

## the central bank of Hungary (MNB)

The Second World War and the German occupation of 1944 also left their mark on the operation of the National Bank of Hungary. As the war progressed, the MNB's representatives evacuated the bank's and the Hungarian state's assets - 600 crates and 33 tonnes of gold, banknotes and documents - to Spital am Pyhrn, a settlement in Austria.

The distinguished officers of the National Bank of Hungary showed extraordinary courage in difficult circumstances to save the country's gold reserves from the ravages of war, and deservedly earned the respect of posterity. The gold reserves were returned to Hungary by the American authorities in August 1946, so that they could be used as collateral for the new Hungarian forint, which was introduced on 1 August 1946.

The Hungarian Money Museum and Visitors Centre commemorates and pays tribute to the brave colleagues of the National Bank of Hungary through an exhibition and a work of art.

### **Saving the Hungarian gold reserve**

The National Bank of Hungary (MNB) had already started to organise the rescue of the valuables it owned, including the central bank's gold reserves, long before the outbreak of the Second World War, but the events of 1944 superseded the plans drawn up for the war years. The valuables and the documents needed for the bank's operations were to be stored with the staff in buildings in Buda Castle and Veszprém, some of them underground, providing adequate protection.

In 1943, the bank's representatives began negotiations to have the gold reserves transferred to a neutral country, but the German invasion of 19 March 1944 closed the way to Switzerland. The German Reichsbank's financial agent in Hungary was given the task, among other things, of transporting the Hungarian central bank's assets to the German Reich. The Hungarian side did everything to prevent this. The most important safeguard, in the eyes of the Hungarian leaders, was that the MNB's valuables and staff should move together in the event of an evacuation; that the unity of the valuables and the staff necessary to carry out their tasks should not be disrupted. Bank employees who had been in the service of the Bank before 15 October 1944 were eligible to apply for the job.

Due to the war situation, in November 1944 the transfer of the bank's gold stock to an 8-storey bunker in Veszprém, completed in 1939, began. In the hope of safe-keeping, the MNB's assets - nearly 30 tonnes of gold reserves, a large stock of foreign and Hungarian coins and banknotes, and other bank valuables - were placed alongside, among other things, the two platinum-metre etalons, the stamp collection of the Royal Hungarian Post Office, the Corvinas, deposits handed over to the MNB for safekeeping by certain public institutions, and, for a short period, the Holy Crown, together with the coronation insignia. The stocks and staff of the provincial branches were also transferred to the MNB as the front progressed.

By the beginning of December, it was clear that Veszprém was no longer a safe place to be. On 10 December, after a tensely packed pace, the first train left the city with bank valuables, employees, their families and the 50-strong police team assigned to guard it. The train could not go far: it was stopped near the western border at Fertő and had to wait until a decision was made on the fate of the property and the officials. The Treasury's silver stockpile of over 100 tonnes was also sent on its way, and was finally deposited in Magdeburg.

While the train was delayed, bank officials and their families had to face uncertainty and often minus 20 degrees below zero. They had to provide their own food and heating in the face of Allied air raids. During this time, the German and Hungarian governments were negotiating in Sopron about the transport of national treasures to Germany. The MNB management insisted that it should continue to have full control of the gold and money reserves, and that the assets and staff should remain together. The German intention, on the other hand, was that the bank's assets should be located in different parts of the German Reich: gold and paper money would be deposited at the Reichsbank's headquarters in Vienna, art treasures and foreign deposits at the Reichsbank in Berlin, and silver at the Magdeburg branch. The Hungarian side insisted, in accordance with their earlier decision, that MNB officials could remain with the bank's own valuables and those entrusted to their safekeeping.

This goal was finally achieved. On 15 January 1945, Finance Minister Lajos Reményi-Schneller and Reich Minister for Economic Affairs Hans Constantin Boden agreed to relocate the MNB to Germany. Following the signing of the agreement, after six weeks of delays, the first train left Fertőboz on 17 January 1945 and the second on 23 January 1945 for the designated destination, Spital am Pyhrn in Upper Austria.

Upon arrival, the valuables were transported to the crypt of the church of the Benedictine Abbey of Spital am Pyhrn and the monastery building. A wall of boxes filled with banknotes was built in front of the caskets of gold. The door to the crypt was locked with a padlock, the keys to which were kept separately by two officials in accordance with the banknote regulations. A gendarme squad assigned to protect them kept a rotating watch outside the door. The offices of the Central Bank were located in the halls of the monastery.

The Hungarian central bank community of about 680 people, including the employees who had fled from the branches to Spital, could only be accommodated by the 2,000-strong Austrian settlement, which was scattered throughout the village due to its modest means. The officials and their families quickly established basic living conditions: they organised their own kitchen, provided education for the children, but also took part in village life. There was concern that Soviet prisoners of war in the area had also learned of the whereabouts of the Hungarian gold reserves. On several occasions, the Central Bank leaders had to ask the military command in Upper Austria for help in thwarting the attack attempts. Several - fortunately unsuccessful - attempts were made to obtain the gold reserve. In the spring, snow melt caused problems: the crypt was flooded and the paper money stored there was soaked. The boxes had to be taken up, the coins dried and then repacked.

In order to prevent the assets, they held from falling into the hands of the German or Soviet armies, the bank's management contacted the British and American troops. Envoys carried letters to the Allies and through them to the Swiss-based Bank for International Settlements, the Bank of England and the US Federal Reserve. On 7 May 1945, American troops arrived in Spital am Pyhrn. American soldiers stood guard alongside the Hungarians, and on 12 May General George Patton visited the Central Bank community. The Americans set up a committee which arranged for the transfer of the Ticket Bank's assets to the American headquarters in Frankfurt am Main. The MNB management was assured that the assets would be kept there until the peace treaty was concluded, after which they would be handed over to the new Hungarian government.

Major Lionel C. Perera, a financial advisor to the US Army, was handed over the assets by the bank management on 13 May 1945:

- Box containing 632 gold bars and gold coins, weighing 29 855 kg net. - Twenty crates containing, inter alia, Czechoslovak currency. - Two crates containing banknotes and foreign currency, including 1 295 391 German Reichsmarks. - Three crates with unknown contents. - A package weighing 3.3 kilograms containing property of the Royal Hungarian Gendarmerie. - Twenty crates containing valuables of the Budapest Orphanage Chamber. - One crate containing sealed envelopes containing Jewish property. - One parcel belonging to Ferenc Szálasi. - A chest of deposits of the Budapest Commercial Bank.

On 15 May 1945, a convoy of sixteen military trucks set off from Spital am Pyhrn for Frankfurt. The MNB's valuables were deposited in the Reichsbank vault at the Finance Department of the US General Staff. The bank officials and their families were allowed to return home in the summer of 1946, but many chose emigration, rightly fearing Soviet and Communist revenge. Some of the former MNB employees settled in the village and their descendants still live there today, while others have continued their lives in third countries. The gold reserves were returned to Hungary by the US authorities in August 1946 and were used as collateral for the new Hungarian forint, which was introduced on 1 August 1946.