

HARRY S. TRUMAN LIBRARY
Papers of
ABIJAH U. FOX

I-6/1

July 17, 1942

Mr. Pehle

Mr. Glasser

Subject: Axis methods of obtaining foreign exchange from Occupied Countries.

Germany has followed essentially the same pattern of obtaining foreign exchange in all the countries she has occupied. Immediately following occupation, a decree is issued by the military authorities requiring everyone to declare his holdings of gold, foreign currency, foreign stocks and bonds, and, indeed, all valuables of whatever nature convertible into foreign exchange.

Soon after everyone is required to turn in to the central bank, or other designated agency, all the valuables he was previously compelled to declare.

The owner receives in consideration for the transfer of these valuables to the state, either just a receipt, or currency especially printed for the local population by the Germans, such as Reichskreditkassen notes. In some cases the Germans buy foreign stocks and bonds held by the conquered population with funds supplied them for occupation costs. In the case of "enemies of the state" the formality of nominally compensating the owner may be dispensed with.

In any event, it is quite clear that the owner, unless he holds a favored position, seldom receives the full value of the property which he is required to sell or turn over to the Germans. The rates of exchange used to convert the value of the appropriated properties are extremely artificial and in no way represent a purchasing power equivalent to the foreign currency value of the properties.

The procedure followed is illustrated by the fairly typical case of Belgium. Soon after the occupation of Belgium the Devienschutzkommando blocked all property in safe deposit vaults and required the presence of a German official before the vaults could be opened. Belgian and other enemy citizens were required to hand over any gold and foreign exchange in their safe deposit vaults against a receipt. An ordinance in June, 1940, ordered Belgian citizens to declare any foreign currency, stocks, bonds or other foreign assets which they held. In August, 1940, bank notes of the United States, Switzerland, Sweden and France; and gold coins, as well as gold and gold alloys in the raw state, were all required to be offered to agencies of the Brussels Bank of issue and a later ordinance extended this requirement to include all other means of foreign payment. It was confidentially

cc: 7/28/42

Mr. Fox, Mr. Luxford, Mr. B. Bernstein, Mr. M. L. Hoffman



HARRY S. TRUMAN LIBRARY
Papers of
ABIJAH U. FOX

I-6/2

- 2 -

Division of Monetary
Research

reported in the early part of 1941 that approximately \$800 million of Belgian securities had been turned over to the Nazis, half of them consisting of American, Brazilian and South African issues.

How much United States currency fell into German hands in the occupied countries is difficult to determine. It has been estimated, however, that at the time of the occupation over \$75 million in American currency was in Belgium, France and the Netherlands. There is every reason to believe, of course, that a large part of this fell into German hands.

Gold and foreign exchange held by the governments and central banks of the conquered countries were acquired by the Nazis in a more direct way. The gold left in the vaults of the central banks of issue of the occupied countries has, in most cases, been immediately confiscated by the Nazis.

When Germany annexed Austria in 1938, the gold and foreign exchange reserves of the Bank of America, valued at about \$80 million, were taken over and spent for imports essential to German armaments in the summer of the same year.

From Czechoslovakia, Germany obtained \$25 million in gold held to Czechoslovakia's account by the Bank of England in the Bank for International Settlements. This gold was released to the Nazis in 1939 on their promise to transfer it to the Bank of the Protectorate of Bohemia and Moravia. The transfer, however, was never made; the gold was used by Germany and the Bank of the Protectorate received in return only "gold deposit certificates".

In the Netherlands most of the gold reserves of the National Bank were removed to safety before the invasion. Nevertheless, at least \$160 million of the gold left in Holland fell into German hands.

The gold reserves of the central banks of Hungary, Rumania and Bulgaria, which may amount to a total of \$300 million, probably also has been added to the German war chest.

The largest gold reserves in continental Europe at the time of Germany's incipient conquests were those of France, their value being at least \$2.0 billion. Perhaps two-thirds of these reserves had been shipped out of France before the invasion, most of it going to Africa and the United States. There is good reason to believe, however, that some of this gold has been returned to France and presumably has been turned over to the Nazis.



CONFIDENTIAL
PROPERTY OF
LABORATORY

HARRY S. TRUMAN LIBRARY
Papers of
ABIJAH U. FOX

I-6/3

Division of Monetary
Research

In addition to this, the Germans acquired control over some of the gold which France had been given for safekeeping by Belgium and Poland just before the invasion. Approximately \$225 million of Belgian gold and \$40 million of Polish gold were thus acquired by the Germans from the French.

In the other occupied countries of Europe the Nazis succeeded in obtaining none or very little of the public gold reserves, for these had been removed to safety before the Nazis came.



DAS:EP 7/20/42