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STANDARD FORM NO. 64

Office Memorandum • UNITED STATES GOVERNMENT

Ret to Baker

TO : A-T: Mr. Willard Thorp
FROM : OFD: Mr. Norman T. Ness
SUBJECT: Execution of Swiss Accord re: German Assets

DATE: November 21, 1947

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Problem:

For eighteen months we have been deadlocked with the Swiss on the question of execution of the Accord for the liquidation of German assets and distribution of 50% of the proceeds to the Inter-Allied Reparation Agency. Attached hereto is a memorandum containing the recommendations of OFD and concurred in by WE and Le/E for a new approach to the Swiss on this problem.

Recommendation:

It is recommended that we accept a Swiss offer to proceed with liquidation and hold the proceeds in a blocked account until German currency reform is accomplished and a rate of exchange between the Swiss franc and the reichsmark is established, provided:

1. That the Swiss agree to make an immediate advance to IARA of 80 million francs and 20 million francs for refugee work.
2. If, as is likely, the Swiss object on the ground that this condition substantially meets Allied desires but gives no benefit to the Swiss:
 - (a) The Swiss agree to give us immediately 250 million francs, which represents the 50% share of the Allies in German assets in Switzerland on the basis of the official Swiss estimate, in return for which
 - (b) We offer to revise certain provisions of the Accord which are distasteful to the Swiss, such as abolition of the Joint Commission and placing full responsibility for liquidation on the Swiss Government with only a general supervisory interest exercised by the three Allies.

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The negotiations would be conducted in Bern early in December. It is recommended that Mr. Russell Dorr represent this Government. If the CFM has adjourned and time permits, it is possible that Mr. Edwin Martin and Mr. Charles Saltzman might be available for the negotiations.

If you concur, we shall immediately submit the proposals to the British and French and request that they send to the negotiations representatives on a level comparable to those which we would send.

OE:GWBaker
OFD:NTNess:imc:11/21/47

Approved [Signature]

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