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A/C - Mr. Clayton  
U - Mr. Acheson  
ESP - Mr. Rubin

#### Termination of Allied-Swiss Negotiations

Mr. Stucki, the Swiss representative, terminated the negotiations on April 23 and refused further to discuss the question either of German assets in Switzerland or of looted gold. It was quite obvious that the negotiations broke on the gold issue. On that issue, the Swiss had informally offered \$25 million, as a contribution to the rehabilitation of Europe - an offer which their April 20 memorandum retracted; tho the Swiss indicated later that this retraction was not intended: the Allies had asked \$130 million - this being the amount of Belgian and Luxembourg gold traceable to Switzerland. The Swiss had also made no answer to the Allied request for information as to movements of gold through Switzerland.

In this posture of events, I should like to record my conviction that Mr. Paul and his associates, Messrs. Chargueraud and McCombe, tried until the very last to reach a satisfactory compromise agreement. They had no help from the Swiss, who were legalistic even when they privately conceded that their legal position had been exploded by the Allied offer to compensate the German owners, and who consistently refused to put forward proposals of a reasonable character. The basic Swiss position on the German assets was that the assets should be used entirely for a Swiss-German capital clearing, by virtue of which the Swiss would be able to use assets of Germans to pay Swiss claimants against Germany. This proposal, baldly, was merely a suggestion that the ACC should put its machinery into effect in order to assist Switzerland to liquidate in francs debts of at best doubtful value, expressed in reichsmarks. On the gold problem, the Swiss first asked for factual exploration; when this developed unsatisfactorily (as, for example, when they stated their reliance on Herr Puhl, of the Reichsbank, and then were shown his sworn statement supporting the Allied case), they retreated to the question of "principle", and stated, "finally and categorically", that (a) the only competent authority to decide this problem was a Swiss court, and (b) that Swiss law gave no legal or moral basis for restitution of gold.

Despite this Swiss attitude, the Allied negotiators have throughout impressed me with their moderation and sincere desire to reach an amicable solution. They have not endeared themselves to the fire-eaters in the American agencies by this conciliatory spirit; but they have persisted in putting forward suggestion after suggestion, trying to furnish any reasonable information requested, and in general trying to bring the negotiations to

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IV-18/2

RG 59  
1945-1946  
box 4206

- 2 -

a successful conclusion. Even at the last meeting, after Mr. Stucki had declared his intention to leave, they tried to continue discussions (as apparently also did Professor Rappard of the Swiss Delegation). Mr. Stucki was unwilling to make any counter-proposal, and apparently felt that the gold question was so basic - and the differences on it so wide - that he preferred to terminate the negotiations.

Since the question may arise whether an extreme Allied position was the cause of the collapse of the negotiations, I believe it desirable that this memorandum be in the record. In addition, I should like to record my belief, based on Mr. Stucki's actions and remarks at the April 23 meeting, that had the Allied request been for \$30 million of gold rather than \$130 million, the outcome would have been the same.

cc: EUR - Mr. Hickerson  
ES \* Mr. Surrey

ESP:SJRubin:PJ