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Bank of England helped the Nazis to sell plundered gold

The Bank of England has admitted its role in one of the most controversial episodes in its history - helping the Nazis sell gold plundered from Czechoslovakia months before the outbreak of the Second World War.



The UK central bank also sold gold in June 1939 on behalf of the Nazis - without waiting for approval from Westminster Photo: PA



By **Steve Hawkes**

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An official history, written in 1950 but **posted online for the first time on Tuesday**, detailed how the "Old Lady" transferred gold held in its vaults to the Germans despite the UK Government of the day placing a freeze on all Czech assets held in London.

In the history, the Bank of England insists its role in the episode was "widely misunderstood", even though it "still rankled for some time".

The Nazis invaded Czechoslovakia in September 1938. In March the following year, the Bank of International Settlements (BIS) asked the Bank of England to switch £5.6m-worth of gold from an account for the Czech national bank to one belonging to the Reichsbank.

Much of the gold - nearly 2,000 gold bars - was then "disposed" of in Belgium, Holland and London. The BIS was chaired at the time by Bank of England director, German Otto Niemeyer.

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The UK central bank also sold gold for the Nazis in June 1939, without waiting for approval from Westminster.

The history reveals: "There was a further gold transaction on the 1st June 1939 when there were sales of gold (£440,000) and gold shipments to New York (£420,000) from the No.19 account of the BIS.

"This represented gold which had been shipped to London by the Reichsbank.

"This time, before acting, the Bank of England referred the matter to the Chancellor, who said that he would like the opinion of the law officers of the Crown.

"On the BIS enquiring, however, what was causing delay and saying that inconvenience would be caused because of payments the next day, the Bank of England acted on the instructions referring to the Law Officers, who, however, subsequently upheld their action."

Just three months later the Government declared war on Germany, following its invasion of Poland.

In the official history, the Bank insisted that it would have been "wrong and dangerous" for the future of BIS if Governor Montagu Norman had taken any other course of action. It claimed the UK and French governments would have breached peace treaties if they had blocked the move.

Historians have argued that Montagu Norman supported Germany right up until the Second World War. He reportedly attended the christening of the son of Dr Hjalmar Schacht, president of the Reichsbank before the war.

His right hand man at the Bank was Otto Niemeyer who chaired the Bank of International Settlements which was set up in 1930 as a non-political body to facilitate the payments of reparations from Germany after the First World War.

After the outbreak of war, the documents reveal the Government told the Bank of England it should not act upon an order from the BIS "if it seems to the Bank to be likely that the order might benefit the enemy".

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