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‘How to get one’s stuff back. Dutch government efforts to defend Dutch investments in Germany, 1945-1952’

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Introduction

When, after the unconditional surrender of Nazi Germany on 8 May 1945, the guns fell silent in Europe, the Netherlands would for years be bereft of its most important trading partner. Its natural hinterland for its products and services, most of which went via Rotterdam and the Rhine, was lost. As of 1945, Germany no longer existed as a sovereign nation. It was split in four Allied occupation zones, which were plagued by hunger, poverty, a damaged infrastructure and destroyed cities. Especially in the US and British zones of occupation, an enormous influx of refugees came on top of that. Trade with these zones, internal as well as external, was nigh-on impossible, on would remain so until late 1949. As a consequence of the Allied occupation of and their policy in Germany, trade between the Netherlands and Germany came to an almost complete stop. This understandably worried many in the Netherlands, as it would threaten the Dutch post-war recovery.

Not only the Dutch government, but Dutch businessmen and companies as well endeavoured for a quick recovery of Dutch-German trade relations. In this paper, the efforts of the Dutch government to safeguard Dutch business' extensive interests in Germany are described. Total FDI in Germany before the Second World War amounted to at least one billion 1938 guilders, and The Hague and Dutch business regularly joined hands in their efforts to restore the economic ties between the Netherlands and Germany, if only because they desperately needed each other: The Hague needed business more than ever, as the latter was indispensable for the recovery of the Netherlands. Dutch multinationals needed the Dutch government as well, as occupied Germany was impenetrable to Dutch businessmen; the only way for a Dutchman to enter Germany at the time was by becoming an army official. In addition, Dutch multinationals and business needed the government's diplomatic channels to restore contact with their subsidiaries in Germany.

Although it was unclear in 1945 what remained of Dutch investments in Germany, in the years to come it would be a prime policy goal of the various post-war governments to safeguard these and have Dutch firms exempted from eventual special German taxes. After the defeat of the Third Reich, the Netherlands had three claims on the former Germany: financial investments of the 1920s, FDI's and a Dutch claim on the return of illegal German occupation costs, which amounted to approximately 15-18 billion guilders. Although Germany was bankrupt and had already before the Second World War been unable to invest, the Netherlands put down strong financial claims. The Hague desperately tried to defend Dutch business and capital interests in Germany. However, despite all its efforts, it was not completely successful, to the detriment and sometimes annoyance of Dutch business circles.

This paper focuses on the actions of the Dutch government, and analyses the main obstacles it was confronted with. It aims to find out how Dutch big business was linked to the government and how it tried to promote its own interests through the foreign policy of the Netherlands. Moreover, it is the goal of this paper to explain why government endeavours to secure Dutch multinational and business' interests in Germany eventually failed for a long time.

Dutch investments in Germany before and during World War II

'Pressure on Allied and German authorities to the allow transfer of capital revenues from Germany must certainly not be subordinated to the endeavour of enlarging exports to Germany, however much increase of [Dutch, M.L.] exports would lead to a decrease of the European dollar

deficit'.¹ Thus the economic journal *Economisch-Statistische Berichten* wrote in early 1949. This observation is understandable, as prior to the Second World War – especially in the 1920s - the Netherlands had invested heavily in Germany, predominantly in the Ruhr industry.² After the defeat of the former Reich, however, the Netherlands was unable to assert control of its investments for years, largely as a consequence of Allied occupation policy. One thing was certain for Dutch owners of capital in Germany: if it turned out to be impossible to keep West Germany in the financial-economical and political circle of western Europe, 'these would soon be economically and most likely politically as well be as good as dead'.³ In fact, this had already been the case since the German financial crisis of 1931. This forced Germany to install currency limitations – for example: the convertibility of the Reichsmark was lifted - which meant that financial contacts with the Netherlands' main trading partner were burdened by monetary problems until the German invasion of the Netherlands in May 1940.⁴

The extent of Dutch investments in Germany is unclear. The same is true for *foreign direct investments* (FDI's) and the recovery of financial contacts.⁵ The only author who gives a number, is Bloemers in his 1951-study about the financial relations between the Netherlands and Germany. He states that before the outbreak of the Second World War, Dutch FDI's in Germany amounted to one billion guilders.⁶

The rapid growth of industry in the Ruhr that started in the late nineteenth century had a resounding effect on the industrialization in the Netherlands.⁷ Therefore, Dutch capital interest in Germany has its origins in the period of extensive German – more specifically Rheinisch-Westphalian - industrial growth starting in the 1860s. This growth required huge capital sums, and the Netherlands, prosperous and orientated to international economic traffic, was both in a position and prepared to offer capital. Intensive economic contacts resulted in a strong focus of Dutch capital exports to Germany. Existing relations in many cases resulted in putting capital at the disposal of German firms, at the same time continuing existing and establishing new ties.⁸ To

¹ P.J. van den Burg, 'Transfer van kapitaalopbrengsten uit Duitsland en de betekenis daarvan voor het Europese dollardeficit', in: *Economisch-Statistische Berichten* (ESB), 18 May 1949, 394-396, there 396.

² F. Wielenga, *West-Duitsland: partner uit noodzaak. Nederland en de Bondsrepubliek 1949-1955* (Utrecht 1989) 261.

³ J.H.F. Bloemers, *De financiële verhouding tussen Nederland en Duitsland mede in verband met de Nederlandse beleggingen in Duitsland* (Amsterdam 1951) 5.

⁴ H.A.M. Klemann, 'Wirtschaftliche Verflechtung im Schatten zweier Kriege 1914-1940', in: H.A.M. Klemann and F. Wielenga (eds.), *Deutschland und die Niederlande. Wirtschaftsbeziehungen im 19. und 20. Jahrhundert* (Münster 2009) 19-44, there 38.

⁵ H.A.M. Klemann, *Waarom bestaat Nederland eigenlijk nog? Nederland-Duitsland: economische integratie en politieke consequenties 1860-2000* (Rotterdam 2006) 60.

⁶ Bloemers, *De financiële verhouding tussen Nederland en Duitsland* 10.

⁷ Klemann, *Waarom bestaat Nederland eigenlijk nog?* 17, 33-34 and 64-65; J.L. van Zanden and A. van Riel, *Nederland 1780-1914: staat, instituties en economische ontwikkeling* (Amsterdam 2000) 218.

⁸ J. Wemelsfelder, *Het herstel van de Duits-Nederlandse economische betrekkingen na de Tweede Wereldoorlog* (Leiden 1954) 83.

the newly developing Dutch industry, seeking relations with German industry frequently was a logical option. Therefore, participations in related German industrial enterprises were numerous.⁹ For example, the Steenkolen-Handelsvereniging (SHV) had an almost complete monopoly in the exports of Westphalian coals by rail and later by ship as well; by 1931, it handled 85% of the coal transport from the Ruhr to the Netherlands. As early as 1920, Steel concern Hoogovens owned a considerable part of the *Vereinigde Stahlwerke*.¹⁰ To sum up, Dutch investments in Germany were firmly rooted in the existing economic integration between the two countries.

Against this background it is not surprising that after the First World War Dutch investments in Germany increased strongly. Dutch capital investments were, especially in the early 1920s, furthered by the German hyperinflation, which allowed Dutch companies to buy real estate, houses and firms at very low prices.¹¹ Moreover, the hard Dutch guilder allowed the Dutch to buy a lot in countries plagued by inflation at cheap prices.¹² Recovery of German economic activity was a Dutch interest of prime importance, though, as in a number of areas, Dutch business depended on ties with Germany. To many Dutch enterprises, investing in Germany once more was an economic necessity.¹³ To this end for example, in 1920 the Netherlands gave German industry a revolving credit of 140 million guilders, the so called *Tredefina-credit* (*Treuhandverwaltung für das deutsch-niederländische Finanzabkommen*), to allow German industry to finance its imports of raw materials.¹⁴ Not only the Dutch state or large business invested heavily, private investors and small and middle sized firms did as well. For example, the Rotterdam-based *Nederlandse Stoombootrederij* in the 1930s had interest in the shipping companies of the *Firma Rheinverkehr* in Koblenz, Mannheim and Cologne of respectively 15.000, 37.500 and 15.000 guilders.¹⁵

⁹ National Archives (NA), The Hague, Ministerie van Financiën, Bureau van de Financieel Attaché te New York en Washington, 1940-1974, access code 2.08.75, inventory number 3365; 'De Nederlandse kapitaalbelangen in Duitsland', 23 August 1948.

¹⁰ J.F.E. Bläsing, 'Der Einfluss niederländischer und belgischer Unternehmen auf die deutsche Wirtschaft', in: H. Pohl and W. Treue (eds.), *Der Einfluß ausländischer Unternehmen auf die deutsche Wirtschaft vom Spätmittelalter bis zur Gegenwart* (Stuttgart 1992) 65-80, there 76-77. Also: NA, The Hague, Collectie 259 G.W.M. Huysmans, 1945-1948, access code 2.21.090, inventory number 19; Nota Hirschfeld, 'Eenige voorlopige opmerkingen over schadeloosstellingen, welke men van Nederlandsche zijde van Deutschland moet eischen', 17 May 1945.

¹¹ Wemelsfelder, *Het herstel van de Duits-Nederlandse economische betrekkingen* 84.

¹² Klemann, 'Wirtschaftliche Verflechtung im Schatten zweier Kriege 1914-1940' 35.

¹³ NA, Financieel Attaché New York en Washington, 2.08.75, inv. nr. 3365; 'De Nederlandse kapitaalbelangen in Duitsland', 23 August 1948.

¹⁴ NA, The Hague, Collectie Dr. H.M. Hirschfeld als Lid van de Raad van Gedelegeerden van de "Trustmaatschappij (...)", 1947-1949, access code 2.05.48.03, inventory number 2; 'Memorandum Tredefina-credit Dr. Keuter', July 1947. The Tredefina-credit was revolving, which was partly repaid by the supply of coals and at the end of the year all was nicely equalized, and Germany could once again use the credit, so the impact has been larger than 140 million guilders.

¹⁵ NA, Tweede Afdeling, Archief van het Commissariaat-Generaal voor de Nederlandse Economische Belangen in Duitsland 1945-1949, access code 2.06.068, inventory number 150.

Moreover, after 1930, German currency restrictions stimulated the establishment of Dutch enterprises in Germany. As stated by Wemelsfelder, it's natural that if sale of a product in a certain country is limited or hindered, the company concerned will transfer part of its activities to the protectionist country.¹⁶ It's also evident that when a small consumer's market is located next to a large one, even the slightest form of protection will considerably strengthen the incentive to invest in the neighbouring country.

A final factor in the Dutch investment urge is found in the German financial crisis of 1931 and Nazi policy after 1933. After 1931, no new Dutch investments were done, but as reinvestments of profits were necessary, transfers of capital or capital revenues from Germany to foreign countries was limited by the Nazi's as much as possible. Because of German asset measures, Dutch investments to the value of over one billion guilders were blocked.¹⁷ This forced many firms located in the Third Reich to internal financing or the establishment of production in related firms or to reinvest profits in the Third Reich.¹⁸ The only way to save Dutch investments was to erect branch industries in Germany itself. The proceeds from these sources however, could in most cases not be transferred out of the country, and therefore had to be re-invested, either in the industry or company itself, or in some other way, for example land and real estate.¹⁹

After the Second World War, H.M. Hirschfeld, who as secretary-general played a dominant role in the economic life of the occupied Netherlands,²⁰ estimated total pre-war Dutch capital investments in Germany to be 1669 million *Reichsmark*, or 669 million dollars.²¹ In 1949, the Dutch Minister of Foreign Affairs D.U. Stikker put it at one billion guilders.²² A large part of Dutch investments in Germany consisted of participations in German firms, an indication of the close ties between capital interests and economic relations, which were illustrative to Dutch investments in Germany and a sign of the strong interwovenness of the two economies. In a report called *X Report on stated capital of Enterprises under Administration*, written in July 1945 by the

¹⁶ Wemelsfelder, *Het herstel van de Duits-Nederlandse economische betrekkingen* 83-84.

¹⁷ F.G. Moquette, *Van BEP tot BEB. De aanpassing van de bestuurlijke structuren aan de ontwikkeling van de buitenlandse economische betrekkingen in Nederland sinds 1795* (Leiden 1993) 263.

¹⁸ B. Wubs, *International Business and National War Interests. Unilever between Reich and Empire* (London/New York 2008) 36-37 and 48; Klemann, *Nederland 1938-1948* 469; Wemelsfelder, *Het herstel van de Duits-Nederlandse economische betrekkingen* 84.

¹⁹ NA, Kamer van Koophandel en Fabrieken voor Rotterdam: Secretariaat, 1922-1969, access code 3.17.17.04, inventory number 1282; 'Note Directorate-General of Foreign Economic Relations on behalf of Heldring to Lichtenauer', 31 May 1946.

²⁰ See for example M. Fennema and J. Rhijnsburger, *Dr. H.M. Hirschfeld. Man van het grote geld* (Amsterdam 2007); H.A.M. Klemann, *Nederland 1938-1948. Economie en samenleving in jaren van oorlogs en bezetting* (Amsterdam 2002) chapter 14.

²¹ Archives Ministry of Foreign Affairs (BuZa), 912.230, Map 563. Duitsland West. Nederlandse verlangens inzake geallieerde politiek in Duitsland; nota Hirschfeld Deel I; Note 'Hirschfeld betreffende de geallieerde en de Nederlandse politiek ten aanzien van West-Duitsland', 28 April 1949.

²² NA, Archief van de Ambassade in de Bondsrepubliek Duitsland te Bonn, 1945-1954 en de Nederlandse Militaire Missie bij de Geallieerde Bestuursraad Berlijn, 1945-1955, access code 2.05.55, inventory number 511; 'Nota over de stand van zaken met betrekking tot het Duitse vraagstuk', 19 July 1949.

US Group CC and Control Commission for Germany (British element), it was stated that the 816 enterprises taken under control had a stated capital of 3,227 million RM, of which 882 million RM (27,3%) was American, 878 RM (27,3%) British and 399 million RM (12,4%) Dutch.²³ Royal Dutch / Shell for example, had an interest of 120 million guilders in its German subsidiary *Rhenania Oessag* and a participation of 40% in *Thyssensche Gas und Wasserwerke*. At the same time, *Thyssen* had invested considerably in Rotterdam, especially in its harbour. Unilever had an interest of 100 million guilders in the *Margarine Union Ver. Oel- und Fettwerke A.G.*,²⁴ whereas the Bank voor Handel en Scheepvaart (in fact owned by Thyssen) in Rotterdam had an interest of 40% in the *Thyssensche Gas- und Wasserwerke*.²⁵ The *Algemene Kunstzijde Unie* (AKU, now Akzo) almost completely owned the *Vereinte Glansstoff-Fabriken A.G. Wuppertal El* and *Kunstseiden A.G.*²⁶

At the same time however, the *Deutsche Bank* owned the majority of AKU-shares and 75% of the shares of the *Norddeutschen Lederwerke AG*, which before 1940 had been in Dutch possession.²⁷ Finally, C&A Brenninkmeyer had in total invested almost 27 million guilders in Germany,²⁸ but although it was a Dutch company, it was rooted in the German hinterland. AKU, Royal Dutch/Shell, the Steenkolen Handelsvereniging (SHV), Koninklijke Hoogovens and Philips had large subsidiaries in Germany. Unilever's investments in Germany amounted to almost 80% of the investments of all American firms combined.²⁹ Table 2.1 below gives an overview of Dutch capital interests in Germany, categorized by sort of investment. Dutch interests – Unilever, Shell, AKU, Philips, mining and steel- and iron interests excluded - were predominantly situated in chemical industry (31 firms), foodstuffs industry (30), textile industry (40), shipping (59), and trade enterprises (186).³⁰

²³ Bundesarchiv Koblenz (BA), B 129 Verwaltung für innere Restitutionen. B 129/76: Reichskommissar für die Behandlung feindlichen Vermögens-, Organisation und Tätigkeit; Final Report on Target P. 109 on US Group CC and Control Commission for Germany (British element); 13 July 1945.

²⁴ NA, Tweede Afdeling, Archief van het Commissariaat-generaal voor de Nederlandse Economische Belangen in Duitsland 1945-1949 (1950), access code 2.06.068, inventory number 151.

²⁵ NI-HaNa, Econ. Belangen Duitsland, 2.06.068, inv. nr. 152.

²⁶ NI-HaNa, Econ. Belangen Duitsland, 2.06.068, inv. nr. 151.

²⁷ H. James, 'Die Deutsche Bank und die Diktatur 1933-1945', in: L. Gall, G.D. Feldman, H. James, C.L. Holtfrerich and H.E. Büschgen, *Die Deutsche Bank 1870-1995* (Munich 1995) 315-408, there 378.

²⁸ NI-HaNa, Econ. Belangen Duitsland, 2.06.068, inv. nr. 151.

²⁹ B. Wubs, 'Niederländische Multinationals in Deutschland: Das Beispiel Unilever, 1890-1960', in: Klemann and Wielenga, *Deutschland und die Niederlande 173-186*, there 174.

³⁰ NA, Financieel Attaché New York en Washington, 2.08.75, inv. nr. 3365; 'De Nederlandse kapitaalbelangen in Duitsland', 23 August 1948.

Table 2.1 Overview of Dutch capital interests in Germany per category, 1938.

Category	Reichsmark (millions)	Dollars (millions)
A. Participations in enterprises	1130	453
B. Fixed goods	239	96
C. Stocks not falling in category A	300	120
D. Claims not embodied in stocks	p.m.	p.m.
Total	1169	669

Source: NA, *Financieel Attaché New York en Washington*, 2.08.75, inv. nr. 3365; 'De Nederlandse kapitaalbelangen in Duitsland', 23 August 1948.

The total value of Dutch investments in German coal mining and steel- and iron industries amounted to circa 230 million *Reichsmark*.³¹ In short, during the interwar years, apart from the Dutch East Indies and the USA, especially Germany profited from Dutch capital exports.³² Moreover, pre-war Dutch FDI's in Germany amounted to about 900 million *Reichsmark*, participations excluded.³³

When Nazi Germany surrendered unconditionally, the exact extent of Dutch capital invested in Germany lost during the Second World War was unclear. As a result of war damage, for example to factories, but especially because of the total disruption of the German economy, the loss must have been extensive. For example, it was estimated that of the pre-war Dutch owned German stocks only around a third remained.³⁴ This loss was a direct consequence of the German financial policy in the occupied Netherlands. The German occupier took goods and services, and then sought ways to finance these in the Netherlands. The basis of this policy was the occupation costs, and shortages were settled through bilateral clearing, and in a later stage of the war, by making *Reichsmark* convertible. In fact, as of 1 April 1941, the currency border between the Netherlands and Nazi Germany was lifted, although this did not result in extra supply of goods to the Third Reich, or the other way round.³⁵ In short, the financial damage done to the Netherlands was mirrored by real damage in the form of the removal of goods and services. During the occupation, individual Dutch and firms in principle were paid for their supplies to Germany in Dutch guilders. The Germans, however, took these guilders from the

³¹ NA, *Financieel Attaché New York en Washington*, 2.08.75, inv. nr. 3365; 'De Nederlandse kapitaalbelangen in Duitsland', 23 August 1948.

³² Wemelsfelder, *Het herstel van de Duits-Nederlandse economische betrekkingen* 83.

³³ NA, *Financieel Attaché New York en Washington*, 2.08.75, inv. nr. 3365; 'De Nederlandse kapitaalbelangen in Duitsland', 23 August 1948.

³⁴ *Ibid.*

³⁵ Klemann, *Nederland 1938-1948* 143 and 144.

Dutch exchequer or resorted to the Netherlands Bank, where they traded worthless German banknotes for Dutch guilders. In this manner they did not confiscate from individual Dutch, but did so from the country as a whole. In total, the Germans withdrew 13359 million guilders from the Netherlands.³⁶ After the war, this was one of the three big financial claims The Hague had on Germany, but strikingly the former hardly came into action on this subject.

Loss of capital in Germany ‘weighed as heavy as the loss of an economically important part of our country’, Wemelsfelder therefore wrote.³⁷ On 7 May 1945, 99% of Dutch stocks of assets consisted of German assets. This was caused by the lifting of the assets border between the Netherlands and Germany on 1 April 1941.³⁸

Dutch assets blocked by the Allies

In the immediate post-war years, it was a prime policy goal of the various post-war governments to safeguard Dutch interests and have Dutch firms inside Germany exempted from special taxes. The Hague, however, focused on the interests of the four Dutch multinationals. It made nothing of its claim on the illegal occupation costs extracted by Germany during the Second World War. The same applied to pre-war investments. There was some logic behind this. To start with, many European countries had financial claims on Germany, so the chance of the Netherlands achieving anything in this field, was quite small. Moreover, Dutch financial investments were spread out over many small companies, which made it difficult to retrieve these. It seems the Dutch government, strongly influenced by the lobby of Philips, Royal Dutch Shell, Philips and Unilever, whose influence on the Dutch government had been strong already during the Second World War, put its money on the only claim it thought might stand a chance.

This had already been advocated during the war by the Dutch Reconstruction Committee (*Studiegroep voor Reconstructieproblemen*) which had been established in July 1941 on instigation of Unilever-chairman Paul Rijkens to assist the Dutch government in exile in London in developing plans with regard to the post-war Netherlands. J.B. Aug. Kessler, chairman of Royal Dutch Shell, as early as September 1942 wrote that it seemed desirable to add a regulation to an eventual peace treaty that economic measures taken by the Germans against Dutch possessions in the Third Reich and countries allocated to it and its consequences were to be undone as soon as possible.³⁹

Little more than a week after the liberation, Hirschfeld wrote a note in which he addressed Dutch capital interests in Germany. In his view, these were to be protected, as

³⁶ Klemann, *Nederland 1938-1948* 186.

³⁷ Wemelsfelder, *Het herstel van de Duits-Nederlandse economische betrekkingen* 86.

³⁸ C. van Renselaar, *Partij in de marge. Oorlog, goud en de Nederlandsche Bank* (Amsterdam 2005) 123.

³⁹ Netherlands Institute for War Documentation (NIOD), access code 233, inv. nr. 2a; ‘Brief J.B. Aug. Kessler aan de secretarissen van het Werk-Comité van de Studiegroep voor Reconstructieproblemen’, 2 September 1942.

otherwise a situation might arise in which the Allies obtained claims or stocks of Dutch firms, which might cause a transfer problem with the Allies, whereas ‘earlier it had been a transfer problem with Germany’.⁴⁰ According to Hirschfeld, it was to be determined at short notice which moveable goods were removed by the Germans during the occupation, to identify them and bring them back to the Netherlands. Moreover, Hirschfeld wrote, the large interests of Unilever – whose pre-war FDI’s in Germany amounted to approximately 417 million *Reichsmark* in Greater Germany (Austria and Czechoslovakia included)⁴¹, Philips, AKU and Royal Dutch Shell as well as their shares in companies that could more or less be seen as subsidiaries, were to be safeguarded. Arrangements had to be made in which Dutch influence on these firms remained strong. Dutch property invested in Germany during the interwar years had to be safeguarded ‘in all respects and warrant strong Dutch influence’.⁴²

The same opinion could be heard with Unilever, Philips, AKU and Royal Dutch Shell, the so-called ‘Big Four’. Their first priority seems to have been recovery of ties with their possessions in Germany, and return of their invested capital. The ABUP, short for AKU, de Bataafsche Petroleum Maatschappij (Shell), Unilever and Philips, after the Second World War convened in secretive meetings, at the first of which the most urgent issues mentioned were the trade relations with Germany, the American decartelization proposal in Germany, and nationalization in various countries. In September 1947 the ABUP in the Netherlands even decided to set up a sub-committee. Its purpose: to focus completely on Dutch industrial interests in Germany.⁴³

After the war however, it was as yet impossible to look after any such interests in any part of Germany. According to W. Chr. Posthumus Meyes, wartime member of the Dutch Bureau of Military Authority (*Bureau Militair Gezag*) and the Dutch Reconstruction Committee things were clear. Posthumus Meyes, who after the Second World War became General Commissioner of Dutch Economic Interests in Germany, stated no permission had been given yet to look after Dutch interests in any part of Germany. Only when this was realized could it be expected to gain full control of factories, essential to the Allied effort in administrating Germany. Posthumus Meyes had enough expert officers and civilians available for this purpose, he stated. These experts should have been in Germany since a long time, also in order to formulate proper claims in Germany, primarily against the German government with a view to damage sustained and

⁴⁰ NI-HaNa, Huysmans, 2.21.090, inv. nr. 19; Note Hirschfeld, ‘Eenige voorlopige opmerkingen over schadeloosstellingen, welke men van Nederlandsche zijde van Duitschland moet eischen’, 17 May 1945.

⁴¹ B. Wubs, *Unilever between Reich and Empire 1939-1945. International business and national war interests* (Rotterdam 2006) 50.

⁴² NI-HaNa, Huysmans, 2.21.090, inv. nr. 19; Note Hirschfeld, ‘Eenige voorlopige opmerkingen over schadeloosstellingen, welke men van Nederlandsche zijde van Duitschland moet eischen’, 17 May 1945.

⁴³ B. Wubs, *International Business and National War Interests* 169.

goods confiscated during and after the war.⁴⁴ In 1945 though, there was no German government, only the four Allied occupation powers. The Hague had to do business with them, especially with the British and US occupation authorities, who were less than forthcoming when it came to Dutch investments in Germany. In the words of Posthumus Meyes, ‘in view of their being Allied property, unfair and strong oppositions have been encountered by Netherlands enterprises in Germany from Nazi government side. This is the moment to review the situation and the Allied assets in Germany should be extended or at least re-established on the basis of pre-Nazi days’.⁴⁵

That being said, with regard to safeguarding Dutch interests, for the moment the Netherlands and Dutch business achieved little with the Allies. When it seemed the latter were intent on distributing the consequences of the war evenly over the subjects of Allied powers, the Dutch Minister of Finance P. Liefstinck reacted annoyed to say the least. To his colleague of Foreign Affairs C.G.W.H. van Boetzelaer, he wrote that the Netherlands, with its extensive investments in Germany, would be hit hard by this Allied policy. In his letter labelled urgent, Liefstinck thought it desirable to undertake a demarche with the British and American governments to arrange for an exceptional position for Allied properties in Germany, especially those dating from the pre-war period.⁴⁶ For the time being though, the Allies would have none of it.

The latter were in a position to take this stand. After the defeat of the Third Reich, the occupation authorities not only gained control over the German economy,⁴⁷ but the Allied High Commission also took control over all financial matters, foreign investments included.⁴⁸ For the Netherlands this was especially disadvantageous, as it was estimated almost 80% of Dutch investments were found in the western zones of occupation.⁴⁹ With the occupation, all Dutch possessions were blocked under Military Government Laws 52 and 53 and subjected to control of military authorities. Article I of the former read: ‘All property within the occupied territory owned or controlled directly or indirectly in whole or in part by any of the following institutions is hereby declared to be subject to seizure of possession or title, direction management, supervision or otherwise being taken into control by military government: a) The German Reich

⁴⁴ NA, Ambassade en Militaire Missie Duitsland, 2.05.55, inv. nr. 508; Posthumus Meyes, Commissaris-Generaal voor de Netherlands Economic Reparation, ‘Report No. 2’, ‘Immediate return of Netherlands Properties from Germany and Urgent Economic Necessity’, 31 October 1945

⁴⁵ Ibid.

⁴⁶ NA, archief Directie Buitenlands Betalingsverkeer (Algemeen Beheer der Generale Thesaurie), 1941-1954, access code 2.08.50, inventory number 37; ‘Brief minister van Financiën Liefstinck aan minister van Buitenlandse Zaken Van Boetzelaer’, 10 March 1947.

⁴⁷ Wielenga, *West-Duitsland: partner uit noodzaak* 260.

⁴⁸ W. Ehrlicher, ‘Deutsche Finanzpolitik seit 1945’, in: *Vierteljahrschrift für Sozial- und Wirtschaftsgeschichte* 81 (1994) 1-32, there 2.

⁴⁹ NA, Financieel Attaché New York en Washington, 2.08.75, inv. nr. 3365; ‘De Nederlandse kapitaalbelangen in Duitsland’, 23 August 1948.

or any of the Länder, Gaue, etc. and b) Governments, nationals or residents of nations, other than Germany which have been at war with any of the united nations at any time since September 1939 and governments nationals or residents of territories which have been occupied since that date by such nation or by Germany'.⁵⁰

Law 52 was immediately put in effect in the western zones of occupation after Allied forces took control over Germany. In principle its goal was to put under control all possessions of the former Reich, the Nazi party, the SS and its members, illegal associations and former staff officers. In practice, component b of Law 52 meant that possessions of both enemies and Allies were put under control, with regard to the former to break existing property relations, while possessions of the as yet absent latter were to be protected and safeguarded.⁵¹

Although intended to protect friendly interests, Allied policy soon turned out to be disadvantageous to the Netherlands. The laws contained a strict limitation of every capital movement. Moreover, bank balances were blocked, and investments to enlarge enterprises forbidden. The same was true for investments outside the own company or from foreign countries. Only transactions needed for normal conduct of business were allowed.⁵² The general ban on disposal of Allied subjects on direct or indirect property elements, meant a form of discrimination, as German citizens in this respect enjoyed full freedom.⁵³ Allies on the other hand, were not allowed to buy or sell capital possession without currency permit. Even if it was allowed, possessions in cash were blocked. As a consequence of the blocking of assets invested, these could not be reinvested and became available in liquid form. Revenues were not transferred, but deposited on blocked accounts. Reinvestments were not allowed.⁵⁴ In short, Germans were allowed to pay with their company in RM, but foreigners who owned companies in Germany, were subject to the Allied currency arrangements.

Allied policy with regard to foreign investments also had its consequences on Marshall Aid and the German currency reform of 1948. Allied properties were hit harder by the latter than their German counterparts. Some Germans had been able to invest part of their money, although it should be noted that financial chaos in the former Reich prior to the *Währungsreform* had been so extensive – Germany had indeed fallen back to barter⁵⁵ - that investment objects were all but

⁵⁰ Taken from Wemelsfelder, *Het herstel van de Duits-Nederlandse economische betrekkingen* 90.

⁵¹ Wemelsfelder, *Het herstel van de Duits-Nederlandse economische betrekkingen* 91.

⁵² Wielenga, *West-Duitsland: partner uit noodzaak* 260.

⁵³ NA, Financieel Attaché New York en Washington, 2.08.75, inv. nr. 3365; 'De Nederlandse kapitaalbelangen in Duitsland', 23 August 1948.

⁵⁴ NA, 2.08.50, inv. nr. 36; 'Note Directeur van het Buitenlands Betalingsverkeer van het Ministerie van Financiën', 27 May 1949.

⁵⁵ W. Benz and J. Faulenbach, *Deutschland 1945-1949. Besatzungszeit und Staatengründung* (Bonn 2002) 15.

absent. Insofar as German traders and entrepreneurs tried to convert their liquid assets into goods, they did so illegally.⁵⁶

In The Hague, Allied policy led to much irritation. Hirschfeld for example, wrote that the Dutch government was highly disappointed that the Netherlands still could not use their interests freely. He pointed to Dutch interests in the German mining and iron- and steel industry, which were large indeed. For example, the *N.V. Import and Export Maatschappij Oranje Nassau* owned 42.3% of the shares of the Lintfort based *Steinkohlen Bergwerk Friederich-Heinrich*; the *Bank voor Handel and Scheepvaart* (in fact on its part owned by *Thyssen Bonemisa*) possessed 40% of *Thyssensche Gas und Wasserwerke*, whereas *Hoogovens* had invested over 20 million guilders in *Vereinigde Stahlwerke*.⁵⁷ To the great detriment of The Hague, however, Hirschfeld had to note that despite repeated pressure, control over these possessions was still not completely in Dutch hands in 1948. Somewhat cynically he wrote that ‘the Allies could take the view that more cooperation was to be expected from a Dutch guidance than from a German one’.⁵⁸ Moreover, The Hague felt disappointed that Dutch enterprises in Germany or firms of which the majority of stocks were in Dutch hands, could not use their *Reichsmarks* freely in the same way as German enterprises. In effect, ‘Dutch interests were subordinated to German interests’.⁵⁹

Nonetheless, The Hague thoroughly realized it would benefit from Marshall Aid and a German currency reform. In the light of the close economic relations of old with Germany, the currency reform was, as Liefinck wrote to Van Boetzelaer, of great importance to the Netherlands as well, ‘as it has to be seen as an absolute pre-condition for a necessary recovery in Germany’⁶⁰, especially as it coincided with economic reforms towards a more market orientated economy, which might have positive influences on Dutch-German monetary relations. In another letter, dated 5 August 1948, however, the Dutch Minister of Finance urgently requested Van Boetzelaer to take action against the fact that Dutch owners had to uphold large balances in German banks as a consequence of the ban on transfer or reinvestment. In his opinion, a future *Lastenausgleich* - i.e. division of damage as a result of the war, dismantlement, etc. over the Allies - was unfair as this damage had been caused by the war waged by the Third Reich.⁶¹

⁵⁶ Wemelsfelder, *Het herstel van de Duits-Nederlandse economische betrekkingen* 94.

⁵⁷ NI-HaNa, Econ. Belangen Duitsland, 2.06.068, inv. nr. 152.

⁵⁸ NI-HaNa, Huysmans, 2.21.090, inv. nr. 207; Note Hirschfeld to Minister of Foreign Affairs Van Boetzelaer, ‘Nota van de Amerikaanse en Engelse Ambassade met betrekking tot uitvoer van voedingsmiddelen, in het bijzonder vis, naar Duitsland’, 17 June 1947.

⁵⁹ Ibid.

⁶⁰ NA, Dir. Buit. Betalings Verkeer (Alg. Beheer), 2.08.50, inv. nr. 37; ‘Brief minister van Financiën Liefinck aan minister van Buitenlandse Zaken Van Boetzelaer’, 10 March 1947.

⁶¹ NA, Dir. Buit. Betalings Verkeer (Alg. Beheer), 2.08.50, inv. nr. 37; Letter Liefinck to Van Boetzelaer, ‘Duitsche geldsanering’, 5 August 1948.

Two months after Liefstinck's request to Van Boetzelaer, talks were held in Paris by a 'working committee' with the goal of having the various governments draw up general recommendations with regard to non-German capital possessions.⁶² Actually, this was the first official moment the Netherlands were able to publicly defend their claims and protect its capital interests. Until then, little if anything had been achieved. The Allies cared little about Dutch interests.⁶³ Some in Dutch business circles even accused The Hague of having done 'disappointingly little to safeguard our German capital possessions. In the first years control of this property has been plainly ridiculous'.⁶⁴

At conferences in London, in late 1947 and early 1948, the Netherlands tried in vain to have talks with Great Britain and the United States about Dutch capital interests. This met with unwillingness, especially from the American part. On 8 June 1948, General-Major W. Huender and former Minister of Economics M.P.L. Steenberghe discussed the subject with British and American representatives in Germany, among them C.E. Steel, President of the Governmental Sub-Commission, B.H. Robertson, Governor of the British zone of occupation, Commander-in-Chief C. Weir and R.D. Murphy, the US ambassador in Germany. Huender en Steenberghe asked for an exemption of Allied interests in the case of an eventual currency reform and capital levies. The US and British delegates would have none of it. They stated that the Allied companies had been established in Germany intently, and that they had to undergo the ups and downs of the German economy. Huender pointed out, that it had been impossible since the 1930s to transfer *Reichsmark* to the Netherlands and that it therefore was impossible to speak of voluntary establishment.⁶⁵ This argument fell on deaf ears, as did pleas with L. Clay, the commander of the US zone of occupation, two days later. He stated he followed the stance of the US government that no preference could be given to foreign interests compared to German ones.⁶⁶

The Dutch delegation had to be content with accepting the following statement made later on the Paris Conference: 'The Conference recommends that the principle of non-discrimination against Foreign interests in Germany be reaffirmed and that each Government should promptly study the problem of safeguarding foreign interests in order that there may be

⁶² Wemelsfelder, *Het herstel van de Duits-Nederlandse economische betrekkingen* 99.

⁶³ Bloemers, *De financiële verbouwing tussen Nederland en Duitsland* 10.

⁶⁴ Bloemers, *De financiële verbouwing tussen Nederland en Duitsland* 10.

⁶⁵ NA, Financieel Attaché New York en Washington, 2.08.75, inv. nr. 3365; 'Gedeelten inzake munthervorming, genomen uit de besprekingen die o.m. over dit onderwerp zijn gehouden door: generaal-majoor W. Huender en M.P.L. Steenberghe met C.E. Steel, President van de Governmental Sub-Commission, General Brian H. Robertson, Brits Militair Gouverneur en Commander-in-Chief, Cecil Weir, President van de Economic Sub-Commission (E.C.O.S.C.) en R.D. Murphy, Ambassadeur der Verenigde Staten en Politiek adviseur voor Duitsland', 9 June 1948.

⁶⁶ NA, Financieel Attaché New York en Washington, 2.08.75, inv. nr. 3365; 'Gedeelten inzake munthervorming' genomen uit besprekingen, die o.m. over dit onderwerp zijn gehouden door: Generaal-Majoor W. Huender en M.P.L. Steenberghe met Generaal L.D. Clay, Commander-in-Chief en Military Governor (U.S.) en P. Hawkins, Property Control Omgus', 10 June 1948.

subsequently established as close to September 1st, 1948, as possible an intergovernmental group to review the question and make recommendations to their Governments'.⁶⁷ On the basis of this recommendation the intergovernmental group started talks in Paris on 25 October 1948, whose recommendations were to be submitted to their respective governments.⁶⁸ Dutch businessmen who had invested heavily in the western part of Germany, especially, as mentioned, in the Ruhr area, pressed the Dutch government to regain legal ownership over their possessions.⁶⁹

The Dutch delegation consisted of Kohnstamm, C. Heyning of the Commissary-General of Dutch Economic Interests in Germany and representatives of Dutch business. They frequently consulted Steenberghe - who was General Secretary of the ABUP at the time - and F.E.C Everts, president and vice-president of the Commission of Dutch Industrial Interests in Germany respectively. In fact, Kohstamm represented the diplomatic part of the Dutch delegation, whereas Steenberghe led the delegation of Dutch business. The Paris-talks about capital interests and the value of stocks were all the more complicated, as because of the Allied deconcentration policy, many German companies had been split up, in some cases leading to a cut up of foreign participations.⁷⁰ Dutch possessions and participations were to be safeguarded and prevented from being seen as enemy property.⁷¹

In all, 29 recommendations were drawn up in Paris. They aimed at rehabilitation of those businesses hurt by the Nazi's, return of free control over possessions in Germany and transfer possibilities for capital revenues.⁷² In the following, only those most important to the Dutch interests will be discussed. With regard to the laws for the German currency reform it had earlier been decided an Allied creditor either had to accept payment of his claims in a rate of 1:10 or reserve its rights for a better treatment. In the latter case, however, payment would only follow *after* a final arrangement. The Dutch government repeatedly opposed this arrangement⁷³ and seemed to achieve some success as the group now advised acceptance of payments in the 1:10 ratio 'not [underline in original, M.L.] to consider as giving up claims on additional payments in the future'.⁷⁴

⁶⁷ NA, Dir. Buit. Betalings Verkeer (Alg. Beheer), 2.08.50, inv. nr. 36; 'M. Kohnstamm, 'Verslag van de conferentie gehouden over de geallieerde kapitaalbelangen in West-Duitsland, gehouden te Parijs, 25 October – 10 November 1948'.

⁶⁸ Wemelsfelder, *Het herstel van de Duits-Nederlandse economische betrekkingen* 99.

⁶⁹ A.G. Harryvan and J. van der Harst, *Max Kohnstamm. Leven en werk van een Europeaan* (Utrecht 2008) 118.

⁷⁰ See for example Harryvan and Van der Harst, *Max Kohnstamm* 118-119.

⁷¹ A. Kersten, *Luns. Een politieke biografie* (Amsterdam 2010) 70.

⁷² Wielenga, *West-Duitsland: partner uit noodzaak* 261.

⁷³ NA, Dir. Buit. Betalings Verkeer (Alg. Beheer), 2.08.50, inv. nr. 36; Note Lieftrinck, 'Nota inzake Nederlandse kapitaalbelangen in Duitsland', 22 November 1948.

⁷⁴ NA, Dir. Buit. Betalings Verkeer (Alg. Beheer), 2.08.50, inv. nr. 36; M. Kohnstamm, 'Verslag van de conferentie gehouden over de geallieerde kapitaalbelangen in West-Duitsland, gehouden te Parijs, 25 October – 10 November 1948'.

Especially the American delegation took the point of view that compensation for damage suffered could only be claimed with the peace treaty, still to be reached with Germany.

Kohnstamm pointed out though, that in this case little was to be expected from compensations, particularly as not all claims on Germany would be treated. Therefore, it had been the constant endeavour of the Dutch delegation to try to get as much at the very moment and in the period leading up to the peace treaty.⁷⁵

According to Kohnstamm, three major successes were obtained at the Paris Conference. First of all, because of the Allied price policy, mines and iron- and steel factories suffered dearly. According to the internal-allied working committee, Allied possessions in these sectors were not to be the victim. To the Netherlands, with its large investments in the aforementioned industries, especially in the Ruhr area⁷⁶, this was an important recommendation. Secondly, the group gave advice about the *Lastenausgleich* which was being prepared at the time. Although it was by no means clear by late 1948 which provisions this law would contain, its general outline was clear. The purpose of the *Lastenausgleich* was to acquire the means to provide for the needs that were the result of war and currency reform by way of capital taxation.⁷⁷ In this way, persons and firms that had been hit hard by the war could be given a much needed hand. From the start however, The Hague - and with it Dutch business and the Dutch delegation in Paris - fiercely insisted that Dutch interests be exempted from taxations under this law. This was based on the opinion that Dutch capital properties should not have to contribute to burdens caused by the war waged by Germany.⁷⁸ According to The Hague and the Big Four, these taxes were to be paid exclusively by German enterprises.⁷⁹

After a hard battle, the American delegation, so noted Kohnstamm, was won over for this point with strong British support, insofar as it was about Allied persons, legal bodies in Allied law or about German legal bodies that were completely in Allied hands. If this recommendation was accepted, Dutch subsidiaries in Germany and other firms in Germany which were completely in Dutch hands, would be exempted from this taxation. According to Kohnstamm, this was one of

⁷⁵ NA, Dir. Buit. Betalings Verkeer (Alg. Beheer), 2.08.50, inv. nr. 36; M. Kohnstamm, 'Verslag van de conferentie gehouden over de geallieerde kapitaalbelangen in West-Duitsland, gehouden te Parijs, 25 October – 10 November 1948'.

⁷⁶ Wielenga, *West-Duitsland: partner uit noodzaak* 261.

⁷⁷ NA, Dir. Buit. Betalings Verkeer (Alg. Beheer), 2.08.50, inv. nr. 36; M. Kohnstamm, 'Verslag van de conferentie gehouden over de geallieerde kapitaalbelangen in West-Duitsland, gehouden te Parijs, 25 October – 10 November 1948'.

⁷⁸ NA, Financieel Attaché New York en Washington, 2.08.75, inv. nr. 3365; 'De Nederlandse kapitaalbelangen in Duitsland', 23 August 1948.

⁷⁹ Harryvan and Van der Harst, *Max Kohnstamm* 119.

the most important results achieved in Paris.⁸⁰ A final recommendation that was of interest to the Netherlands, was that the group stated the occupation authorities should not execute their deconcentration and reorganization plans in the Ruhr industry without comprehensively consulting Allied beneficiaries and their governments. In a letter to the new Minister of Foreign Stikker and the Council of Economic Affairs [*Raad voor Economische Aangelegenheden*, REA] Hirschfeld wrote he completely agreed with the contents of Kohnstamm's report, and advised the Dutch government to accept the Paris' recommendations. Hirschfeld stated results had been obtained that had been held impossible half a year earlier. In his view, the Dutch working committee had successfully fulfilled its extensive task. Moreover, as he was told privately by his personal friend Steenberghe, representatives of Dutch business were also pleased with the recommendations.⁸¹ The close ties between Hirschfeld en Steenberghe – they called each other on their first name, which was quite unusual at the time even for close friends – ensured there were short lines between the politics in The Hague and Dutch business. Here probably lies an explanation for the fact that The Hague put its money on regaining the interest of the four large Dutch multinationals.

Decartelization

Another contested point with regard to Dutch capital interests in Germany and one which seemed to seriously threaten Dutch interests, was the Allied decartelization policy, one of the spearhead actions of the former wartime alliance. Decartelization would probably result in the split up of German firms, cutting up Dutch participations. Clause 12 of the Potsdam Agreement of July 1945 read: 'At the earliest practicable date, the German economy shall be decentralized for the purpose of eliminating present excessive concentration of economic power as exemplified in particular by cartels, syndicates, trusts and other monopolistic arrangements'.⁸² Especially democratic Americans, with their strong anti-trust history and proclaimed anti-trust approach,⁸³ tried to transform the basic structure of the economy by breaking up large companies like *I.G. Farben* and *Vereinigte Stahlwerke*. According to US democrats, the war against Nazi Germany had been a crusade against evil, and large firms had supported Hitler, as was their opinion. Therefore,

⁸⁰ NA, Dir. Buit. Betalings Verkeer (Alg. Beheer), 2.08.50, inv. nr. 36; 'M. Kohnstamm, 'Verslag van de conferentie gehouden over de geallieerde kapitaalbelangen in West-Duitsland, gehouden te Parijs, 25 October – 10 November 1948'.

⁸¹ NA, archieven van de ministeries voor Algemeene Oorlogvoering van het Koninkrijk (AOK) en van Algemene Zaken (AZ), Kabinet van de Minister-President (KMP) (1924) 1942-1979 (1989), access code 2.03.01, inventory number 3085; Letter Hirschfeld to Minister of Foreign Affairs Stikker and REA, 16 November 1948.

⁸² Source: http://potsdamer-konferenz.de/dokumente/protokoll_en.php. Consulted 18 July 2010.

⁸³ S.J. Wiesen, *West German Industry & the Challenge of the Nazi Past, 1945-1955* (Chapel Hill/London 2001) 43.

these large conglomerates had to be broken up in smaller ones. In this way, economic power would not be as concentrated in the hands of a few large companies.⁸⁴

Nonetheless, the inter-Allied Commission for Decentralization of the German Economy, established a month after the Potsdam Conference, found it difficult to define exactly ‘what represents excessive concentration of power and unfair advantage, that is, what generally should be allowed and what should be prohibited’.⁸⁵ Moreover, the Allies differed profoundly on the treatment of German industry.⁸⁶ To start with, the French most of all wanted security. Although they were not invited to any of the major conferences about Germany’s future, Potsdam included,⁸⁷ Paris advocated a nationalist policy which aimed at containing and limiting German industry and keep it in a permanent state of weakness.⁸⁸ The Russians for their part, strived for nationalization and dismantling of German companies and planned to take away as many industrial machinery and capital goods as possible to compensate the damage to its own industry.⁸⁹ The British followed a somewhat dualistic policy in their occupation zone. Germany’s war potential was to be eliminated by destruction, but Whitehall also hoped to obtain certain machines from Germany to further British economic recovery. At the same time, London did not oppose peaceful economic German reconstruction. On the contrary: a wealthy Germany would be less war prone and be a good consumer’s market for British products.⁹⁰ In short, in their occupation zone the British promoted a constructive approach to the German industry.⁹¹

The Americans, however, advocated a harsh policy when it came to deconcentration of German industry. They thought German big business accountable for its cooperation with Hitler, although opinions differed strongly on post-war industrial policy in Germany. The most radical plan was Morgenthau’s of 1944, which envisioned a major deindustrialization of the Ruhr and flooding of the coal mines.⁹² US bankers and industrialists, however, held quite different views, and were much more directed towards Germany’s industrial recovery.⁹³ In the immediate post-war period, radicals in US decision making had the upper hand, resulting, for example, in the split

⁸⁴ M. Lak, ‘Wat te doen met de Duitsers? Britse en Amerikaanse plannen voor denazificatie en economisch herstel’, in: *De Academische Boekengids* 77 (November 2009) 24-28, there 24.

⁸⁵ As quoted by K.H. Jarausch, *After Hitler. Recivilizing Germans, 1945-1995* (Oxford 2006) 77.

⁸⁶ Wubs, *International Business and National War Interests* 172.

⁸⁷ G. Kiersch, ‘Die Französische Deutschlandpolitik 1945-1949’, in: C. Scharf and H.J. Schröder, *Politische und Ökonomische Stabilisierung Westdeutschlands 1945-1949. Fünf Beiträge zur Deutschlandpolitik der westlichen Alliierten* (Wiesbaden 1977) 61-76, there 61.

⁸⁸ Wubs, *International Business and National War Interests* 172.

⁸⁹ J. Becker, ‘Die Deutsche Frage in der internationalen Politik 1941-1949. Grundzüge und Hauptprobleme ihrer Entwicklung’, in: J. Becker, T. Stammen and P. Waldmann (eds.), *Vorgeschichte der Bundesrepublik Deutschland. Zwischen Kapitulation und Grundgesetz* (Munich 1979) 9-59, there 20.

⁹⁰ J. Farquharson, ‘A Game of Cat and Mouse? Dismantling for Reparations in the British Zone of Germany 1947-1950’, in: *German History* 15 (1997) 333-357, there 334.

⁹¹ Wubs, *International Business and National War Interests* 172.

⁹² Wiesen, *West German Industry & the Challenge of the Nazi Past* 43.

⁹³ Wubs, *International Business and National War Interests* 172.

up of *IG Farben* – which had indeed been pro-Nazi as had been the *Deutsche Bank* - into the *Bayer*, *Höchst* and *BASF*-companies. Likewise, the highly interwoven coal and steel industries were cut up into twenty-three independent steel producers and dozens of collieries.⁹⁴ Banks were targeted as well, as the three largest banks were also transformed into separate companies, although most, like the *Dresdner Bank*, partially recombined later on.⁹⁵ This all fitted in a US anti-trust policy. As Wiesen has stated, to the Americans who campaigned against a strong industrial rebirth, the German economy, ‘made up of a tangle of cartels, price-fixing agreements, and monopolistic combinations, had been the greatest violation of the free market [...] According to the Americans, only by smashing the large conglomerations of economic power and controlling trusts and monopolies would Germany become ripe for a more decentralized and peaceful economy, recast according to the U.S. model’.⁹⁶

This manifested itself in Joint Chiefs of Staff policy directive 1067, which replaced Morgenthau’s plan in the spring of 1945. One of its goals was ‘to prohibit all cartels and other private business arrangements and cartel-like organisations’.⁹⁷ JCS 1067 provided for rigid control on political life and especially a strong reduction and control of and over the German economy. Steps towards economic recovery or that were suited to strengthen the German economy were forbidden.⁹⁸ In practice, however, many Americans, especially those working in the military occupation authorities in Germany, resented JCS 1067. With approval of his boss, an employee of Clay called the directive the work of ‘economic idiots’.⁹⁹ Moreover, although on paper Great Britain and the United States sided with the rigid approach towards Germany, in practice it soon turned out otherwise. According to Americans on the spot, hundreds of thousands of Germans would starve to death if the country was forbidden to export to require revenues. With Clay leading the way, they were of the opinion Washington had no clue of the seriousness of the situation. As early as May 1945 he had insisted upon adaptation of JCS 1067. As the State Department did not think it opportune so shortly after the war to publicly discuss the economic treatment of Germany, Clay was more or less given a free hand. He was even allowed to have produced synthetics, magnesium, aluminium and oil, an opportunity which he took eagerly. In fact, American occupation policy was constructive from day one, although JCS 1067 was only withdrawn officially in July 1947. In fact, the 1946 Stuttgart-speech of US Secretary of State

⁹⁴ Jaraus, *After Hitler* 77.

⁹⁵ R. Ahrens, *Die Dresdner Bank 1945-1957. Konsequenzen und Kontinuitäten nach dem Ende des NS-Regimes* (Munich 2007) 453.

⁹⁶ Wiesen, *West German Industry & the Challenge of the Nazi Past* 43.

⁹⁷ As quoted by Wubs, *International Business and National War Interests* 172.

⁹⁸ C. Kleßmann, *Die doppelte Staatsgründung. Deutsche Geschichte 1945-1955* (Bonn 1991) 22-23.

⁹⁹ *Ibid.*, 100.

James Byrnes was nothing else than the public confirmation of Clay's policy.¹⁰⁰ Chemical industry, for example, as an engine for economic growth and especially as it contributed to an enhanced standard of living, 'could be instrumental in helping one of the sides – i.e. East or West in the developing Cold War - prevail'.¹⁰¹ Moreover, curbing war potential and constraining future German industrial competition contradicted 'the desire to limit costs and length of the occupation'.¹⁰²

When it came to deconcentration, talks about Dutch capital interests and the value of stocks were further complicated, as, as a consequence of the Allied policy, many German firms were cut up, sometimes resulting in cutting to bits foreign participations as well¹⁰³, especially in German mining and steel- and iron industries. In 1945, 55% of coal mining was technically, economically, or by ownership combined with the iron industry: 'technically through the exchange of fuels and energy, economically through the harmonization of investments and of profits and losses, organically through the combination of mines and iron factories into integrated business concerns'.¹⁰⁴ It was the aim of the Allies to break up this conglomeration of economic power, as the former were convinced the Ruhr combines were not only guilty of having supported the rise of National Socialism, 'but also of having provided the basis for German war production and for nearly six years of warfare'.¹⁰⁵

Deconcentration of the Ruhr industry and especially its coal industry did not only affect Germany, but also its neighbouring countries. Because of Germany's central position in Europe, geographically as well as economically, Allied policy had consequences for all of Europe, not in the least to the small and middle sized economies of West- and North-western Europe.¹⁰⁶ They depended on supplies of German coal and industrial products. Therefore, deconcentration policy always had an international dimension; this and decartelization were not just problems of the German economic structure, but had European implications.¹⁰⁷

The question relevant here was whether Allied properties in firms to be decartelized, had to be treated equally to German firms, or were to be given preferential treatment.¹⁰⁸ As it feared

¹⁰⁰ M. Lak, 'Na de overwinning. De Amerikanen, Britten en Russen in Duitsland na WO II', in: *De Academische Boekengids* 69 (July 2008) 3-5, there 4.

¹⁰¹ R. Stokes, *Opting for Oil. The Political Economy of Technological Change in the West German Chemical Industry, 1945-1961* (Cambridge 2006) 67.

¹⁰² *Ibid.*, 46 and 47.

¹⁰³ Harryvan and Van der Harst, *Max Kohnstamm* 119.

¹⁰⁴ A. Diegmann, 'American Deconcentration Policy in the Ruhr Coal Industry', in: J.M. Diefendorf, A. Frohn and H.J. Rupieper (eds.), *American Policy and the Reconstruction of West Germany, 1945-1955* (Cambridge 2004) 197-215, there 197.

¹⁰⁵ *Ibid.*, 198.

¹⁰⁶ H.A.M. Klemann, 'Point zero. The economic problems of Western Europe in 1945'. Paper presented to the ESF-Conference Post-war economic reconstruction, Utrecht, The Netherlands 3-4 September 2004, 1-7, there 1-2.

¹⁰⁷ Diegmann, 'American Deconcentration Policy in the Ruhr Coal Industry' 198.

¹⁰⁸ Wemelsfelder, *Het herstel van de Duits-Nederlandse economische betrekkingen* 97.

elimination of Dutch interests and therewith of influence, The Hague favoured the last option. Elimination of the former would, so it thought, inevitably lead to replacement by German interests; from a national and economic point of view, this would mean severe discrimination: 'It is completely unacceptable that in this way Dutch properties would be taken away on behalf of the reorganization of German industry, whereas German aggression had already led to such enormous losses'.¹⁰⁹

Although The Hague subscribed to the principles of the intended deconcentration of large enterprises, it was self-evident that damage to Dutch possessions was to be avoided.¹¹⁰ It was pointed out that the Netherlands desired to be consulted in decartelization measures if Dutch interests were concerned, before any definitive decisions were taken. For example, The Hague resented the fact that the Allies had not conferred with the Netherlands about *IG Farben*, despite the considerable amount of Dutch stocks in the company. It also wanted a possibility opened to have international arbitrage judge claims of Dutch interested resulting from decartelization measures.¹¹¹ As yet, however, the British and Americans would have none of it. As a consequence, recovery of Dutch property rights in Germany remained a major policy goal of the various post-war governments. For The Hague, effectuation of the Paris recommendations was central.¹¹² In a note of 28 April 1949, Hirschfeld - with some justification - stated Dutch capital interests were considered to be 'seriously threatened'.¹¹³

A month later, foreigners who had invested capital in Germany, could still not transfer revenues from it. Because of this, many European countries were forced to limit their imports from Germany and strongly increase their exports to the former Reich. As long as the British and American occupation authorities held on to their rigid economic policy, this was impossible. At the same time, most European countries, the Netherlands in particular, could not do without German products, especially industrial machinery, spare parts of machinery and coal, and therefore imports of these could not drop below a certain minimum. The Netherlands were severely handicapped because they could not import spare parts for their machines and instruments.¹¹⁴ As exports to Germany were still largely hindered by the Allies, dollar payments were the order of the day, making the former a creditor to almost all European countries, the

¹⁰⁹ NA, Financieel Attaché New York en Washington, 2.08.75, inv. nr. 3365; 'De Nederlandse kapitaalbelangen in Duitsland', 23 August 1948.

¹¹⁰ Wielenga, *West-Duitsland: partner uit noodzaak* 261.

¹¹¹ NA, Financieel Attaché New York en Washington, 2.08.75, inv. nr. 3365; 'De Nederlandse kapitaalbelangen in Duitsland', 23 August 1948.

¹¹² Wielenga, *West-Duitsland: partner uit noodzaak* 261.

¹¹³ BuZa, 912.230, Map 563. Duitsland West. Nederlandse verlangens inzake geallieerde politiek in Duitsland; nota Hirschfeld Deel I; 'Nota betreffende de geallieerde en Nederlandse politiek t.a.v. West-Duitsland', 28 April 1949.

¹¹⁴ 'De internationale economische gevolgen van den toestand in Duitsland' (Rapport van een Comité, ingesteld door den President van de Internationale Kamer van Koophandel en uitgebracht aan den Uitvoerenden Raad der Kamer op 2 April 1947)', in: *De Economist* 95, nr. 1 (December 1947) 237-278, there 276.

Netherlands included.¹¹⁵ Without Germany to buy their produce, the trading, open economy of the Low Countries was moribund.¹¹⁶ Especially in the Netherlands, the consequences of the existing bilateral European trade were felt dearly.¹¹⁷ A trade pattern which was not in accordance with the European economic structure was artificially held up by the Allies.

The Allies obstruct Dutch capital revenues

Dutch diplomats as well as representatives from Dutch business endeavoured to convince the Allies it was of the utmost importance to allow capital revenues to be transferred to the Netherlands. The newly formed German Federal Republic, established on 23 May 1949, was not forthcoming, although this was hardly surprising as German possessions in the Netherlands had been seized as enemy property. Moreover, Dutch representatives in Germany were less than tactful, and the intended annexation of German soil stirred up bass feelings,¹¹⁸ especially in Nordrhein-Westfalen. Karl Arnold, prime-minister of the aforementioned *Land*, stated ‘it should be made clear to the Dutch, that trustworthy economic relations are only possible, if the road of negotiations and not the road of violence and one-sided implementation is taken’.¹¹⁹ Added to this was the fact that to Bonn, the Netherlands were just one of many countries with which relations were to be normalized. Its priority lay with the relations to the occupying powers, to regain its independence.¹²⁰

The Hague and Dutch business worked together in furthering Dutch (industrial) interests in Germany, although cooperation did not always go smoothly.¹²¹ To further their interests in Germany, Royal Dutch Shell, Unilever, Philips and AKU joined hands in the so-called Commission Steenberghe (*Commissie voor Nederlandse Industriële Belangen*), named after the former 1930s Dutch minister of Economic Affairs. It focused completely on Dutch industrial interests in Germany. Steenberghe took the chair, assisted by his good friend Hirschfeld, and the Foreign Office, the Economics Ministry and the Ministry of Finance gave their consent.¹²² Although

¹¹⁵ P.J. van der Burg, ‘Transfer van kapitaalopbrengsten uit Duitsland en de betekenis daarvan voor het Europese dollardeficit’, in: *ESB*, 18 May 1949, 394-396, there 394.

¹¹⁶ T. Judt, *Postwar. A History of Europe Since 1945* (London 2007) 98.

¹¹⁷ NA, Dir. Buit. Betalings Verkeer (Alg. Beheer), 2.08.50, inv. nr. 5; ‘Letter Minister of Finance Lief tinck to Minister of Foreign Affairs Van Boetzelaer’, 24 October 1947. According to Eichengreen, ‘Europe’s trade resembled a spaghetti bowl of more than two hundred bilateral arrangements’. B. Eichengreen, *The European Economy Since 1945. Coordinated Capitalism and Beyond* (Princeton 2007) 73.

¹¹⁸ Bloemers, *De financiële verbouding tussen Nederland en Duitsland* 10.

¹¹⁹ HStAD, NW 53-114, Staatskanzlei; Aktennotiz, 30 May 1949. The original reads: ‘es soll die niederländische Seite klargemacht werden, dass sich vertrauensvolle wirtschaftliche Beziehungen nur anbahnen lassen, wenn der Weg der Verhandlungen und nicht der Weg des Gewalt und der einseitigen Auferlegung beschritten wird’.

¹²⁰ F. Wielenga, ‘Der Weg zur neuen Nachbarschaft nach 1945’, in: J.F.E. Bläsing, J. Bosmans, H. Lademacher and W. Woyke (eds.), *Die Niederlande und Deutschland. Nachbarn in Europa* (Hannover 1992) 124-142, there 130.

¹²¹ Bloemers, *De financiële verbouding tussen Nederland en Duitsland* 10.

¹²² Information taken from Wubs, *International Business and National War Interests* 169.

Dutch desires were repeatedly brought under the attention of the occupation authorities, neither the Dutch government nor Dutch business achieved any breakthroughs after the summer of 1949.¹²³ Everts, vice-president of the Steenberghe Commission, after a meeting with J. McCloy, Clay's successor as commander of the American zone of occupation, stated that 'one can only hope that continuous battering on the same anvil will in the end lead to a better understanding of the difficulties which face Allied industries in Germany'.¹²⁴

It seems the German delegates were prepared to arrange the issues of capital revenues, but were blocked in this by the Allies. In negotiations which were held in Frankfurt from 24 January to 2 February 1950 between the Netherlands and the Federal Republic, the Dutch and German delegations designed a 'very satisfactory' formulation with regard to capital revenues, in which it was stated transfer of these revenues should be started as soon as possible, although because of limitations this was for the moment impossible. Allied observers, however, forbade the Germans to issue this or similar declarations.¹²⁵

It would take until 1952 before the issue of capital revenues came under discussion in a larger international framework. From February until August talks were held in London about these sensitive issues, especially the *Lastenausgleich*. An important role in the discussion about the financial liquidation of the consequences of the Second World War was played by 'demands after a *Lastenausgleich* between those, who had lost everything and those that had come out of the war unharmed or had even made profit'.¹²⁶ The *Lastenausgleich* had been a hotly debated issue since the formation of the Federal Republic, which is hardly surprising since huge economic interests were at stake.¹²⁷ The London Debt Conference was the first time direct compensation for victims of the Nazi regime were discussed.¹²⁸ The amount involved was enormous: the private loss of property as a result of the expulsion of Germans from the east of the country in 1945 was estimated at 62 billion RM, the damage as a result of the Allied bombing at 27 billion RM. Added to this were 100 billion RM of lost savings.¹²⁹

¹²³ Wielenga, *West-Duitsland: partner uit noodzaak* 261.

¹²⁴ As quoted by Wielenga, *West-Duitsland: partner uit noodzaak* 261-262.

¹²⁵ NA, Dir. Buit. Betalings Verkeer (Alg. Beheer), 2.08.50, inv. nr. 36; Note Plv. Directeur-Generaal van het Buitenlands Betalings Verkeer M. Boomstra, 'Terzake van onderhandelingen met Duitsland', to Minister of Finance Liefstinck, 8 February 1950.

¹²⁶ J. Faulenbach, *Deutschland in den fünfziger Jahren* (Bonn 2003) 23. The original reads: 'Forderungen nach einem Lastenausgleich zwischen denen, die alles verloren hatten und anderen, die unbeschadet oder sogar als Gewinner aus dem Krieg hervorgegangen waren'.

¹²⁷ W. Abelshäuser, *Deutsche Wirtschaftsgeschichte seit 1945* (Bonn 2004) 331-335.

¹²⁸ P. van der Auweraert, 'Dwangarbeid onder het Nationaal-Socialisme: de lange weg naar materieel herstel', in: E. Brems and Pieter Vanden Heede (eds.), *Bedrijven en mensenrechten. Verantwoordelijkheid en aansprakelijkheid* (Gent 2003) 185-208, there 193.

¹²⁹ Abelshäuser, *Deutsche Wirtschaftsgeschichte seit 1945* 332-333.

The Big Three set up recommendations in London about ending the state of war and a change of the occupation statute.¹³⁰ To the young West German state, on the one hand an eventual agreement should not be too disadvantageous to the creditors as it could demonstrate its creditworthiness towards eventual new capital suppliers. Moreover, on a political level, it wanted to create goodwill. To the *Bundesrepublik* it was not only about repayments of capital revenues, but in general would mark recovery of trust in German creditworthiness.¹³¹ On the other hand, out of internal welfare interests, the extent of debt obligations should be as low as possible.¹³² Only as late as 14 August 1952 did the *Bundestag* take a definitive decision, which meant a levy of 50% of all present properties in Germany, to be paid in thirty yearly periods.¹³³ This money was destined for a fair division of war damage in Germany. An important element in the discussions about the *Lastenausgleich* had been the question to what extent enterprises with foreign capital would be exempted from these extra taxes. To The Hague and other countries with considerable financial interests in the Federal Republic, this was a question of great importance. Steenberghe and Kohstamm had since the Paris conference of 1948 been insisting to exempt foreign firms established in Germany from special levies. These taxes should be yielded exclusively by German firms, so they thought.¹³⁴

Both on the political level and by means of the Steenberghe Committee the Netherlands constantly pressed for an exceptional position. The path to an agreement was strewn with obstacles, however. The United States wanted to limit the burden of claims on Germany, as was a general feature of US policy.¹³⁵ Nonetheless, in the end the Big Three reached an accord in the *Generalvertrag* of May 1952. They announced the establishment of the *Federal Higher Authority on Foreign Interest*, which, in expectation of a definitive settlement in a peace treaty, could in certain cases decide to grant compensation on a same basis as was done to German citizens.¹³⁶ Because of the extensive Dutch possessions in Germany, according to the Ministry of Foreign Affairs this settlement was particularly welcome to the Netherlands. Despite strong German resistance – some called it blackmail¹³⁷ – it was determined in the *Generalvertrag* that of companies that were in Allied hands for 85% or more, would be exempted from these taxes for six years, a lightening of some 20%. No wonder the Ministry of Foreign Affairs concluded the case had been settled in a

¹³⁰ Wielenga, *West-Duitsland: partner uit noodzaak* 262.

¹³¹ *Ibid.*, same page.

¹³² Wemelsfelder, *Het herstel van de Duits-Nederlandse economische betrekkingen* 110.

¹³³ Wielenga, *West-Duitsland: partner uit noodzaak* 263. See also: Kleßmann, *Die doppelte Staatsgründung* 190.

¹³⁴ Harryvan and Van der Harst, *Max Kohstamm* 199.

¹³⁵ Wielenga, *West-Duitsland: partner uit noodzaak* 263

¹³⁶ The following is based, unless stated otherwise, on Wielenga, *West-Duitsland: partner uit noodzaak* 263-264.

¹³⁷ D.C. Large, 'Grand Illusions: The United States, The Federal Republic of Germany, and the European Defence Community, 1950-1954', in: Diefendorf, Frohn and Rupieper, *American Policy and the Reconstruction of West Germany* 375-394, there 390.

satisfying matter,¹³⁸ although it would take until 1960 before a definitive arrangement was reached.

Wielenga rightly concludes that with the 1952-*Generalvertrag* Dutch capital interests had been safeguarded in a satisfying manner. The Ministry of Foreign Affairs concluded to its satisfaction that all Dutch endeavors had finally paid off, and that the results largely corresponded with Dutch desires and interests. The same opinion was heard from the Ministry of Finance and the Steenberghe Committee. That's not to say all war damage suffered by the Netherlands was compensated for or that the Allies paid anything for the negative consequences of their discriminatory policy. Moreover, the *Generalvertrag* did not end all problems concerning the troubles with Dutch financial interests in Germany.

Chief amongst these unsolved questions was that of the transfer of capital revenues. With the *Generalvertrag*, authority in this field passed to the *Bundesregierung*, and the latter would only slowly liberalize it in O.E.E.C.-connection, which oversaw the further liberalization of intra-European trade. Moreover, with the signing of the London Debt Treaty on 27 February 1953, a transfer- and discharge-arrangement was agreed on, but Dutch creditors would only profit from this arrangement as late as 1958.¹³⁹ This was caused by the fact that at the last moment the Netherlands refused to sign the treaty, as all of a sudden problems emerged with regard to the so-called *Auslandbonds*. These were obligations which had been issued outside Germany by German authorities in other currency than the German RM and which during the occupation of the Netherlands were purchased with worthless Reichsmark and carried off to Germany¹⁴⁰ or prewar obligations, especially Dawes- and Young loans that were bought in the Netherlands during the war with the same worthless Reichsmark. The Netherlands demanded these obligations, with a total worth of approximately 200 million guilders, to be returned. As Bonn seemed unwilling to acknowledge this claim, The Hague refused to sign the London Debt Treaty. A Dutch signature would mean the Federal German government could use the treaty to postpone talks about the *Auslandbonds* to a future peace conference. The Hague saw a refusal to sign as a way to pressure West Germany into talks about the *Auslandbonds*, but Bonn would have none of it, and this meant the 200 million guilder claim was now a long term enterprise.

Moreover, transfer of capital assets was not profitable to the Netherlands in all circumstances. As no effective transfer was possible, the revenues destined for the Netherlands

¹³⁸ *Jaarboek van het Ministerie van Buitenlandse Zaken 1951/1952* (Den Haag 1952) 88.

¹³⁹ This paragraph is based on Wielenga, *West-Duitsland: partner uit noodzaak* 265 and 444-445. More archival research is needed, as Wielenga largely builds the discussion on the archives of the Dutch Ministry of Foreign Affairs. In the National Archives, however, I found pieces on the *Auslandbonds* as well, which have yet to be studied; The archive concerned is the following: NA, 2.08.75, inv. nr. 3335: Duitse Auslandbonds, 1947-1963.

¹⁴⁰ NA, 2.08.75, inv. nr. 3335.

had to be reinvested in the German economy, while at the same time the Dutch held a claim on these revenues. The Dutch position was ambivalent, as these investments would stimulate German economic potential,¹⁴¹ which was of such importance to its own economy. It could also be argued, that to refrain from property transfer was not a true economic loss, as The Hague kept its claim. Above however, and this once again shows the economic importance of Germany to the Netherlands, the latter had great interests in the recovery of the former's economy, so that via a detour Dutch-German economic relations could benefit from investments in Germany. Finally, transfer to the Netherlands might have negative consequences, as a decrease in German national income might result in a situation in which German consumers would cut down on their expenses, indirectly leading to a certain limiting of imports¹⁴², which was a bad development from a Dutch point of view. A definitive completion of this issue would only be reached with the Dutch-German *Ausgleichsvertrag* of 1960, however.¹⁴³

Conclusions

During the first ten years after the First World War, the Netherlands had invested heavily in Germany, especially in the industry of the Ruhr, of such importance to the Rotterdam harbour, in which transit from or to Germany amounted to 80%. With the occupation of the Netherlands at the hands of Germany in May 1940 however, Dutch business and citizens lost control over their property and investments in the Reich. When Nazi Germany surrendered in May 1945, one of the main policy goals of both the Dutch government and business was to regain control over, and protection of, capital interests and investments in Germany. Given the fact that prior to the war total Dutch capital investments amounted to 669 million dollars and the four large Dutch multinationals AKU, Royal Dutch Shell, Philips and Unilever had invested on an impressive scale in Germany, this was understandable. Moreover, the Netherlands had invested 230 million *Reichsmark* in the coal mining and steel- and iron industries. After the defeat of the Third Reich, the Netherlands had three claims on the former Germany: the financial investments of the 1920s, FDI's and a Dutch claim on the return of illegal German occupation costs, which amounted to approximately 15-18 billion guilders.

Although Germany was bankrupt and had already before the Second World War been unable to invest, the Netherlands put down strong financial claims. The Hague desperately tried to defend Dutch business and capital interests in Germany, but – under influence of the strong lobby of the four large Dutch multinationals - focused on the claims of the big companies. Ties

¹⁴¹ Wemelsfelder, *Het herstel van de Duits-Nederlandse economische betrekkingen* 115.

¹⁴² *Ibid.*, 133.

¹⁴³ See F. Wielenga, 'Streep onder het verleden? Den Haag, Bonn en de "Generalbereinigung" van 1960/63', in: F. Wielenga (ed.), *De Duitse buur. Visies uit Nederland, België en Denemarken 1945-1995* (Den Haag 1996) 42-69.

between the 'Big Four' and the Dutch government had been strong already during the Second World War, and the fact that Steenberghe and Hirschfeld were very close friends, will only have strengthened these relations.

Nevertheless, as a consequence of Allied policy, for years Dutch firms and citizens were unable to assert control over their investments. After the defeat of the Third Reich, the Allies not only controlled the Germany economy, but also confiscated Allied property. All Dutch possessions were blocked under Military Government Laws. Strict limitations of capital movements were imposed, bank balances blocked, and investments to enlarge enterprises forbidden. By doing so, Allied policy struck both friend and foe. To the Netherlands this had grave consequences, as it was estimated 80% of Dutch possessions were located in the western zones of occupation.

Only as late as October 1948 a first official moment presented itself at which the Netherlands were be able to publicly defend their claims and protect Dutch capital interests. In Paris a number of recommendations were set up by working committees from various countries. The Dutch delegation succeeded in gaining some concessions, of which the recommendation that Dutch subsidiaries in Germany and other firms that were completely in Dutch hands were to be exempted from the so-called *Lastenausgleich*, the purpose of which was to acquire the means to provide for the needs that were the result of war and currency reform by way of capital taxation, was the most important. From the start, The Hague - and with it Dutch business and the Dutch delegation in Paris – had insisted fiercely to exempt Dutch interests from taxations under this law. This was based on the opinion that Dutch capital properties should not have to contribute to the burdens caused by the war waged by Germany. According to The Hague, these taxes were to be paid exclusively by German enterprises. At least in this respect the Netherlands got what they wanted. In the *Generalvertrag* of May 1952, the Big Three determined that companies that were in Allied hands for 85% or more would be exempted from these taxes for six years, an ease of some 20%. The Dutch Ministry of Foreign Affairs rightly concluded the case was settled satisfactorily.