

Monetary Affairs in the Heart of Africa. The National Bank of Belgium and Finance in Congo, 1945-1974

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This article is about Belgian political and financial interventions in the Congo, focusing especially on the ways in which varying interests converged in the National Bank of Belgium. During the colonial period, from 1908 to 1960, the control of the central authorities in Brussels over the years grew stronger. This was especially the case after the second world war, although it was not always accepted by the white elite in the colony. At first the financial system was in the hands of Belgian private banking, but from the 1950s onward it was under the jurisdiction of an official central bank. After the Congo gained its independence, Belgium tried to continue controlling the Congolese economy, but these efforts were often frustrated by the new black ruling elite. The latter was nevertheless willing to accept advice, know-how and money from Belgium. This system of cooperation was characterised by many ups and downs, and an atmosphere of stability and mutual trust was never reached. In 1974 a new surge of Congolese nationalism, boosted by the political leader Mobutu, abruptly put an end to it.

1. Introduction

The current cooperation between the National Bank of Belgium and its Congolese counterpart as part of the Belgian diplomatic engagement in Central Africa is not new. Already before the second world war and even more so afterwards, the National Bank was a protagonist in the Congo. Especially from 1959 onwards, the National Bank became closely linked to colonial matters and was involved in the more delicate aspects of Belgian policy for Africa. A constant concern of the bank was to bind the overseas territories financially and economically to Belgium. More specifically, it pursued with varying degrees of success the institutional and legal integration of colonial monetary policy into Belgium's monetary policy. After the end of colonisation, the bank and with it the whole Belgian Establishment still hoped to keep the young state and its economy

within its control. After the relative stabilisation of the political régime in the Congo in the mid-sixties, an unstable period of Belgian aid in Congolese development began. This article deals with the role the National Bank of Belgium played in the Congo from the end of the second world war until 1974, when the Belgians were abruptly expelled by the Mobutu regime.

2. The hybrid relationship between the Belgian and the Congolese financial system

After the second world war, the colony proved to be prosperous because of the money it had earned from supplying the Allies. The balances of pounds sterling and dollars were abundant. This encouraged the Belgian colonial authorities and companies to follow their own course, even when this differed from the course Brussels wished to follow. Before and during the war they had already followed different courses. The issue of the Congolese franc was an example of the duplicity of Belgian-Congolese relations. Before the Belgian colonial period began in 1908, when the Congo was still an independent state under the personal rule of the Belgian King Leopold II, the distinction was, of course, very clear. From 1887 this state had its own monetary system based on gold, and in 1896 the *Trésorerie générale de l'Etat Indépendant du Congo* in Brussels issued banknotes payable to the bearer.¹ However, some lawyers held that there was no legally defined Congolese franc between 18 October 1908, the day on which the independent free state of the Congo became a Belgian colony, and Congolese independence on 30 July 1960. One of these lawyers, Emmanuel de Miomandre, was the head of the National Bank's legal department. This opinion stemmed from the fact that in the decrees on the subject the Congolese franc was described only in terms of banknotes. So these francs were nothing more than a claim on the only legal Belgian franc, as defined in article 74 of the Belgian constitution. This article stated that it was the king who had the privilege of minting

¹ National Bank of Belgium, Brussels (NBB). Central Archive (CA). JD. G 819. 'Franc congolais: étude juridique sur le statut du franc congolais'.

money, and this was interpreted as though the legal Belgian franc had to be "minted" in gold or silver. Article 11 of the Colonial Charter of 1908 stated that the gold and silver money circulating in Belgium was to circulate in the Belgian-Congo under the same conditions.² The decree of 18 July 1911 authorised the *Banque du Congo-Belge*, a private institution and subsidiary-company of the Belgian holding company *Société Générale*, to issue banknotes in the colony like those issued by the National Bank. These bank notes, payable to the bearers, had to be converted by the Congolese Central Bank into gold or silver money of the Latin Union – a monetary union between Belgium, France, Italy, Switzerland and Greece – or into gold money of other countries according to its gold exchange rate. This was the same obligation as the National Bank had concerning its own banknotes. In other words, the Congolese banknotes only *represented* Belgian money. The convertibility of the colonial banknotes was suspended only during the first world war and was restored in 1927. At the end of this war, the Congolese franc was worth 20 percent more than the Belgian franc, but in 1919 the two francs had parity again.

The other interpretation stated that the Congolese franc had been given a distinct autonomy for the first time by the new monetary decree of 1927 which concerned the colony.³ By the same reasoning, the issue of special fiduciary money for the colony as decreed in 1911 – money that was not gold and silver – had, in fact, already created a distinct Congolese currency.

During the second world war the *de facto* unity between the Belgian and the Congolese francs was broken again because of different parities. Would this continue after 1944? The Belgian Congo had an economic life of its own and its own balance of payments, which was even sometimes more positive than Belgium's own. When this happened, the colony could enjoy the advantages of a higher-valued monetary unit. The importance

² G. Heenen, "Les finances du Congo belge", in *Histoire des finances publiques en Belgique*, (Brussels-Paris 1955), pp. 324-325; V. Janssens, *De Belgische frank. Anderhalve eeuw geldgeschiedenis*, (Brussels 1976), pp 114-115.

³ 'Aperçu sur l'évolution de l'organisation monétaire et bancaire au Congo belge' *Bulletin de l'Information et de documentation* (National Bank of Belgium) June 1952, I.

of an easy settlement of payments and commercial transactions between Belgium and the Congo, on the other hand, was an argument in favour of the parity of both francs. Prestige also played an undeniable role in the whole matter: a Belgian franc that was worth less than a Congolese one was psychologically unacceptable for the coloniser. Therefore Congo and Rwanda-Urundi, the territories that had been entrusted by the League of Nations to Belgium after the first world war, were gradually forced to toe the monetary line, albeit never completely. From 1944 until 1960 these territories were officially part of the Belgian monetary zone in accordance with the agreements of Bretton Woods.⁴ The parity of the Belgian and the Congolese francs was officially reported to the International Monetary Fund (IMF) in 1946. On that occasion, the National Bank of Belgium pointed out to the Belgian Minister of Finance the importance of emphasising this unity. After all, there was a political aspect too: any doubt about the unity of these economies could soon give the impression that Belgium and its colony were separated. In the international context of decolonisation that was taking place at that time in the Dutch Indies, French Indo-China and British India, the Belgian central bank believed it was vital to avoid such an impression.⁵

However, the confusing situation of the simultaneous existence of a Belgian and a Congolese franc within the same monetary framework continued to foment controversy. The opinion of the National Bank, and especially of its governor, Maurice Frère, that there was only one franc for all the Belgian territories also meant that there was to be one pool of gold and foreign exchange in Brussels. In this matter the National Bank took up a position which did not change during the whole colonisation period. It is not so difficult to understand why the Governor stressed this uniformity between Belgium and the Congo: at the beginning of the 1950s, the volume of the money supply in Congo was about 1/10th of that in Belgium. It was logical to presume that it would increase, although in

⁴ Ch. Lefort 'Essai sur la zone monétaire belge' *Revue économique* (July 1957), p. 571; R. Simonis 'La Banque Nationale de Belgique' (unedited manuscript), p. 16 and R. Simonis 'Les règlements internationaux de 1939 à nos jours. 1^{ère} partie: Les règlements internationaux pendant la deuxième guerre mondiale' *Revue de la Banque*, 47.23 (1983), p. 19.

⁵ NBB. Service of International Relations. 8.3.3. 'Réglementation et système de change. Note pour Monsieur le Ministre des Finances.'

fact the opposite happened⁶, and in view of the ease with which Congolese money penetrated Belgian money circulation, a different Congolese monetary policy might thwart Belgian monetary policy. In order to bring about the desired monetary union, from the autumn of 1944 the National Bank endeavoured to achieve a four-party agreement between itself, the *Banque du Congo Belge*, the Belgian state and the colony, which was officially a patrimony of its own. Already at the beginning of 1945 the National Bank had drawn up a draft of this agreement.⁷ It included a free transfer of capital between motherland and colony, a uniform foreign-exchange control and one pool of gold and foreign exchange. Immediately after the War was over for Belgium, a gentleman's agreement was made concerning the funding of gold and foreign exchange in one pool at the National Bank in Brussels, on which both territories could draw according to their needs.⁸ But the National Bank kept on urging the need for an official settlement. It could not accept that the colony would create its own monetary policy, or that its exchange control would not be in every respect the same as that in Belgium.⁹

The Colonial Department in Brussels, however, remained obstinate in its view that the Congo and Belgium were, indeed, two different economies. It was a clash of two white elites in the same country, one on the 'Belgian' side and the other on the 'Congolese' side. Eventually the plans of the National Bank came to nothing, although, in fact, the way in which the Congolese foreign payments were settled had the same

⁶ The proportion of circa 10.5 percent of Congolese money supply in comparison with the supply in Belgium in 1952 had become only 4.5 percent by the end of 1959. The crisis in that year, which will be treated in this article, was, of course, due to this evolution, but in general the money supply in the Congo had not really increased in the preceding decade. For this, see figures in the annual reports of the Banque Centrale du Congo Belge et du Ruanda-Urundi (BCCBRU) of 1952 and 1959 and those of the National Bank of Belgium for those same years.

⁷ NBB. Minutes of the Board of Directors (BD), 25 November 1944; NBB. Secretariat of the Board of Directors (SBD). Copies lettres. Letter 2 January 1945, Ansiaux to Guillaume (manager of the Banque du Congo Belge); NBB. SBD. 'Projet de Règlement monétaire entre la Belgique et le Congo'; *idem*. Copies lettres. Letter 27 March 1945, [Ansiaux?] to Minister of Finance G. Eyskens.

⁸ NBB. CA. Service of Studies. A 250/1. 7 'Note au Ministre des Finances sur les relations monétaires entre la Belgique et la Colonie.', 7 December 1948.

⁹ NBB. CA. 09.07.06.00 E 594(1) Congo-Notes diverses 1944-1950.

effects as those plans had envisaged. This is because payments to the Congo, from the European Payments Union, a clearing system founded in 1950 to settle payments in post-war Europe in view of the shortage of different countries' foreign exchange and which lasted till 1958, went through Belgium and so replenished the National Bank's exchange stock. Even the American dollars the Congo received were every now and then exchanged at the central bank in Brussels, when the colony needed extra Belgian francs.

3. A new central bank for the Belgian Congo

Although the National Bank of Belgium did not succeed in bringing about an official monetary settlement with the colony, there was still another solution in order to achieve a more unified monetary rule for all Belgian territories: to absorb central banking in the Congo. In 1946, when in Belgium the semi-nationalisation of the National Bank was being prepared, the National Bank and the Ministry of Finance proposed a similar reform for the Banque du Congo-Belge. Plans were even made to make this private bank a branch of the National Bank.¹⁰ The Banque du Congo-Belge itself and the Ministry of Colonies, which always wanted to protect 'its' colonial assets from other influences, were not pleased with this idea. At the National Bank itself also doubts were raised. Buying out the private shareholders, the largest of whom was the Société Générale, would have meant all too nice a 'gift' to them, and therefore the project was not approved.¹¹

The colonial authorities in the Congo, however, were no longer happy with the hybrid system of a private bank that played the role of a central bank, as the links between monetary and economic policy had strengthened after the war. Eventually, in 1950 it signed an agreement with the Société Générale to put an end to this situation. The Minister of Colonies, Pierre Wigny, asked one of the directors of the National Bank,

¹⁰ NBB. CA. Microfilm Statuts, role 92596 (originally in the folder *Projet Vauthier*). 'Projet de réformes' [ca. end of 1945].

¹¹ NBB. Archive of the Service of the Directors (ASD). Papiers Ansiaux. 6.1/3., March-April [?] 1946. 'Memo'.

Franz De Voghel, to be part of a commission that was to draw up the new statute of a Congolese central bank. The colonial department in Belgium also hoped that the National Bank would be one of the biggest suppliers of funds for the new institution. The board of directors of the National Bank liked this idea, because it would make the agreement between Belgium, the colony, its central bank and the National Bank concerning the creation of one pool of gold and foreign exchange superfluous.¹² The monetary coordination at which it had aimed for so long could now be realised without it.¹³ There were even rumours in the National Bank that proposed taking over a majority of the capital of the new central bank, in order to safeguard the independency of this bank from private interests.¹⁴ A proposal of the Minister of Colonies suggested that 50 percent of the shares should go to the colonial authority, and 25 percent to the National Bank. Eventually, the share of the colonial authority diminished somewhat in favour of Rwanda-Urundi. The suggestion of the Minister of Finance to involve the Belgian state in the bank's capital was turned down by the colonial department. The National Bank was willing to cede the building it wanted to construct in Léopoldville to the new central bank and to offer assistance with personnel. In order to work out these plans De Voghel himself went to Léopoldville.¹⁵

On 30 July 1951, a decree creating a new central bank with a public statute was issued: the *Banque Centrale du Congo Belge et du Ruanda-Urundi* (BCCBRU).¹⁶ Although it also had a Dutch name in the bilingual state of Belgium, with a majority of Dutch-speaking people, only the French name was used because all colonial matters were settled almost exclusively in French. Although the competencies linked to the statute of the BCCBRU were very like that of its Belgian counterpart, there were nevertheless some notable differences. For instance, the BCCBRU issued not only banknotes but also coins, in contrast to the central bank of Belgium. From 1 July 1952, it was also entrusted with foreign-exchange

¹² NBB. ASD. Minutes of the Board of Directors (BD) 23 June 1950 and 6 February 1951.

¹³ NBB. BD 16 March 1951.

¹⁴ NBB. BD 14 July 1950.

¹⁵ NBB. BD 16 March 1951 and 6 April 1951.

¹⁶ S.a., *Banque du Congo Belge 1909-1959*. (Brussels [1959]), p. 151.

control, whereas in Belgium this fell under the authority of the Belgian-Luxembourgian Institute for Exchange. From 1 May 1957, the BCCBRU supervised the banks, insurance companies and other financial firms and it controlled the issuing, selling and offering of shares.¹⁷ In Belgium, the Bank Commission saw to this. Before the founding of the new Congo central bank, the National Bank had pleaded to give this task to the new bank.¹⁸ Perhaps it wanted to obtain for the Congo a competency that it had lost for itself after the personal union between the National Bank and the Bank Commission had ceased in 1938. Nonetheless, the royal decree of 9 July 1935 concerning Belgian bank control was, despite some variation, the model for the Congolese decree of 12 October 1956 on this matter.

Other evidence points in the direction of a close Belgian-Congolese bond. The technical assistance of the National Bank, its share of one fifth of the bank's capital and the inspiration its statute offered for the Congolese bank's statute would suggest that there was an important link between the two institutions. Moreover, one director of the National Bank was a member of the Council of Regents of the BCCBRU, an internal control mechanism, as it was in the Belgian central bank.¹⁹ This was, however, less than what the National Bank had wished for, namely a place on the Board of Directors of the BCCBRU for one of its own directors, who would be involved with both banks. Vice versa, the first governor of the BCCBRU, Paul Charles, and its first director, Henri Deraedt, were regents at the National Bank from 1944. It is also noteworthy that the official headquarters of the BCCBRU were in Léopoldville, whereas its actual central administration was in Brussels.

In actual fact, however, the colonial authorities, especially the Ministry of Colonies, wanted to limit the influence of both the Ministry of Finance and the National Bank as much as possible. Monitoring their own colonial territory was a constant policy of the public, financial and economic

¹⁷ R. Simonis 'Une Banque Centrale éphémère. La Banque Centrale du Congo Belge et du Ruanda-Urundi (1951-1961)' *Revue de la Banque* 45, cahier 15 (1981), p. 12.

¹⁸ NBB. CA. Papers De Voghel. *Congo - Notes diverses 1944-1950* (09.07.06.00 E 594(1). Sub-folder 8. De Voghel, 'Note finale'.

¹⁹ Simonis 'Une Banque Centrale éphémère', p. 10.

circles in and around the Belgian Congo. The colonial preponderance in the BCCBRU was obvious in view of the way the capital of 150 million Congolese francs was shared: 50 percent came from the Belgian Congo, 10 percent from Rwanda-Urundi, 20 percent from private investors and the same amount from the National Bank, which was less than the initially proposed 25 percent.²⁰ The independence of this institution in relation to its Belgian counterpart was accentuated with the stipulations about the mandatory backing coefficient of the banknotes issued and of current accounts. At the bank's founding, this coefficient was fixed at 25 percent in the form of gold or foreign exchange convertible into gold. The credits and claims of the BCCBRU in Belgian francs and Treasury certificates in Congolese francs with the option for conversion into Belgian francs were not acceptable for the calculation of this backing coefficient.

However, the National Bank and the Ministry of Finance always stressed their opinion that Belgium and the Congo were actually two parts of one union and that the Congo also had to reckon with Brussels. Therefore, it was important that measures to finance the colony with foreign loans always had the consent of the mother country and that they were executed through Belgian channels. Although the colonial authorities saw the founding of the BCCBRU in 1951 as an occasion to highlight the difference between Congolese and Belgian francs²¹, during negotiations for the founding of the new bank, in the Colonial Council, an advisory organ for the Congo, it was said that the decree had to refer explicitly to the statute of the Congolese franc and the definition of its value was the exclusive preserve of the Belgian parliament.²²

Hence, the fight about this and related issues continued. On 25 October 1956 a colonial decree was issued that defined the Congolese franc at a value of 19.74824173 milligrammes of gold with a grade of 900 out of 1000. This was the same as the law on the Belgian franc of 12 April 1957, in which this franc was described as an amount of gold, contrary to the new economic reality. Despite the separate decree on the Congolese franc, the only body exercising sovereignty over the Congo

²⁰ De Voghel, 'Note finale'.

²¹ Simonis 'Une Banque Centrale éphémère', p. 8.

²² NBB. ASD. Papers Malaise. Box 9.5/1. 'Conseil Colonial. Séance du 15 juin 1951', p. 6.

was the Belgian parliament, and it never voted a law granting a separate statute to the Congolese franc. This convinced de Miomandre in his opinion that, with or without a decree, the Belgian monetary unit was the only legal means of payment in the Congo, whatever its concrete form might take.

The existence of an exchange control between the motherland and the colony also reflects the dubious situation of both francs. The Banque du Congo Belge represented the colony in the Belgian-Luxembourgian Institute for Exchange and exercised exchange control in the colony by following the Institute only in general terms and not in every detail. Payments from and to the dollar zone, for example, took place directly to and from the Congo. Payments with the countries belonging to the European Payments Union went by and large through Belgium in Belgian francs. A decree of 12 December 1952 concerning exchange control ensured that the Congo obtained a fairly coherent regulation, which was clearly inspired by Brussels.²³ In principle, all transfers of goods and capital, including exports from the African territories to all other countries and vice versa, were controlled by the BCCBRU. A monetary barrier governing these territories separated them from the mother country and from third-party countries, and so the Congo was a foreign country for Belgium for foreign exchange transactions. This was, at least, the theory. However, as a result of a very liberal application of exchange controls between the Congo and Belgium, their respective currencies moved synchronically in relation to each other.²⁴ This was a fact, and perhaps the most important fact in an extremely dubious and never clearly settled situation.

4. Financial and economic trouble

In the period between 1952 and 1960, the bilateral balance of payments of the Congo with Belgium showed a deficit. With countries like the United States, the United Kingdom, France and Germany,

²³ Gh. Lefort 'Essai sur la zone monétaire belge', pp. 577-578 and Simonis 'Une Banque Centrale éphémère', pp. 14-15.

²⁴ Lefort 'Essai sur la zone monétaire belge', pp. 578-579.

however, this balance showed a surplus. Its joint balance of payments in this way remained positive until 1956. In the years 1957-1959, however, this situation deteriorated, and on 30 June 1960, the Congo's Independence Day, its central bank had lost 70 percent of its currency reserve of 1 January 1957.²⁵ The problems began in the key year 1957, when the colony was faced with falling prices for its raw materials without a similar reduction in the prices of imported finished products.

In 1959 the situation became especially critical from a financial point of view too. This was related to the political trouble that had been dormant for a long time, but which now exploded.²⁶ Despite the economic recovery that was expected when export prices were showing an upward trend, foreign investment in the colony was flagging as a consequence of the political trouble. The uncertain political future provoked a massive withdrawal of mainly Belgian private capital. For 1959 only, the outflow amounted to 4.5 billion Congolese francs. A vicious circle emerged: the decrease in foreign investment, which had previously been mainly of Belgian origin, led to a deficit in the balance of payments, which in its turn scared off potential investors.²⁷

The financial problems that had arisen since the first weeks of 1957 resulted in the National Bank playing a more important role in the financial administration of the colony. Ironically enough, just at the time it was considering its own withdrawal from the colonial bank²⁸, it was engaged in business with the colony in a way it could have only dreamt of in former times. In 1957 as in 1959, when the BCCBRU needed foreign exchange because of the Congo's difficult payment position, the National Bank granted credit for half a billion francs by means of an advance account for which Belgian treasury bonds in Congolese francs were pledged.²⁹

²⁵ Simonis 'Une Banque Centrale éphémère', p. 23.

²⁶ Z. A. Etambala, *Congo 55/65. Van koning Boudewijn tot president Mobutu*, (Tielt 1999), pp. 65 ff.

²⁷ A. Huybrechts en M Zimmer, "L'économie congolaise au cours de la période 1955-1960", in *Recueil d'études Congo 1955-1960*, (Brussels 1992), pp. 261-264 and 268-269.

²⁸ NBB. CA. Papers De Voghel. 'Banque Centrale du Congo. Modifications des statuts. 5 mars 1957. 09.07.06.00. E595/1'.

²⁹ NBB. BD 26 June 1959.

Treating symptoms, however, was not enough. More fundamental solutions were required and the National Bank tried to contribute to these too. Its impact on the Congolese central bank increased considerably and it may even be said that the BCCBRU was *de facto* being put under its custody.³⁰ During the preparations for a cooperation-agreement, which this article will examine later, Governor Hubert Ansiaux of the Belgian central bank even proposed increasing the participation of his bank in the capital of its African counterpart in order to strengthen his bank's control over the latter.³¹ The National Bank also launched the idea of creating a semi-governmental body to administer the colonial portfolio of about 30 billion francs. The advantage of this would be twofold: on the one hand, new loans could be issued whereas they would be illusory without the guarantee of this capital; on the other hand, potential claims of a future independent Congo, not respecting the 'legitimate interests' of the former mother country, would be averted by the Belgian partnership in the new holding institution. Foreign aid, a necessary supplement to the Belgian efforts, was unthinkable without Belgian mediation and warranty. Moreover, a semi-governmental institution with both sides equally represented in its administration could issue obligations and shares on the foreign markets. The idea of this organism reoccurred regularly when the financial future of the Congo was contemplated and discussed. In the monetary field, the National Bank proposed the creation of an exchange reserve in Belgian francs and the abolition of the backing of the Congolese currency by gold and foreign exchange.³²

5. Towards independence

Vice-governor De Voghel of the National Bank, who since 1955 was also a regent of the BCCBRU, was charged with the presidency of a commission to study the problems of the Congo. De Voghel presented a report to the Minister of Colonial Affairs August De Schryver on 9 October 1959. This report, other documents of the commission, and the

³⁰ Simonis 'Une Banque Centrale éphémère', p. 47.

³¹ NBB. BD 8 October 1959.

³² Personal Archive De Voghel. Notes of 17 June 1959 and 24 October 1988, pp. 1-3.

results of the first ten-year plan for the colony urged De Schryver to accelerate the transition period towards independence for the Congo. These data also reconciled more conservative politicians and the Belgian financial and economic establishment to the idea of Congolese independence and to De Schryver's policy. In any case the movement towards Congolese independence proved to be unstoppable. In November 1959 the Belgian Social-democrats had demanded a round table conference. In December, De Schryver was talking about independence in 1960, reducing the term (compared with what had been said two months earlier in October 1959) from five years to less than one year. The Minister was envisaging his so-called 'wager': early independence would go hand in hand with good relations with Belgium and also with the confirmed prime role Belgium would play in its former colony. Financially and economically all would remain as it had been before.³³ The advice of the De Voghel Commission also produced other effects. On 2 February 1960, the creation of an aid fund for the Congo was introduced in the Belgian parliament. Along the lines of the commission's recommendations, this fund would combine all free aid from Belgium to the Congo, totalling 2.7 billion francs. Furthermore, in January 1960 the BCCBRU asked and obtained from the National Bank a raising of the limit to its advance account from 1 to 1.425 billion francs.³⁴

The National Bank offered not only advice, but also its services as a partner in the monetary field. At the request of Prime Minister Gaston Eyskens, it began negotiations on this matter with the BCCBRU on 30 September 1959.³⁵ The Belgian central bank was of the opinion that first of all a political solution was needed to stop the exodus of capital from the Congo. Monetary cooperation between Belgium and the Congo, however, could, according to the bank, help avoid more radical exchange controls. To that end, the solidity of the Congolese franc was to be improved and, in so doing, confidence in it would increase. This could

³³ G. Kwanten, *August-Edmond De Schryver 1898-1991. Politieke biografie van een gentleman-staatsman*, (Leuven 2001), pp. 530, 532 and 542.

³⁴ NBB. BD 19 February 1960.

³⁵ NBB. ASD. Papers Ansiaux. 9.1/48. Letter of 8 January 1960, Ansiaux to J. Van Houtte (Minister of Finance).

be done by putting Belgian francs at the disposal of the BCCBRU, as these were, after all, convertible into dollars, and thence into gold. The BCCBRU would deposit the exchange reserve that exceeded its ordinary requirements at the National Bank as a guarantee for claims that would not be met by a future Congolese government. The National Bank compared the role it might play for the central bank of Congo with that of the IMF towards its members. But it was not at all willing to offer limitless exchange to the Congo by means of, for instance, pooling foreign exchange.³⁶ Moreover, it stated that an agreement that would be concluded with the other bank made sense only if there were a general recovery of the Congo's financial situation and budget.³⁷ The government approved the draft for the cooperation agreement.³⁸ There is no doubt that this aid also favoured Belgian interests in the Congo, because preventing exchange controls between Belgium and the Congo could avoid the economic 'secession' of the latter.

The regents of the National Bank, August Cool (head of the Christian trade union), André Renard (a top member of the Socialist trade union), Antoine Bekaert (president of the Belgian Employers' Association), and Hector Martin (governor of the BCCBRU), wanted the Congo to be involved in the cooperation agreement between both central banks. They also demanded that this agreement be presented to the political round-table conference in preparation for Congolese independence in January 1960. After that both central banks would sign the agreement.³⁹

Regarding the cooperation between the BCCBRU and the National Bank in January 1960, it was considered that the BCCBRU might deposit an amount of gold, Belgian francs or foreign exchange convertible into gold at the National Bank that would be equal to its indebtedness to this institution. In doing so, the edge would be taken off the reproach that the National Bank was taking possession of the Congolese reserves, as was more or less suggested in an earlier plan.⁴⁰ A draft agreement at the

³⁶ NBB. BD 29 September 1959.

³⁷ NBB. ASD. Minutes of the Council of Regents (CR) 21 October 1959.

³⁸ NBB. CR 28 October 1959.

³⁹ NBB. CR 30 December 1959.

⁴⁰ NBB. BD 26 January 1960 and CR 27 January 1960.

end of January 1960, however, stated that the Congolese central bank was to make its policy conform to that of its Belgian partner. Owing to the apparent dominance of the National Bank over the BCCBRU, Governor Martin lost interest in an agreement, but the politicians pushed through the principal decision in favour of it anyway.⁴¹ Eventually, the government postponed the signing of the agreement because it wanted to bring it into effect only when the private sector made a gesture which would reinforce the trustworthiness and the financial strength of the Congo.⁴² The final version of 29 February showed an amended text, but the principle that both banks would coordinate their monetary, credit and exchange policies was maintained.⁴³

The statute covering the Congolese franc played a crucial role in the discussion about the agreement, because the National Bank attached great importance to the approval of a bill of 18 December 1959 which created unequivocally a separate Congolese franc with its own parity. It felt that otherwise the planned agreement with the BCCBRU, also involving exchange guarantees, would be irresponsible. The lack of clarity concerning the exact status of the Congolese franc surfaced yet again.

The round table conference planning the political future of the young state from 20 January until February 1960 was attended by Belgian and Congolese representatives. It was agreed that the Congo would be a sovereign state from 30 June 1960. With regard to the economic and financial problems, resolution 14 stated that a second round-table conference would prepare the agreements about technical and economic cooperation between Belgium and the Congo. This conference, together with a Belgian-Congolese treaty of cooperation, promoted by De Voghel, was set up by a commission

⁴¹ NBB. BD 29 January 1960.

⁴² NBB. ASD. Minutes of the General Board (directors, regents and censors together) 24 February 1960.

⁴³ NBB. ASD. File: Situation monétaire et financière au Congo Belge et au Ruanda-Urundi. Coopération entre banques centrales. 'Convention de coopération entre la Banque Nationale de Belgique et la Banque Centrale du Congo Belge et du Ruanda-Urundi'. The convention was dated 29 February 1960 and was signed by Ansiaux, Martin, Jean van Houtte (Minister of Finance) and Raymond Scheyven (Minister of Economic and Financial Matters in the Belgian-Congo). The articles 1 and 2 from the version of January 1960 are processed here as the articles 1, 3 and 11.

under his presidency and was made up of members from the public and private sectors, as well as of Congolese people.

De Voghel considered it vital that a development company be founded – i.e. the holding company that had already been proposed – to have the colonial debt explicitly recognised by the new state, and to have legal guarantees formulated by the Congo in order to attract private investment. A bilateral agreement securing monetary stability and a new, entirely Congolese central bank would lay the basis for a viable financial system. On the other hand, De Voghel suggested threateningly that Belgium could not only open, but could also close doors for the Congo. To be sure, he was well aware that a rift with Belgium would force the young nation to obtain loans, thereby reducing its autonomy, as foreign powers such as the Soviet Union would gain influence in exchange for credit. In any case, De Voghel believed that the economic interests of Belgium were as respectable as the political sensitivities of Congo.⁴⁴ His perceptions and plans coincided exactly with the Minister for the Belgian Congo's views which included a Belgian-Congolese treaty of friendship in his strategy. This treaty would, however, be signed but never ratified.⁴⁵ The Congolese leaders were already reacting unfavourably to the plan for a monetary agreement between both central banks.

De Voghel had in mind two possible solutions for the stabilisation of the Congolese currency: Belgian control of the Congolese state budget, prices, salaries, credits, interest rates and exchange transactions, in exchange for unlimited drawing rights on Belgium for the Congo, or the conclusion of ad hoc agreements between the two central banks. The first solution would mean the creation of one legal monetary zone for both countries, whereas the second would involve only a monetary link. This would make the Congo, which demanded sovereignty, least suspicious. Nor had Belgium great interest in putting its financial assets at the disposal of its partner unlimitedly. Nonetheless, the National Bank believed the first solution to be theoretically the most effective one.⁴⁶

⁴⁴ Personal archive De Voghel. Letter 2 March 1960, De Voghel to Scheyven.

⁴⁵ Kwanten, *August-Edmond De Schryver*, pp. 551-553.

⁴⁶ Personal archive De Voghel. Letters 28 March 1960, De Voghel to Scheyven and 31 March, De Voghel to Eyskens.

The facts rapidly overtook the discussions about monetary cooperation. On 15 March 1960 De Voghel stated that a monetary zone between Belgium and the Congo was out of the question. Belgium's central concern was to preserve the freedom of financial transfers, because investors and other parties wanted to be able to withdraw their money from the Congo at any given moment.⁴⁷ The Congolese representatives' distrust, as De Voghel had noticed during the preparation of the round table conference on the economy, had also become too great. He therefore pushed the matter of financial aid to the political sector. The bank could offer its services only if it enlarged its advances to the Belgian state.⁴⁸ The monetary agreement never came about and was replaced by exchange controls, a measure which was no less radical. This proved necessary in order to check the flow of capital from the Congo when preparations for the economic, financial and social round table conference were still going on. Political instability, rising public debt and unrewarding investments with borrowed money were responsible for this difficult situation.⁴⁹ Stricter exchange controls had become inevitable.⁵⁰

The official Belgian-Congolese Conference for Economic, Financial and Social Problems was held in Brussels from 16 April until 16 May 1960. The conference concluded with eighteen resolutions: six resolutions came from the commission for monetary issues and public finance and twelve from the commission for economic and social development and cooperation. The National Bank was involved in both commissions.⁵¹ The resolutions concerned the ordinary budget for 1960, the problems of the Treasury, the balance of payments, exchange regulation, the Congo's entry into the international financial institutions that provided

⁴⁷ NBB. BD 15 March 1960.

⁴⁸ NBB. BD 15 April 1960.

⁴⁹ NBB. Papers Ansiaux. 9.1/3. File: Congo divers, May 1961. Edouard Dervichian (member of the Board of Directors of the Banque Lambert), 'Confidentiel. Memorandum concernant les problèmes économiques et financiers du Congo'.

⁵⁰ NBB. Papers Ansiaux. 9.1/1. September 1960. IMF, 'The report of the Fund mission on the economic situation of the Congo is attached for the information of the Executive Directors', pp. 25-31.

⁵¹ Personal archive De Voghel. *Document n°186. 15 mai 1960. Texte des résolutions de la Conférence économique, financière et sociale. Bruxelles: avril-mai 1960*, NBB. BD 6 May 1960.

aid, the feasibility of drawing rights on the National Bank for the BCCBRU, the founding of a permanent central office for economic programming, legal as well as political security and stability as the main conditions to attract foreign money, and the development company, in which provision was now made for the participation of private capital. All in all, the effectiveness of these resolutions remained questionable.

De Voghel himself did not have not much confidence in the project and this attitude was reinforced by a visit he paid to Léopoldville before the commission preparing the economic conference had finished its task. Patrice Lumumba's behaviour in the Comité Politique, created by Governor-General Hendrik Cornelis in order to prepare some Congolese intellectuals for participation in the political power of their country, which was soon to become independent, left him with an unfavourable impression. He thought that Lumumba, who would become the first prime minister of the Congo, was shallow, aggressive and extremely nervous, even mad. De Voghel asserted that Lumumba was not at all interested in his objective account of the problems. While the others, and these included Joseph Kasavubu, who was to become the first president of the Congo, and Moïse Tshombe, the subsequent president of the separated province Katanga, kept silent because of their 'incompetence', Lumumba rejected every proposal.⁵²

As was expected, the planned measures included in the resolutions came to almost nothing. One of the most important proposals, the development company, collapsed. The Congolese entry into the IMF and the World Bank was still a long way off. In the meantime, the National Bank tried to address the Congo's most serious financial needs, acting among other things as a guarantor for a loan of 40 million dollars by the World Bank.

6. The Congo in crisis – July 1960-1961

Not long after the official proclamation of Congolese independence it became obvious that the young state would face difficulties. On 5 July

⁵² Personal archive De Voghel. Note of 24 October 1988, pp. 12-13.

1960, a mutiny broke out among the black soldiers of the Congolese army in Léopoldville and Thysville. The army was at that time still led by white officers. The riots soon spread to other regions of the country. Belgium sent ten thousand soldiers to evacuate Belgian nationals, but the government under Lumumba took this as an infringement of national sovereignty. Relations between Lumumba and the Belgian government rapidly reached a low point. Figures in a National Bank study showed that the effect of the Congo crisis on the Belgian economy would be serious, though not insurmountable.

The riots in July 1960 made the Exchange Institute of Belgium and Luxembourg authorise on 14 July the transfer of limited amounts of bank money for each person and family to Belgium. The BCCBRU exchanged banknotes at par also for a limited amount. The Ministry of African Affairs, the successor of the Minister for Colonial Affairs, was willing to accept the Congolese banknotes. However, the Exchange Institute was not able to get the companies to honour the terms for payments to the Congo. Consequently, the foreign exchange assets of the BCCBRU dwindled even more. The Belgian government therefore envisaged tightening the measures already taken by the Institute. On 2 August 1960, the Minister of Finance Jean Van Houtte asked the Institute to deposit the proceeds of exports to the Congo on the BCCBRU's account at the National Bank in Belgian francs. This centralised money was to be used only for 'justified' payments and not for transfers of capital.⁵³ The Institute accepted this request on 3 August and from 5 August it was implemented. This meant that exchange control had become a lot stricter. The Congolese government had, however, on the advice of the United Nations, stopped all transfers to Belgium on 3 August and had begun its own implementation of exchange control. This was not known in Belgium until a couple of days later and made the Belgian regulation irrelevant. On 26 August, the Institute placed the Congo and Rwanda-Urundi on the list of the so-called 'bilateral countries'. This meant that payments were made through bilateral accounts, which could use only Belgian or Congolese francs. Exchanging these deposits into other

⁵³ R. Simonis 'Les règlements internationaux de 1939 à nos jours. Quatrième partie: la période 1959 à 1971' *Revue de la Banque* 50.8-9 (1986), pp. 90-91.

currency was in principle excluded. Although these measures might have helped to secure payments for Belgian goods and services to the Congo, at the same time they discriminated against Belgian firms compared to companies in other countries which did not fall under this sort of regulation. This was consequently circumvented, despite the negative effects on trade relations between Belgium and the Congo.⁵⁴

In view of the tense situation, in July 1960 the National Bank had begun to prepare measures against other financial consequences. On July 20 an internal paper gave an account of the BCCBRU's external assets and the measures that had to be taken. The central bank of the Congo owned gold worth 1,900 million Congolese francs, of which about 1,500 were deposited at the National Bank as a guarantee for the advance account. For Belgium it was important that the external assets were kept available in order to pay for the foreign exchange requirements and to give a share of it to Rwanda-Urundi, and even to the already separated Katanga and possibly to other parts of the disintegrating Congo. Under Moïse Tshombe, Katanga took the lead in this rebellion against the central government in Léopoldville, and Belgium followed a dubious policy regarding this secession.⁵⁵ The plan the National Bank proposed, namely to deal with the centralisation of Congolese gold reserves as a counterpart to an advance account and also to guard against the conversion of BCCBRU's foreign exchange assets, was not put into practice.

After June 1960, the BCCBRU's situation became desperate. The Congolese Treasury with its enormous needs continually exceeded its margin of advances at the BCCBRU. The Belgian as well as the Congolese political authorities supervised this central bank. Harold d'Aspremont Lynden, Belgian Minister of African Affairs since 2 September 1960, exercised supervision according to the law of 28 June 1960 after Congolese Independence Day. This law maintained the current management of the bank until Belgium and the Congo agreed on a new statute for it. D'Aspremont Lynden's approval of the huge

⁵⁴ R. De Cadet, 'Enkele aspecten van de wisselreglementering in Kongo (Leopoldstad)' *Economisch en Sociaal Tijdschrift* 17.4 (1963), p. 309.

⁵⁵ O. Boehme, 'The involvement of the Belgian Central Bank in the Katanga Secession, 1960-1963' *African Economic History* 33 (2005), pp. 1-29.

amount of BCCBRU's advances to the Congolese government was part of a Belgian rapprochement towards the Congolese Collège des Commissaires. This was the government that was installed by Mobutu after his coup on 14 September 1960 and the removal from power of President Kasavubu, Prime Minister Lumumba, his government and a newly appointed head of government, Joseph Ileo. The Collège would last until 9 February 1961.⁵⁶

The only effective solution, which had already been prepared in the resolutions of the economic conference, was to close the BCCBRU. On 11 August 1960, a Belgian-Congolese conference on this issue began in Geneva. The Congolese representatives and their advisors from the UN suggested putting the positive balance of the BCCBRU assets at the disposal of the Congo, burdening Belgium with the foreign payments of Rwanda-Urundi and making the National Bank give up the surplus value of its BCCBRU shares above the nominal value of 1,000 francs to which it was entitled. Belgium also got the blame for the Congolese exchange deficit because allegedly it had badly managed the exchange reserve. Hard negotiations followed. Eventually the Congo received 80 percent and Rwanda-Burundi – as was the latter's new name – 20 percent from the gold and the foreign-exchange reserves.⁵⁷ These assets were to be handed over to the new Congolese and Rwandese-Burundese central banks as counterparts in proportion to their take-over of the old BCCBRU bank notes. With UN support, the Belgians also managed to obtain the postponement of the creation of a new central bank for the Congo. Its place was taken by the *Conseil Monétaire*, a transitory institution between the old and the new bank, led by UN representatives. Neither the Belgians nor the UN felt sufficiently confident to entrust the Congolese with a bank that was expected to have a degree of legitimacy.⁵⁸

Belgium also preferred to do business with the Congolese delegation in Geneva, which supported Kasavubu, rather than with Lumumba's

⁵⁶ Etambala, *Congo 55/65*, pp. 221-222 and 228.

⁵⁷ NBB. CA. Papers De Voghel. Banque Centrale du Congo belge et du Ruanda-Urundi (09.07.06.00 F. 595/7 [oorspr. nr. 46 C]). 'Rapport de convention liquidation Banque Centrale Congo'.

⁵⁸ J.-C. Willame, *Patrice Lumumba. La crise congolaise revisitée*, (Paris 1990), pp. 268-271.

government in Léopoldville. This was apparent from the answer Scheyven gave to the objections from the BCCBRU council of regents concerning the Geneva agreement.⁵⁹ Governor Martin had sent these to the Belgian minister, who not only denied many of these objections, but also rejected Martin's query as to whether it was not the shareholders who had to approve of the liquidation. Scheyven stated that it was dangerous to organise a shareholders' meeting where representatives of the Congolese government might vote against what the Belgians wanted.⁶⁰ The *Collège des Commissaires* decided on its own authority to liquidate the old central bank from 3 October by means of a decree that at the same time created a *Conseil Monétaire*.⁶¹ It was not until August 1961 that the Conseil Monétaire and the newly founded *Banque d'Emission du Rwanda-Burundi* (BERB) officially announced to the BCCBRU that they were to carry out monetary functions in their respective territories. Already before then the National Bank had offered to provide jobs for BCCBRU personnel at the central bank in Brussels or at other institutions after liquidation.

Despite Congolese mistrust of Belgium, its former coloniser, the Belgian government tried to steer the Congo in the right direction, as well as to protect Belgian interests in the Congo with a policy of assistance. For instance, Belgians worked as technical advisors in the cabinets of Congolese ministers. The National Bank also made some concrete propositions on 6 October 1960. It is not clear whether it acted on the orders of the Belgian government, but it is certain it did so after a meeting that same day between Ansiaux and the Minister of Foreign Affairs, Pierre Wigny. Besides the creation of the Conseil Monétaire and the founding of a new Congolese Department of Finance, it was suggested that a committee for economic coordination be established in which Belgium would participate. This committee would formulate urgent economic measures and have them carried out; measures such as the reduction of unemployment, the regulation of entrepreneurial activity,

⁵⁹ NBB. ASD. Copies Lettres. Letter 31 August 1960, Martin to Scheyven.

⁶⁰ NBB. BD 9 September 1960, annex: letter 3 September 1960, Scheyven (still as Minister for Economic and Financial African Affairs) to Martin.

⁶¹ R. Rousseaux 'L'évolution historique de la législation concernant les banques centrales au Burundi, au Congo et au Rwanda' *Revue juridique de droit écrit et coutumier du Rwanda et du Burundi*, 6.3. (1966), pp. 93, 98-99.

the implementation of public works, the stabilisation of prices and the drawing up of an economic development plan in cooperation with international institutions. The committee would also deal with the reorganisation of the central bank, the granting of credit to businesses, the organisation of exchange controls and the management of the public debt. The proposal for this committee not only implicitly backed Mobutu's coup and the institution of the Collège des Commissaires. It was also an attempt to establish Belgian involvement in the Congo's economic and financial systems, although this would be within the framework of international cooperation.⁶² It is not clear whether the regime in Léopoldville itself took part in this plan. In the meantime, the National Bank was busy in Katanga setting up a central bank and a financial system for this separated 'state'.

7. Cooperation with mixed feelings

From November 1961 until August 1979, the Congo – which from 1971 was called Zaire – saw no less than eleven devaluations of its currency.⁶³ The weakness of the Congolese franc was due to the financial and political destabilisation in the Congo. This caused a large-scale abandonment of its currency. People who owned it were often prepared to sell at less than its official value. This depreciation was only to increase over the years.⁶⁴

From 2 January 1962, trade with the Congo and Rwanda-Burundi came under the general exchange régime again. In January 1962, when Belgian-Congolese relations had to some extent become normalised, Governor Albert Ndele of the brand new *Banque Nationale du Congo* was given the help of employees from the National Bank of Belgium. The National Bank

⁶² NBB. Papers Ansiaux. 9.1/5. Letter Brussels, 6 October 1960, Ansiaux aan Wigny; 6 October 1960, 'Projet de Déclaration du Collège des Commissaires'.

⁶³ M. Kikassa, 'Les réformes monétaires au Zaïre de 1960 à 1979' *Zaïre-Afrique* 19.140. (1979), pp. 583-596; A. Huybrechts en D. Van Der Steen, "Quatrième partie: L'économie: structures, évolution, perspectives", in J. Vanderlinden, *Du Congo au Zaïre 1960-1980. Essai de bilan*, (Brussels, s.d.), pp. 236-240; Simonis 'Les règlements internationaux de 1939 à nos jours. Quatrième partie', p. 93.

⁶⁴ P. Dupriez, *Contrôle des changes et structures économiques. Congo: 1960-1967*, (Paris-La Haye 1970), pp. 278-279.

was generous with its know-how, for it believed that only with a solid administrative and political structure would the entire Congolese population benefit from financial support.⁶⁵ Despite the decrease in Belgian exports to the Congo from 6.8 billion francs in 1957 to 3.8 billion in 1961, trade with the Congo and related economic activity remained important.⁶⁶ In its advisory capacity, the National Bank emphasised the need for the Congo to put things right. Production, transport, exchange receipts and tax proceeds had to reach a decent level, and inflation had to be curbed. During discussions about multilateral support to the Congo with Belgian aid, the Belgian Minister of Finance Andries Dequae once more returned to the idea of a development company, which dated back to the days before Congolese independence. Although the Congolese ministers did not refuse it outright⁶⁷, practical objections and, no doubt, a lack of trust prevented it from coming into being.

The National Bank also played its role as prominent adviser on Congolese matters to the Belgian government. For instance, in 1963 the National Bank suggested to the government that the time had come to advise the Congolese government to put into practice the recommendations of the IMF concerning more fundamental monetary reforms. The Belgian central bank however was not of the opinion that it was its job to work out a monetary policy for the Congo, and it even refused to consider granting credit to its central bank. It was, however, willing to help obtain specific credit from the private sector, and with the IMF it toyed with solutions to the Congolese financial difficulties.⁶⁸

8. The settlement of the colonial portfolio and the public debt

The tricky problem of concessions for the exploitation of the natural resources of the Congo was one of the issues the De Voghel Commission

⁶⁵ NBB. CR 6 February 1963, annex.

⁶⁶ NBB. Papers Anstiaux. 9.1/4. FIB-VBN (Federation of Belgian Industry), 6 November 1962, 'Le Congo. Problèmes d'assistance et d'expansion'; *idem*, 14 November 1962, 'L'expansion belge au Congo'.

⁶⁷ NBB. BD 1 March 1963.

⁶⁸ NBB. CR 28 August 1963.

had considered ready for the round table conferences.⁶⁹ The fate of the colonial companies holding the concessions in the new state was one of the issues that had to be decided. Before Congolese independence there was already a Belgian-Congolese dispute over the ceding of the colonial portfolio with its shares to the republic of Congo, and over the acceptance of Belgium's public debt by the Congo. The crux of the problem was that the Congo wanted to inherit only the active part of the balance and not the passive one, whereas Belgium insisted that both parts were inextricably linked.⁷⁰ Eventually, on 6 February 1965, Moïse Tshombe, whose Katangese 'state' had been reintegrated into the Congo and who had now become Congolese Prime Minister, and Paul Henri Spaak, the Belgian Minister of Foreign Affairs, concluded an agreement on the two controversial issues.⁷¹ The Congo was given part of the portfolio and took on the debt in Congolese francs. Belgium accepted the debt in foreign currency that had been guaranteed by Belgium, as well as the loans that Belgium had negotiated to hand over to the Belgian-Congo, the so-called "*dette cédée*". The residual of the Congolese debts from the colonial era, namely the debts in foreign currency that had not been guaranteed by Belgium, was converted into a debt with a term of 40 years and an interest of 3.5 percent, of which the Congo would pay back 300 million and Belgium 210 million a year. This third category of commitments was administered by the *Fonds Belgo-Congolais* (FOBECO), which was authorised by a public statute. The National Bank, which had cooperated in solving this entire issue, received, in accordance with the bylaws of the FOBECO, the irrevocable mandate to debit every two weeks the accounts in its books of both parties for 1/24th of the annual amount they had to fund. This mandate could be changed or reversed only with the consent of both parties. In this way the functioning of the fund was ensured and was not dependent on the unstable relations between Belgium and the Congo.

⁶⁹ Personal archive De Voghel.

⁷⁰ L. Mulumba, *Le service de la dette publique de l'ex-Congo belge: le cas des dettes financières*, (Brussels 1973); G. de Villers, *De Mobutu à Mobutu. Trente ans de relations Belgique-Zaïre*, (Brussels 1995), p. 24.

⁷¹ de Villers, *De Mobutu à Mobutu*, pp. 24-25.

At first a period of better mutual understanding followed. In 1966 De Voghel travelled to the Congo in order to investigate a series of problems with the governor of the Banque Nationale du Congo. There, he heard that the Congolese authorities were not very satisfied with some foreign advisers and that they wanted to appeal again to Belgian experts. The National Bank did not reject the idea, but the good atmosphere was soon disturbed because of the financing of the FOBECO. The automatic deduction of the contributions to this fund not only seemed independent of politics but was also deemed viable because trade with the Congo regularly replenished the Congolese account at the Belgian central bank. But in practice the balance of this account turned out to be sometimes insufficient to enable the contribution to be paid.⁷² On 26 July 1966, the Congolese government and the Banque Nationale du Congo asked their Belgian counterparts to postpone the automatic deduction for fourteen months. The National Bank and the Belgian government refused this since it was contrary to the agreement of February 1965.⁷³ At the beginning of March 1966 there had already been protests against this agreement as part of an anti-Tshombe campaign in Kinshasa, as the capital of the country was now called. On 6 July 1967, the Congo withdrew from the FOBECO administration, but continued to pay its 300 million a year, despite the fact that it thought this financial burden was unjust. The withdrawal was the first of a series of measures Mobutu wanted to take as part of a new national policy for the Congo. The Belgian Ministry of Foreign Affairs feared turmoil on the market and therefore wanted to cover up this crisis.⁷⁴ In 1970, however, the Congo also stopped paying and in June 1971 Belgium took over the Congolese part, a transaction which was not made official until the Belgian law of 8 September 1983.⁷⁵

That was not all as far as Mobutu was concerned. He forced the *Union Minière du Haut-Katanga* (UMHK), an affiliated company of the Belgian holding Société Générale which had exploited the copper mines in Katanga

⁷² NBB. BD 28 May, 4 June and 9 July 1965.

⁷³ NBB. BD 2, 5, 12, 19 and 26 August 1966.

⁷⁴ NBB. Papers Ansiaux 9.1/4. Letter R. Simonis to Ansiaux, 7 July 1966.

⁷⁵ NBB. Service of International Agreements. File: Countries/Zaire/28. Letter Brussels, 8 July 1971, J.-C. Snoy et d'Oppuers (Minister of Finance) and P. Harmel (Minister of Foreign Affairs) to Ansiaux.

from colonial times, to become a Congolese company as from 1 January 1967. The Congolese State held only 24 percent of the company's capital because of Belgian manoeuvring on the eve of independence.⁷⁶ Mobutu also ordered the UMHK to repatriate its proceeds from foreign exchange transactions. On 23 December 1966, the UMHK disregarded the order. On that same day the Belgian Minister of Foreign Affairs Pierre Harmel, and Robert Henrion, the Minister of Finance, requested from the National Bank information about the dispute and the consequences of a possible severing of relations between Belgium and the Congo.⁷⁷ Governor Ansiaux answered that, without the UMHK's delivery of foreign currency to the Congo, at that time estimated at 70 percent of the total amount of exchange at the Congo's disposal, Congolese payments to the FOBECO would also be at risk anyway.⁷⁸

The leaders of the National Bank followed this whole crisis very closely and were informed about every new development. Jacques de Groote, an employee of the National Bank who was sent to Kinshasa as a personal adviser to governor Ndele, kept De Voghel up to date on the situation regularly.⁷⁹ On 19 January 1967, Ansiaux attended a meeting on the issue with the participation of the IMF and the Belgian department of Foreign Affairs under the presidency of the Minister of Finance.⁸⁰ The National Bank was a partner in this case, not only because it affected Belgian-Congolese relations in general, but also because its Congolese counterpart was in trouble as a result. On 15 February 1967, the Belgian

⁷⁶ S.a., *L'affaire de l'Union Minière du Haut-Katanga*. (Brussels 1967), p. 20; J.-C. Willame, *Éléments pour une lecture du contentieux belgo-zaïrois*, (Brussels 1988), p. 104; De Villers, *De Mobutu à Mobutu*, p. 29. About the hard position the UMHK took in this affair see also: J.-J. Saquet, *De l'Union Minière du Haut-Katanga à la Gécamines. Mémoires et Documents*, (Paris-Montreal 2000).

⁷⁷ NBB. Papers Ansiaux. 9.1/4. File: *Relations Belgique-Congo*. Letter Brussels, 23 December 1966, Harmel and Henrion to Ansiaux.

⁷⁸ NBB. Papers Ansiaux. 9.1/4. File: *Relations Belgique-Congo*. Letter Brussels, 28 December 1966, Ansiaux to Henrion. He offered a study with the possible negative consequences of a severing for the Belgian economy. See *idem*. Letter Brussels, 6 January 1967, Ansiaux to Henrion and *idem*. NBB, Department of Studies, 29 December 1966, 'Les conséquences, pour l'économie belge, d'une rupture des relations économiques avec le Congo'.

⁷⁹ NBB. Papers De Voghel. B:596/7. 'Négociations Union Minière. Dossier de Groote. 1^{er} trimestre 1967'; E 596/8. 'Union Minière Kinshasa. Négociations Dossier Ndele-Mobutu. Décembre 1966-janvier 1967'.

⁸⁰ NBB. BD 20 January 1967.

government eventually managed to strike an agreement with the Congo, a country that needed Belgian know-how. According to this agreement, a new Congolese mining company was founded, the GECOMIN, which would cooperate with the sales agency *Société Générale des Minerais* (SGM) of the Société Générale.⁸¹ The path was now open for a new period of excellent relations between Belgium and the Congo.⁸²

9. Constant inconstancy

Three years later a new incident occurred. On 16 March 1970, it was announced that an administrator of the Belgian *Socobanque* had been arrested and that the Belgian businessman William Damseaux was accused of exchange fraud in cooperation with the Banque Nationale du Congo. In order to avoid fiscal control, inhabitants of the Congo were willing to change their zaires in Brussels at a lower rate than the official one or to accept payments by means of cheques in Belgian francs payable at a Belgian bank at the official parity. However, the export of zaires as well as exchange operations outside the official market was illegal.⁸³ In March 1971 both the accused received severe jail sentences and fines.⁸⁴

The supposed involvement of the Congolese central bank was due to its attempt to avoid a further fall in its currency rate on the free market by buying zaires against foreign currency on the black market. The rates there fluctuated between 73 and 93 Belgian francs for a zaire, whereas the official rate was 100 Belgian francs for a zaire.⁸⁵ A longstanding conflict between Mobutu and governor Ndele accelerated and ended with Ndele's dismissal. His successor was J.F. Sambwa. From 16 November 1970 the zaire was officially quoted on the exchange market in Brussels.⁸⁶ On 10

⁸¹ Willame, *Éléments pour une lecture*, p. 104; De Villers, *De Mobutu à Mobutu*, p. 29.

⁸² NBB. BD 14 June 1968. On 24 September 1969 this settlement was prolonged for 25 years. See De Villers, *De Mobutu à Mobutu*, p. 36.

⁸³ NBB. ASD. Papers Vandeputte. 9.2/34. File: 'Zaire'. [June 1971, Beauvois]. 'Note à l'attention de M. le Ministre R. Scheyven'.

⁸⁴ De Villers, *De Mobutu à Mobutu*, pp. 46-47.

⁸⁵ NBB. BD 20 November 1970.

⁸⁶ NBB. Papers Ansiaux. Correspondence, 'Copies Jaunes', Diverses banques à l'étranger. Banque Nationale du Congo Léopoldville. Letter Brussels, 5 November 1970, Ansiaux aan J.F. Sambwa (governor BNC).

June 1971, the governor of the National Bank, Ansiaux's successor Robert Vandeputte, passed on to the Belgian Minister of Development Cooperation Scheyven the names of the newspapers which published regularly the free (and thus illegal) rates of the zaire. The Congolese wanted these newspapers to stop doing so, and Scheyven had promised the governor of the Congolese central bank to help solve the problem of the parallel market.⁸⁷ The Congolese central bank, meanwhile, had stopped supporting the free rate of its currency. The National Bank assumed that, when the free rates were no longer published in Belgium, the Congolese government would be reassured.⁸⁸

There is no doubt that the Congo continued to appreciate the technical assistance of the National Bank.⁸⁹ In November 1971, during a visit of Vandeputte to Zaire this impression was confirmed. The Belgian governor visited Zaire to attend the celebration of the proclamation of the Second Republic on 24 November 1971. Nevertheless, relations were cooling once again, and Mobutu had already taken on an intimidating stance. In this setting Vandeputte delivered a lecture on investment policy, pleading for cooperation and trust between the state and the private sector.⁹⁰ The former colonial enterprises, however, were not keen to invest, although the Congolese said they did not know why.⁹¹ Zaire did not inspire much confidence either politically or financially. On 18 May 1971 the bilateral payment regime was reintroduced for the Congo, Rwanda and Burundi. On 21 December 1971 the quotation of the zaire to the Belgian franc was severed because Zaire preferred to maintain the fixed link with the dollar. The gap between the official and the free rate remained. In 1971 and again in 1972, devaluation occurred.⁹² Technical assistance from the National Bank continued and the two concluded a payment agreement.

⁸⁷ NBB. Papers Vandeputte. 9.2/34. File: Zaire. Letter Brussels, 10 June 1971, Vandeputte to Scheyven.

⁸⁸ [Beauvois], 'Note à l'attention de M. le Ministre R. Scheyven'.

⁸⁹ NBB. CR 18 November 1970.

⁹⁰ NBB. Papers Vandeputte. 9.2/34. File: Zaire. 22 November 1971, text of speech Vandeputte.

⁹¹ NBB. CR 8 December 1971.

⁹² Simonis, 'Les règlements internationaux de 1939 à nos jours. Quatrième partie', pp. 93, 97 and 101.

This meant that the account of the *Banque du Zaïre*, as the new central bank was called from 1971, was entitled to a debit position of up to a maximum of 700 million francs quarterly at an interest rate of 3 percent.⁹³ Zaïre procured imports from other countries, too, because it did not want to become economically and financially dependent on Belgium.⁹⁴

In 1973 a new storm broke. In a speech on 30 November 1973 before the *Conseil Exécutive National*, the Zaïrese government, Mobutu announced the so-called "zaïrisation". This amounted to a wave of anti-Belgian measures and the take-over of many companies by men loyal to Mobutu. This had catastrophic effects on the companies that were expropriated, as well as on the Congolese economy. Only the larger companies managed to survive with the diplomatic support of the Belgian government.⁹⁵ The severance with the National Bank was just as radical. Mobutu decided that after 31 December 1973 the Banque de Zaïre would no longer receive technical assistance from the National Bank.⁹⁶

Between September 1960 and 31 December 1973 the Bank put 38 members of its personnel at the disposal of the different central banks of the Congo, Zaïre and its *Office des Licences*, some of whom made the trip to the Congo twice. In the period from November 1961 to December 1977 as many as eleven people from the Bank gave assistance to the former Belgian trust territories, Rwanda and (B)urundi.⁹⁷

10. Conclusion

The leaders of the National Bank of Belgium, under the leadership of Frère from 1945 until 1957 as well as under that of Ansiaux in the decade

⁹³ NBB. BD 2 June 1972.

⁹⁴ NBB. BD 8 August 1972.

⁹⁵ De Villers, *De Mobutu à Mobutu*, pp. 48, 52-54.

⁹⁶ NBB. BD 24 December 1973, with annex: letter 20 December 1973, Sambwa (governor Banque du Zaïre) to Vandeputte.

⁹⁷ NBB. Papers Ansiaux. 9.1/64. 9 November 1966, 'Assistance technique-Kinshasa. Conseil Monétaire du Congo devenu Banque Nationale du Congo (22.6.1964)' and 2 November 1977, NBB, Department of Human Resources, Service of Social Relations, 'Missions permanentes (ou de longue durée) en dehors de la Banque'.²³ Ch. Lefort 'Essai sur la zone monétaire belge', pp. 577-578 and Simonis 'Une Banque Centrale éphémère', pp. 14-15.

thereafter, always defended the principle of a close economic and financial union between Belgium and its African (former) territories. In 1944 the bank made great efforts to restore the Belgian-Congolese "monetary union", which in fact actual had never wholly existed. At the beginning of the 1950s it tried to gain great influence in the BCCBRU and to forge structural ties with this institution. During the 1957 crisis, the bank gave technical assistance to the BCCBRU and it continued to offer such help in the following years. The idea, launched in 1959, of founding a Belgian-Congolese investment company, that is to say a holding company with the colonial authorities' economic participation, and the attempts at monetary cooperation clearly show that the bank wanted to continue to preserve the close relationship between the two economies after Congolese independence. Large-scale assistance to Katanga when separated served the same purpose. When it became obvious that the Belgian plans for the Congo were failing, a kind of preferential relationship developed with the Congo, Rwanda and Burundi, involving numerous crises. In the case of the Congo, the relationship ended abruptly at the end of 1973. The views and the projects of the National Bank, the Belgian government's main financial adviser, concerning the African territories were checked to a great extent by the self determination and the aspiration to autonomy on the part of the at first white and after Independence black elite in the Central African territory. Neither during the era of colonisation nor afterwards did the different leading elites in the Congo want to be ruled by Belgium.

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