

Blood money: two exposés of Swiss collaboration with the Nazis

Hitler's Silent Partners: Swiss Banks, Nazi Gold, and the Pursuit of Justice By Isabel Vincent, published by William Morrow & Co., Inc., New York, 1997 Nazi Gold: The Full Story of the Fifty-Year Swiss-Nazi Conspiracy to Steal Billions from Europe's Jews and Holocaust Survivors By Tom Bower, HarperCollins Publishers, 1997

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The scandal arising from the abortive attempt of the Union Bank of Switzerland to shred documents relating to Swiss-Nazi financial arrangements has led to a year-long series of revelations, conferences, threatened sanctions, international recriminations and a number of books, including *Nazi Gold* by Tom Bower and *Hitler's Secret Partners* by Isabel Vincent.

Both volumes suffer from an insufficiently comprehensive historical approach, but each presents important material, elaborated in a topical, popular way. Those seeking a more serious history of Swiss-German relations, including a politically cogent explanation of the historical crime of the Holocaust, will not find it in these volumes. However, the magnitude of this long-suppressed story draws one into these books, and they touch on many issues of principle for the present day.

What are the issues involved? The present scandal has focused primarily on the personal tragedies of the "double victims," those who survived the Holocaust and then were denied their life savings by Swiss banks. Thousands of persecuted Jewish families entrusted their fortunes to the anonymity of a Swiss numbered account. While these same banks funneled millions to fugitive Nazis in South America, the Jewish victims were systematically denied information or access to family accounts. Thousands were told, cynically, that funds could not be released without a death certificate to prove the demise of parents or siblings killed in Hitler's extermination camps.

In the immediate aftermath of the war, over a quarter of a million Jewish survivors languished penniless in Displaced Persons Camps for months or even years. The Swiss government stonewalled specific requests regarding bank accounts and blocked all attempts to use the huge amount of "heirless assets" for refugee aid.

To this day, the banks have refused all but a handful of claimants. This is the starting point for both narratives. However the authors are compelled to approach a more fundamental issue—the role of the Swiss government in contributing to the Nazi's success in the first place, as well as that of the American, British, and a number of "neutral" governments.

Isabel Vincent aims to put a "human face to the statistics," making the framework of her story the chronicle of the Hammersfled family. She interviews surviving family members and reconstructs the horror of the

experience of Hitler's annexation of Austria, concentration camp life, escape from Europe and the attempt of survivors to locate their assets in Switzerland.

While she uses the history to flesh out her narrative, the story of the family's experiences is intrinsically compelling. Vincent puts the extent of Swiss bank gold-laundering at \$5 billion (today's values). The magnitude of this figure demonstrates that this transfer of wealth was not simply a matter of lucrative theft; it in fact provided an essential lifeline for the Nazi war effort. The movement of Nazi gold to and from Swiss banks was pivotal in providing the hard currency the Nazis needed to trade for strategic raw materials not available in occupied countries.

The German state had exhausted all foreign exchange and Central Bank bullion by 1941. This precipitated a crisis which it overcame by looting the treasuries of occupied countries, melting down the bullion, stamping it with the Reichsbank symbol and funneling it to the Swiss. By November 1942, this smelting operation came to include large amounts of dental gold, jewelry, rings, etc. The gold was refined and returned to banks in the form of gold bars, mixing together personal gold with "monetary gold."

Switzerland was the only country that would accept the obviously looted gold. The Swiss National Bank, the country's central bank, acted as a clearinghouse by purchasing the gold in exchange for foreign currency. It charged 0.5 percent and sold the gold to other neutral European central banks at higher prices. According to recent reports, the Swiss National Bank in Bern knowingly took in \$400 million (\$3.9 billion in today's funds) in looted gold between 1939 and 1945 in outright violation of international law, which prohibits banks from fencing stolen goods. The commission alone netted the Swiss \$20 million (about \$200 million in today's currency).

But these transactions were just one aspect of the overall alliance between the Nazis and the Swiss. In 1941 the Swiss government adopted the Swiss-German clearing agreement, providing massive loans in the guise of credits for Swiss exporters. Meanwhile, the Swiss dramatically increased their own exports of military hardware, as the Germans required it.

German corporations that required a foreign front in order to conduct their business operations would routinely set up a Swiss subsidiary. One

of hundreds of such entities was I.G. Farben, the world's biggest chemical manufacturer, which produced the poison gas for concentration camps as a "patriotic duty." It established a Swiss international company, I.G. Chemie, which was protected from sanctions.

Bower, with a great deal of justice, describes the Swiss as "economically integrated into the German state." This integration carried over to the political sphere as well. Shortly after the passage of the infamous Nuremberg laws in 1935--which began the policy of "Aryanization," including the erosion of Jewish citizenship and the legal plunder of Jewish assets--the Swiss petitioned the Germans to have all Jewish passports stamped prominently with the letter "J."

The Swiss authorities were already blocking Jewish emigration. As the persecution became extermination, the Swiss worked harder to seal their borders. Bower places the number of Jews who successfully escaped to Switzerland, only to be dispatched back across the border to the waiting Gestapo, at 30,000 or more. Meanwhile, Nazi officials freely crossed, depositing their loot on a regular basis. Only in those cases where the Nazis negotiated a good price from the Jews did the Swiss, as a general rule, permit their entry as refugees.

The Swiss financial agreements became an indispensable prop of the Nazi regime. But why was this permitted, and then overlooked by the Allies? And why was nothing done in the 1940s to provide justice to the Holocaust survivors?

This is where Bower's book, based on extensive material from the Swiss, US and British national archives, and primarily dealing with the diplomatic negotiations between the Allies and Swiss from the 1940s through to the present, should provide some answers. It does, but only if one can filter Bower's politics out of his presentation.

Tom Bower, a British writer specializing in Nazi topics for a popular audience, hastily produced his book last May after being contacted by US Senator Alfonse D'Amato. The Senator, in fact, provided support staff for the writing of the book. D'Amato has been the main US protagonist in calling for sanctions against Swiss banks, holding hearings and calling numerous press conferences. Bower glorifies this campaign, describing it as in the "heroic" tradition of American "crusaders" going back to the days of Safehaven.

As *Nazi Gold* details, Safehaven was a US initiative, adopted at Bretton Woods in 1944, which demanded that neutrals work to prevent the Nazis from hiding funds. It was adopted as an adjunct to Allied military policy. At the end of the war, the Four Powers formally ordered the neutral countries to transfer all property owned by the Axis powers to the Allies.

Since Bower's view is characteristic of the manner in which this entire controversy has been portrayed in the American press, it is worth noting its real context. (By the way, Vincent points out that D'Amato's popularity had taken a steep decline following his Senate hearings on Whitewater, when he was contacted by the World Jewish Congress regarding the Swiss banking issue. "This Swiss issue was the perfect campaign platform.... Thanks to the Swiss scandal, D'Amato saw his approval rating jump by 12 points in a year to 37 percent.")

The Swiss countered the Allies' moves at the end of the war by establishing a German Interests Division to protect German property against the Allies' claims. At Potsdam, it had been proposed that 2 percent (!) of all German reparations be diverted to relieve the plight of European refugees. This measly sum was then disputed and wrangled over for years. Each country was preoccupied with securing the largest possible reparation for itself.

Under such conditions, the Swiss had very little problem blocking efforts to pry Nazi funds from their vaults. Countless diplomatic discussions produced nothing. Bower reviews in great detail the crises and tortuous discussions (marked by anti-Semitism on all sides) which led nowhere. The process was brought to an end when the role of the Swiss was buried under the general whitewash of "deNazification." The

Americans did not want to alienate the Swiss, nor the Germans, in the rapidly developing Cold War.

The postwar Allies had no small interest in the disposition of Nazi loot. As Bower's record shows, the Allies' interest in securing war reparations far overshadowed any concern about destitute Jewish refugees.

In her book, Vincent debunks the "humanitarian" nature of US efforts, pointing to the well-known fact that US State Department decisions during the war contributed to the Holocaust death count, both by erecting punitive emigration hurdles for refugees and by refusing to bomb rail lines leading to the death camps. It is no wonder that Safehaven's threatened sanctions against the Swiss quickly evaporated.

The 1997 "revelations" actually contain very little new material. The Allies knew all of the details of the Swiss transactions, including the fact that hundreds of millions of dollars were still illegally squirreled away in Swiss banks. So why do these long-documented facts emerge again in the form of a scandal?

Part of the answer is indicated by the position of the main US government official assigned to deal with the Swiss-Nazi matter: Undersecretary of Commerce for International Trade Stuart Eizenstat. Why does a Commerce Undersecretary spend eight months studying the issue of wrongdoing by Swiss banks?

For one thing, the US government decided the Nazi-Swiss scandal could be a useful commercial trade weapon. New York City has imposed (and withdrawn) sanctions against the Union Bank of Switzerland; while California and New York state threatened similar action. The Swiss countered with a threatened boycott of Californian asparagus and measures to deny US companies access to Switzerland's lucrative cellular telephone market. The handling and evolution of the conflict point to conflicting US-Swiss economic interests that have driven the scandal.

But there are more fundamental reasons. With the end of the Cold War, the economic and political antagonisms between Europe and America have escalated. Global economic integration has exacerbated the conflict between the huge banking interests in the US and Europe, which is in the midst of creating a strategic financial alliance centered on the eurocurrency.

In a sense, many long-buried and unresolved historical issues, frozen in time, so to speak, during the long period of the Cold War, are once again emerging into public view. One of them is the complicity of the Swiss and other neutral powers with Nazi Germany, and the general refusal of the Allies to take serious measures to save the Jews and other groups targeted for extinction by Hitler.

In summary, this reviewer's opinion is that Bower's *Nazi Gold* accurately chronicles the obstruction of the Swiss bankers and government, and the self-interest of the French and British governments. But the book thoroughly whitewashes the US State Department and perpetuates the basic deception that WWII was not a war over capitalistic interests. Moreover, in his haste to complete D'Amato's assignment, Bower fails to draw on any historical sources other than US national archives, further limiting the scope of his book.

Vincent's *Hitler's Silent Partners* does, at least, refer to the sordid legacy of the American government, and in fact ends up with a somewhat more substantial historical presentation.

Postscript: And where is the Nazi gold today? Hundreds of millions still sit in Swiss banks. The *New York Times* reports at least \$55 million at the US Federal Reserve. The Midland Bank, National Westminster Bank, Lloyds TSB Group and Barclays Bank in Britain say they will not publish their lists of depositors yet, but admit they have a large number of unclaimed Holocaust-era deposits.

See Also:

Fascism & the Holocaust:

A critical review of Daniel Goldhagen's *Hitler's Willing Executioners*
[A lecture by David North, 17 April 1997]



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