

Swiss news of April 13, 1946

MEMORANDUM

SWISS NEGOTIATIONS WITH REGARD TO THE GOLD PROBLEM

1. Total of the German gold reserves at the outbreak of the war.
 - a. According to the records of the Swiss National Bank, these reserves were estimated at Sfr. 1.500 mill.
 - b. According to information from German sources, these reserves amounted to 2.000 "
 - c. "Financial News" of February 11, 1944 and the "Times" of February 23, 1944 estimated German gold reserves at 50 million gold pounds, which is equivalent to 1.800 "
 - d. The Allied estimate, based on data which Switzerland is unable to check, arrives at 160 million dollars. For obvious reasons, the Austrian and Czechoslovakian gold must be added, in the amount of 96 million dollars, the figure given by the Allies which Switzerland is again unable to check. Thus a total of 256 million dollars is reached, which corresponds to 1.100 "

Furthermore, there can be no doubt that the German Reichsbank legitimately acquired during the war sizable quantities of gold from various sources such as, for instance, the H.I.S., neutral banks of issue, and banks of issue friendly to Germany (Japan, Italy, Hungary, Rumania). The over-all total therefore considerably exceeds the value of the gold transferred to Switzerland.

2. Total of Swiss gold imports from Germany during the war.

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| Total import during the war | Sfr. 1.618,6 mill |
| Share purchased by the Swiss National Bank | 1.209,8 " |
| Acquired from that amount prior to Feb. 23, 1944 | Sfr. 1058,6 million |
| " " " " after Feb. 23, 1944 | Sfr. 151,2 million |

3. The sales which Germany made to third parties, and which total 408,8 million francs, do not concern the Swiss National Bank in any way.
4. During the war the Swiss franc was the most sought after European medium of exchange. Both belligerents endeavored to obtain this currency in exchange for gold. As a neutral

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state, Switzerland could not adopt an entirely one-sided attitude towards Germany, this all the less since she was entirely surrounded by that country.

The direction of Swiss endeavors appears clearly enough from the following figures:

a. Purchases of gold from the Allies Sfr. 3.700 million

This gold did not come into Switzerland, and the largest part of it was, furthermore, frozen.

b. Gold purchases from Germany 1.200 "

This gold was transferred, without exception, into Switzerland which had refused to establish a gold deposit in Germany.

Germany always reproached Switzerland, which had frequently refused to accept gold offered to her, that she favored the Allies and therefore violated her neutrality. Switzerland could not possibly have carried any further the discrimination against the then still powerful Germany in the treatment of the gold problem, especially since she did not possess concrete information on the subject of looting of gold.

5. Gold of the Belgian National Bank

With the exception of a few general and sketchy indications given to the Swiss National Bank by Mr. Heiswanger during his vacation in Switzerland, the Swiss National Bank learned only through Mr. Frere at the beginning of 1946 about the fate of this so-called looted Belgian gold. According to this information the Swiss National Bank would have received 378 million Swiss francs of the gold, whereas the Reichsbank would have sold directly out of its gold deposits in Switzerland an amount of 153 million Swiss francs to other purchasers. This Belgian gold was not transferred separately by the Reichsbank but arrived in Switzerland together with other gold. In the meantime, a considerable portion of the Belgian gold has been resold by the Swiss National Bank and is no longer in Switzerland.

Switzerland reserves any commitments with regard to the identity of this gold, and numerous inconsistencies were brought to the attention of Mr. Frere on March 15, 1946. No reply has as yet been received. Even if the identity of a major portion of the 378 million Swiss francs could be established, this gold could not possibly be considered looted since its restitution to Belgium had been refused by the Bank of France at a time when such restitution would still have been possible; after having been transferred for greater safety to Dakar, the gold was nevertheless brought back by the French Government and transferred to Berlin.

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For these reasons the Swiss National Bank is forced to describe the total or partial restitution of this gold. Considering the tactics of deception practiced by the Germans, about which it was only informed in the most recent past, no one can doubt the Swiss National Bank's good faith.

6. Statements by Mr. Puhl

The Directors of the Swiss National Bank, as well as those of other banks of issue, considered Mr. Puhl a decent and honest man. Upon the publication of his letters to Funk by the Kilgore Committee, the Swiss National Bank had to realize that it had been mistaken. If he made on August 19, 1945, the declarations which were communicated to the Swiss Delegation on a paper which was neither signed nor authenticated, he has once more departed from the truth. Switzerland, moreover, could not be expected to give weight to declarations made in circumstances where she was not represented. Incidentally, if the statements of Mr. Puhl were correct, what were the reasons for the careful deception of melting the gold, impressing it with new mint marks, and selling it with falsified certificates?

7. Position of the Swedish Riksbank

The Swedish Riksbank has purchased gold from the German Reichsbank and has also sold gold to that institution. Out of the gold deposit of the Reichsbank in Switzerland it received 61.2 million Swiss francs. As late as January 17, 1944, it acquired so-called Belgian gold, despite the fact that it allegedly returned between March and November 1943 7.3 million dollars' worth of "Belgian gold" on the ground that it was looted.

A few days ago the Governor of the Swedish Riksbank explicitly and specifically declared to the President of the Swiss National Bank that the Swedish Riksbank has never returned any gold to the German Reichsbank on the ground that it was looted.

The nature of the transactions of the Swedish Riksbank mentioned by the Allies was not restitution, but sale--which is a vastly different matter. The Swedish Riksbank maintained a gold deposit in Berlin.

During the war the Swedish Riksbank occasionally demanded payment by Germany in Swiss francs; so it happened that the Swiss National Bank paid the equivalent of a portion of the gold which it received from the Reichsbank in Swiss francs to Sweden. The Swedish Riksbank transferred in 1943 25 million francs received in this way to the Federal Reserve Bank for the American Treasury. The latter was therefore the ultimate beneficiary of the sale of Swiss francs to the German Reichsbank in exchange for gold. This serves to illustrate the truly international character of gold operations.

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3. It is regretted that the Allied Delegations declined on April 9 to answer the questions of the Swiss Delegation contained in its communication of April 4, 1946.