

**THE BARON DE LAUNOIT : A CASE STUDY
IN THE "POLITICS OF PRODUCTION" OF BELGIAN
INDUSTRY DURING NAZI OCCUPATION**

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PART I :

**BARON DE LAUNOIT : FOR OR AGAINST THE
"POLITICS OF PRODUCTION ? "**

It cannot be denied that occupied Belgium was an important supplier of Nazi Germany. Between May 1940 and September 1944, Belgian industry produced roughly 65 billion BF worth of goods for German purchasers (1). This amount represents a sum greater than the total budgetary outlays of the Belgian state during the same period.

Belgian scholars have been slow to recognize the immense importance of industry's role in Belgium's occupation experience. Few of the recent books and monographs to appear on the occupation period give much insight into the question as to how the Occupant's large stake in Belgian production affected the major political trends of the occupation -- the formation and sponsorship

Explanation of footnotes :

Except for pamphlets and books, the documents of Belgian provenance cited in this two-part article all come from the collection known as "Papiers de Launoit." The collection is in the Centre for Research and Study of the History of the Second World War. Our gratitude goes to the Director and the members of the Scientific Staff of the Centre for their willing collaboration. Citations prefaced with a "T" indicate that the document in question is part of the vast microfilming project of captured German documents undertaken by the U.S. National Archives. "T" stands for "Target," or the general collection of which the document is a part. The following number indicates the roll on which the document is contained. The final number indicates the specific frame on which the document has been filmed. In cases where documents originate from neither the "Papiers de Launoit," nor the National Archives, I have cited the repository where they can be viewed.

(1) See : T 501/106/1227, 106/1267, 107/1. "Leistungsberichte" 1941, 1942, 1943.

of collaborationist groups, the development of the resistance, the evolution of royal policy, etc. This shortcoming is the predictable result of the lack of studies on Belgian industry during the occupation. Among Belgian scholars, only Fernand Baudhuin has devoted serious study to the subject since the war.

But Baudhuin's *L'Economie belge sous l'occupation* is very dated (2). It was written in the atmosphere of denunciation and apology that followed the Liberation. Baudhuin can hardly be considered an impartial commentator on Belgian industry policy during the occupation. His was indeed an important voice in it (3). Baudhuin's book is, in fact, a thinly veiled defense of the policies of the Galopin Committee.

The Galopin Committee formulated and executed the Politics of Production (or Politics of Work), which set the course followed by the bulk of Belgian industry between June 1940 and September 1944. The basic premise of this policy was that the best way to protect Belgian national interests during the occupation was to produce, within certain specified limits, for the Reich.

The Committee was an informal body which met irregularly to discuss the major issues of the occupation. It lacked both a specific legal mandate to make policy and specific legal powers to enforce its decisions. Its authority originated in the positions of its members in the Belgian economy. The Committee bore the name of Alexandre Galopin, Governor of the Société Générale, the man the Occupant frequently referred to as the "Uncrowned King of Belgium." Every major industrial or financial interest in Belgium was represented at its meetings.

Since Baudhuin's book is the only one to date on the economic aspects of the occupation, it has had an influence in Belgium which outweighs the merits of its explanation of industry's policy of production. Nonetheless, an analysis of Baudhuin's positions remains the indispensable starting point for a discussion of the subject. According to him, Belgian industry produced for two definite purposes: to earn the wherewithal to pay for foodstuffs imports necessary for the survival of the population, and to prevent large-scale unemployment, which might precipitate labor de-

(2) (Bruxelles, 1945).

(3) BAUDHUIN attended many of the sessions of the Galopin Committee. He also wrote several specialized studies for the Société d'Economie Politique and the Institut belge de Finances Publiques, which worked closely with the Committee. Much of the information concerning industry cited in his *L'économie belge sous l'occupation* was supplied, upon his request, by various industry leaders.

portations on a massive scale, such as had occurred in Belgium during World War I. Baudhuin attributes any production above and beyond these amounts either to coercion by the Occupant, or to the isolated self-seeking of the occasional collaborationist producer who refused to accept the Galopin Committee's limitations on production (4).

Each of these arguments raises different problems and so must be discussed individually.

It is simply not true to state that Belgium received foodstuffs imports from the Reich in exchange for industrial exports, or that business production for the Reich during the occupation was inspired primarily by a desire to alleviate the hunger of the population. Baudhuin himself demonstrated in an article written in August 1939 that in an emergency Belgium could meet its domestic foodstuffs requirements by itself. He proposed that planning begin for converting pasture land to the cultivation of calorie-rich tubers and grains and for raising livestock for milk production rather than for slaughter. But his proposals never got the hearing from Belgian policymakers that they deserved. Belgium had to survive the occupation without benefit of them, but it did so also without any significant amount of agricultural imports from the Reich or from German-dominated Europe. During the occupation, Belgian agricultural imports dwindled from negligible to virtually nonexistent. Practically everything that Belgians ate during these lean years was grown within the borders of their nation (5). It was by no means necessary to send industrial goods (or labor) to the Reich in order to pay for it.

Baudhuin's argument that industry produced in order to protect labor from deportation is unconvincing in its present form. He accepts as self-evident the proposition that Reich labor policy would respond to a demonstration that Belgian labor could be employed more productively at home than in Germany. This was far from being the case.

In the course of the war, German labor policy in Western Europe underwent wrenching changes in objectives, methods, personnel, and importance in overall policy. In the early phases of the war, labor shortages in the German economy were more an annoyance than a major problem. Labor policy was in the hands of professional administrators, who relied on the relatively high wages paid in the Reich to generate a flow of volunteer labor recruits from the occupied areas. This policy proved to be adequate to German

(4) BAUDHUIN, *op.cit. in passim*.

(5) *Ibid.*, p. 235f.

labor requirements in 1941. But after the failure of German arms to smash the Red Army in the winter campaigns of 1941-1942, Hitler abruptly switched the Reich's economy from a state of "partial mobilization" to "full mobilization," raised the recruitment of supplementary labor to the number one economic priority, and appointed *Gauleiter* Fritz Sauckel Plenipotentiary of Labor. Hitler vested Sauckel with full power to use whatever means were necessary to bring additional labor to the Reich from the occupied countries. The result was the infamous campaign of labor deportation, which began in Western Europe in November 1942 and lasted effectively for a year. The Sauckel dragnets were phased out only after it became apparent even to Hitler that to continue them would be tantamount to destroying public order in Western Europe (6). Only from late 1943, then, was Reich labor policy in occupied Western Europe based on the premise that it made more economic sense to employ labor locally than to deport it to the Reich.

Thus the willingness of Belgian industry to produce could only have affected German labor policy at a late date in the occupation. In the early phase of the occupation, the leadership of the Reich did not fully recognize the importance of Belgian industry in its war effort; in the middle phase of the war, labor policy in Belgium was made on an economically irrational basis.

Moreover, a practical difficulty stood in the way of an agreement linking production and labor policy in Belgium: in national socialist administrative life, policy authority in the spheres of labor and production was divided. Prior to Speer's assumption in late 1943 of Sauckel's power to make labor policy there was no single German authority in a position to offer exemption from labor deportations in exchange for a Belgian acceptance of additional German orders. Although Belgian negotiators frequently attempted to link the production of particular items to guarantees for the protection of labor, the German negotiators' response was invariably a reminder that they lacked the authority to make such a bargain (7). Consequently, there is no reason to suppose that the representatives of the Military Administration in Brussels, or of any parent agency in Berlin, ever gave the Belgian industrial leaders any binding commitment that by producing they could avert the deportation of labor.

(6) On labor problems see: Edward L. HOMZE, *Foreign Labor in Nazi Germany*, Princeton, 1967, *in passim*.

(7) See, for instance: "Compte-Rendu de la Réunion tenue le 11 février 1943 chez le Dr. Ing. Heinrich au sujet de la fabrication de l'acier H.P.N."

Had Belgian industry succeeded in modifying German labor policy significantly, the stream of labor from Belgium to the Reich would have varied in inverse proportion to the amount of production in the German interest. But both indices rose in parallel fashion until the end of 1943 in response to rising demand. Thereafter they fell together due to the general collapse of German authority (8).

Although German labor policy underwent drastic changes in the course of the occupation, the Belgian insistence that production for the Reich be viewed as a labor protection measure remained a constant. In 1940 and 1941, business spokesmen advertised a policy of production as the surest means of averting a campaign of labor deportations. Once the deportations began, production was invoked as a means of limiting them. This argument was marshalled all through 1943, in spite of the parallel rise in deportations and production. After Speer had dropped the Sauckel campaign because of its effects on public order, business spokesmen claimed that production had indeed protected labor. They continued to insist that production prevented deportations even after Speer had abandoned the campaign of labor dragnets (9).

It is difficult not to conclude that the labor argument as presented by Baudhuin is a blind to divert the curious from an investigation of other motives for producing for the Reich. Such a conclusion should not, however, rule out the possibility that business' policy of production protected Belgian labor in ways that are not evident in Baudhuin's presentation. For the moment, this possibility must be left open. It will be discussed later in the article.

The third factor in Baudhuin's explanation is constraint. The Occupant disposed of two possible means with which to coerce Belgian producers: simple *force majeure*, and the power to take over the managements of the economy. Baudhuin assumes that the Reich's power to exercise these means was virtually unlimited. In fact there were significant limits on the Reich's ability to enforce economic policy in Belgium.

Hitler's military grand strategy was one of *Drang nach Osten*. Until such a time as Russia could be definitively defeated, it was Hitler's intention to treat Western Europe as a reserve of goods and labor, which could be drawn upon as required by the exigencies of battle. The primary aim of German occupation governance in

(8) "Leistungsberichte," *op. cit.*

(9) Whenever the "Politics of Production" came under attack, business spokesmen invoked the "protection of labor" as its number one priority. See, for instance, "La Politique du Groupe Brufina-Cofindus pendant l'Occupation."

Western Europe was, then, to keep public order with the least possible expenditure in money and manpower -- to govern on the cheap. This conception of occupation governance ruled out frequent resort to the sort of terroristic methods which might have resulted in tying down troops needed for combat elsewhere. It also put a premium on success in winning the cooperation of the powers-that-be in the occupied territory. The Military Government in Belgium and North France (*Militärbefehlshaber in Belgien und Nordfrankreich*) was an instrumentation of occupation government known in German official parlance as an *Aufsichtsverwaltung*, a "supervisory administration." As its name implies, such an administration was not equipped to administer the occupied country by itself or to run its economy; its role was limited to issuing directives in matters of primary importance. Beyond that, its job was to supervise the local economic administrative authorities in their enforcement of its directives (10). It should come as no surprise that the Military Government in Belgium and North France never numbered more than a thousand officials. The World War I Military Government in Belgium employed several times as many (11).

As the war dragged on and the prospects of German victory grew dimmer, the amount of pressure the Reich could bring to bear on Belgium decreased. Nonetheless, Belgium's production in the German interest increased every year until 1944, when it broke down owing to shortages in the coal supply and disruptions in the transportation network. In 1941 Belgium produced 1,070,178 million RM of goods on German account; in 1942, 1,246,026 million RM; and in 1943, 1,256,200 million RM (12). Obviously, the amount that Belgium produced for the Reich was not proportional to the Reich's power to coerce it into doing so.

The Germans were never in a strong position to "Take from us whatever we won't sell them!" as Belgian producers so often claimed. Germany was poorly equipped to pursue the policy of conquest that Hitler had charted for it, and the more apparent this fact became in the course of war, the more the Reich had to rely on producers in the occupied territories to contribute their strengths to its cause. Since the extent to which the Reich could coerce was limited, the success of its effort to secure this cooperation would have to depend largely on the willingness of Belgian producers to give it.

(10) See : T 501/102/1-44. Eggert REEDER and W. HAILER, *Die Militärverwaltung in Belgien und Nordfrankreich*, Bruxelles, Sept. 1943.

(11) T 501/104/158,693 "Jahresbericht," June 1941.

(12) "Leistungsberichte," *op. cit.*

There remains the fourth of Baudhuin's arguments: that producers who did not subscribe to the limits on the Galopin Committee's Politics of Production were responsible for whatever deliveries to Germany were not necessary either as recompense for the importation of foodstuffs or as protection for labor, or the result of coercion. The Baron de Launoit and the main industrial component of his group, Ougrée-Marihaye, provide good examples with which to test this theory. There is, first of all, sufficient material available on the firm to make a study of its operations during the occupation possible. Secondly, only the Baron de Launoit was a powerful enough figure in the Belgian economy to have provided an alternative to the effective leadership of Galopin during the occupation.

After Liberation, the Auditorat Général, which in Belgium is responsible for prosecuting crimes against the state, investigated Ougrée as a potential violator of Article 115 of the Belgian Penal Code. This article forbids selling arms and munitions to an enemy and trading with him for the purpose of enrichment. The investigation produced two one-hundred-fifty page *Rapports d'Expertise* which, in spite of certain methodological shortcomings and omissions, provide a uniquely valuable insight into the activities of a single firm during the occupation.

But before proceeding with the article, one must register two demurrers:

The substance of this article will be devoted to re-interpreting material used as evidence in the judicial investigations of Ougrée-Marihaye. My objective is not to determine culpability under a particular article of the Belgian Penal Code, but to provide an insight into trends that make the recent past understandable as a historical phenomenon. My criticisms of the methodology employed in the investigations should not, then, be interpreted as an attack either on the integrity of the judicial investigators or on the suitability of their methodology to the tasks set for them by the bench.

Nor is it my intention to re-try the Baron (now Count) de Launoit in the press. The Baron de Launoit is mainly of interest in this article for the light his activities during the occupation sheds on that of Belgian industry generally. Such a "case study" approach has its pitfalls: it hints at truths it cannot fully demonstrate, and it can, in spite of expressed intentions to the contrary, single out its subject for undue amounts of attention. But the blame for adopting this approach does not rest entirely with the author. So long as Belgian public and private records for the period remain essentially closed,

the researcher will have to make maximum use of the few that are available. If this means that the truth must be approximated rather than arrived at, so be it : some light is better than none whatsoever.

A. The Baron de Launoit : A New Leader of Belgian Business ?

In Summer 1940, the Baron de Launoit occupied what appeared to be a pivotal position from which to influence the character of Belgium's future economic relationships with the Reich. The newly-installed Chief of Military Administration, Eggert Reeder, wanted to anchor his rule in the active collaboration of "new men" in the Belgian economy and polity (13). Moreover, in the weeks following the Belgian capitulation numerous representatives of interest groups in the Reich appeared in Belgium. One of their objectives was to locate local "junior partners," who, in return for expanding German economic influence, would be offered a share of the spoils. Baron de Launoit was the most important "new man" in the economy. In the aftermath of German conquest, he entertained ideas of far-reaching cooperation with the Reich. In fact, he entered one important convention to bring about this result. Had de Launoit succeeded in developing permanent "special relationships" with groups in the Reich, there would have been a substantial shift in industrial and financial power in Belgium -- regardless of the outcome of the war. But forces and tendencies in the Third Reich prevailed which were more powerful than either de Launoit or the various German interest groups anxious to use him for their own purposes. His maneuverings of Summer 1940 remained but an episode of little importance in Occupied Belgium's role as supplier to nazi Germany.

De Launoit was founder and head of the second most powerful financial and industrial group in Belgium, Banque de Bruxelles-Cofindus-Brufina. Like the Société Générale, the de Launoit group can be classified as a holding enterprise which takes an active hand in the management of the production units in which it holds controlling shares of stock. Again like the Société Générale, the de Launoit group's importance in the basic industries of coal and metallurgy gives it a degree of influence in virtually all branches of Belgian industry (14).

(13) See : John GILLINGHAM, *The Economic New Order in Belgium*, Diss., U.C., Berkeley, 1973, Pt. II, Ch. I.

(14) On De Launoit holdings see : Pierre JOYE, *Les Trusts en Belgique : La concentration capitaliste*, Bruxelles, 1964; Jean MEYNAUD et al., *Morphologie des groupes financiers*, Bruxelles, 1962.

The de Launoit family has exercised financial control over its empire through a pyramid of interlocking companies. At the apex is *Mutuelle Mobilière*, which is owned entirely by family members. The *Mutuelle* and de Launoit family members individually hold a large majority of shares in one holding company, *Cofindus*, which holds controlling shares in another, *Brufina*. *Brufina*, in turn, holds a controlling interest in the *Banque de Bruxelles*, its parent company. The *Banque de Bruxelles*, with roughly 20% of the nation's bank accounts, is the second largest bank of deposit in Belgium.

Industrially, the interwar de Launoit enterprise was organized as a partial vertical trust. Its centerpiece was the largest Belgian steel producer, *Ougrée-Marihaye*. Several other steel producers and finishers in which de Launoit interests figured prominently gravitated around *Ougrée*. Among them were *Minières et Métallurgie de Rodange*, *Laminoirs d'Anvers*, *Forges de Moncheret*, and *Laminoirs de Nimy*. According to one estimate, de Launoit controlled 35% of the Belgian steel industry.

The de Launoit steel firms have captive sources of coke and coal. *Brufina* and *Cofindus* have substantial interests in the following mines in the Wallon basin : *Charbonnages de Benissart*; *Charbonnages de Borinage*, *Charbonnages de Centre*; *Houillères d'Anderlues*; and *Aciéries et Minières de la Sambre*, *Division des Charbonnages de Fontaine-l'Evêque*. Among its mining operations in the Campine are : *Limbourg-Meuse* and *Helchteren-Zolder*. On the marketing side, *Ougrée* performs semi-finishing operations on many of its raw steel products, owns jointly with the *Bekaert* firm a large operation for the manufacture of wire products, and holds interests in other steel finishing firms such as *Tubes de la Meuse*. Finally, de Launoit holds interests in lines collateral to coal or steel production such as chemicals (*Société Belge de l'Azote et de Produits Chimiques de Marly*), and in glass, cement, etc.

What indication was there that the Baron de Launoit might have been prepared to cooperate with the victorious Reich in the construction of an economic new order? First, there was the ambitiousness of the man himself. Between the early 1920's and the late 1930's de Launoit had succeeded in building the family match business he inherited into the *Banque de Bruxelles-Cofindus-Brufina* complex. Who was to say where this growth process would stop? Second, his thinking on the role of the *patron* had strong affinities to that current in national socialist Germany. De Launoit did not adhere to the idea that "the business of business is business." He appreciated the fact that business could be done successfully only in a social and political environment that was conducive to this result.

De Launoit was determined to appear to his workers not as the boss but as the leader of the factory community. Moreover, he was keenly aware of the importance of influencing political persons and trends in a direction favorable to the interests of his enterprise. In the 1930's he was apparently a large contributor to Rex. During the occupation, he continued to make political payments. De Launoit also made known his views on public policy to the King from time to time (15). But in early Summer 1940, the representatives of the Occupying Power had little specific information upon which to base an assumption that the Baron de Launoit was willing to cooperate with their aims.

To be sure, there had been some degree of contact between the de Launoit interests and nazi personages prior to the onset of the occupation. In the Summer of 1939, a friendship of sorts developed between Louis Camu, then a close associate of the Baron de Launoit and now President of the Banque de Bruxelles, and Dr. Karl Gebhardt, Himmler's personal physician, friend, and fellow SS officer. Camu's wife had been under Gebhardt's care at his sanatorium in Hohenlychen. On the occasion of his visits to her, he and Gebhardt apparently had ample opportunity to discuss the shape of the European future. On 3 June 1939 Gebhardt wrote Himmler of one such conversation : "(Its) object (was) the reorganization of the machinery of the Belgian state. (Camu) is a young, exceptionally pro-German man. I noticed personally, and have had my impressions confirmed by the German ambassador, that Camu is largely responsible to the King (for matters) concerning Belgium's orientation to Germany... I have made a good deal of fuss over him... He is a quiet, very matter-of-fact person with whom one can easily discuss questions of state reconstruction, political parties, and so on..." (16). In early June 1940 Dr. Gebhardt appeared in Brussels as Himmler's special representative to the King.

There is some evidence to indicate that in Summer 1940 King Leopold might have wanted the de Launoit interests to play a more pronounced role in relations with the Occupant. In August he proposed to Chief of Military Administration Reeder that the Courtrai industrialist Leon Bekaert be appointed "Super Secretary General." (17) The proposal was calculated to meet at least half-way the Military Administration's desire to work through a "new team"

(15) See : "Exposé par M. Le Président (de Launoit)," février 1947.

(16) A. DE JONGHE, *Hitler en het politieke lot van België 1*, Antwerpen/ Utrecht, 1972, p. 103.

(17) *Ibid.*, p. 188f.

in Belgium. The Military Administration was pledged to encourage Flemish interests in the state, and Bekaert was probably the most powerful Belgian industrialist of Flemish origin. Moreover, the Military Administration was wary of committing itself to working through the traditional structures of Belgian business, and Bekaert's ties to de Launoit were close. In addition to the joint ownership of the Tréfileries d'Hemixem, Ougrée was the main supplier of Bekaert's own firm, Tréfileries Leon Bekaert. Thus the King's proposal of Bekaert might have served as the prelude to a policy of more active collaboration with the Occupying Power. In the actual event, Reeder rejected the King's nomination of Bekaert on the grounds that he was insufficiently representative of the Flemish population, and without Bekaert the King ceased to be interested in the idea of creating the office of "Super Secretary General." (18) The idea was allowed to die.

There can be no overlooking the favorable impression that de Launoit made on German administrators and businessmen who came into the occupied territory for the purpose of bringing it into the German orbit. The Reich's Minister of Economy, Funk, delegated the responsibility for organizing the *wirtschaftliche Neuordnung Europas* to one Gustav Schlotterer. In August and September of 1940 Schlotterer held numerous conferences with key Belgian, Dutch, and French industrialists, in order to "feel out" the extent to which they could be won over to a policy of collaboration. De Launoit, Schlotterer noted, was particularly enthusiastic about the idea of a new coal-steel community as a component in the new German-dominated *Grossraum*: "The Ruhr, South Holland, Belgium, Luxemburg, Lorraine and North France," de Launoit said, "constitute a natural economic area with regard to coal and steel. The division of the productive facilities has been a barrier to technical progress and has damaged the interests of the working man. (We) businessmen should burst state borders and learn to cooperate for economic reasons." (19)

The Germans very much counted on de Launoit's cooperation in the *Kapitalverflechtung* campaign. *Kapitalverflechtung*, in the strict sense, means stock swaps between enterprises. German business circles were naturally eager to negotiate such exchanges with Belgian and Dutch business interests before businessmen in the two countries had recovered psychologically from the impact of defeat. German military men and economic planners, especially in the Four Year

(18) *Ibid.*

(19) NI 11375 "Deposition of Gustav Schlotterer, 20 September 1947."

Plan, hoped that through stock swaps the Reich could take over key positions in the Belgian and Dutch economies. Thus *Kapitalverflechtung* became a campaign organized for both strategic and pecuniary purposes. The Dresdner Bank received the mandate to lead it in Belgium, and the Deutsche Bank in the Netherlands (20).

The representative of the Dresdner Bank in Belgium had high words of praise for the attitude of Baron de Launoit. On 28 October, he wrote his boss, *Vorstandsmitglied* Karl Rasche that "Baron de Launoit spoke very warmly about collaboration... and promised us the mandate in the Greek affair... I conclude from this that he is really open to collaboration with us." (21). The Dresdner's man in Brussels sharply contrasted the attitudes of de Launoit and the *Société Générale* to the prospect of collaboration: "The general mood of the concerned circles towards us is unchanged and negative. Baron de Launoit is, now as before, a notable exception... With remarkable civil courage, he appears time and again in public with Germans... He is an altogether suitable person for us to ally ourselves closely with in order to have a first-class adviser on Belgian conditions. The Baron de Launoit is concerned with the future distribution of ownership in Belgian industry, ... is making big plans, ... and has a great desire to expand his portfolio..." (22). He reported the Baron to have contemplated: the construction of a canal from Liege to Cologne in cooperation with "Cologne banking circles" (probably Bankhaus Schroeder); a reorganization of the coal industry; collaboration between the electric power distributor, Sofina; and the company which supplied electric power to the Ruhr, RWE; and the formation of a Germano-Belge iron and steel company (23). But the Dresdner's terms for stock swaps were too harsh to elicit collaboration from Belgians except under the most severe of circumstances, and these were changing in Belgium's favor in Fall 1940, thanks to the refusal of the RAF to concede West European air space to the Luftwaffe. The *Kapitalverflechtung* campaign was without significant consequences.

But in Summer 1940 Ougrée-Marihaye did reach one agreement with German interests of great potential importance, a steel convention with the Otto Wolff steel firm of Cologne. By its terms, Otto Wolff became the sales agent for O.-M. and the producers

(20) See : R7/IX/152 "Zusammenfassender Bericht über die Kapitalverflechtung mit Holland und Belgien seit der Besetzung in Mai 1940."

(21) NI 4042 A.W.G. to Goetz, 22 November 1940.

(22) *Ibid.*

(23) NI 6106 "Report concerning German-Belgian Collaboration in various industries. (Source : 'Belgique' file of Dr. Karl Rasche)."

associated with it (Minières de la Sambre, Laminoirs d'Anvers, Forges de Moncherat, and Laminoirs de Nimy) in the Reich and in German-controlled parts of Europe. For its part, Wolff made Ougrée its sales agent for German steel products sold in Belgium. The agreement was to take effect formally a month after the conclusion of a "treaty of peace" (presumably between the Reich and Belgium). But the convention also stipulated that "Until a treaty of peace (is signed), (O.-M.) agrees to plan : a mode of immediate collaboration to consist of : a.) reserving for the Firm Otto Wolff, Cologne all sales from our factories in Germany and b.) conferring on Otto Wolff, as of the present moment, the representation of our factories in the countries of eastern and south-eastern Europe..." (24). These provisions took effect immediately.

What did each party think it stood to gain by this convention ? The question is worth asking if only because it indicates the kinds of problems faced by producers in the national socialist economic orbit.

Otto Wolff's object was to gain a new source of supply for sales in the Reich and abroad. Wolff was not a steel producer but a commercial broker ("the largest steel merchant in Germany"). Its "means and connections (were) considerable." The firm held substantial amounts of stock in the major German steel production firms, and disposed of well developed sales organizations in areas where Belgian producers were having trouble competing, the Balkans, South America, China, and Russia.

But the firm was unable to secure enough steel from its traditional German sources to market. After 1937, steel was a rationed commodity in the Reich. The Reich steel rationing system worked as follows. At the end of each quarter year the representatives of the key political, military, and economic groups (military, Party, SS, Four Year Plan, machine tool industry, etc...) would meet to allocate among themselves the anticipated steel production for the following quarter. Each one of these groups, then, received a quota (*Kontingent*) which it could allocate among producers under contract to it. This arrangement left little room for the marketing of steel through normal commercial channels. Each year after 1937, the amount of steel that could be so marketed decreased. The logical result of the extension of this system would be

(24) On the Otto Wolff Convention see in Annexes, *Rapport*, 28 fév. 1945. - Tschoffen to de Launoit, 16 Aug. 1940, - Opinion Veldekens, 19 Sept. 1940, - Wodon to de Launoit, 8 Dec. 1944, - Déclarations, 9 Sept. 1940 de Aciéries et Minières de la Sambre, Laminoirs d'Anvers, Rodinger Hochofen- und Stahlwerkgesellschaft. See also : *Rapport du 28 février 1945*, p. 616.

the demise of commercial firms such as Otto Wolff -- unless, of course, they could find foreign sources of supply (25).

The Otto Wolff convention might have made Ougrée the undisputed leader of the Belgian steel industry. The combination of British blockade and the imposition of German occupation rule in Western Europe cut Belgium off from its export markets. Normally, roughly 50% of the country's annual steel production was exported. The overseas export markets would remain lost until Germany had been militarily defeated. The importance of the less accessible European markets thus became all the greater. If the Otto Wolff convention gave Ougrée, and the firms following its lead, privileged access to German and German-controlled markets, then the remaining Belgian steel firms would have little choice but to enter the convention.

But the convention with Otto Wolff never took formal effect. According to the 28 February 1946 *Rapport d'Expertise*, "All orders for metallurgical products executed by O.-M. and destined for Germany were routed from the (German) Stahlwerksverband through the (Belgian) Sybelac, and by other similar organisms when they concerned other products or sub-products...". Therefore, the *Rapport* continues, "... the representatives of a German commercial firm (such as Otto Wolff) were not able to determine which orders would be placed with Belgian industry... This new (Stahlwerksverband-Sybelac) relationship rendered totally inoperative the contract by which Otto Wolff represented O.-M. in Germany." (26). (The powers of the cartel in the national socialist economy, and that of Occupied Belgium will be touched on in the following section.) In any event, the few orders which Ougrée exported through Otto Wolff in Summer 1940 under the informal plans for "immediate collaboration" had an exceptional character. They were not renewed or extended.

The Summer of 1940 was a time of political maneuvering whose exact significance is difficult to determine, since so much of it was without sequel. The King's project to name Bekaert "Super Secretary General," Military Administration Chief Reeder's desire to pursue work through "new men" in the Belgian economy as a concomitant of a pro-Flemish policy, and the Reich's plan for *Kapitalverflechtung* all fall into this category. So too do the Baron de Launoit's various

(25) For steel-rationing system see: Johann S. GEER, *Der Markt der geschlossenen Nachfrage*, Nürnberger Abhandlungen zu den Wirtschafts- und Sozialwissenschaften, Heft 14, Berlin, 1961.

(26) *Rapport*, 28 février 1945, p. 68.

initiatives. Was the Baron sincere, for instance, in his proposal for Belgo-German cooperation in the construction of a Cologne-Liege canal? Or was it merely a ploy with which to ingratiate himself with persons representing the more creative and less brutal trends at work in the Nazi administration? Might the Baron have been willing to join consortia led by the Dresdner Bank had the terms been less extortionate? The answers to these questions will never be clear, since the conditions of the occupation precluded his being able to pursue a policy independent from the rest of the producers in Ougrée's product lines. These conditions will be the subject of the following section.

But de Launoit's initiatives of the early months of the occupation were not wholly without consequences. Even though the Otto Wolff convention never came formally into effect, it represented, at least potentially, the most important agreement that a Belgian producer reached with German interests during the occupation. This fact was exploited by Allied propaganda. And rumors abounded in the clandestine press that O.-M. and Otto Wolff were partners (27). In short, Ougrée came to be singled out for public criticism during the occupation, a fact that doubtless contributed to its being judicially investigated after the war. But once the convention became a dead letter, de Launoit was at pains to demonstrate that he was no less anti-German than any other Belgian. The effort proved to be costly. The Otto Wolff convention was a very expensive mistake indeed.

B. Nazi Economic Policy and the Galopin Committee

One fact was basic to the role of the Belgian economy in Hitler's Europe: the organizational methods of the national socialist economy, which the Occupant desired to introduce into Belgium, were compatible with the production policy of the Galopin Committee. This coincidence of interests provided a basis for collaboration in economic issues. This basis was critical to the success of German occupation policies, since Belgian big business was extremely wary of identifying itself with the political aims of the Third Reich. But Belgian business' political objections to national socialism had very little effect on the amounts Belgium produced during the occupation. When the Reich desired to step up

(27) See : Réunion de Personnel Superior de la S.A. d'Ougrée-Marihaye, 20 janvier 1941.

production, it succeeded in doing so. On the balance, the Galopin Committee proved more anxious for an increase in German orders than a decrease in them. What business did during the occupation and what it has since said were two different matters.

Like every other important institution in German life, business was fitted into an organization that would make it responsive to central state direction. Thus every branch of German industry was organized into a Business Group (*Wirtschaftsgruppe*), in which membership was compulsory. These Business Groups, together with regional economic units, formed Reich's Group Industry (*Reichsgruppe Industrie*). There were other, less important Reich's Groups for insurance, banks, artisanal production, and agriculture.

But German business enjoyed a great deal of autonomy under national socialism. Nazi technocrats and businessmen described the national socialist economy as one of "industrial self-administration" (*industrieller Selbstverwaltung*). This term was usually defined as follows: the goals of economic activity would be set by the political leadership, but industry would exercise the maximum feasible amount of independence in the use of means to achieve them.

This principle proved to be a very effective means of enlisting the energies of industry for rearmament. The functions and responsibilities of the Business Groups grew steadily in the 1930's. While their main job was the allocation of raw materials within their particular branch of industry, they also had responsibility for allocating foreign exchange and orders from state and military agencies. In brief, the Business Group became the nucleus around which formed a new approach to business, one in which the firm, presumably once sovereign, became but a component of a branch of industry.

The smooth functioning of these Business Groups was partly the result of German business' experience in working through cartels. While the cartel was a private organization, designed to serve business interests and a Business Group a public one intended to serve those of the state, it was impossible to determine where the competence of the one ended and the other began. Although Hitler frequently expressed displeasure at the "selfishness" of cartels, he made no serious effort (prior to 1942) to override them. Cartel agreements continued to determine the production and market quota that each firm in a particular industry would receive. Indeed, raw materials rationing and the like supplied new means with which to enforce cartel agreements. Thus the national socialist economy of "industrial self-administration" consolidated the power of traditional groups in each industry and, therefore, to a large extent in industry as a

whole (28).

Belgian industry was soon fitted with the machinery necessary to adapt it to the business conditions of the national socialist *Grossraum*. Organisms known as "commodities offices" (*Warenstellen/Offices centraux de marchandise*) served as rough Belgian equivalents of the Business Groups. There was an *Office* for every main branch of industry. The *Warenstellen* were responsible for inventorying and allocating raw material throughout industry. Raw materials rationing was, as noted above, the main device for gearing economic life to the priorities of the Nazi state. The *Warenstellen* operated in tandem with traditional cartels and industrial associations, some of which, however, had new names after 10 May 1940. As in the Reich, the cartels determined which firms would produce what, and, to a large extent, the prices they could charge.

The *Warenstellen* put new levers of power in the hands of established interests of industry. The Politics of Production of the Galopin Committee was intended, above all, to prevent any re-distribution of power in industry during the occupation or in its aftermath. This preoccupation ruled out, first, a policy of non-production, as prolonged idleness might have made Belgian industry non-competitive in the post-war world. But it also ruled out a policy of overt identification with the Third Reich. This policy could only increase the odds of being dispossessed in the event of an Allied victory. There were additional dangers. What if the Germans made a serious effort to penetrate the Belgian economy, either directly or through ambitious Belgian intermediaries? All these possible threats put a premium on industrial solidarity. Therefore the importance of the *Warenstellen*: recalcitrant or ambitious producers could be denied the wherewithal to do business, raw material.

In June 1940 the leaders of Belgian industry believed it possible to reach a *modus vivendi* with the German conqueror. The basic principle of "industrial self-administration" seemed to offer reassurance that if Belgians firms agreed to produce they could manage their own internal affairs. On 12 June the main Belgian producers' organization, the *Comité Central Industriel*, unanimously agreed to accept the German demand for the organization of Belgian industry along the lines of Reich's Group Industry. Galopin's spokesmen did not see such compulsory organizations as a burden but as a blessing. Thus he insisted that the German demands be accepted "in the interests of industry itself." He demanded that all

(28) For the role and operation of "self-administrative" organizations in the Nazi economy see GILLINGHAM, *op. cit.*, Pt. I, Ch. I.

steel producers join the "... new steel syndicate (Sybelac), which will formally be constituted next Friday, 28 June, as a cooperative society." He added that "... the contacts which we have had let us assume that the German authority is going to allow us... to regulate our affairs among ourselves, without interfering into our internal by-laws, ... but only so long as we maintain the necessary self-discipline and also that which has been termed since our first conversations (with representatives of the Occupying Power) loyal collaboration, which we have defined as 'loyal within the limits of our duties as Belgians'." (29).

Once the men of the C.C.I. decided to produce, there was no turning back from the decision. Each year of the occupation the Galopin Committee's concept of "loyal collaboration" became more expansive. Although its restraints on production were never dropped, they proved to be rather elastic.

In an important position proper of Summer 1940 the Galopin Committee set 6 billion BF per year as a desirable export target for Germany. This amount was pegged to the volume of foodstuffs imports necessary for the maintenance of the population. This figure presented no obstacle to trade with Germany at the time. In June 1940 Belgium's exports had ceased altogether. Before the war, exports to Germany had only amounted to 12% of the national total. Thus the primary concern of the Belgian business statesmen in Summer 1940 was to raise the volume of exports to the Reich. Nonetheless, two strict conditions were attached to trade with Germany. The manufacture of arms and munitions for the enemy, which violated Article 115 of the Belgian penal code, was forbidden. Nor were firms to move into new product lines or expand their plant (30).

A Galopin Committee study of June 1941 recommended that Belgian industry in effect double its original German export target of 6 billion BF. This recommendation simply overlooked the unpleasant fact that Belgian exports to the Reich constituted less than half of its production for German military and civil agencies. (The remainder was sold to German agencies in the Command Area of Belgium and North France.) Moreover, by June 1941 it had become evident that the Reich would not send foodstuffs to Belgium in return for manufactured goods. Indeed, Belgium imports were virtually limited to raw materials and machines necessary for basic maintenance and

(29) "Note établie en vue de la réunion (de CCI) du 21 juin 1940".

(30) "Devons-nous reprendre la production industrielle en Belgique? Dans quelle mesure?"

for the completion of German finishing orders. The same paper substantially loosened the definition of what constituted an arm or munition. It did not touch on the question of expanding into new lines or adding to capital (31).

There were indeed no centrally-directed efforts to restrain production until it became obvious that Liberation was close at hand. A study of late 1943 by the Société d'Economie Politique, which discharged numerous research projects for the Galopin Committee, recommended that manufacturers cease accepting additional German contracts and sell their stocks. Why? To avoid being politically embarrassed at Liberation and being encumbered with items that might be difficult to sell outside of Nazi-occupied Europe (32). Nonetheless, up to the end of occupation Belgian producers remained loathe to accept orders for arms and munitions or to expand their operations in any obvious fashion. The longer the occupation lasted, however, the more did the anticipation of Liberation rather than the dictates of the Galopin Committee provide the restraints on production. The effect of the turn of the war's fortunes on Belgian industry's behavior will be discussed in the second section of Part II of this article.

An important exchange of letters between Galopin and de Launoit illustrates the latter's adherence to the basic practices of the Politics of Production. The subject at hand was the manufacture of "square billets of 81 mm" which could go into the production of 75 mm shells. Cockerill, a Société Générale-controlled firm, had accepted an order for 940 T from the "Seraing shops of Rheinmetall-Borsig," which actually were a section of the old Cockerill shops under German administration. De Launoit had refused to accept a similar order for 940 T. On 10 June 1941, he wrote Galopin that "While the envisaged fabrications can be explained at Cockerill, at Ougrée they will fuel the veritable campaign of calumny which has been directed against our society for several months." (33). On the sixteenth of the same month, Galopin responded that "... we should refuse no occasion to work that is not contrary to our national dignity... I consider as the limit of respectable work everything that does not have as its goal the furnishing of arms or munitions, or parts (of the same). To my mind these terms should be defined in the strict sense... One cannot

(31) "Note relative au comportement de l'industrie belge pendant l'occupation du pays."

(32) Société d'Economie politique: "La reprise immédiate du travail dans l'industrie au lendemain de la guerre," 9.9.43; "Note sur la saisie des biens ennemis," 25.10.43.

(33) De Launoit to Galopin, 10 June 1941.

condemn *a priori* the furnishing of raw material which can perhaps be used for the fabrication of arms and munitions." Galopin added, rather archly, that "You say that your scruples in accepting the Rheinmetall-Borsig order are singularly incidental to the fact that your society has been the object of attack since the signature of your contract with Otto Wolff..." On 17 June de Launoit responded just as pointedly that Galopin seemed to be endorsing the idea that "...any manufacture falling within the normal and habitual cadre of a firm's operations can be considered licit." (34). He also denied that the steel industry greatly needed new orders.

It would be a mistake to read too much significance into the difference between the two men. Although Galopin was concerned primarily with the balance sheet and de Launoit with the reputation of Ougrée, both men had the interests of his firm equally at heart. The exchange of letters indeed was positively of value to de Launoit. Did it not put him on record as having opposed the acceptance of an order for munitions ?

The differences apparent in the letters played no role in the outcome of the issue. To be sure, de Launoit petitioned the Military Governor, von Falkenhausen, for a cancellation of the order on the grounds that it constituted menace to labor peace, and Falkenhausen did cancel the order. But it was soon re-issued, heavily cosmetized, and Ougrée accepted it. The issuing firm was located in Eschweiler, just across the German border. The billets O.-M. made for it were shipped to Eschweiler, then shipped back to the Rheinmetall-Borsig shops on the Cockerill lot in Seraing, where they were finished into 75 mm. shells. The order was subsequently twice renewed (35).

The following table, which shows the destination of steel production for each firm during the occupation, demonstrates that Ougrée followed the production policy set by the Galopin Committee :

(34) Galopin to de Launoit, 16 June 1941. *Rapport*, 28 février 1945, *op. cit.*, in *passim*; *Rapport* 6 septembre 1946, p. 24f.

(35) *Ibid.*

TABLE I :

PRODUITS "SYBELAC"
TABLEAU RECAPITULATIF DES EXPEDITIONS DE JUIN 1940 A SEPTEMBRE 1944 (15 usines)
en tonnes

Firmes	Intérieur pur	Relam. et transfor.	Sonder-kontin-gent	Exportation indirecte			TOTAL marché intérieur	Exportation directe			TOTAL exporta-tion	TOTAL GENERAL	Laminage à façon pr compte du Walzstahl Verband
				Allemagne	autres pays besoins allemands	autres pays besoins privés		Allemagne	autres pays besoins allemands	autres pays besoins privés			
Providence	167.887	100.596	7.384	138.318	6.263	5.384	425.832	91.466	6.964	8.296	106.726	532.552	8.109
Espérance	44.636	30.274	771	55.153	208	7.560	138.602	94.580	11.591	15.840	122.011	260.613	5.659
Jemappes	39.564	169	918	20.314	270	2.363	63.598	3.850	2.801	1.962	8.613	72.211	2.993
Thy	73.191	47.244	4.340	36.757	1.255	2.052	164.839	73.952	7.801	3.467	85.220	250.059	8.706
Cébétac	-	39.362	-	-	-	-	39.362	-	-	-	-	39.362	-
Gilson	65.250	18.359	642	50.671	561	1.935	137.418	4.294	657	3.224	8.175	145.593	-
Fabrifer	26.768	488	506	62.298	663	1.007	91.730	43.005	30.513	18.544	92.062	183.792	9.080
Boel	81.163	11.613	1.264	72.537	1.276	2.511	170.364	97.421	15.298	7.402	120.121	290.486	1.216
Clabecq	89.133	13.051	3.263	71.024	997	2.043	179.511	115.139	12.628	14.151	141.918	321.429	11.245
Sambre & Moselle	83.529	43.656	4.513	35.102	1.740	948	169.488	52.401	4.105	5.417	61.923	231.411	336
Cockerill	143.207	208.342	8.971	57.960	3.527	1.861	423.868	33.949	3.999	6.466	44.414	468.282	1.522
Ougrée	191.136	187.999	6.319	226.839	1.152	26.462	639.907	111.328	11.839	34.709	157.876	797.783	13.116
Angleur	94.360	73.344	3.864	132.666	3.635	3.662	311.721	128.456	25.901	27.792	182.149	493.870	9.342
A.M.S.	62.128	62.178	2.709	32.401	287	3.470	163.173	74.783	4.347	2.102	81.232	244.405	2.563
Hainaut	73.574	95.052	6.485	31.457	2.618	2.080	211.266	64.795	4.203	3.749	72.747	284.013	1.758
Total	1.235.526	931.727	51.939	1.023.697	24.452	63.338	3.330.679	989.419	142.647	153.121	1.285.187	4.615.866	75.654

Source : Auditorat Général.

The reasons why Belgian steel, and Belgian industry generally, produced on such a scale have yet to be adequately explained. Baudhuin's efforts in this direction are little more satisfactory than their opposite : that Belgium's producers were unpatriotic scoundrels who "sold their country down the river" for profit. In Part II of this article I will attempt to demonstrate, using Ougrée-Marihaye as an example, that once the decision to remain in business during the occupation had been made, Belgian manufactures had little choice but to produce as much and whatever Germans wanted to buy. How did Belgian producers react to their apparent inability to cease producing goods that they knew benefited the war effort of the enemy ? The final section of Part II will concern the relations between the producers and the forces of liberation --- the resistance, the Allies, and the political left generally.

PART II :

THE "POLITICS OF PRODUCTION" IN ACTION

Part I of this two-part article suggested that Belgium's role as a supplier of the Third Reich was of heretofore unrecognized importance in the country's overall occupation experience. As a first step to the necessary re-assessment, it proposed an examination of the production policy followed by Belgian industry during the occupation, which was made and, in effect, enforced by the Galopin Committee. It proceeded to challenge the arguments that Fernand Baudhuin marshalled to prove that Belgium's interests were best protected by producing for the Reich on a large scale, albeit subject to certain conditions. Although these conditions -- the importation of foodstuffs and the protection of labor -- were not met, Belgium produced for the Reich in amounts vastly in excess of those originally projected by the Galopin Committee. Special attention was devoted in Part I to refuting Baudhuin's contention that production in excess of that necessary to achieve social purposes was the work of isolated producers who, by their actions, in effect rejected the Politics of Production. The large Belgian producer had little entrepreneurial freedom during the occupation. We saw, by way of example, that the Baron de Launoit's efforts to enter into special relationships with German economic interests had but negligible effect on the amounts Ougrée produced on German order during the occupation.

The remainder of Part I was devoted to demonstrating why the institutional setting of the occupation made it impossible for a large firm, such as Ougrée, to have pursued an independent policy of production : the demands of Hitler's strategy for men and material and the economic-administrative methods of national socialism made it necessary for the Reich to achieve its policy ends through the branch of industry rather than through the individual firm. This emphasis fit in well with the main consideration in the policy of the Galopin Committee, which was to preserve the solidarity of Belgian industry during the occupation. In the hopes of being able to strike a *modus vivendi* with the victorious Reich, the Galopin group won the C.C.I. to the acceptance of the proposition that Belgian industry should organize itself so as to be able to do business in New Order Europe. The key branches of Belgian industry consequently organised themselves into *Warenstellen* which, operating in tandem with traditional cartels, allocated German orders and raw material. This machinery regulated production the entire length of the

occupation. Basic position papers of the Galopin Committee even sanctioned substantial increases in the acceptable amounts of the production that could be done on German order. Thus responsibility for Belgium's production for the Reich rests collectively with the traditional leadership circles in the Belgian economy. It follows that if there is a defense to be made for the Politics of Production, it must be made on other grounds than those of Baudhuin.

But Part I did not attempt to explain why Belgian industry persisted in a policy of production for the Reich even though it apparently had no compensating social dividend. The first section of Part II will examine the internal operations of Ougrée-Marihaye with a view to making one obvious point: to keep the firm operating without going bankrupt it was necessary to accept substantial numbers of German orders. Thus once the Galopin Committee succeeded in enforcing its proposition that industry should not shut down but do "business as usual," it was virtually inevitable that the Reich could secure in Belgium the amounts and kinds of production it sought.

The final section of this Part provides supporting evidence for the fundamental contention of the study: that Belgium's role as a supplier to the Third Reich had wide-ranging implications for the country's occupation experience. It will show how, by producing for the Reich, Belgian business put itself in a position to stave off threats from the political left at the time of Liberation.

A. Ougrée-Marihaye's Production in the German Interest

How should one measure the Reich's degree of success in enlisting the productive potential of Belgium in the German war effort? Economists have not yet come up with formulae to define the limits within which a conquering nation can force a conquered nation to produce in its interests. Thus the historian must grope towards an estimate of the factors involved. In Part I we have seen how Hitler's strategy and German weakness in manpower and material put limits on the Reich's ability to coerce Belgian manufacturers into producing. This argument will be carried forward. The other part of this problem concerns the power of Belgian industry to resist providing material aid to the German war effort while, at the same time, remaining in business. The analysis of Ougrée's operations which follows should provide some insight into the problems that such a policy inevitably encounters.

The judicial investigators of Ougrée did not challenge the successfulness of the Galopin Committee's Politics of Production. The two *Rapports* consequently made several assumptions which, while perhaps valid as judicial criteria, exaggerated the extent that O.M. thwarted the Occupant's aims. They are: 1. That the low levels of Belgian steel production during the occupation constitute *a priori* evidence of resistance. 2. That only direct furnishings to the enemy served his interests 3. That only finished weapons and munitions constitute armaments 4. That "patriotic" motives rather than profit/loss considerations were decisive in production policy. These assumptions must be assessed before one can proceed to analyze Ougrée's production during the occupation (36).

A lowered level of Belgian steel production was imposed by the strategic realities of the occupation. The British blockade cut off Europe, a traditional net exporter of steel, from its non-European markets. Within Europe, there were excessive capacities in most lines of steel production during most of the war. In particular, there were surpluses in Thomas steel production. Belgium specialized in the export of these Thomas qualities, especially to non-European markets. Moreover, Belgium was in a poor position to sell in European markets. Until Speer named Hermann Röchling to head *Reichsvereinigungstahl* in June 1942, the Germans made no effort to administer the steel industry of Europe on a unified basis; before

(36) See : Papiers de Launoit, *Rapport* du 28 février 1945; *Rapport* du 6 septembre 1946, *in passim*.

then, effective control over European steel policy was in the hands of Germany's steel industrialists, who sought to monopolize European steel markets for themselves. Thanks to the incorporation of the steel mills of Austria, Czechoslovakia, Poland, Luxemburg and Lorraine into the production organizations of the Reich, the German steelmen were more than able to supply the demands of the European market for most of the occupation (37).

Belgian producers even faced the prospect of a shrunken domestic market for steel, due to losses in overseas markets for steel manufactures, such as shipbuilding, railroad rolling stock and equipment, and, above all, construction. It is not surprising that at O.-M. only two of seven blast furnaces were re-fired when work was resumed after the onset of occupation (38).

Moreover, the loss of English coal imports created a deficit in Western Europe which provided a theoretical upper limit to the amount of steel that could be produced. Thus Belgium, which had been roughly self-sufficient in coal prior to the occupation became a large exporter during it. In addition, Belgian coal production fell steadily during the occupation. By May 1944 the mines produced at only 40% of pre-war levels (39).

Thus one should look to these inherent limitations on Belgian steel production during the occupation before considering the more problematical effect of resistance.

Perhaps the most severe methodological shortcoming of the investigative reports was the failure to come up with a satisfactory definition of "production in the enemy interest." In the report of 28 February 1945 the notion is limited to production billed to German purchasers (40). While it is true that the Stahlwerksverband bought substantial amounts of Belgian steel products directly, most German purchasing in Belgium was of finished manufactures. A delivery of, say, boiler-plate to a Belgian manufacture of railroad tank cars under German contract served the Reich's interests no less than the delivery

(37) The most thorough treatment of the German steel industry from 1939-1945 is Jörg-Johannes JAEGER's *Die wirtschaftliche Abhängigkeit des Dritten Reiches vom Ausland, dargestellt am Beispiel der Stahlindustrie*, Berlin 1969.

(38) See SEF 1114, "Affidavit Houbaert" (Röchling Papers, Rijksinstituut voor Oorlogsdocumentatie, Amsterdam).

(39) For coal problems in occupied Belgium see John GILLINGHAM, *The Economic New Order in Belgium*, diss., U.C., Berkeley, 1974, Pt. III, Ch. 4, "Belgian Coal, Steel, and Steel Manufacturing."

(40) *Ibid.*

of the same boiler-plate to a German manufacturer of tank cars. But since the former delivery would have been billed to a Belgian purchaser, it would not have counted as "production in the enemy interest".

The evident inadequacy of this criterion apparently prompted the bench to require a second report. The German system of steel rationing, which was introduced into Belgium after the onset of occupation, provided a better means of arriving at an estimate of Belgian steel production in the German interest. Every order requiring steel that was placed in occupied Belgium had to be accompanied by certification from an agency known as "Zast" (*Zentralauftragstelle*). The Zast certificates would accompany an order from the first production level at which steel was used to the end product. The Zast certificates made it possible for the investigators to determine how much steel production went into German "indirect" purchases, that is of finished products made in Belgium for German purchasers. Using the Zast criteria for "indirect" production plus direct deliveries to German purchasers, the investigators determined that 334,142 T or 41% of Ougrée-Marihaye's production was "in the German interest" and 468,269 T or 58.4% in the Belgian (41).

But this Zast-based figure must be regarded as a minimum estimate. It omits, first, production for the necessary maintenance of plant and expansion. Nor does it include deliveries on the Belgian Zast quota to basic production industries and transport. Their operations, while not easily divisible into spheres of German and Belgian interest, were nonetheless essential for the former. In this group are included deliveries to the coal mines, the electric power producers, and the railroads.

Finally, it overlooks products manufactured on the Belgian quota but sold to German purchasers on the black market. It has been estimated that between March 1942 and May 1943 15 billion BF passed through the Clearing for German purchases of Belgian black market goods (42). If one includes these additional amounts, Belgium's manufactures in the Reich's interests appears much larger still.

Quite surprisingly, however, the second report's concluding judgments are not based on the Zast-criteria for "production in the German interest." Only deliveries for which Ougrée billed German customers (and only where the actual bills could be found) were

(41) *Rapport du 6 septembre 1946, op. cit.*, p. 9.

(42) GILLINGHAM, *op. cit.*, p. 391.

considered to constitute deliveries "of suspect or military destination." Thus it concluded that a mere 3.5% of the production of the firm served the German interest (43).

In making the judgment to limit the applicability of Article 115, the investigators assumed that only arms and munitions in the strictest sense served the German interest. Galopin himself recognized the absurdity of this idea. On 16 June 1941 he wrote de Launoit that Ougrée's refusal to accept the order for billets from the Deutsche Waffen- und Munitionsfabrik was frivolous in as much as "...the present war is a total war; it follows that all deliveries on German account of whatever kind... contribute to the success of (the enemy's) military operations. The distinctions which one makes between the different kinds of deliveries are therefore largely of a subjective kind... There is no fundamental difference between ... a delivery of primary materials to Germany for military purposes and the delivery of the same material for civil purposes. In effect, the aid amounts to the same thing in both cases, since every delivery to Germany frees an equivalent amount of the same material, which from thence goes into manufactures of a more specifically military nature" (44).

The final assumption made by the two *Rapports* is that patriotic motivation overruled business logic as a consideration in making production policy (45). Suffice to say at this point that the shift that occurred in Ougrée's production during the occupation from manufactures of little military application to manufactures of considerable military application suggests that the *sine qua non* of policy-making was the acceptance of enough orders to keep the firm viable as an operating unit. Only then did social and patriotic motives come seriously into play. This phase of policy-making will be explored in the second section of this Part.

To arrive at a general idea as to the size of the Occupant's stake in production at Ougrée, it is necessary to divide the product line of the firm into three categories. In the first one fall products which the firm normally sold to basic industries and transport on the domestic market, or which were consumed within the de Launoit group of firms; in a second, lines in which the firm had been a large prewar exporter but in which the Reich had little interest; in a third,

(43) *Rapport du 6 septembre 1946, op. cit.*, p. 249.

(44) Galopin to de Launoit, 16 June 1941.

(45) See *Rapport du 28 février 1945, op. cit.*, "Conclusions," p. 86f.

products of evident military application.

It is impossible to divide production in the first category between German and Belgian spheres. While allocation of this group of products was on the Belgian quota, they obviously went to industries and transport which were, to some extent, working in the interests of the Reich. The only available guides to an estimate of the extent to which this production aided the Reich are the global figures for Belgian steel manufacturing activity in the interests of the Reich. In 1941, roughly one-third of Belgian manufacturing was for German order. In 1942, 67.3% of Belgian manufacturing by value and 63.5% by weight was for German order. Although comparable percentage figures do not exist for 1943, Belgian deliveries of manufactured goods for Germany increased more than 25% by both weight and value. Probably a minimum of two-thirds of total Belgian manufacturing activity during the occupation was for German purchasers (46).

The Reich had no reason to divert production in Ougrée's basic lines to Germany. In the early stages of the war, it had no need for it. In the later stages of the war, when large numbers of German orders went to the Belgian manufacturing industry, to have diverted Belgian production would have created supply bottlenecks.

Be as it may, Ougrée sold the following products on the Belgian domestic market both before and during the occupation: forged ingots, round ingots for tubes, profiles (for mines), reinforcing bars for concrete structures, rivets and button rivets, grinding pellets, heavy rails, light rails, hammered sections, forged sections and braces and angles. Ougrée also produced various types of steel for "in-house" consumption, such as special steel (hammered sections), special alloyed steels, and certain types of construction steel (47).

According to the Zast figures, production in these lines remained relatively constant as a percentage of Ougrée's production before and during the occupation.

Obviously, then, the shift in O.-M.'s production is best seen by a comparison of production in lines where the firm had been a major exporter before the occupation and in lines of military application.

Ougrée had been a major force in world production in one line, strip and band steel. It was authorized 44% of world production by the international steel cartel. In the forty-two months prior to the occupation, O.-M. exported roughly 475 thousand T of band and

(46) GILLINGHAM, *op. cit.*, p. 554-5.

(47) The *Rapport* of 28 February 1945 contains a list of the firm's products together with brief descriptions of their uses.

strip, or one third of its total production of 2.4 million T in the line. Band and strip has numerous applications. It can be used in water and gas pipes, electrical conduits, beds, furniture, and bicycle accessories, and, in special series, in automobiles, railroad cars, and furnishings (48).

While the Reich had a certain interest in purchasing some of the firm's band and steel production, it was far from being able to compensate for the loss of peacetime markets. The Stahlwerksverband in effect recognized the extraordinary problems Ougrée faced in bands and strips. It ceded O.-M. its quote-part in the French market for the product (49). During the occupation production of bands and strips at Ougrée fell to 17% of total production of roughly 802,411 T. Of a total of 136 thousand T of strip and band produced during the occupation, roughly 120 thousand T was sold on the domestic market and only 15 thousand T outside of the borders of the country (50). Thus during the occupation, in strip and band alone, Ougrée lost export markets which equalled by weight one-half of her actual monthly average of total production during the occupation. One need not know the monetary value of sales in the lost pre-occupation exports markets to conclude that the firm would have had to take extraordinary measures during the occupation to avoid bankruptcy.

To what extent did supplementary orders in lines of military application compensate for these lost markets? There are two product lines of military application in which Ougrée was a substantial exporter, plate and wire.

The *Rapports*' information on plate production is fragmentary. Ougrée made a wide range of gauges: heavy (for armor and naval plate), medium-heavy (for boiler plate), medium sheet, and galvanized sheet. The firm insisted to the judicial investigators that it doggedly resisted accepting orders in the heavier qualities. It did not, however, submit any evidence to establish the numbers or the amounts of rejected orders. There is no question but that the bulk of its plate production served ends determined by the Occupant. The bulk of Ougrée's plate production during the occupation was in heavy lines. Of total plate production of 140,990 T, 64,714 was of heavy plate, and 20,140 medium heavy gauge. According to the Zast criteria, 91,475 T or 65% of total plate production of 140,999 T was

(48) *Ibid.*, p. 113f.

(49) *Ibid.*, p. 194.

(50) *Ibid.*, p. 113.

for German purchasers (51).

No doubt it was partly to reduce the deficit resulting from the loss of band and strip markets that the firm accepted a disproportionate number of orders of military application for wire products. Wire production during the occupation was lucrative for O.-M. In the six years from June 1934 to May 1940 the "Division Tréfileries d'Hemixem", earned 32,726,000 BF. It made nearly as much in the three years from June 1941 tot May 1944 -- 25,599,000 BF (52).

Wire in its various forms became Ougrée's most important product during the occupation, constituting 270,149 T of steel production. While in the years before the occupation, wire manufactures constitute 16-17% of total annual production, the average during the occupation was 33%. Monthly wire production ran at slightly above pre-occupation levels. The second investigative report managed to trace 76% of the firm's soft wire production to German purchasers; at least 60% of its hard wire production was delivered on German order. Roughly two-thirds of total wire production, then, served the Reich (53).

Ougrée claimed to the judicial investigators that it manufactured wire for the Occupant in such quantities to avoid having to manufacture additional amounts of plate (54). It could not, however, produce any evidence of any such product "trade-off" with the Occupant. At it was, the acceptance of the wire orders went a long way in the direction of making munitions for the enemy. German purchases of hard wire were for anti-submarine nets. Ougrée's soft

(51) *Rapport du 6 septembre 1946*, p. 9

(52) *Ibid.*, p. 88.

(53) *Ibid.*, p. 94f, p. 33.

(54) *Ibid.*, p. 52f.

wire production was for barbed wire (55).

One of the decisive considerations in O.-M.'s acceptance of this order was its political "coverage." We have seen that in August 1940 the King proposed to Chief of Military Administration, Reeder that Leon Bekaert be appointed "Super Secretary General." Bekaert was the dominant influence in the industrial association of wire products manufacturers, "Union de Tréfileries et Clouteries Belges." Bekaert owned "Tréfileries Leon Bekaert" and jointly owned "Ste. Anonyme de Hemixem" with Ougrée. The latter firm operated under the name "Ougrée Marihaye, Div. Hemixem." Ougrée, for its part, was responsible for 40% of total Belgian soft wire production, and 100% of its hard wire production (56).

This wire production was not forced on Belgian industry. Indeed, the initiative for the placement of German wire orders in Belgium came from U.C.T.B. According to the Report of 6 September 1946, "Until September 1942, the production of machined wire by the Belgian steel industry remained steady at about 8 to 9000 T per month. In this period the wire manufacturers did not cease to protest the insufficiency of their provisioning..., which led to the depletion of their stocks, (and) deprived them of a will to work... From September 1942 the grievances of the wire manufacturers increased, and Sybelac suggested that they be furnished with more wire, principally for direct deliveries to Germany. Beginning in October 1942, the wire manufacturers announced to Sybelac the registration on German account of a large tonnage of wire products..." Thus wire production jumped up to

(55) The *Rapport* of 6 September 1946 provides an insight into some of the techniques that a firm could use to disguise the destination of "suspect deliveries," or to evade responsibility for them should concealment not work. Thus a German national who was a member of the nazi "Circle of German Technicians," one Middermann, was appointed Director at Hemixem. He handled much of the "dirty business," such as the sale of hardwire for gun barrels to the Deutsche Waffen- und Munitionsfabrik. The delivery of this order occurred through an intermediary commercial firm, Intermetal, which was in fact owned by Rheinstahl, a major German armaments producer. Hemixem's German Director, Middermann, corresponded with the Director of Intermetal, Klinckmann, "...in German... This correspondence (the Report noted) had a special character. It was written more in the manner of letters between friends than of official correspondence." Middermann was "the right man at the right time". His deals with Intermetal were unusually profitable for the Div. d'Hemixem. Moreover, in the event of an Allied victory, the management of Ougree could represent Middermann as having been personally responsible for the "suspect deliveries." Such, in fact, proved to be the case. (See : *ibid.*, p. 31, 65f., p. 77.)

(56) *Ibid.*, p. 92.

20,000 T in December 1942 and remained at this monthly level until Spring 1944. By 1943, 43% of O.-M.'s production by weight was in wire products (57).

Another measure of the shift in O.-M.'s product line from items of limited to items of considerable military usefulness was the shift from low-grade to high grade steel manufacture. In the period from 1 January 1937 to 10 May 1940, Ougrée produced 78% of steel using the Thomas process, which was used in the manufacture of low quality steel, and 22% of Siemens-Martin steel, which produced the harder qualities necessary in most armaments. In the first twenty-five months of the occupation, these proportions shifted to 59% Thomas and 41% Siemens-Martin. Finally, from July 1942 to September 1944, the proportion shifted back towards Thomas production, with 68% of the total in it and 32% in S.-M. But this shift obscures the fact that after 27 May 1943 much of the Thomas production was of armaments-grade steel. This apparent "sleight of hand" operation was made possible by the introduction at O.-M. of the so-called "H.P.N.-procedure" patented by the Vereinigte Stahlwerke (58).

The H.P.N. procedure provided a means of producing armaments grade steel without large amounts of coke. Its introduction was a matter of great urgency in Spring 1943, when coal and coke shortages became *the* bottleneck to an increase in arms production. The procedure "...consisted of diluting the steel bath with nitrogen while adding fine-grade mineral into the horn as an oxydizing agent, which permits the reduction of the air blast." (59). The introduction of such a new procedure violated the spirit of the Galopin Committee's ground-rule that no new manufactures should be introduced during the occupation. The steel industry nonetheless agreed to introduce the process, since it feared that a refusal to do so would "...substantially reduce the production of Belgian steel (by bringing about) a cutback in coke allocations." (60). Although Ougrée claimed to have partially sabotaged H.P.N. production, the investigators could find no evidence of such having taken place. The importance of H.P.N. production is evident in heavy and medium grade plate. In 1942, 8880 T of Thomas and 6554 of Siemens-Martin were made; in 1943, after the introduction of the new process, Siemens-Martin increased slightly to 9140 T, but

(57) *Ibid.*, p. 102.

(58) *Ibid.*, p. 5-10.

(59) *Rapport du 28 février 1945, op. cit.*, p. 29.

(60) *Ibid.*

Thomas jumped to 15,490 T (61).

While it is impossible to cite a single percentage figure to measure the extent to which O.-M.'s total steel production served the enemy interest (or to measure the savings in raw material which was achieved through the introduction of the H.P.N. and other processes), the amounts involved were very considerable. At the least, the firm had to accept enough German orders to remain financially viable. In the important example of wire production, its industry association was obliged to solicit a large amount of German business. There is little evidence to indicate that steel production at Ougrée reached levels high enough to enable the management (or Sybelac) the luxury of refusing large numbers of German orders categorically.

But steel-making, while the most important branch of Belgian industry, was only one of them. The supply-demand situation in other branches of Belgian industry naturally varied. A brief analysis of Ougrée's collateral areas of activity suggest how the "Politics of Production" affected the Occupant's ability to steer production in them to his purposes.

German demand was greatest in basic industrial fuels and lubricants. Although Belgian industry did not, on the whole, lack markets for these items, the Occupant was able to assert control over their allocation by threatening reduced or total cutoffs to Belgian industry.

In September 1940 the Belgian coke and coal industry agreed to accept the delivery schedules drawn up by the authority which came to be known as "Beko-West," which was responsible for the allocation of the Western European coal supply. The Belgian decision was no doubt influenced by the anticipation that the Belgian domestic market for coal would be reduced, due to the slowdown in industrial activity that occurred with the onset of occupation. Thus Belgium, which traditionally had a coal export/import balance, became a large net exporter of coal. Once this decision to accept German coal allocation schedules had been taken, there was no turning back from it. The Germans simply picked up what they wanted at the pit-head and shipped it off to its destination. The reduction of coal production was not a practical alternative. German delivery quotas had priority. The amounts not produced would merely be subtracted from Belgium's coal allocations. The only effective resistance to German control of coal production was for the

(61) *Rapport du 6 septembre 1946, op. cit., p. 5-10.*

miner to carry home coal at the end of the day for his personal or family use, or for re-sale on the black market (62).

The German domination of the de Launoit group's coal and coke operations during the occupation exemplified his domination of the industry. The de Launoit collieries and cokeries existed primarily to supply the needs of its steel firms. Before the occupation, 100% of its "large coke" (which constituted 85% of total coke production) went to de Launoit-controlled steel factories. The remaining 15%, "small coke," went for domestic use. During the occupation, much of the large coke production of the mines in the de Launoit group was diverted to Luxemburg, which was administratively part of the Reich. 20% of its small coke production went to the Wehrmacht in Belgium, and additional amounts were shipped off to Luxemburg (63).

The coal shortage in German-occupied Europe carried over into coal-based petroleum substitutes. Two coal by-products were of particular interest to the Occupant, toluol and benzol. When the coke gas that results from the distillation of coke from coal is purified, it yields so-called "raw benzol." When this product is "rectified," it yields 90 degree benzol (a basic constituent of artificial gasoline) and toluol 90/120 (the basic constituent of TNT), as well as the strategically less critical products xylol and naphtha.

The military applications of toluol require no elaboration. But benzol was also a critical product. A lack of petroleum was the Third Reich's most serious strategic liability. Not surprisingly, the creation of an artificial petroleum industry was the largest investment project of the Four Year Plan. It was not likely that the Occupant would let Belgium's toluol and benzol capacities stand forever idle, regardless of the nature of his plans for the rest of Belgian industry.

Belgian producers had little interest in selling either of the two products to the Reich. Toluol obviously constituted a munition, and with the onset of occupation Belgium, like the Reich, faced a grave shortage of natural petroleum. The Belgian domestic market, even at low levels of operation, could absorb far more benzol than the country could produce.

The Belgian producers of benzol and toluol, who were organized in a cartel, Cobenzol (*Comptoir des Benzols*), resumed production after the onset of occupation. They claimed that they did so on the basis of an understanding with the leader of the Group Oil

(62) GILLINGHAM, *op. cit.*, p. 507f.

(63) *Rapport du 28 février 1945, op. cit.*, p. 35.

Products in the Military Administration (64). On the occasion of this supposed "understanding," he actually said no more than that the Reich had no immediate need for toluol and would purchase benzol through normal commercial channels. The producers probably interpreted this statement to mean that the problem of producing for the Reich need not arise, since no benzol would be available through "normal commercial channels" after Belgian domestic needs for the product were met (65).

The members of Cobenzol protested vigorously in May 1941 when the Military Administration demanded the immediate delivery of 5000 T of 90 degree benzol. The producers had no intention of selling this fuel without first getting legal assurance that delivery of it was licit. *Maître* Braun of Brussels assured the producers of this fact, and deliveries began. In July 1941, the Occupant increased his demands to 50% of the Belgian production of benzol 90 degree. In May 1942, the Occupant "requisitioned" all stocks and future production of motor benzol. Until January 1943, actual deliveries of the lubricant to German purchasers averaged only 15 to 20% of monthly production. From then until June 1943, however, the entire production of the industry was requisitioned. Thereafter and until the end of the occupation, Belgium received 500 T per month for industrial use (66).

In benzol as in coke and coal, the product was too critical to the operation of Belgian industry to have made a refusal to produce it feasible. The speed with which the Military Administration raised and lowered allocations to Belgian industry certainly does not testify to the success of the Reich's industrial planning. It does, however, demonstrate an impressive ability to intervene in the operations of Belgian industry at critical moments.

Although there was little civilian market for toluol, Cobenzol did not want to produce it for German customers. The possible penalties for undertaking such a manufacture far outweighed the value of the possible profits in such a trade. The Occupant did not demand that Cobenzol produce toluol until October 1941. It was told from henceforth to produce "the maximum possible," 200 T per month, all of which would be sold to the Occupant. The industry refused to produce until given a binding guarantee from the Secretary General of Justice, Schuind, that such production did not

(64) Cobenzol to Leemans, 20 Oct. 1941.

(65) *Ibid.*

(66) See : *Rapport du 28 février 1945, op. cit.*, "Sous-Produits des Cokeries," Sec. 31.

violate Article 115. The demand raised an embarrassing legal question. The Occupant frequently used the requisition procedure to seize finished products for which he had immediate need. In some cases the procedure was used to relieve the manufacturer of responsibility for a questionable manufacture : a dummy "Belgian" order could be placed, then requisitioned by the Occupant after completion. But the only way to requisition future production was to requisition the plant where it occurred. Neither the Belgians, who wanted to protect their allocations of benzol nor the Military/Administration, which was loathe to tie down additional manpower, wanted such a solution. After considerable effort to avoid having to give an opinion in such a difficult matter, Schuind assured the producers that "a more pressing necessity" -- namely the need to protect benzol-producing facilities -- made it possible, for legal purposes, to consider that the Occupant had requisitioned future production. He ordered, however, that this legal "coverage" only remained valid if overall production levels not be raised (67).

This solution was not an unsatisfactory one, given the difficulties involved. The producers "dragged their feet" in distilling toluol from benzol. Ougrée claimed to the Occupant that it was able to get no more than a 7.47% toluene yield from raw benzol, instead of the 25% pre-occupation yield. While it is difficult to substantiate these figures, there was a large discrepancy between them and pre-war ratios of toluol production to coke production. While coke production represented 61% of pre-war, toluol was at only 13.26%. Nonetheless, the entire amount of this production went to German purchasers (68).

Production policy in the cement industry reveals the opposite extreme to that in coal, coke, and coal by-products. Precisely because the German demand for Belgian cement was low, the industry extended itself quite far in an effort to get German business.

In the Belgian cement industry, the *Cartel de Ciments* accepted and distributed all orders. Every cement producer had a so-called "theoretical quote-part," which represented his claim on the industry's overall profits. But production was allocated according to cost factors, such as available capacities, transportation expenses, etc. In the jargon of the cartel, the amount a firm manufactured was termed an "actual quote part." Actual and theoretical quote parts varied quite a bit in each member firm's production during the occupation. The amounts of cement that O.-M. produced during the

(67) *Ibid.*, Sec. 32; see also Séances des Secretaires-généraux, 14 Nov. 1941.

(68) *Ibid.*, p. 36.

occupation do not, therefore, provide a guide to the policy of the firm. The responsibility for the cement industry's production policy during the occupation was truly collective, unless, of course, the head of the cartel, Georges Hannecart, can be considered to have directed it (69).

The Belgian cement industry had a capacity of between 4.5 and 5 million T per year. In the years prior to the occupation, however, it had been able to operate at only one-half of capacity. Even at these levels the industry produced 550 kgs. per capita as opposed to 220 kgs. in the Reich. Over 40% of Belgium's cement production was normally exported. Most of these markets were lost to occupied Belgium. Civilian construction in the country was also severely cutback. In 1942 it virtually ceased. Moreover, in 1943 cement production was hampered by coal shortages and by shortages in paper sacks. Nonetheless, the industry managed to produce an average of 137,124 T per year, or 79% of its annual pre-war average (70).

How did the cement industry manage to work at such high levels during the occupation? The judicial investigations of Ougrée had to rely on the Cartel itself for production statistics. According to them, 3,915,721 T (or 54.82%) represented deliveries to German clients, and 3,227,242 or 41.5% deliveries to Belgian clients. Ougrée, which had a "theoretical quote-part" of only 1.95% of total cement production, delivered 57,160 T or 41% of its production to German customers, according to the cartel's figures (71). Yet the judicial investigators felt obliged to point out that "... the figures cited by Mr. Hannecart under the rubric 'deliveries to Germans' do not represent: certain direct deliveries to the Germans made with or without instructions from the cartel; nor significant indirect deliveries made through Belgian dealers or entrepreneurs working for Germany. The two types of deliveries were abusively subsumed (under the heading) 'Belgian civil deliveries'..." (72). The report of 6 September 1946 raised slightly its estimate of O.-M.'s production for the Reich on the basis of these figures but neglected to make corrections for cement industry as a whole. The Germans themselves estimate that from the onset of the occupation to the end of 1942, 70% of Belgian cement production went into German military

(69) *Rapport du 6 septembre 1946, op. cit.*, p. 225f.

(70) T 84/95/9360f. II. Teil Gewerbliche Wirtschaft, II. Abschnitt, Nr. 13 "Steine und Erden."

(71) *Rapport du 6 septembre 1946, op. cit.*, p. 32.

(72) *Ibid.*, p. 28.

construction, and thereafter, virtually all of it. Probably a minimum of three-quarters of Belgium's cement production during the occupation went into Luftwaffe air strips, the Atlantic Wall, and other German military facilities (73).

It would be difficult not to generalize from the experience of Ougrée-Marihaye that the Third Reich's stake in the production of occupied Belgium was huge. Representatives of the Reich bought, requisitioned, allocated, and at times intervened directly at all levels of production. The refusal from time to time of O.-M., and the firms producing in its lines, to produce a specific product represented a trifling hindrance to German overall purchasing. The reluctance of the Reich to place orders in Belgium was a far greater limit to the amount Belgium produced than any reluctance to accept German orders. There were surely theoretical limits to the extent to which Belgian industry would produce for the Reich. It cannot be said, however, that they were pressed very often at O.-M. Indeed, the leadership of the Third Reich had, to some extent, to be convinced that Belgium's productive potential could serve the interests of its war strategy. It is precisely in this regard that one should look to the possible virtues in the "Politics of Production." To what extent did a policy of production reduce the prominence in German occupation policy in Belgium of the worst of the nazi mischief-makers, such as the SS, the Party, the Four Year Plan, etc. ?

B. Belgian Business and Belgian Society During the Occupation

So far this two-part article has managed to skirt the difficult and uncomfortable question as to whether the behavior of the leaders of Belgian business constituted a form of collaboration or resistance. The bullet must now be bitten.

The failure of the Galopin Committee's "Politics of Production" to achieve any of its alleged social purposes could lead a critic to conclude that its members were uncritical admirers and devotees of Hitler's European New Order. Here, however, one must be skeptical: it is only among the traditional leadership groups in Belgium that one encounters a fully-developed sense of national consciousness. These groups were also, at least prior to the end of World War II, anti-German in outlook. The reports of German occupation authorities frequently complain of the frigid aloofness of

(73) T 84/95/7360f., *op. cit.*

the leaders of the Belgian economy, of their lack of spiritual affinity to the New Order. While these men were by no means averse to putting national socialist economic and administrative methods to their own purposes, at no time during the occupation did they learn to "think German."

The line of conduct that Belgium's business leaders adopted during the occupation was based on a proprietary notion of the national interest, one, in brief, that tended to equate the interests of business proper with those of the nation at large. These two interests by no means conflicted at every point; the extent to which the two were identical certainly deserves further study. Be as it may, the industrial and financial leaders of Belgium were willing to produce on a large scale for an enemy who was genuinely disliked, even at the cost of the nation as a whole, and even if this meant a delay in the date of the country's eventual liberation.

There is little doubt, however, that the "Politics of Production" well-served the powers-that-be in the Belgian business community. As noted in Part I, there was no significant re-distribution of power in Belgian business during the occupation. There was also none in its aftermath. This stability is due, above all, to the shrewd use that Belgium's businessmen made of the powers that the conditions of the occupation put into their hands. Here we can touch on only one of the means with which business was able to protect its position: the money that business earned by producing for the Reich enabled it to influence political trends in directions favorable to its interests. This meant, in the first instance, to strip the so-called Resistance Movement of its social revolutionary potential.

Defenders of Belgian business like Baudhuin, justify the "Politics of Production" not on general moral grounds, but as having served the interests of the national community. The men of the Galopin Committee no doubt originally hoped that a policy of production for the conqueror would benefit the citizen-at-large as well as the producer. Such a hope was not, however, grounded in study or experience but born of desperation; it represented a willing suspension of disbelief. After the German re-occupation of the Rheinland in March 1936, few Belgians doubted the inevitability of another German invasion. Leopold III's foreign policy of "strict neutrality in the national interest" was not intended to put a halt to German expansion but to lay the groundwork for an accommodation to the would-be conqueror, whose success seemed increasingly certain. The royal policy was, in the main, endorsed by the country's party-political leaders. In the months of "phony war" between 1 September 1939 and 10 May 1940, when the German invasion of

the West began, Belgian society became suffused with resignation, and with the desperate hope that "collaboration" would work. One therefore cannot fault the men of the Galopin Committee for the fact that in Summer 1940 they cooperated with the conqueror in arriving at arrangements to integrate Belgium economically into New Order Europe.

One can, however, legitimately criticize the business leaders for not making any attempt to abandon or modify the "Politics of Production" after it became apparent that by producing for the Reich Belgian industry was draining the citizenry of its wealth without bringing it any corresponding benefit in return. The big bankers understood this development full well: indeed, the exploitation of the country took place through the German misuse of the payments machinery of the "Banque d'Emission" that they had set up to finance trade with the Reich. But rather than call a halt to production for the Reich, the leaders of Belgian industry continued to produce. They were aware that by so doing they were perpetuating social and economic injustices of the most severe kind, but they trusted that the powers that accrued to them by producing for Germany would enable them to disarm their critics.

To do business with the victorious Reich, Belgian producers had to put money into German hands. The Reich simply lacked the financial muscle to import on a significant scale from the nations she occupied in Spring 1940. The Occupant could, of course, remedy this situation by seizing local currencies. But since producers in the occupied countries had a strong interest in having funds placed in German hands, such drastic and unpopular expedients were hardly necessary. In Belgium there was no objection in principle to the German imposition of occupation payments, so long as these monies were spent in the Command Area of Belgium and North France. These payments were eventually stabilized at the sum of 1.5 billion BF per month.

Because of Germany's financial weakness, she had to accommodate to some extent the proposals from concerned circles in the occupied countries for payments transfers. These arrangements varied somewhat in France, Belgium, and the Netherlands. German purchases in Belgium were conducted to a far greater extent than elsewhere through the so-called Clearing arrangement. A Belgo-German Clearing agreement had been in effect prior to the occupation. This Clearing amounted to a bookkeeping arrangement for reciprocal trade between the two countries. It was not important as a device for financing either Belgian exports to Germany or German exports to Belgium. After the onset of occupation, the

Clearing arrangement was renewed, but with a new component which would allow the Reich to "buy now and pay later." This innovation was the so-called Banque d'Emission (74).

The Banque d'Emission was owned jointly by the large private banks. It occupied the premises of the Banque Nationale and operated with the same staff. The Emission served, in effect, as a conduit to transfer money from the Belgian saver to the Belgian producer and seller of goods and services to German purchasers. The transfer machinery for payment for German orders placed in Belgium worked as follows : When a Reich purchaser bought a Belgian good or service, a credit (inscribed in Reichmarks) would appear in an account of the Banque d'Emission at the Deutsche Verrechnungskasse, which was an agency of the Reichsbank. The Emission would then immediately advance payment in Belgian Francs to the Belgian contractor. The Banque Nationale advanced the Banque d'Emission the actual currency with which it paid the Belgian contractor; the Nationale, in turn, was credited with the Reichsmark amount of the Banque d'Emission's credit at the Deutsche Verrechnungskasse. The source of the Banque Nationale's currency was the private banks, which subscribed bank notes either held by or issued by the Nationale. The key feature of this arrangement, then, was that the currency used in German purchases in Belgium came from Belgians themselves. The Germans incurred no more than a credit, which they never had any intention of repaying.

But the success of the new Clearing arrangement would depend on the Reich's willingness, or ability, to sell goods on the Belgian market. If the Clearing worked on a more or less reciprocal basis, the German obligation could be kept within reasonable limits. The debt could then be considered as a social cost necessary in the first instance, to finance the importation of goods the Belgian population required and, in the second, as a means of stimulating economic activity to desirable levels. If, on the other hand, the imbalance in the Clearing became too great, the arrangement would become little more than an instrument of plunder. The latter proved to be the case. The Clearing imbalance grew from 14.5 billion B.F. at the end of 1941, to 32.6 billion BF at the end of 1942, to 55.2 billion BF at the end of 1943, and to 67.2 billion BF by the end of the occupation (75).

(74) On the Banque d'Emission, see : Fernand DEMANY, *On a volé 66 milliards !*, Charleroi, n.d.; Comité d'Enquête, "Rapport sur la situation et les opérations de la Banque d'Emission à Bruxelles, I, II, III; GILLINGHAM, *op. cit.*, p. 196f., p. 434f.

(75) Fernand BAUDHUIN, *L'Economie belge sous l'occupation*, Bruxelles, 1945, p. 337.

The victims of plunder through the Clearing were the Belgian consumer, wage earner, and saver, that is, the individual citizen. The savings necessary to pay for German purchases in Belgium were, in effect, extorted from him by the imposition in Belgium of the national socialist systems of rationing and wage and price controls. In occupied Belgium these techniques, operating in tandem, provided the Reich with an admirable means for depriving those with money of opportunities to spend it, and those who lacked money of the opportunities to earn it -- all for the ultimate benefit of the German war effort. The German system of rationing, which was imposed in occupied Belgium, soon either restricted access to consumer goods or made them unobtainable (76). Thus total bank deposits increased substantially in the course of the occupation, from 12,143,227,000 BF in June 1940 to 43,577,875,000 in June of 1944 (77). It was the currency backing for these idled funds which, when passed through the mechanics of the Emission went to pay Belgian sellers to the Germans.

The availability of large amounts of money relative to the amounts of purchasable goods created an inflationary situation which, because of the way the wage and price control system operated, fell extremely heavily on the wage and salary earner. A German decree of June 1940 froze wage and price levels at the level of 10 May 1940 (78). Black markets soon developed in most lines of consumption goods. The price spiral became absolutely catastrophic between mid-1942 and mid-1943 as a result of the "Campaign for the Legal Extinguishment of the Black Market". This Campaign was the inspiration of Hermann Goering. He intended to use the "magic" money mechanism of the Clearing quite literally to denude Belgium of stocks. The rise in the official prices paralleled that of the black market. The following figures provide some insight into the severity of the inflation :

(76) See discussion of this question in GILLINGHAM, *op. cit.*, p. 434^f.

(77) BAUDHUIN, *op. cit.*, p. 394-5.

(78) On German labor policy see T 77/565/17423344 "Manuscript of an untitled book on labor policies in Belgium under German occupation".

TABLE II :

OFFICIAL PRICES (BF)

	15 May 1940	July 1942	July 1943
Cotton Shirt	35.95	132.80	176.34
Work Pants	27.12	94.12	118.25
Brush	3.98	13.11	26.18
Domestic Coal 20/30 (T)	399.16	512.40	580.63

BLACK MARKET

	July 1942	July 1943	Index 1963 (1939=100)
Cotton Shirt	203.77	286.24	872
Work Pants	167.31	248.46	1096
Brush	47.11	71.55	2142
Domestic Coal 20/30 (T)	2,611.90	2,466.21	787

(GILLINGHAM, *op. cit.*, p. 415, and BAUDHUIN, *op. cit.*, p. 408-9).

In contrast to the rise in prices, wages were increased only once during the occupation, 8% on 29 May 1941 (79). Thus it became completely impossible for the wage earner, or salaried official, to support a family from earnings alone. To survive one had to spend from savings, trade on the black market, or become the recipient of charity. The employee found himself in a position of extreme dependence on supplemental sources of money and provisions. For most employees the main potential source of such assistance was the employer.

Whoever made or sold something to the Germans benefited from the payments system. The beneficiaries were, then, agricultural and industrial producers and the commercial intermediaries through whom their goods were sold. One object of national socialist economic policy was to deny a "cut" to the "middle-man." But the purchasing practices of German agencies in the Command Area undercut this aim. The military units stationed in Belgium relied heavily for their provisioning on ambitious Belgian dealers and brokers. As more and more goods ceased to be obtainable on official markets, German agencies became dependent on black market

(79) T 77/565/17423344 "Manuscript....," *op. cit.*

sources of supply. Much of the expenditure that should have given the manufacture an incentive to produce therefore ended up in the pockets, or bank accounts, of black marketeers (80). Nonetheless, the share of the industrial producer in the Belgian national product increased substantially during the occupation.

Until 1943, the Belgian resistance movement existed mainly in the minds of its would-be organizers. They were of two schools. Conservative, patriotic men of military background as exemplified by Cols. Chasen and Lentz of the "Armée Secrète" thought that the chief function of the resistance should be to provide the Allies with intelligence (81). These gentlemen of the political right had little more in common with the men around Fernand Demany than hatred of the Germans. Many of Demany's associates were veterans of the International Brigade, which was formed to fight for Republican Spain. To their mind, the resistance should have served as a vehicle to liberate Belgium not only from the nazis but from an unjust social system. Demany eventually became the head of the vast "umbrella organization" known as the Front d'Indépendance. Although its adherents were of many political persuasions, extremely radical groups were prominent within it, such as the Partisans Armés, which specialized in robbing banks and in industrial sabotage (82).

Three developments of 1943 transformed the left-wing of the resistance from a loosely-affiliated cadre organization into a mass movement. The first was the change in the tide of battle. After the Allied landings of November in 1942 few Belgians doubted that the country would eventually be liberated. Second, the Goering-initiated "Campaign for the Legal Extinguishment of the Black Market" tilted the odds in the struggle to survive still further against the "little man." Finally, in October 1942 *Gauleiter* Sauckel officially began his campaign of labor deportations to the Reich. By the end of 1943, these campaigns had driven many tens of thousands of draft-eligible Belgians into hiding. Sauckel's efforts earned him the sobriquet "Stepfather of the Resistance." (83).

The Government-in-Exile in London provided the bridge which Belgian business took back to political respectability. The Pierlot Government departed Belgium much discredited by the events of

(80) Distribution of "black market dividend discussed in GILLINGHAM, *op. cit.*, Pt. III, Ch. II, "The Black Market", p. 392b.

(81) See : Henri BERNARD, *La Résistance, 1940-1945* and George K. TANHAM, *The Belgian Underground Movement*, Diss., Stanford, 1951.

(82) *Ibid.*

(83) See GILLINGHAM, *op. cit.*, p. 427b.

May 1940. To be reinstated in post-Liberation Belgium, it required the support of the Allies and a base of support in the occupied country. But the Front d'Indépendance was thought to be too left-wing and too uncontrollable to be considered as a potential partner : "In the eyes of (the Belgian Cabinet), the Front d'Indépendance was viewed as being perhaps entirely communist." The London Government therefore repeatedly refused its pleas for financial, and moral, aid.

The bankers had by no means overlooked the importance of preserving good relations with the representatives of Belgium's parliamentary and legal traditions. In one of its first acts, the Galopin Committee arranged for the Caisse d'Avances et de Prêts to be set up. Like the Emission, C.A.P. was owned jointly by the big banks. C.A.P. "...paid out large sums to numerous deputies and senators," and also 40 million BF's to subsidize the resistance of the magistrature, and to support the families of suspended high functionaries. The institution was ordered dissolved by the Occupant on 24 August 1942 (84). The official who remained in occupied Belgium were, then, to some extent the beneficiaries of the goodwill of the big bankers. The Londoners of the Pierlot Government soon became likewise.

But first London had to discover its inability to raise money in occupied Belgium unless the bankers cooperated. At the end of 1942, goaded by the Allies, the Belgian Sûreté de l'Etat, which was responsible for liaison with the non-military components of the resistance, made its first effort to finance the resistance. The London Government issued treasury notes bearing the signature of its Minister of Finance, Camille Gutt. "Alas, this system of (financing) had but little success among Belgians, who were anxious not to draw the attention of the Occupant and who, above all, did not want to risk their capital." (85). Finally, in September 1943, the Pierlot Government discovered the obvious formula for raising money : let those in a position to provide it have a say in its disbursement. In September 1943, two delegates from London contracted Raymond Scheyvens, the director of the Banque Allard, calling upon him to create a network to finance the resistance. Thus was created the so-called "Service Socrates." Scheyvens had no trouble "...contacting the big detainers of money, (who)... had now definitively changed camp and who no longer considered it risky to confide their money

(84) BAUDHUIN, *op. cit.*, p. 181; "Note relative à l'attitude du Baron de Launoit pendant l'occupation."

(85) Bernard DUCARME, *Le financement de la résistance armée en Belgique, 1940-1944*, Courrier hebdomadaire no. 476-477, C.R.I.S.P., p. 21.

(to the cause of liberation), since repayment was...certain?" (86). Lenders received a simple I.O.U. signed "Socrates" by Scheyvens. To confirm its commitment to repay, a Government spokesman merely recited over the broadcasts from London the final group of numbers on the loan certificates.

Scheyvens apparently was even more reluctant to put funds in the hands of the Front d'Indépendance than was the Government. Rather than fund the Front's organization for the support of labor draft evaders, "...Scheyvens, who had concluded at once that the Front was too communist-oriented,... decided to set up another organization based on the labor unions. This modification brought (him) into a certain amount of disagreement with (London), but upon (the Government's) return to the country, Scheyvens convinced (it) of the (correctness) of the reasons for his decision..." (87). In fact, it was not until June 1944 that the Sûreté advanced any funds for armed resistance activities. Of 173 plus million BF advanced after this date, 142.7 million went to the various components of the politically conservative Armée Secrète. Only 10 million went to the Front d'Indépendance. The niggerdlines to the Front was not due to any lack of funds. On the day of Liberation, Service Socrates had a balance of over 30 millions BF's (88).

Such interventions, together with an additional 11.245 million from other private and public sources, transformed the Armée Secrète from a movement of resistance to a counterrevolutionary force in Belgian domestic politics. Although well-armed and well-organized, the Armée Secrète never engaged the Germans in armed combat. Instead, it obeyed its orders from London to preserve its strength in order to combat the "disorders" which were expected to break out after Liberation (89).

At Ougrée-Marihaye, as throughout Belgian industry, payments to various resistance groups provided the lubricant that insured the smooth and continuous operation of the machinery of production. According to the judicial investigators, de Launoit paid out 146,615,000 BF to various resitants (90). Appended is a list of resistant labor union leaders and journalists who benefited from this largesse (*). In the judicial dossier compiled on de Launoit are

(86) *Ibid.*, p. 30.

(87) *Ibid.*, p. 27.

(88) *Ibid.*, p. 43-6.

(89) TANHAM, *op. cit.*, *in passim*.

(90) *Rapport du 28 février 1945, op. cit.*, p. 81.

(*) See Appendix I.

numerous testimonies to his support of resistance movements. They come from men as varied in prominence and political orientation as Jules Ingenbleek of the Banque Nationale, who was the Front d'Indépendance's main link to the money-men; Prime Minister Achille Van Acker; J. Guissart of the Armée Secrète; William Ugeux of Service Zéro; and Marcel de Roover of the "Rassemblement Moral des Anciens Combattants autour du Roi." (91). Such letters must have been a consideration in the decision not to proceed with the prosecution against the Baron.

But there was an additional preventative of disorder at Ougrée : a shrewd, far-sighted *Sozialpolitik*. Whether de Launoit's initiatives in this field went further than those of other employers is difficult to determine. Perhaps the criticism to which O.-M. was subjected as a result of the Otto Wolff Convention made social issues a special concern. In any case, the management of Ougrée had two alternatives. It might have concluded that since the confidence of the employee had been lost, the wisest course of action would be to dismiss all superfluous personnel, and use privation as a weapon to coerce the remainder into obedience. It was well within the firm's power to put such a policy into effect. Instead, de Launoit recognized that the conditions of the occupation provided a good opportunity to wean the worker away from an outlook based on notions of class struggle and to win his adherence to (or acquiescence in) a regime of patronal paternalism. On 6 October 1941, de Launoit, in an address to the officers of Ougrée, announced : "What is important is to touch the spirit of the people, to conquer, bit by bit, their instinctive distrust... to convince the worker that we are all workers like him but with more responsibility and functions, and that our ambition is not only to produce in order to earn money. I know (he proceeded) that we will not arrive at (such results) overnight... Nonetheless,... I remain confident that the present difficulties and those which will follow will make the worker reflect and oblige him to move closer to us, so long as he can find among us loyal and human support... The more we help him off the job, the better will be discipline in the factory." (92). The firm therefore did not fire a single worker during the occupation; the decrease in the number employed occurred as a result of retirement, the retention in Germany of prisoners-of-war etc. Moreover, the management of Ougrée provided substantial supplementary wages, foodstuffs, and

(91) See "Annexes" to *ibid.*

(92) "Réunion du personnel supérieur de la Sté. Anc. d'Ougrée-Marihaye le 6 octobre 1941."

other provisions. The "voluntary social contributions" of the firm in favor of its personnel amounted to 110,945,000 BF, which equalled its compulsory social payments (93).

These supplementary benefits provided a strong bond of loyalty between employer and employee. They may in part account for the success of de Launoit's efforts to implement his new regime. In late 1941 de Launoit was the recipient of an "open letter" addressed to him by "Les ouvriers métallurgistes." While the letter warned against the dangers of paternalism, it agreed in principle with the outlines of the Baron's "movement for social order." The metallurgists agreed that a firm in chronic deficit is in no position to help its personnel, and that new, more beneficial modes of collaboration between labor and capital, should be sought out (94). The acceptance by these workers of the firm's basic need to earn a profit obviously defused much of the potential for resistance. While it is difficult to determine how representative the position of this group was, de Launoit did succeed in co-opting the representatives of employee groups into a share of responsibility for the policy of the management. Management-designated representatives of factory workers, clerical staff, technical staff, and upper management formed a so-called Comité Consultatif Ouvrier. Although its policy-making powers were vague, the Report of 28 February 1945 noted that "In reading through the minutes of their meetings, one must acknowledge the number and importance of the problems which were treated by the Committee: the deportation of workers, certain problems relative to the production of factories, food supply, clothing and coal supply, and protection against air attack." (95). One important victory of management was to win the assent of the Committee to the introduction of the H.P.N. process on the grounds that it would prevent the deportation of labor and on the condition that the profits from the sale of H.P.N. manufactures be used to purchase foodstuffs and provisions. The existence of such a committee, which presumably had some say in the distribution of supplementary benefits, could only have helped reduce the incidence of disorder at the plant (96).

(93) *Rapport du 18 février 1945, op. cit.*, p. 81, p. 70f; see also letter of 27 Dec. 1943 to de Launoit from 54 deported workers.

(94) *Les Ouvriers métallurgistes*, "Lettre ouverte à M. le Baron Paul de Launoit," Oct., 1941.

(95) *Rapport du 28 février 1945, op. cit.*, p. 70.

(96) "Un exemple de solidarité patronale et ouvrière sous l'occupation: le comité consultatif ouvrier de la S.A. d'Ougrée-Marihaye."

This two-part article has suggested at various points that the main theme of the occupation experience of Belgian business may have been the introduction of a new approach to doing business, one that grew out of the adaption to the conditions of the national socialist economic New Order in Western Europe. Although this theme has never been systematically treated, we have noted several new techniques introduced during the occupation that provided business with new ways of making its influence felt within Belgian society as a whole. The *Warenstellen*, for instance, put control over the allocation of raw materials in the hands of the country's business leaders. They were thereby provided with a powerful means of enforcing industry-wide solidarity, or of coercing a recalcitrant government into dropping anti-business policies. The use of raw materials allocation in the latter respect was considered to be a very real possibility by the authors of the several studies on the business problems of post-liberation Belgium, which were sponsored by the Société d'Economie Politique (97). Baudhuin, among others, decried the decision of the Government-in-Exile to disband the regulatory agencies set up during the occupation (98). The occupation also provided de Launoit with an opportunity to introduce a new, and in some ways better, regime of labor relations, which had strong affinities with national socialist ideas of the "factory community." To what extent de Launoit's kind of approach provided part of the basis for the *Pacte sociale* of November 1944 between the management and labor is a subject which deserves to be studied. The occupation also brought new approaches to financial problems. To make the Clearing work as an instrument to finance German purchases in Belgium, the private bankers, with the collusion of the Banque Nationale, introduced many of the techniques for the "silent mobilization of savings" that Hjalmar Schacht, the President of the Reichsbank, had developed to finance German re-armament in the 1930's (99).

While it would be premature to assess all aspects of the successfulness of the Galopin Committee's "Politics of Production," a comparison between the costs of the occupation to Belgium as a whole and to business offers a quick insight into the matter. The amount of Belgium's actual losses as a result of the occupation can

(97) See : Société d'Economie Politique "La Remise immédiate au Travail après la Guerre", May, 1942.

(98) See discussion in his *Histoire économique de la Belgique, 1945-1956*, Bruxelles, 1958.

(99) For methods of "mobilizing savings" see GILLINGHAM, *op. cit.*, p. 500 and Lutz Graf Schwerin von Krosigk, "Wie wurde der Zweite Weltkrieg finanziert ?" in *Bilanz des Zweiten Weltkrieges*, Oldenburg, Germany, 1953.

only be approximated. Estimates tend to vary wildly, and to reflect the purposes of those who make them. The official Belgian statement of losses that was cited at the International Military Tribunal, Nuernberg, set the figure at 175 billion BF (100). The Belgian Ministry of Finance, in another estimate, came up with the figure of 145 billion BF. While this figure appears to have been based on complicated formulae, it does not diverge significantly from the total of approximately 130 billion plus BF's that one can arrive at by adding the occupation payments and the unrecoverable Clearing debts. The real value of the above figures should be reduced substantially to make allowance for the inflation that occurred during the occupation. Baudhuin arrived at the sum of 35 billion BF (1939) in "real losses." (101). But even this minimum estimate represents a loss of 8% of Belgium's national wealth.

The two tables cited below, which are based on published business reports, show that while Belgian business did not, in the main, thrive during the occupation, it by no means bore its share of the national losses. It may be assumed that Table IIIA, "Earnings of Firms Listed on the Stock Exchange," reveals the activity of large firms only, while Table IIIB, "Results of Corporation Activities," includes middle-sized as well as large firms. A comparison between the two would seem to indicate that, on the whole, middle-sized producers, who were well-represented in light industry, did better than heavy industrial branches, such as steel making, which tended to be dominated by larger production units.

TABLE IIIA :

EARNINGS OF FIRMS LISTED ON THE
STOCK EXCHANGE

	1939	1940	1941	1942	1943
COAL (by region)					
Borinage	46	75	59	14	-15
Centre	75	77	63	17	- 4
Charleroi	134	175	122	12	- 5
Liège	89	103	57	18	-10
Limbourg	186	244	243	147	56
METALLURGY	633	564	334	114	-11
TRAMWAYS	73	62	67	69	67
CHEMICALS	138	105	79	108	113
GLASS	-	11	23	19	13
BREWERIES	48	46	35	23	22
PAPER	45	59	54	35	27

Not including amortization and cash balances.

(From BAUDHUIN, *L'économie belge...*, *op. cit.*, p. 268).

(100) RF-146 "Rapport sur le Dépouillement économique de la Belgique par les Allemands," (Nürnberg Documents, Hoover Archives, Stanford).

(101) *Histoire économique de Belgique*, *op. cit.*, p. 29.

TABLE IIIB :

RESULTS OF CORPORATION ACTIVITIES

	NUMBER OF FIRMS			NET RESULTS (millions of BF's)		
	Listed	Making a Profit	Operating at a Loss	Profits	Losses	Gross Dividends
1939	7659	5432	2227	5169	804	3984
1940	6831	4934	1097	4403	801	3035
1941	7067	5085	1982	3608	275	2386
1942	7194	5566	1528	3271	294	1799**
1943	7314	5569	1755	2860	485	1577***

** Does not include 167 million BF in blocked assets

*** Does not include 78 million BF in blocked assets

(From BAUDHUIN, *ibid.*, p. 267).

A glance at the balance sheets of Ougrée for the occupation period is not without interest. De Launoit disavowed any intention to make a profit during the occupation, and the profit loss statement cited in the report of 28 February 1945 indicates that it in fact made none (102). It cites losses of 185,610,000 BF for the period. But this figure includes depreciation, which was figured roughly at the pre-occupation rate, and "voluntary social payments" totalling 320,001,000 BF. If one sets these figures aside, Ougrée would then have made a modest profit of 6.3% on turnover, or 134,391,000 BF (103). To judge from a comparison with the figures cited in Table IIIA, Ougrée may have had greater losses than the other steel producing firms.

(102) The financial statements cited as evidence in the two *Rapports* were apparently provided by Ougrée. There is no indication that they resulted from an independent investigation by the court-appointed examiners. Their value must be considered highly questionable. The practice of keeping multiple sets of books was widespread during the occupation. It may be apocryphal that one set of books was commonly kept for the Germans, another for the Allies, and another for the firm itself. Ougrée probably kept at least two sets, however. Thus a re-print in the 1946 annual report of the Société Générale of an occupation directive issued by the President of the Banque de Bruxelles orders that the member firms of the de Launoit group "...keep secret accounts of profits resulting from sales on the black market, (since) they are to be used ... to cover general expenses of social and patriotic interest." ("La Politique du Groupe Brufina-Cofindus pendant l'Occupation").

(103) *Rapport* du 28 février 1945, *op. cit.*, p. 76.

Because of the rampant inflation, monetary earnings are not suitable as criteria for gain during the occupation period. Given the declining value of the BF, the object of business activity was to invest in capital goods and stocks which could generate earnings at some future date. A better measure of a firm's gains during the occupation, then, is the amount in concealed profits that it managed to reinvest. Here Ougrée did not do so badly. If one adds together total property assets, stock, and collectable assets, the total capital of the firm increased 100,105,000, from 1,399,776,000 to 1,499,881,000. The increase represents a moderate rather than substantial rate of growth for the forty months of occupation (104).

It is simply humbug to pretend that Belgian business made any serious effort to "resist." Hitler's strategy of *Drang nach Osten* depended to an extent that even he did not appreciate on the cooperation of businessmen in Western Europe. First, the Reich required supplementary sources of production. Belgian industry produced for the Reich on a substantial scale during the entire occupation. Second, the Reich needed to govern in Western Europe with as few men as possible. Simply by keeping their employees at the work bench, Belgian businessmen performed invaluable policing function for the Reich. Had the leaders of Belgian business seriously intended to hurt the German war effort, they would have ordered, as in World War I, that all production cease beyond that necessary to heat, clothe, and feed the population. Instead, they discouraged efforts to disrupt production (105).

But there is little evidence to indicate that the Galopin Committee was particularly concerned lest Belgian production impede the Allied war effort. The assumption of the judicial investigators of O.-M. that the purpose of the "Politics of Production" was to aid the Allies was wrong. The purpose of the

(104) *Ibid.*, p. 75.

(105) On 12 October 1939 Baron de Launoit apparently wrote P.M. Pierlot requesting that directives be given for the contingency of occupation. These plans, according to his letter, "... should establish a distinction between plans which should continue to function during the occupation, and the others. Among the former should be : the coal mines; the water, gas, and electric works; the banks, insurance and finance companies; the tramways and the railroads." He asked for specific guidelines from the government for all industries "which must necessarily come into limited contact with the enemy". This letter suggests that there may have been a substantial measure of disagreement before May 1940 within the directing circles of the Belgian economy on future policy towards the occupant. To establish the existence of such a disagreement, however, will require that new source material be made available. See : Exposé par M. le Prés., février 1947.

policy was rather to protect Belgian national interests come-what-may. It was on these grounds that Baudhuin defended it. But one must also look critically at Baudhuin's contention that the "Politics of Production" were in Belgium's best interests. Belgian producers continued to produce even after the noxious social effects of their policy became evident. They did so because such a course of action presented fewer risks to their position than any alternative to it. It would be hard not to conclude that in their actions the Galopin Committee put business' self-interest before the interests of the national community.

The practice of employers like de Launoit of providing supplementary rations for their employees may mitigate the harshness of this judgment but it cannot change it. The firm owner's acceptance of German orders is what fueled the inflation that eroded the purchasing power of the wages of the employee. Such orders added to the amount of money in circulation while reducing the amount of goods that Belgians were able to purchase. Thus the employer extended with one hand only a part of what he took away in the other. Still, one must not overlook the fact that an employer like de Launoit had both the power and the economic rationale to have dismissed employees in large numbers, and to have used extreme privation as a means of enforcing labor discipline. That he backed away from such a course may serve as testimony to an innate sense of decency, and to an attachment to local and national traditions, as well as to a shrewd sense of what constituted the long-term interests of Ougrée.

This critique of the "Politics of Production" is by no means intended to be definitive, but merely to provide a starting point for a better understanding of the role of business in Belgium during nazi occupation. It is quite possible that ultimately the "Politics of Production" of Belgian business will be seen to have served the Belgian national interest better than any alternative policy. But those who would argue for such a position should, perhaps, shift their case to different ground. The occupation rule provided by the Military Governor (*Militärbefehlshaber*) in Belgium and North France was the mildest in Hitler-run Europe. There is much truth to the remark of the Rexist editor Raymond de Becker that "The longer the war lasted, the less the Germans were able to see beyond obtaining the maximum yield for their war economy..." (106). By providing the Reich with a large material yield, Belgian business certainly

(106) Raymond DE BECKER, *La collaboration en Belgique (1940-1944), ou une révolution avortée*, C.R.I.S.P. hebdomadaire, 497-498, 30 Oct. 1970.

strengthened the position of the Military Government vis-à-vis the Berlin power-brokers; in so doing, it may well have prevented the imposition in Belgium of a more drastic and capricious form of occupation government, such as a *Reichskommissariat* on the Dutch model, or a *Zivilverwaltung* like the one set up in Luxemburg. If the "Politics of Production" can be considered a success for this reason, it is not, however, because Belgian business resisted but because it collaborated effectively.

APPENDIX I :

Strictement confidentiel.

RELEVÉ NOMINATIF DES INTERVENTIONS DE LA
SOCIÉTÉ ANONYME D'OUGREE-MARIHAYE, DE DÉCEMBRE 1941
À OCTOBRE 1944, EN FAVEUR DES JOURNALISTES ET
DES SYNDICALISTES

1) Journalistes

Noms et Prénoms	Journal	Période d'intervention	Montant global de l'intervention
1. BRAHAM Joseph	La Meuse	juillet 42/sept. 44	25.000
2. LOUETTE René	id.	id.	34.600
3. MALHERBE Simon	id.	id.	30.000
4. MOSSAY Hector	id.	id.	25.000
5. RENSON Léon	id.	id.	30.000
6. THUILLIER Arnold	id.	id.	25.000
7. CHAPELLE Henri	Gazette de Liège	id.	30.000
8. GILLARD Erasme	id.	id.	41.000
9. MOREMANS Victor	id.	id.	40.000
10. ROUFOSSE Fernand	id.	id.	34.600
11. BARON Henri	La Wallonie	juin 42/mai 1943	11.000
12. LERUTH Usmé	id.	juillet 42/sept. 44	30.000
13. REMY Georges	id.	id.	39.600
14. BOREL Ruth	Journal de Liège	id.	25.000
15. WANTEN Léon	id.	id.	34.600
16. DOCQUIER Gabriel	L'Express	id.	25.000
17. GORISSEN Marthe	id.	id.	18.750
18. POURRET René	id.	id.	25.000
19. TILKIN Armand	L'Echo de la Nation	id.	25.000
20. DELORGE Roger	Gazette de Huy	id.	25.000
21. DELECLOS Camille	Courrier du Soir-Verviers	id.	32.400
22. SMETS Joseph	id.	id.	35.000
23. MONAMI Joseph	Le Jour - Verviers	id.	35.000
24. BAUDON Louis	Le Travail - Verviers	id.	30.000
25. HECKTERS Raymond	id.	nov. 42/sept. 44	29.400
26. DECKIR Camille	L'Avenir du Luxembourg	juillet 42/sept. 44	40.800
27. LIEUTENANT René		mai 43/sept. 44	9.600
			786.350

2) Syndicalistes

Nom et prénoms	Organisations	Période d'intervention	Montant glo- bal de l'intervention
1. CLAJOT Jean	Féd.Glé des Syndicats	déc. 41/oct. 44	47.465
2. Vve CLAJOT Pierre	id.	id.	35.050
3. Mme LEONET	id.	fév. 42/oct. 44	52.490
4. THOMAS Jules	Synd.Gl des Employés	mars 42/oct. 44	57.750
5. LALOUP Fernand	id.	janv. 42/oct. 44	46.375
6. DEFFET Joseph	Synd.des Empl.Sect.Lg.	sept. 42/oct. 44	13.800
7. PIOT Ernest	Synd. des Ouv.Agricoles	id.	45.750
8. NOIRFALISE Arm.	Centrale de l'Aliment.	fév. 42/oct. 44	44.875
9. GARNIER Pol	id.	janv. 42/oct. 43	15.810
10. DUMOULIN Alfred	id.	nov. 42/oct. 44	41.750
11. VERMEERSCH Charles	id.	id.	40.525
12. VAN BELLE Charles	Centr. du Bât. Sect. Liège-Waremme	sept. 42/oct. 44	51.030
13. CLAJOT Henri	Centrale du Bâtiment	déc. 41/oct. 44	43.923
14. KRUYEN Jean	id.	janv. 42/oct. 44	23.150
15. MAISSE Joseph	id.	id.	24.700
16. MARCHAL Nicolas	id.	sept. 42/oct. 44	28.960
17. WARNOTTE Albert	id.	janv. 42/oct. 44	41.505
18. ROGISTER Hubert (puis Mme)	Féd.Synd.des Métallurg.	mars 42/oct. 44	59.025
19. PAFEN Jean	id.	id.	61.500
20. DEWERIXHAS Jean	id.	janv. 42/oct. 44	53.700
21. HERMANS Jean	id.	janv. 42/janv. 43	19.500
22. CHAINAYE Alph.	id.	id.	23.095
23. GONDA Théo	id.	avr. 42/oct. 44	55.750
24. DEMOITELLE René	id.	id.	55.750
25. JASON Henri	id.	id.	55.750
26. NOPPENS Fernand	id.	id.	55.750
27. BOURDON Léon	id.	id.	54.110
28. COOLS Marcel	id.	mars 42/oct. 44	43.375
29. LEJEUNE Joseph	id.	juin 42/oct. 44	22.875
30. HARRAY Hubert	id.	janv. 42/oct. 44	16.310
31. RENARD André	id.	juil. 42/oct. 44	49.750
32. LEPONCE Victor	id.	janv. 42/oct. 44	34.350
33. LIBERT Florentin	id.	id.	41.150
34. CLAES Marcel	id.	déc. 42/mars 43	9.850
35. CRUCHET Joseph (puis sa veuve)	id.	janv. 43/oct. 44	10.425
36. FRANCK Maurice	id.	id.	35.175
37. VALTHERY Ernest	id.	id.	35.175
38. LICOUR Laure	Centrale des Mineurs	janv. 42/oct. 44	20.925
39. MATTHIEU Gustave	Centrale de la Pierre	janv. 42/oct. 44	42.975
40. BONNIVERS Jos.	id.	avr. 42/oct. 44	19.930
41. GILSOUL Nicolas	id.	janv. 42/oct. 44	27.225
42. BERNARD Henri	id.	nov. 42/oct. 44	39.150
43. BECHET Jean	Centrale du Tabac	janv. 42/oct. 44	27.695
44. ROMAIN Auguste	Centrale des Tramways	id.	56.675
45. LEMAIRE Léon	Centrale du Transport	déc. 41/oct. 44	55.825
46. VELDERS Antoine	Centr.Textile-Verviers	janv. 41/oct. 44	61.625
à reporter :			1.799.298

Nom et prénoms	Organisations	Période d'intervention	Montant global de l'intervention
		Report :	1.799.298
47. DUCHESNE Alex.	id.	id.	46.375
48. DENIS Nicolas	id.	id.	61.625
49. FIKENNE Marcel	id.	id.	61.625
50. PARYS Emile	id.	id.	61.625
51. ROSEWICK Herman	id.	janv. 42/juin 43	17.450
52. BRASSEUR Victor	Centr.Bâtiment-Verviers	fév. 42/oct. 44	58.075
53. BONVOISIN Antoine	id.	id.	31.680
54. HEYMAN Emile	Synd.des Empl.-Verviers	mars 42/janv. 43	14.040
55. GASPARD Jean	Off.de Droit Ouvrier-id.	mars 42/oct. 44	40.530
56. GRAD Marcel	Off. du Travail, Huy	id.	22.620
57. SIMUL Camille	Off. du Travail, Liège	juil. 42/oct. 44	22.500
58. UVERGOELS Léon	id.	août 42/oct. 44	24.000
59. Mme HANLET-DELREE	id.	déc. 42/oct. 44	10.000
60. Mme GROGNARD	Déput.permanente (mari)	nov. 42/oct. 44	25.000
61. WEGRIA Jean	Centr. des Transports	mai 42/oct. 44	11.250
62. BAUMANS Casimir		juil. 43/oct. 44	20.200
63. MASSON Ferdinand		id.	24.900
64. MASSON Jean		id.	15.450
65. KAPELMAN Lucien		août 43/oct. 44	15.100
66. ULRICH Emmanuel		id.	11.150
67. QUOILIN Désiré		sept. 43/oct. 44	13.750
68. WUYTS Maurice		id.	18.175
69. BARBIER Jeanne		id.	15.375
70. DELETRE Roger		id.	11.000
71. DURBUY		oct. 43/oct. 44	8.100
72. HOUTAIN		id.	15.000
73. PIETTE		id.	15.000
74. KLUTZ		nov. 43/oct. 44	15.050
75. GERARD		déc. 42/ oct. 44	4.800
76. FOCAN		id.	6.000
77. ROBERT		id.	18.350
78. CAMUS		id.	11.200
79. ROEL		fév. 44/oct. 44	10.550
80. DEBATISSE		id.	7.500
81. QUAREMME		mars 44/oct. 44	7.500
82. Mme BONDAS		id.	5.000
		TOTAL :	2.576.843

Allocations aux journalistes jusque	fin juillet 1944 :	786.350
Allocations aux syndicalistes jusque	fin juillet 1944 :	2.576.843

Versements effectués et dont nous ne possédons pas encore
la discrimination :

en août 1944	139.700	
en septembre 1944	140.000	
en octobre 1944	<u>50.000</u>	
		329.700

Versements effectués en faveur d'employés de l'Administration Communale de Herstel limogés sous l'occupation pour raisons patriotiques		59.000
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Frais généraux provoqués par la remise de certaines allocations à domicile		340
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TOTAL GENERAL :		<u>3.752.233</u>
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