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Introductory remarks by Jean-Pierre Roth

The Swiss National Bank's gold transactions during the Second World War

The interim report of the Independent Commission of Experts Switzerland - Second World War (ICE) on Switzerland's gold transactions between 1939 and 1945 has given rise to a new tide of commentaries on the National Bank's policy during this period. In its comments of 25 May, the Bank's Governing Board welcomed the extensive research conducted by the Commission of Experts under the chairmanship of Professor Bergier and once more expressed its profound regret that the SNB may have unwittingly acquired gold originating from concentration camps.

The second report of the U.S. Under Secretary of State Stuart Eizenstat was published on 2 June. This report deals mainly with the economic relations between the other neutral countries and Germany during the War. The introduction presents a more realistic picture of the constraints facing Switzerland and thus corrects the general impression created by the first report published last year.

The report of the Bergier Commission is very critical of the National Bank's policy during the War. It blames the Governing Board of the time for having maintained the free convertibility of the Swiss franc into gold without taking into account the political and moral consequences of such a policy. The ICE in particular evaluates the arguments put forward by the SNB at the end of the War justifying its transactions with the Reichsbank. It concludes that neither good faith nor the policy of neutrality nor the dissuasive effects of the gold transactions are convincing arguments.

The report shows that the members of the Governing Board knew about the seizures of gold in German-occupied countries, but they considered these seizures to be covered by the Hague Convention. Moreover, they believed to be acting in good faith for as long as they were not provided with formal evidence that stolen gold had been delivered to Berne.

We share the opinion expressed by the ICE that the Governing Board of the time had a limited conception of good faith and that its interpretation of international law was too narrow. It did not show enough sensitivity to the moral dimension of a possible acquisition of stolen gold.

The ICE holds the view that the argument of neutrality was only put forward later on by the National Bank in order to justify its transactions with the Reichsbank. A more subtle view is called for. The ICE should have taken into account that the National Bank's Governing Board unintentionally underestimated its room for manoeuvre in this field. During the second half of the War it would probably have been difficult for the National Bank to break off its relations with Germany while continuing to purchase ever larger quantities of gold from the Allies. Nevertheless, our predecessors undoubtedly showed a certain bookkeepers' mentality in their approach to neutrality, particularly since the two sides involved in the War could not be considered on a par in moral respects.

In our opinion, the interim report has a shortcoming: it lacks an in-depth analysis of the economic policies implemented during the War. The report does not enter into the question of whether the National Bank could have chosen another course of action ensuring monetary stability - an element of Switzerland's defence capacity. While the report elaborates on the monetary framework of the gold transactions, it does not sufficiently explain to what extent this framework formed part of the economic policy of that time. By maintaining the convertibility of the Swiss franc into gold, the National Bank did not pursue its policy as a simple matter of routine. Rather, it tried to secure the country's monetary stability and solvency in an extremely unstable environment. In this connection, it considered it important to continue the gold transactions with the Reichsbank because, after Swiss assets had been frozen in the United States, Germany remained Switzerland's single source of gold which could be used unrestrictedly for financing imports from countries that accepted only gold as a means of payment. Furthermore, gold was also used by the SNB for siphoning off excessive liquidity in Switzerland itself.

The report quite rightly states that the blocking of Swiss assets in the United States placed limits on the development of exchanges between Switzerland and the Allies while the clearing mechanism did not hinder more pragmatic trade relations with Germany. The fact that the National Bank adopted a relatively restrictive stance towards the Allies while showing itself more liberal towards Germany was not the result of a political decision but an expression of its concern for internal stability.

Thus the National Bank tried to restrict the conversion of dollars deriving from Swiss exports to the United States into Swiss francs. Its aim was to put a brake on the expansion of liquidity in the Swiss market and thus to prevent inflation from being fuelled. The report overlooks the fact that the Swiss francs created by the conversion

of dollars caused the domestic money supply to expand. This did not apply to Swiss francs that were sold for gold to the Reichsbank as these were used by Germany mainly in foreign markets.

Despite extremely difficult conditions, the National Bank did not fail in the fulfilment of its task of maintaining monetary stability during the War. However, irrespective of the success of its efforts in this field, it misjudged the political and moral implications of its actions. Is the conclusion therefore to be that the National Bank pursued a shortsighted policy of "business as usual" during the Second World War? Minutes in our archive show that the Governing Board was, at the time, aware of the complexity of its task. The false assessment arose mainly from the wrong approach concerning the legitimacy of German seizures in occupied territories, an excessive confidence in the Reichsbank and a narrow understanding of the constraints of neutrality. Despite these misjudgements, doubts relating to the willingness of the Governing Board of that time to serve the interests of the country do not seem called for.

According to the report of the Bergier Commission, the Reichsbank transferred more gold from concentration camps to its deposit at the National Bank than had previously been assumed. These figures, too, support the evidence that only a small part of the gold from the so-called Melmer account reached Switzerland. The report also confirms that at that time the Governing Board had no means of knowing the origins of this gold. Nevertheless, we regret most profoundly that the National Bank became involved in the horrors of the Holocaust in this way by the confusions of the War.

The memory of the Holocaust imposes a duty on everybody to show solidarity with all persons still suffering from the after-effects of the crimes committed under the National Socialist regime. We have expressed our sympathy and our support by contributing an amount of Sfr 100 million to the fund in favour of needy victims of the Holocaust/Shoah. This fund is exemplary on an international level. The amount of the contribution seems appropriate to us, particularly in view of the initiatives recently introduced abroad in support of survivors of the Holocaust.

For some weeks now the National Bank has been threatened with a class action in the United States in connection with its gold transactions in the Second World War. We hold the view that it is not a matter for a court in the United States to pass judgement on the monetary policy conducted by the Swiss National Bank, the central bank of a sovereign state. We therefore deny the jurisdiction of the American courts

in this matter and are resolved to oppose any such action vigorously. We shall not enter into negotiations concerning an out-of-court settlement.