

Clearing. Der Zahlungsverkehr der Schweiz mit den Achsenmächten

Clearing. Swiss Payment Transactions with the Axis Powers
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Stefan Frech

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Summary

This study concerns Swiss payment transactions with Germany and Italy before and during the Second World War. Mutual payments for commercial transactions (merchandise, services, property) were effected largely via a state-regulated clearing system. The study therefore concentrates on the issue of the origin and organization of this complex payment system and its significance for business relations between Switzerland and the Axis powers during the war. Of greatest interest are the clearing credits granted by the Swiss government and the transactions settled with foreign currency outside the clearing system.

The provisions laid down in treaties (clearing agreements) relating to payments constituted the basis for Swiss commercial relations with the Axis powers both prior to and during the war. The worldwide economic crisis in the early 1930s resulted in a dramatic shortage of gold and foreign currency reserves in Central and Eastern Europe. The German and Italian governments implemented rigorous payment and trade restrictions which also impacted substantially on foreign trade relations with Switzerland. To protect its export and tourist industries, the Swiss government concluded clearing agreements with Germany in 1934 and with Italy in 1935 which guaranteed bilateral commercial traffic virtually without the exchange of any foreign currency (chapters 1.2 and 2.1). Most payments arising from trade in goods and services as well as investment income were included in the new clearing system, while capital transfers and insurance payments were still largely settled outside the clearing system (with free foreign currency). In the war years, 80% of German payments to Switzerland were handled via the clearing system, and Nazi Germany had to settle the remaining obligations using its limited holdings of foreign currency, procured in particular from the sale of gold in Switzerland (Table 25).

The launch of the clearing system unleashed a struggle within the Swiss economy for payments originating abroad. Against the background of the economic crisis, industrial companies, banks, insurance companies and private individuals competed in the 1930s for the largest possible share of the limited clearing resources, with the Swiss authorities giving the export industry preference for employment-related considerations. Other groups such as lenders of capital (especially small-scale investors) had to contend with losses. Whereas Nazi Germany repeatedly issued payment embargoes in the financial sector, thus forcing Swiss creditors to forego half of their original claims (interest, dividends), the arrangements made with Italy were relatively more favourable (chapter 4). The Swiss government also issued embargoes on payments and asset movements, especially against foreigners resident in Switzerland and – during the war – against persons resident in German-occupied countries. The clearing system spurred intense cooperation in Switzerland between the private sector and the government, strengthened the business federations and resulted in greater bureaucracy in foreign trade. The vast number of complex provisions gave rise to a group of financial and administrative specialists who were largely exempt from democratic controls. Many of the clearing agreements were not published in Switzerland, which was problematic from a constitutional point of view (chapter 2.2).

The payments situation improved for most economic groups between 1940 and 1944. Higher export orders from the Axis states and rising turnover from companies operating in Germany resulted in a sharp increase in payments to Switzerland. Whereas transfers from income on investments in Germany remained limited and the tourist industry suffered losses, clearing payments for exports of goods and services (licence fees, freight and other charges) trebled compared with the pre-war years (Table 8). This situation, which was favourable for the export economy, was made possible only by the clearing credits granted by the Swiss government to the Axis powers on the basis of the constellation of power after the summer of 1940. Thanks to these substantial government loans (approx. 1.3 billion Swiss francs), Swiss companies were able to export without incurring payment risks. At the same time, the clearing credits helped the Axis powers to finance their war efforts by purchasing Swiss arms without having to immediately provide anything in return. As with all the European countries in their sphere of influence, the Axis powers used their clearing agreements with Switzerland to pursue their power and armament policy. Loans for current payments enabled the Axis powers to finance their enormous arms-related import requirements without foregoing foreign currency – by incurring specific debts abroad. The huge increase in arms purchases made in Switzerland after 1940 would not have been possible without the clearing credits. For the Axis powers, the granting of loans was thus the most important aspect of the economic negotiations with Switzerland (chapter 3).

Influenced by the impression that Switzerland was being encircled militarily, the Swiss government granted the first advances in the summer of 1940 (150 million Swiss francs for Germany and 75 million for Italy). The interest-free clearing credit to Nazi Germany was increased one year later to 850 million Swiss francs and again in 1943 by additional Federal advances of 271 million Swiss francs (waiting-period, coal and follow-on loans), as Germany had exceeded the amount of the clearing credit in contravention of the contract (Table 18). This amount totalling 1,121 billion Swiss francs corresponded to approximately 10% of Switzerland's total expenditure in the war years or roughly 2% of the entire German debt resulting from payments due to other countries. The Swiss government granted Italy – Germany's Axis partner – loans worth 390 million Swiss francs (clearing, bank and rail transport loans). Until the autumn of 1943, Fascist Italy was able to use only around half of the clearing advance of 215 million Swiss francs for its arms purchases in Switzerland.

All the clearing credits were used by the German and Italian armies to buy Swiss machines, agricultural products and, above all, war materials, so that the loans granted by the Swiss government contravened the law of neutrality. On balance, this state loan can be regarded as a «toll» paid to the Axis powers, which, until 1944, effectively controlled Switzerland's foreign trade by way of their counter-blockade. The loan agreements of 1940 and 1941 underpinned Switzerland's readiness to cooperate at the economic level, the aim being to produce positive foreign policy effects at the same time. Thanks to the loans, moreover, Switzerland was in a better position when conducting economic negotiations to ensure essential supplies of raw materials. On the domestic front, the government advances brought in additional orders for the Swiss export trade and thus improved the situation on the Swiss labour market. The Allies were not the only ones to criticise the loans. The Swiss National Bank feared inflationary repercussions, the Minister of Finance was worried about the treasury, and the parliamentary opposition raised concerns relating to the policy of neutrality. The Axis powers had not paid off their debt in clearing transactions by the end of the war. Owing to opposition from the victorious Allied powers, Switzerland only obtained partial repayment of these state debts in 1949 in negotiations with Italy, and in 1952 with the Federal Republic of Germany. Italy acknowledged debts of 232 million Swiss francs; and the Federal Republic of Germany, debts of 650 million Swiss francs.

In addition to these loans, the payment transfers offered the Axis powers other ways of satisfying their power and arms interests: out of consideration for foreign policy and export-related interests, the Swiss government agreed in the autumn of 1940 – despite concerns expressed in financial circles – to integrate Switzerland into the German-dominated Payments Union («European Central Clearing System»). In this way, Nazi Germany was able to fully control Swiss foreign trade with the occupied countries of the Netherlands, Belgium, Norway and Poland. The governments in exile protested against these agreements since they saw them as Swiss recognition of an occupation that contravened international law. The procurement of free Swiss francs above and beyond the clearing system was of key importance to the arms interests of the Axis powers. After 1941, the Swiss franc was the most important freely utilizable and thus most desirable currency in continental Europe for the Axis countries. Since the Swiss authorities did not subject the foreign exchange market or capital transactions to any type of controls, the Axis powers were able to procure Swiss francs via the sale of gold or securities in Switzerland. In addition, approximately 180 million Swiss francs were channelled via clearing transactions («free currency reserves») into the Deutsche Reichsbank during the war, which the latter was free to use as it saw fit (Table 23). Overall, the Reichsbank acquired around two billion Swiss francs in Switzerland between the autumn of 1939 and the spring of 1945. A calculation shows that around half of this free foreign currency was used in Switzerland itself (to settle debts, buy goods or for secret service activities), while the remaining billion was used on the international markets (Tables 24 and 25).

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