

Die Schweiz und die Goldtransaktionen im Zweiten Weltkrieg

Switzerland and Gold Transactions in the Second World War

(Publications of the ICE, volume 16)

ICE

ISBN 3-0340-0616-0

Summary

The objective of the present study is to illustrate the gold transactions of Switzerland during World War II. It is an extended and revised second edition of the interim report of the ICE published in May 1998, also taking into account in particular the economic and monetary context. The main focus of the text is on the role of Switzerland as a hub for gold from the domain of the Third Reich, with the policy of the Swiss National Bank (SNB) in the foreground. In addition, gold transactions between the SNB and the Allies, the activities of Swiss commercial banks on the gold market, and the complex interaction of vested interests in connection with the last Swiss-German gold transaction in April 1945 are examined. Finally, the study also deals with the negotiations taking place in spring 1945 in Washington between Switzerland and the Allies, the main objective of which was to come to an agreement on the gold question.

Fundamentals

77% of all gold deliveries abroad during World War II by the Reichsbank were carried out through Switzerland (table 1). The share of the SNB was 94%, while that of Swiss commercial banks came to 6%. Gold deliveries of the Reichsbank to the SNB amounted to a total of 1.6 to 1.7 billion francs, depending on the calculation applied. From this amount, the SNB acquired a balance of 1.2 billion francs; the rest went into deposits which other central banks and the Bank for International Settlements (BIS) held at the SNB (table 4). Among the gold delivered to Switzerland by Germany was also gold which had been the property of the Reichsbank before 1933. However, it also included holdings which the Nazi regime had placed under the power of disposal of the German central bank by special decree. In addition, there was the looted gold (chapter 1.2). This term is applied specifically to the gold from murdered and surviving victims of Nazi extermination policy (chapter 1.2.2).

Because of its high fusibility, gold is easy to transform. There are many possibilities to cover up the traces of its origin. These properties of gold were systematically used by the ruling powers of the Third Reich for the plundering of their victims and the exploitation of the stolen goods. Gold of such origin also ended up in Switzerland. In the study, the question is therefore also investigated as to what extent the persons in charge at the SNB were informed of the origin of the gold at the different stages of the war (chapter 3.4).

The SNB also acquired considerable quantities of gold from the Western Allies. Thus, between 1941 and 1945, it bought gold in the value of 2.9 billion francs from the USA and Great Britain (table 8). These transactions were, contrary to the gold deliveries from the Reichsbank, carried out with legally obtained monetary reserves and resulted to a large extent from transatlantic capital movements.

The Swiss acquisitions of gold during World War II, in particular those from Germany, were based on different motivations. The purpose of the SNB was primarily the preservation of gold backing and the convertibility of the Swiss franc. The basis for this policy had been consolidated in the period between the wars and was focalized on the defense of the financial place and maintenance of the balance of payments equilibrium, which in the years of war were connected to the securing of vital supplies for the country (chapter 2).

The behavior of the persons responsible for monetary policies, however, cannot be explained by these motivations alone. With respect to Swiss gold acquisitions from the Reichsbank, a pattern of action can be traced which to a large extent corresponds to the evolution of the war (chapter 3.3). After 1943, the massive gold purchases from the Third Reich and the western Allies were causing difficulties for the Swiss guardians of monetary affairs with respect to foreign exchange. The increase in the circulation of bank notes and its effect on the inland price structure were threatening to undermine the objectives of a policy aimed at stability. The most important measure taken to prevent this problem consisted in a reduction of the gold holdings in the USA by means of gold acquisitions by the Federal Government from the SNB (chapters 4.5/4.6)

Gold Transactions between Switzerland and the Third Reich

Foreign exchange restrictions and economic warfare were increasingly limiting international monetary transactions, eventually leaving the Swiss franc as the only worldwide convertible currency. The equivalent in Swiss currency that the Nazi regime received in exchange for gold deliveries, was therefore of great importance. After the beginning of World War II, the demand of the Third Reich for resources essential for pursuing the war greatly increased. One of these resources was wolfram, which is mined mainly in Portugal. Germany therefore needed escudos, which it obtained in exchange for gold from Swiss commercial banks.

The escudos sold to the Reichsbank had been acquired by banks in Portugal in exchange for francs. Thus, the Portuguese central bank was soon in possession of large amounts of Swiss currency which it exchanged for gold from the SNB. As a consequence of these transactions, the gold reserve of the Swiss bank of issue dwindled. This situation was aggravated when on July 22, 1941, all assets of continental Europe were frozen in the United States. This also concerned the SNB, since a large part of its gold reserve was in the USA. Against this background, the Swiss central bank was compelled in fall 1941 to request that the Reichsbank no longer deliver holdings in gold to Swiss banks, but only to the SNB. Berlin complied with this request (chapter 3.3.2).

The gold purchases from the Reichsbank by the SNB reached a peak in 1942 (table 21). In that year alone they amounted to 424 million francs. Even after Stalingrad, when the center of activities in the war theater in Europe shifted, the gold policy of the SNB with respect to Germany hardly changed at first. The value of gold bought from the Reichsbank remained high and, at the end of 1943, had reached an additional 370 million francs. Only in 1944 did the volume of gold transfers decrease, falling to 180 million francs.

The pressure from the Allies, who had been warning about gold acquisitions by Germany at the beginning of 1943 for the first time, initially had no real consequences. When on February 22, 1944, a declaration was issued which opposed the acquisition of stolen gold by neutral states, the SNB still held the opinion that on principle they could not refuse to take over gold from the Reichsbank. Only in the case of gold coins acquired from the German central bank, as of the end of April, were purchases limited to coins which had been minted in Germany (chapter 3.3.3).

In February 1945, the Allies sent a delegation headed by L. Currie to Switzerland. After tough negotiations, the Swiss authorities committed themselves in an agreement dated March 8, 1945 not to conclude any more gold purchases with the Reichsbank, except if these were used to cover expenses of the diplomatic mission of the Reich in Switzerland, for prisoners of war, or as contributions to the International Committee of the Red Cross (chapter 3.3.4).

The last gold transaction with the Third Reich and the role of insurance companies

The last delivery of gold from Germany to the SNB was on April 13, 1945. Among the specific driving forces of this acquisition were representatives of Swiss insurance companies who

were pressing for the compensation of their claims to business partners in Germany (chapter 6). After intensive negotiations with the Reichsbank, a treaty was signed on April 11, 1945. The agreement provided that these payments be made by resorting to the assets in francs which the Reichsbank had on deposit at the SNB in Bern, although these funds had originally been earmarked for the compensation of humanitarian and diplomatic outlays. But Switzerland had agreed with the Allies to allow further gold acquisitions from Germany for such purposes. In fact, this was a trick which practically was a maneuver of deceit in order to meet claims from the insurance business.

Gold purchases of the SNB from the Allies

Of the gold purchases made between 1941 and 1945 by the SNB in the USA, at the most one billion francs can be attributed to actual financial services in favor of the USA. The remaining amount was used for the conversion of Swiss dollar assets into gold. These transactions started in summer 1940 and served to repatriate Swiss flight capital. The gold operations between Switzerland, the USA, and Great Britain to a large extent were the result of international movements of capital. In addition, on the part of Switzerland they served to finance exports and were used by the Allies for humanitarian purposes and the financing of services essential for warfare (chapter 4).

According to information given by the SNB, more than half of the nearly 810 million francs of funds deposited in its depository in New York backed by gold, was used for the financing of Swiss exports, in particular for the watch industry. The remaining funds were used primarily for the financing of humanitarian actions and the needs of diplomacy.

Activities of Swiss commercial banks on the gold market

The commercial banks had an important position on the Swiss gold market, especially in the years 1940 and 1941. Because of the limited source material, these operations today can be reconstructed only incompletely. As a whole, these transactions were not among the main activities of the largest banks, even if they offered an opportunity for short-term profit (chapter 5.8).

Although the Swiss finance institutions after 1941 imported only small amounts of gold directly from Germany, they continued to play an important role in the gold and foreign exchange trade. During the war, the SNB supplied considerable amounts of gold to the domestic market. Among these, there was a large quantity of coins from Belgium which Germany had illegally appropriated and then sold to the SNB (chapter 5.10). These sales were carried out mainly through the banks as intermediaries. In the transaction with escudos, the commercial banks remained active as well. The only change after October 1941 was that the Reichsbank did not pay in gold any longer but in Swiss francs which it had obtained in exchange for gold from the SNB.

In the course of 1942, the strong domestic demand for the yellow metal made the price for gold rise and led to an overheating of the gold market in Switzerland. On December 7, 1942, the Federal Council therefore decided to introduce the obligation to obtain a concession for trade in gold and to fix a ceiling price. In addition, gold transactions with foreign countries now needed to be authorized by the SNB (chapter 5.4). The desired effect was in fact achieved. The gold market started to calm down. At the same time, however, the activities on the domestic black market were intensified after the end of 1942 (chapter 5.7). There are indications that in a few cases large banks were involved in these as well. But the largest part of gold transactions were carried out legally and at the official highest price. Some commercial banks evaded the regulations by carrying out their gold business abroad, i. e., in Argentina and Turkey (chapter 5.5).

The justification arguments of the decision-makers at the SNB

From 1943, the SNB was under increasing pressure for having purchased gold from Germany. They had to defend themselves against allegations that they had acquired stolen gold. Also, they had to reckon with being confronted with claims for restitution of the gold holdings bought from the Reichsbank. They therefore were compelled to justify their activities. For this purpose they brought in three arguments in retrospect. First, they pretended to have acted in good faith and not to have been aware of the unlawful acquisition of the gold by the Reichsbank. Second, they represented the opinion that supposed obligations of neutrality had left them no choice but to take an «absolutely neutral» position, and to treat both adversaries on an equal basis. And finally, the responsible persons at the SNB claimed that the acceptance of gold from the Reichsbank had contributed to keeping Germany from invading Switzerland (dissuasion thesis). The study shows that all three arguments were part of a discourse of justification fabricated by the guardians of monetary policy in retrospect and do not stand up to historical analysis (chapter 3.4).

The Washington Treaty

In the context of the conferences at Yalta and Potsdam, in 1945 the principle was agreed on that all German assets outside of Germany were to be confiscated. Switzerland was also invited to the conference table (chapter 7). It appeared that the Allies had been very well informed on the gold transactions between the Reichsbank, the SNB, and the Swiss commercial banks. They estimated the gold that had been stolen from central banks and which the SNB had bought from the Reichsbank had a value of at least 800 million francs.

After tough negotiations, on May 25, 1946 an agreement was reached. In this agreement it was determined that Switzerland would pay an indemnification of 250 million francs for the compensation of the gold purchases. The Swiss decision-makers considered this as a voluntary contribution to the reconstruction of Europe and not as a confession of guilt. On their part, France, Great Britain and the United States agreed to waive all claims, for themselves and the fifteen countries represented by them, against the Swiss government or the SNB with respect to the gold acquired by Switzerland during the war. In turn, the Swiss-located assets of Germans living in Germany, which had been frozen by the Federal Council, were to be liquidated. The question of liquidation of the German assets frozen in Switzerland was settled only in the context of a redemption package of the Washington Agreement finalized in August 1952. Switzerland transferred a redemption sum of 121.5 million francs to the Allies, which was compensated for by the Federal Republic of Germany. In turn, Switzerland released the frozen assets, allowing the owners in Germany once again to dispose of them.

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