⁴⁸ (later, from 23 September 1943, this became 1 percent). In the event of disequilibrium in the market, the chairman of the Stock Exchange Commission or his representative could decide to place in the last column of the official quotation list a price that might diverge up to a maximum of 10 percent from the price of the

⁴⁶ BSE, minutes, 24 March, 1942. Another working hypothesis is that the system was to the advantage of a number of the bigger stockbrokers, some of them being members of the Stock Exchange Commission.

⁴⁷ At the Paris stock exchange, the limit was set on a difference of 3% maximum.

⁴⁸ BSE, minutes, 10 December 1942.

previous day, until the time when a new equilibrium was found. The Stock Exchange Commission, and also the government commissioner, had to justify price changes as well as, minimise them time after time⁴⁹. Indeed, the Germans saw intolerable speculation everywhere, which would harm the economy. This extreme mistrust forced the government commissioner, on orders from the Germans, to work on a project in which no further stock orders could be accepted unless proof was given that a certain percentage of the transaction was guaranteed by short-term government securities that would be created especially for this purpose⁵⁰. However, these plans were never carried out since allied forces liberated the country in 1944. Nevertheless, during the last months of the German occupation, a system of stop prices was introduced, as had already been tried out in the Netherlands in March 1943⁵¹. The system (introduced from 17 August 1944) determined that Belgian stock prices should not rise above the quotation prices of 31 July 1944.

Nonetheless, during the first years of the war, the stocks quoted began an impressive upward price spiral that contrasted with the sluggish price trends on the stock exchange for more than a decade. The German occupiers took measures to curb this spectacular movement. *Figure 1* illustrates that investors on the stock exchange did not make out that badly during the war and that, even with German restrictions, share prices exploded. *Figure 1* is based on an all-share, market-cap-weighted price index of the Belgian shares on the Brussels stock exchange, according to the Laspeyres formula (end-of-the-month share prices). In order to enlarge the picture, we have chosen to take a longer period, extending from the pre-1929 crash upheaval until the end of the Korean War.

An explosive stock price development during the period 1926-29 preceded the 1929 stock market crash. At the end of March 1926, the index reached its lowest point (81.48 points) and from then on it rose almost continuously until its main peak of 259.10 points (May 1928),

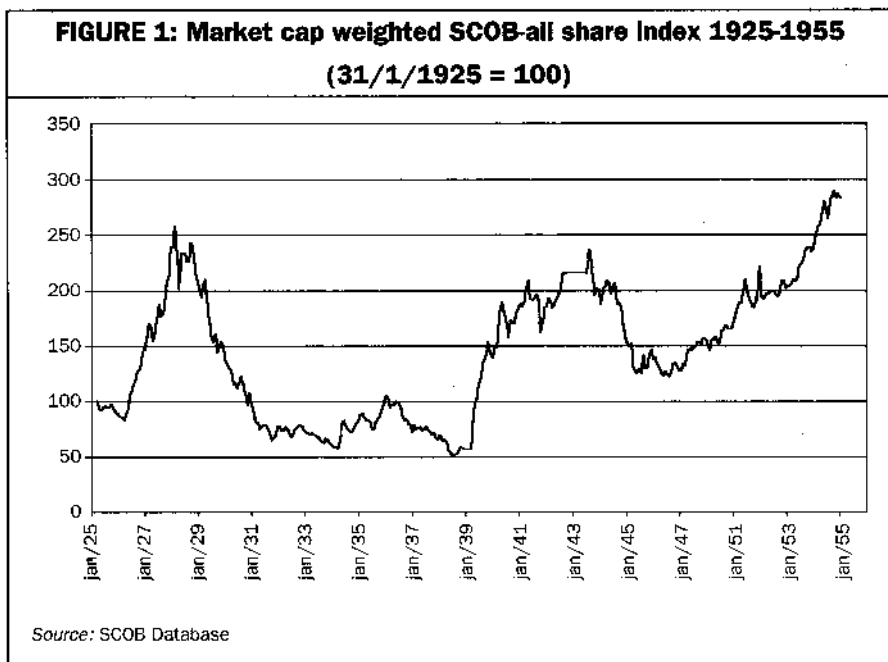
⁴⁹ PROMF, piece 755, Reopening of the Brussels stock exchange.

⁵⁰ J. De Vries, *Een eeuw vol effecten*, (Amsterdam 1976), pp. 190-192.

⁵¹ BSE, minutes, 8 July 1940.

reaching its last peak of 244.39 at the end of January 1929. Throughout the stock market crash, the index reached the extremely low level of 63.33 points (May 1932) until its lowest point of 55.13 (February 1935). After the 1935 devaluation, the index reached 104.93 points in February 1937, but in November 1939, the index had recovered once again to 148.45 points. At the start of the Second World War, the index was only 55.35 points. Very soon, however, the index started to rise, reaching 217 points in August 1944.

A fifth measure concerns the liquidation of transactions. The German occupiers not only wanted to control stock price formation and obtain equilibrium; the way in which transactions were made and processed also had to be much more transparent and guaranteed. That is why, in December 1941, a Compensation Desk for the spot market was created. The National Bank played a central role in this new institution. It was decided that all stock agents had to open an account with the National Bank in order to process their transactions. The Compensation Desk and the National Bank were mandatory for the cashiers, who (at the



service of the stock agents) had to settle the balance of their accounts on stocks traded by means of compensation. The setting up of such a Compensation Desk was not new, however. Already in 1938, such a Compensation Desk had been founded within the Brussels stock exchange (*Chambre de compensation du capital de la bourse de Bruxelles*), with the main objective to simplify and standardise the transactions of the orders on the forward market. The new aspects of this Compensation Desk were the role of the National Bank and its application to the spot market. The stock agents had to open an account at the National Bank offering sufficient credit to ensure that the traded transactions could be brought to a satisfactory conclusion. This extra financial guarantee for the investor was an old wish of the Stock Exchange Commission. The intervention of the German occupiers thus coincided with their plans. This was not the case for another measure of the Germans, namely that investors had to pay for their stock immediately, even before it was delivered. The German intention was to reduce speculation. However, the practice did not coincide with habits at the Brussels stock exchange, where it was feared that a lot of investors would switch to the banks or the big stock-exchange houses to place their orders. Indeed, due to the obligation to deposit foreign stocks and obligations, the banks had a better view of the fortunes of their clients as well as access to a lot of new addresses. Banks were using these lists to offer these investors attractive proposals.

Sixth, the possibility to sell confiscated (Jewish) stocks at the stock exchange as well as the identification of securities became effective. The stock exchange authorities, together with the High Council on Finance, feared that a lot of stock would flee the market at the time of the reopening of the stock exchange and, in particular, that a lot of them would be stolen and thus illegally acquired, as a result of the chaotic situation at the beginning of the war. Thus, it was decided that no trade at all should take place in stock unless it could be proven that the security had been in the legal ownership of the seller at least a few days before 10 May 1940, or that he had acquired it in a legal manner. In order to carry out this control, an Identification Department was introduced, which did the job very conscientiously⁵². The members of this department

had to check out the attestation that the stock exchange agents or banks had filled in, declaring that the stock had been legally acquired. Although the High Council of Finance was not in favour of this measure, Van Dessel held firm in his opinion, while also making it a condition for the further functioning of the stock exchange. The moment the Germans lessened the influence of this department, he would resign. Indeed, as this decision implied that all sellers had to act in this way, it equally applied to the German occupiers. Thus, it was not that easy for the Germans to sell illegally acquired stock, especially stolen Jewish stock. The identification department could ask for every bookkeeping document that it thought necessary to identify the origin of stock; in case of false declarations, banks or stock agents could be expelled from the stock exchange. Whenever there was doubt, the Stock Exchange Commission could decide⁵³. In May 1942, things changed dramatically. The German stock-exchange commissioner forced the stock exchange authorities to accept a change in the regulation (13 May, 1942). Every security for which there was an official certificate, and which was declared the property of the German Reich, had to be accepted for transaction on the stock exchange. This article is not without importance. In fact, as was observed in the Netherlands and elsewhere, Germany confiscated Jewish possessions and sold or used them in order to finance the war. This led to investigations after the war in some countries, whereas in other countries this kind of investigation was not seriously undertaken until recently. In Belgium, for example, only lately has the Commission Buyse started an investigation. This commission was founded by the royal decree of 6 July 1997, and by the law of 15 January 1999⁵⁴. The Commission has focused on Jewish stocks and bank accounts which were officially registered at the banks after the outbreak of the war, as ordered by the German occupiers. In its final report, the

⁵² BSE, minutes, 26 July, 1940. In order to fulfil the task, three teams of six controllers each were formed who could employ eight employees and were directed by one director general and two assistant directors. The Department could make use of the employees from the by-then-closed forward market, who were thus protected from forced labour in Germany.

⁵³ <http://www.combuyse.fgov.be>

⁵⁴ PROMF, bundle 754, On the reopening of the Brussels stock exchange.

Commission admits that, due to lack of adequate sources, we can only guess as to what happened to most of the non-identified Jewish financial properties. Another noteworthy fact is that, in the report of this Commission, no information is found on the workings of the Belgian stock exchange during the war, although the stock exchange is known as an easy instrument to exchange stocks and bonds anonymously. But in any event, in May 1942, the stock exchange authorities were confronted with a German order that opened the door to selling stolen stocks. The authorities would accept this order, although there was some resistance. In the archives, there are several indications that government commissioner Marx made reservations about the new measures to the secretary general. After an intervention by Marx, it was decided by the stock exchange authorities to publicise the new measure in the official quotation lists, in such a way that all stock agents could clearly know what they were doing and that they participated at their own risk. This public warning was the ultimate one that Marx thought possible in order to restrict the trade in suspected stock to a minimum⁵⁵. Some resistance can be observed from within the Commission. Van Dessel, until then Chairman of the Brussels stock exchange, refused to collaborate with this new measure and resigned from his position, German pressure having become unbearable. The new Stock Exchange Commission accepted the measure because of the threat of closing down the stock exchange or liquidation of the identification department. The disappearance of this department would completely open the door to trades in all kinds of lost or stolen stock⁵⁶. From now on, it is hardly

⁵⁵ The Identification Department demanded a rigorous control on all securities traded by stock agents and brokers; as such, it became possible after the war to look in detail for anyone who had sold suspicious stock.

⁵⁶ The culture of the stock company corporation rests on the oath of the stockbrokers who is a man of his word. A large number of stockbrokers, especially the elder ones, considered any kind of manipulation as one of the worst things that could happen. Everyone, however, did not follow this code of conduct, as has been demonstrated, for instance, by the *Citroen* case in 1928. During the IPO of this stock, 12 members of the stock exchange had taken options on this stock and due to the rapid introduction of the stock they were able to make gains of up to 150,000 thousand BEF (M. Van Meerten, "Het moeras van de crisis. De jaren dertig op de beurs", in G. De Clercq (ed.), *Ter Beurze*, (Antwerp 1992), pp. 257-292).

possible to find any critical comment until the Germans demanded lists to assist them in their policy for forced labour in Germany in April 1943. On the other hand, the importance of this identification department has to be looked at in proper perspective. Not only did an enormous amount of paperwork have to be verified every day, but also more importantly, the procedure of identification was based on a declaration made by the bank or the stock agent that the securities of the seller were already in his possession before 10 May 1940. By acting in this way, the department made use of an old element in the code of conduct of the stock agents, their sense of honour, an element that had been fundamental since the nineteenth century⁵⁷.

A seventh measure concerned limitation on cash payments on dividends and reforms in the fiscal system on stocks. On 14 October 1941, following German instructions, the secretary general, issued a decree by which a limit was put on the payment of dividends. However, this decree was not very clear in its content and, subsequently, a memorandum of explanation was published in the *Belgian Law Gazette* (31 December 1941). The financial newspaper *Echo de la Bourse* noted all kinds of differences between these two texts and had also legal comments to make. In any case the decree hit the investors forcefully. Indeed, the decree declared that maximum limits were to be placed on dividends paid to shareholders. These were 6 percent of the social capital and the reserves; payments of staff bonuses were to account for no more than 2 percent of these amounts. The remaining profits (after deduction of taxes) had to be converted within 30 days into government bonds on a blocked account in the name of the firm. The system was scheduled to be implemented for all future years and for all companies and had to go into effect immediately for those enterprises that filed their annual accounts in 1941, on condition that their annual general meeting would be held after 14 October 1941; for the remaining companies, the system would come into force the following year. The system had to be applied to all companies with limited liability whose headquarters were located

⁵⁷ National Bank of Belgium, *Belgian Economic Statistics 1940-50*, (Brussels 1951), table 22.2, p. 224.

in Belgium, even though they were only the most important administrative departments.

This decree was quite well suited to the Nazi doctrine, fulminating as it did against speculators and individuals with private funds to invest. But the main objective during the war was to block the payments made to investors in this field as well as in others (besides this blockage, there was also a wage and price freeze). It could be argued in popular terms that everyone was being treated on equal terms and that especially the wealthier segment of the population, who could invest in stocks, also had to contribute. In reality, however, the freeze on incomes did not stop prices from rising since, side by side with the official market, a black market developed where prices were drastically higher than on the official market, which was subject to extreme rationing. For instance, in 1943, when the official price index was at 192, the black-market price index was 1,624⁵⁶. Freezing incomes meant, in reality, a devastating fall in terms of real income which, in the end, enabled the war economy to divert as many resources as possible to the war effort. This measure had already existed in Germany from 1933 onwards. One of the central objectives of the new German Nazi government was to increase investment in state bonds. By placing limits on dividend payments, investments in government bonds became more attractive. For Belgium, this would lead to heavy protests after the war. The arguments were that this was discrimination compared to other forms of enterprise and that the dividend limit system slowed down economic growth.

However, this was not all. The country's fiscal system was profoundly reformed in terms of the taxation of securities. At first, the income tax on securities fell from 26.4 percent to 10 percent in 1941, although in 1942 and 1943, the tax was raised again to 12 and 15 percent. This, however, was not the whole picture. Indeed, before the war, profits had been taxed either at the company level or at the individual investor level. From then on, total profits were taxed at the

⁵⁶ P. Sercu, "De oorlog en de wederopbouw", in G. De Clercq (ed.), *Ter Beurze*, (Antwerp 1992), pp. 309-322; F. Baudhuin, *L'économie Belge sous l'occupation*, (Brussels 1945), pp. 326-328.

company level and then, a second time, at the individual investor level when the latter received his dividend.⁵⁹

In addition to these measures, some people made use of war opportunities to carry out their own agenda. Immediately following the German occupation of the country, it was quite clear that several groups would seize the opportunity to end the reform process of the stock exchange, started in 1935, for their own advantage. This reform had met with serious resistance from the stock agents, who clung to their traditions and rights. An article in the pro-German newspaper *Brüsseler Zeitung* (11 July 1940) offers a clear synthesis of the ultimate goal. It held that an efficient working of the stock market depended on the proper and honest activities of the stockbrokers. That is why it was absolutely necessary that the number of stock agents be drastically reduced and that the remaining stock agents obtain a so-called monopoly over the list of exchange orders. This document was the paper on which the orders of the clients were noted and handed over for execution and it represented the ultimate proof that the transaction had been executed by a stockbroker. This meant that the stockbrokers would acquire a monopoly over the execution of transactions on securities, as practically all these transactions had to be effected by way of the stockbrokers. The newspaper cited was, however, not the only one to defend this point of view. During the debates in 1934/5, a sharp conflict of interest was observed between the stockbroking community and the big banks. The latter indeed were angry that they had been kept out of the lucrative stock trading business for years, due to the monopoly of the stock agents in this area. This had been the case since the foundation of stock exchanges in Belgium and it would remain a point of conflict that was only finally resolved at the end of the twentieth century in favour of the banking sector. During 1934/5, the banking sector was practically excluded from trading in stocks, exception being made for the over-the-counter trade⁶⁰. Thus, many stockbrokers, led by the Stock Exchange Commissions, embraced the initiative to acquire an absolute monopoly position in this matter and to exclude once and for all banks and private

⁵⁹ H. Van der Wee, *Mensen maken geschiedenis*, (Tielt 1985).

persons from the lucrative stock-exchange trade. The German occupiers did, however, not fully realise their claims, although during the thirties the Fascist parties in Belgium claimed they supported the stock agents.

This did not mean, however, that the Nazi regime intended to diminish the power of the banks; on the contrary, they encouraged the formation of big banking conglomerates.

5. Summary and conclusions

In the history of the territories which Germany occupied during the Second World War there were acts of resistance as well as acts of collaboration, with many people simply trying to survive as civilians. Such a period is never an easy one, especially in the case of Nazi Germany, a nation that followed a policy of genocide, atrocity and brutality of the most horrendous and savage kind. Like all other sectors in society, the stock exchange community was concerned with these broad characteristics and should be evaluated in the light of this background.

The daily workings of the stock exchanges during the war years were characterised by an overwhelming effort on the part of the Antwerp and Brussels Stock Exchange Commissions to fight the closure of their stock exchanges, which would have deprived them of their jobs and incomes and would have harmed the stock exchanges. In order to achieve this objective, it was seen as quite unavoidable to give in to German demands. This does not mean that stock-exchange authorities were unaware of the danger of collaboration. In fact, they sought to justify their attitude by referring to Belgian legislation already in place before the occupation, or to the decisions taken by the secretary general of the Ministry of Finance.

There were, indeed, acts of protest. Unfortunately, concerning one of the most notorious measures, the expulsion of the Jewish stock agents and clients at the beginning of the occupation, all of the stock agents signed a written paper of agreement. Some of the German orders were a confirmation of already-existing rules or systems, so these cannot be considered as revolutionary and hardly met with any resistance. This,

however, was not the case with a number of other German decisions. Yet, on several occasions among the stock exchange community, there was a minority that disagreed openly. An example is the second and very important measure in 1942 concerning the sale of securities, which could be used against Jewish (and other) fellow citizens and which was followed by the resignation of the chairman of the Brussels Stock Exchange Commission. Subsequent to this, the German occupiers appointed a more German-friendly Stock Exchange Commission.

It is difficult to pinpoint the reasons why at some times resistance took place. Besides disagreement with some measure at different times, the resistance also seems to have been inspired by possible post-war sanctions or even by the vested interests of the parties concerned.

Although signs of resistance were not absent, however, most of the time the climate was one of 'business as usual'. When one peruses the archives of all the parties concerned, one sometimes tends to forget that there was a war on, as almost no reference is made to it. Complaints and conflicts occurred in the same way as before the start of the war. There was very little consideration for those stock agents who could not fulfil their obligations due to the difficulties brought about by the conflict. The argument that the Stock Exchange Commission had kept the stock exchange open in the interests of the investors should be considered rather critically.

After the liberation, the Minister of Finance, Camille Gutt, reinstated the 1940 Stock Exchange Commission and Van Dessel once again became chairman of the Brussels stock exchange. The members who had been appointed during the war were called to appear before the Committees of Honour. Compared to the post-war settlement of the stock exchange in the Netherlands, where in particular the Overhoff case and the selling of the Jewish stock had taken years to resolve⁶¹, no a comparable public process occurred in Belgium. The conclusions of the Commission Buysse (set up more than 50 years after the war) are not conclusive as to the extent which Belgian stock agents participated in the selling of Jewish-owned stock.

⁶¹ J. De Vries, *Een eeuw vol effecten* (Amsterdam 1976), p. 203.

The question whether or not the Germans intended to close the stock exchange can never be answered for certain. To us it seems quite clear that it was not the German intention to close the stock market but rather to control it with the help of a German stock-exchange commissioner. First of all, the stock exchange could be used to help finance the war, since a massive inflow of monetary assets into the banks was easily transformed into government bonds, which were subsequently used to pay the heavy war tax payments the Germans imposed. Secondly, the stock market was an ideal place to sell stolen Jewish stock, as the example of the Netherlands has shown. Finally, as the stock exchange remained a focus for people and transactions, its activities could continue without a formal physical presence. Its objectives were the transparency and feasibility of the transactions. During the First World War, no official stock exchange existed. The Germans would not have allowed this a second time, given the concern of the Nazi regime about law and order, including their mistrust of over-the-counter trade and uncontrollable stock price movements that would have been favoured by the disappearance of the official stock market.

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