

Schweizerische Bodenkreditanstalt. «Aussergewöhnliche Zeiten bringen aussergewöhnliche Geschäfte». Beitrag zur Forschung

The Schweizerische Bodenkreditanstalt. «Exceptional Times bring Exceptional Business». Research Contribution

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Summary

This research study analyses the activities of the Schweizerische Bodenkreditanstalt (SBKA) in Germany under the Nazi regime. The case study shows how a Swiss company interacted with the Nazi economy as well as the attitude adopted by the Swiss authorities vis-à-vis a company that was involved in business deals supporting the German armaments industry during the Second World War. As far as concerns the post-war years, the results of the research reveal the position of the Bank itself and of the authorities with regard to the Banks' activities. The events described in this section refer only to a relatively small bank with its headquarters in Zurich and should not be used for purposes of generalisation. The attitudes and behaviour of the players involved within private industry and the Federal administration as seen in the case study of the SBKA have a broader significance, however, insofar as they reveal mechanisms that could have been employed by other companies and other institutions.

Owing to the negative economic consequences of the First World War, the SBKA was already in the 1920s drastically cutting back its business in Germany, which it had been developing since 1906. In 1919 the Bank had granted a third of its mortgages, namely SFr. 55.2 million, to customers in Germany and its total financial involvement in the country was valued at SFr. 77.5 million. As a result of massive write-offs, the Bank had only SFr. 7.7 million invested in Germany in 1927. With the introduction of currency restrictions in Germany in June 1931, the SBKA had outstanding mortgages, bank assets, loans to debtors in Germany and investments in German securities amounting to a total of SFr. 13.6 million. After reducing its mortgages in Germany, the Bank later had assets in frozen marks held by German banks totalling DM 6.1 million which it could not use freely on account of the currency restrictions. As a result of lengthy and exhaustive negotiations, however, the SBKA had finally managed to reduce its financial involvement in Germany to SFr. 1.7 million by 1945.

The take-over of 28% of the SBKA's share capital by Credit Suisse in 1903 resulted in a close relationship between the two institutions. Often, and indeed during the war, the Chairman of the Board of Directors of Credit Suisse held the same position with the SBKA: Adolf Jöhr held both positions from 1941 to 1945. As early as the 1920s, the task of looking after the SBKA's dealings in Germany fell to one director, Wilhelm Schulthess, who was responsible for liquidating the Bank's frozen mark assets during the Nazi era. Schulthess, who was a nephew of the former Federal Councillor Edmund Schulthess, was not only granted the necessary permits for the liquidation by the relevant Swiss authorities but, up until the end of the war, also had contact on more than one occasion with German government departments. Within the sphere of influence of Hermann Göring, who was responsible for the 4-year Plan Office, Schulthess set up a network for liquidating the assets in frozen marks held by the SBKA in Germany. As part of the personal network that Schulthess built up and through which he met Rudolf Siedersleben, one of the partners in the Otto Wolff iron company, a transaction came about that was not related to the liquidation business and which was later qualified as «questionable» by representatives of the SBKA: the Bank facilitated the sale of securities in Switzerland of which at the time it had to be assumed that they probably were obtained by

force in occupied territories. Otto Wolff sold the securities on behalf of Göring's 4-year Plan Office in order to obtain foreign currency for the Third Reich.

The SBKA received permission from the German and Swiss authorities to use part of its frozen mark assets to pay for iron goods supplied by Germany to Switzerland. It was then credited by the Swiss importers of the goods in Swiss francs to the equivalent value of the frozen marks. While the SBKA used this method to reduce its frozen assets in Germany from 1933 until the war started, such business deals represented a way of acquiring foreign currency for the Germans. Since the Bank was able to convince the Swiss Clearing Office (SCO) of the relevance of the imports to the war effort, the latter for example allowed the Swiss importers to pay 25% of the price of the goods in foreign exchange in 1938, whereas the Germano-Swiss agreement in force at the time («Devisenspitze») allowed a maximum of only 17%.

When international trade in Europe was further limited with the outbreak of the war, the SBKA was no longer able to obtain the necessary permission for such financial arrangements. From 1941 on, Schulthess therefore sought another way of liquidating the Bank's marks blocked in Germany and organised the supply of tungsten – an element essential to the war effort – to Germany from Spain. In 1942, 1943 and 1944, the SBKA helped to procure around 3% of the Third Reich's annual requirements in tungsten, which was used in particular by the armaments industry to harden steel. To recompense its services in this respect, the SBKA was granted permission by the Third Reich's Ministry of the Economy to change frozen marks into Swiss francs and to transfer them to Switzerland.

As far as the SBKA's shareholders could tell, the Bank had no assets outside Switzerland after 1930. All assets in Germany had been written off by internal transfers of equivalent amounts to reserve funds. Since the transactions through which the frozen mark assets were liquidated did not appear on the balance sheet and the tungsten deals were also not evident on paper, the Bank managed to conceal these activities from the Allies; if it had not done so, it would have been on their «black list». When, as the war progressed, the Allied powers did indeed start to suspect that the SBKA had contributed to the German war effort, Adolf Jöhr managed to convince the necessary people that the Bank was not involved in any business outside Switzerland at all.

After the war, it was revealed that the SBKA had made illegal payments to influential German people who were involved in liquidating the frozen mark assets; some of the beneficiaries had received bribes in Swiss francs which did not go through the clearing system. The SBKA was subsequently ordered to pay certain amounts to the Clearing Office. The actual procurement of the tungsten supplies was not illegal and indeed, after the war, the Allies did not focus their attention on the tungsten business at all, but rather on the transfer of assets to Germans in Switzerland. After the war, the Clearing Office and the Bank agreed that it was in their mutual interest not to reveal publicly that the Bank had procured tungsten supplies for the Nazis: in the Clearing Office's documents, it is referred to simply as the «Y business».

The audit carried out by the Swiss Clearing Office had consequences for Wilhelm Schulthess. During the internal examination of the Bank's books, which was done at the same time as the audit, it became apparent that he had been able to procure personal financial gain from the business. At the beginning of 1946, the SBKA asked its director to resign. Schulthess left the Bank, but not without ensuring himself a pension for the rest of his life. Investigations of the SBKA's dealings revealed that, apart from Schulthess, two other people were involved to a large extent, namely Wilhelm Oeding and Wilhelm Frick. Oeding obtained access for Schulthess on several occasions to the offices of important decision makers within the German government, while the Zurich lawyer Frick played a crucial role in Switzerland. Shortly before the end of the war, Frick, Oeding and Schulthess tried to conceal Oeding's transfer of assets from Germany to Switzerland through a complicated procedure associated with setting up a new company. This attempt involved not only the three men

named here: some senior management staff of the SBKA were aware of what was going on or even played an active part in helping to shift the funds.

Shortly before the end of the war, one of the employees of the Bank denounced Schulthess's activities first to the military security service and later to the Clearing Office. The informant, who wanted to remain anonymous, provided information not only about the SBKA's dealings in relation to the liquidation of the frozen mark assets mentioned above, but also about how the three men tried to conceal the fact that Oeding transferred funds from Germany to Switzerland. The Clearing Office managed to force Frick to later declare Oeding's hidden assets in connection with the order issued in 1945 to freeze all German assets deposited in Switzerland. Oeding, however, managed to get part of his assets released within the following ten years and to retain possession of a piece of property in one of the most illustrious parts of Zurich. He thus succeeded, at least partially, in transferring his wealth from Germany to Switzerland through the SBKA.

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