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BEYEN, Johan Willem (Wim)

Dutch banker and politician and third President of the Bank for International Settlements (BIS) 1937-1939

By **Bob Reinalda** · Version 20 March 2018

Was born 2 May 1897 in Utrecht and passed away 29 April 1976 in The Hague, The Netherlands. He was the son of Karel Hendrik Beijen, secretary of the Dutch railway company, and Louisa Maria Coenen, musician. On 28 March 1922 he married Petronella Jeanne Geertruida Hijmans van Anrooij, with whom he had one daughter and two sons. They divorced on 9 October 1945. On 14 November 1945 he married Margaretha Antonia Lubinka.

His official surname is Beijen, but for international use he spelled it as Beyen.

Biography

Beyen and his two brothers grew up in a well-to-do family, where their father promoted modernity, which aligned with his job at the Dutch railroad company, and their mother imparted a passion for music. Beyen was a cellist his entire life. He attended grammar school in Utrecht and during the First World War he studied law at Utrecht University. He was a brilliant student who learned easily. In November 1918 he was hired by the General Treasury of the Ministry of Finance, where he rose to the rank of Deputy Treasurer General in October 1923 when Treasurer General Leonard Trip, who would influence Beyen's later career several times, travelled to the Dutch East Indies. Beyen, who had married in 1922, worked for the Board of the Philips light bulb factory in Eindhoven from January 1924 to April 1925. With the intercession of Trip he moved on to become director of the Amsterdam

branch of the Javasche Bank, which was the circulation bank of the Dutch East Indies. Two years later Trip wanted him to become president of this bank, but Beyen preferred to become director of the private Rotterdamsche Bank, where he worked until April 1935, specializing in foreign lending. In 1931 he was a member of the Dutch banking delegation to the conference to remedy Germany's acute credit crisis, which in August resulted in a so-called Standstill ('Stillhalte') Agreement. He remained a member of the Stillhalte Commission until 1935. In 1932 he became a member of the official Dutch delegation that discussed bank guarantees for an international loan to Austria in the context of the League of Nations' Financial Commission and in June 1933 he attended the World Monetary and Economic Conference, convened by the League of Nations, in London. At first he replaced Trip in the Dutch delegation to London, but he later became a full member, serving as the delegation's only monetary expert. Because of the lack of agreement on monetary policy among the great powers the conference failed.

When Trip became Chairman of the Board and President of the Bank for International Settlements (BIS) in Basel in May 1935, Beyen became Vice President of the BIS and moved with his family to Switzerland. The high and untaxed salary of the BIS helped him to pay off the debts he had accumulated due to the decline in Dutch bank salaries during the economic crisis and his luxury spending habits. Due to his duties as the President of the Dutch central bank, Trip arranged in 1935 for Beyen to have all necessary powers to replace him at the BIS when he was in Amsterdam. This Alternate President position resulted in Beyen's day-to-day management of the BIS. The high expectations for the BIS, established in 1930, to serve as a mechanism for international monetary stability were severely reduced after its failure to settle the issue of German reparation payments, the rise of Nazi Germany and the decision of several countries to abandon the gold standard. However, the BIS still functioned as a meeting place for central banks' presidents and experts as well as a financial and monetary research institution led by Swedish economist Per Jacobsson. Management and staff received Beyen enthusiastically. He began with a critical organizational assessment which concluded that the BIS was in an unsatisfactory situation due to weaknesses and uncertainties. As a banker he noticed that the gold transactions, on which the BIS depended at the time, failed to cover the costs of the institution, but he was also aware that central banks could profit from expertise available at the BIS. He furthermore noted that the bank was too dependent on the French and German governments, understandable from a historical perspective, but which he believed should be changed. He therefore proposed a strategy of strengthening banking transactions and research facilities as well as reducing staff numbers. Unlike Trip, he did not favour salary reductions, but was unsuccessful and had his salary cut as well in June 1936. Beyen also proposed a separation between the Chairman of the Board and the President, making the President the leading authority of the BIS. The Board supported him, although the President would not be a member of the Board as he had suggested. Trip was eager to propose Beyen as the new President, but the new arrangement needed statutory amendment, which was adopted on 3 May 1937. That day Otto Niemeyer, financial expert of the Bank of England, replaced Trip as Chairman of the Board and Beyen replaced him as President. Beyen had to give up his commissionerships at Dutch companies, but succeeded in keeping the one at Philips and also managed to have his Presidential salary increased.

The presidents of the central banks met some ten times a year during weekend sessions, which included a copious meal at Beyen's home. Montagu Norman, Governor of the Bank of England and, according to Beyen, 'the apostle of central bank cooperation' (quoted in Weenink 2005: 165), and Hjalmar Schacht, President of the German Reichsbank, were key players in these discussions. Beyen, who had a good relationship with Schacht, was careful to not upset German feelings. When he was invited to give a presentation about monetary stability in Berlin in the summer of 1937 he asked Niemeyer for advice but accepted the invitation for the sake of good relations with Nazi Germany and on the condition that no press would be present. In his talk he refrained from comments on German policies. The neutral position of the BIS made it difficult for Beyen when Germany annexed Austria in March 1938, incorporated Czechoslovak Sudetenland in October 1938 after the Munich Agreement of September and occupied the rest of Czechoslovakia in March 1939. The Austrian Anschluss was

followed by Germany's use of the BIS clearing system to transfer the gold held by the BIS on behalf of the Austrian central bank at the Bank of England to the German Reichsbank account held by the BIS at the Bank of England. The transfer was prepared by Paul Hechler, the German Assistant General Manager of the BIS, and was in line with BIS rules since Austria had become part of Germany. The request by the Czechoslovakian central bank in March 1939 to the BIS clearing system to transfer Czechoslovakian gold held by the BIS in London to the German Reichsbank account in London was politically more controversial. Although both central banks agreed and followed the BIS rules, this obviously was a request under German occupation. Beyen, however, decided to honour the request. He refrained from consulting the Board, as any delay would have brought the BIS into a political situation. The staff was relieved when a phone call from the president of the French central bank did not cause serious delay. When the *Financial Times* and other media criticized the British government and the BIS a few months later, the transfer was characterized as a failure of the central banks and the BIS. Beyen issued a statement explaining the non-political character of the BIS and how regular banking practices had been followed, but that did not help to sway public opinion. Internally the BIS decided that its strictly neutral position was the correct one and that liquidation of the BIS should be averted. In December 1939 the organization sent a letter to the central banks with instructions on how to avoid transactions that might cause criticisms by belligerent countries. All member central banks agreed with the recommendations. Beyen, however, would be faced with the Czechoslovakian gold issue several times during his career.

Shortly before the Czechoslovakian events of 1939 Beyen decided to not renew his term as President, which would end in May 1940, because he expected that, given the international situation, the BIS would not be able to enhance its monetary authority. He informed the Board and his term at the BIS ended on 31 December 1939, given that he joined the Board of Directors of Lever Brothers & Unilever in Rotterdam on 1 January 1940. When Nazi Germany occupied the Netherlands in May 1940, Beyen happened to be in Basel. He then moved to London, where he remained during the war and, apart from working for Unilever, acted as a financial advisor to the Dutch government in exile in London. He set up this government's financial administration, used his contacts at the Treasury and the Bank of England for a monetary agreement between the Netherlands and the United Kingdom (UK) and advised on Dutch purchases in the context of the United States' (US) Lend-Lease Act of 1941. He later regarded the Lend-Lease as a 'masterly formula' which prevented an 'unhappy struggle' about war debts (Weenink 2005: 198). In 1942 the Czechoslovakian gold issue, raised in books by Paul Einzig and Thomas Reveille, prevented him from becoming minister, but left his advisor position unharmed. Inspired by John Maynard Keynes' ideas, Beyen chaired a 1942-1943 Unilever project about avoiding mass unemployment after the war, which required promotion of multilateral trade and international coordination in order to expand employment. Engaged in negotiations about postwar monetary cooperation between Belgium, the Netherlands and Luxemburg, he helped to conclude not only an agreement for the future free movement of currency (October 1943) but also one for the creation of a postwar customs union (September 1944). In July 1944 he headed the Dutch delegation to the Bretton Woods conference, where he advocated a regional framework for postwar economic and monetary reconstruction. However, his proposal was not viable in the face of the US preference for a global approach. During the preparations in the UK Beyen had compared the British and American plans and, in both cases, preferred to avoid dependence on one major power. He mostly agreed with Keynes, who appreciated his insights from international banking. In Bretton Woods Beyen used his BIS experience when discussing the executive of international monetary institutions, but was met with an American anti-BIS attitude, including severe criticism of his behaviour regarding the Czechoslovakian gold. This shocked him, but he convinced the meeting participants that they could not abolish the BIS, as only central banks were entitled to do so. Nevertheless, he had to accept a resolution calling for the abolition of the BIS at the earliest possible moment. His new contacts allowed him to negotiate postwar loans for the Netherlands in New York near the end of 1944 as well as in Switzerland, where he also met Gretel Lubinka. While still working at the BIS in Basel, he had started an affair with this Austrian woman, which had caused tensions in his marriage. During the entire war period Beyen corresponded with Lubinka, who in 1942 had divorced her husband and

moved with her son to Zurich. In June 1945 Beyen returned to the liberated Netherlands and met with his wife and children, who could not keep him from pursuing a divorce, and he married Lubinka in Zurich soon after.

In November 1945 Beyen headed the Dutch delegation to a conference on German reparations in Paris and in March 1946 he attended the inaugural session of the International Monetary Fund (IMF) and the International Bank for Reconstruction and Development (IBRD) in the US in Savannah, Georgia. When he became the Dutch representative to the IBRD Board of Directors in April he had to give up his position at Unilever, but appreciated the good IBRD salary. He played a main role in the fierce opposition of the Executive Directors to President Eugene Meyer, who felt he had no room to manoeuvre and resigned the same year. Meyer's successor, John McCloy, held in better esteem by Beyen, succeeded in reducing the Executive Directors' influence as well as in providing the first loans to France and the Netherlands in 1947. Beyen and McCloy disagreed about the combination of IBRD loans and Marshall Aid support, with Beyen favouring a programme rather than a project approach. When Beyen chaired the Dutch delegation to the Fifth Session of the United Nations (UN) Economic and Social Council in Lake Success in July 1947 and had to chair sessions, he found that he had not mastered the workings of multilateral negotiations and lobbying taking place between sessions in this UN body. In April 1948 Beyen became Executive Director at the IMF as well and noticed that Marshall Aid funding hindered IMF balance of payments support to Europe. He even had to withdraw a request for temporary balance of payments support to Belgium and the Netherlands and did not find much American support for other uses of the IMF's resources, although he succeeded in having stand-by credits being introduced in 1952. Since Marshall Aid required European countries to liberalize their trade and the IMF did not assist in the related clearing of payment obligations between countries, the BIS became responsible for this clearing, which was enhanced in the European Payments Union of 1950 and contributed to the survival of the BIS. When Camille Gutt's tenure as IMF Managing Director ended in 1951, Beyen tried to become his successor, but due to insufficient European support lost to Ivar Rooth from Sweden.

Looking for new challenges, Beyen used his long-standing contacts with the Dutch royal family to explore whether he could become an ambassador. This move led to the end of his IBRD and IMF positions, as Beyen was appointed Dutch Minister of Foreign Affairs on 2 September 1952. The unexpected appointment was the result of complicated negotiations for a new coalition government, a need for someone with deep understanding of international financial and economic developments, the fact that Beyen did not belong to a political party and Queen Juliana's support. The Czechoslovakian gold issue was mentioned internally but discarded after a short investigation. Beyen's new position was complicated, because Joseph Luns became Minister without portfolio in the same Ministry. While Luns was made responsible for bilateral relations and the UN, Beyen guided all other multilateral affairs. The two ministers, an uncommon situation, had different styles of operating and disagreed about several issues. Beyen immediately became engaged in the European integration controversy, as the European Coal and Steel Community (ECSC) of six states (Belgium, France, Germany, Italy, Luxemburg and The Netherlands) had been operating since August. In May 1952 the 'six' had also signed a treaty for a European Defence Community (EDC), followed in March 1953 by an agreement on a European Political Community (EPC). However, the EDC and EPC plans failed in August 1954 when France did not ratify the EDC due to domestic opposition. Further European integration seemed impossible. In domestic politics, Beyen had succeeded in getting leeway for a more active role in the European integration debate, though he had to carefully navigate between those who were sceptical about European integration and those who favoured stronger integration, such as Sicco Mansholt and Jelle Zijlstra. Beyen stimulated debate among ambassadors and civil servants and benefitted from his international experience, which had made him doubtful about global solutions, and also from ideas about functional integration from David Mitrany, who had acted as an advisor to Unilever during the war. However, Beyen preferred regional arrangements to global ones, as they could be reached more easily, and believed that integration per economic sector was too restricted. He began to see the ECSC and EPC as ways of achieving greater European unity,

despite the limitation to six states. He did not want to use the EPC for military or political cooperation, but rather for customs cooperation and further economic cooperation, both of them arrangements that needed supranational political decision making. Beyen's 'general' vision was a departure from the 'sectoral' approach which was dominant at the time and defended by his predecessor Dirk Stikker. Within the ECSC Beyen also had to navigate carefully, as Jean Monnet still preferred the sectoral approach. Beyen, Belgian Foreign Minister Paul-Henri Spaak and Luxemburg Foreign Minister Joseph Bech, and then Spaak and Monnet reached agreement on a compromise memorandum, which the Benelux countries submitted to France, Germany and Italy in May 1955. The Benelux memorandum, as it was called, advocated greater unity in economic sectors related to the ECSC (and atomic energy), but expansion would be possible only within the framework of general integration coalescing around an economic community. The idea was accepted by the foreign ministers in their Messina conference of June 1955 and followed by further elaboration in the so-called Spaak Report. It took Spaak and Beyen considerable time and effort to get France to agree, but the agreement of foreign ministers in Venice in May 1956 resulted in March 1957 in the signing in Rome of the treaties for the European Economic Community (EEC) and Euratom. Beyen attended the Rome session as a guest, because he had resigned as minister on 13 October 1956, following a disagreement about Luns' policy on Dutch New Guinea. Beyen's role in the *relance européenne* was overlooked for a long time. While seen as a relatively background figure in 'the hagiography of European integration', he has 'as much claim as anyone to be the first architect of the European Economic Community', according to Alan Milward (1992: 185). Much later Beyen's steadfast and leading policy role towards a common market as minister between 1952 and 1956 gave him a place among the founding fathers of the European Union.

In 1957 Beyen became the government commissioner in charge of solving outstanding matters between the Netherlands and West Germany related to the Second World War and in January 1958 he was appointed Dutch Ambassador to France. In Paris he observed President Charles de Gaulle's dislike of the EEC's supranational character, whereas Beyen stuck to his conviction that supranational decision making was a necessary asset in order to achieve greater integration. His ambassadorship ended in July 1963. Between 1963 and 1968 he was Chairman of the Board of the Rotterdamsche Bank (AMRO, after a merger with the Amsterdamsche Bank). He was also commissioner at several other companies. In 1963 he chaired an IBRD mission to Morocco in order to study the country's economic development. Although raised with a Protestant background and non-churchgoing, he was baptized Catholic in Paris when he was 65 years old. Beyen wrote memoirs in 1968 (about his career) and in 1970 (about his youth until 1918). He died in 1976 after a short illness.

Archives

Beyen's private archives remain with his family. Articles and speeches during his IBRD time 1946-1950 are available at <http://pubdocs.worldbank.org/en/856771404936459144/wbg-archives-1651313.pdf>

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