

Financial relations of the Swiss National Bank in the Second World War

1 Switzerland's gold transactions during the Second World War

The controversy surrounding Switzerland's financial relations in the Second World War intensified in 1998. On 25 May 1998 the Independent Commission of Experts Switzerland – Second World War (ICE), appointed by the Federal Council, published its first interim report. The report deals with Switzerland's gold transactions during the Second World War. It confirms the figures already known on the volume of the National Bank's gold transactions with the Deutsche Reichsbank and with the Allies. The report also shows that after the Second World War the Allies had an exact knowledge of the National Bank's gold transactions and were thus in possession of the facts when they negotiated the Washington Agreement with Switzerland. What is new is the finding that the Reichsbank's gold deliveries into its own deposit at the Swiss National Bank contained 119.5 kilograms of gold from victims of the concentration camps. The Commission of Experts suspects that part of this gold was later acquired by the National Bank, while at the same time their report underlines that the responsible persons at the National Bank had no means of ascertaining the true origins of this gold.

The interim report is critical of the policy then pursued by the National Bank of maintaining the free convertibility of the Swiss franc into gold during the Second World War, as also of the National Bank's argument that it had acted in good faith with respect to the origin of the gold and in accordance with the Federal Government's policy of neutrality and security. The fact that the Governing Board of the time was committed to acting in the interests of the country as a whole is not called into question by the report.

In its comments on the interim report of the Independent Commission of Experts the National Bank expressed its regret that by accepting gold deliveries from the Reichsbank it may unwittingly also have acquired gold from victims of concentration camps. It pointed out the difficult circumstances in which the National Bank had to fulfil its task during the Second World War. It recognised the dark sides of the policy pursued by it at the time and referred to its contribution of Sfr 100 million to the fund in favour of needy victims of the Holocaust/Shoah, with which it had expressed its sympathy for people still suffering from the consequences of the National Socialist regime today. The interim report of the Commission of Experts contains no new elements that might call for a fundamental reassessment of the National Bank's policy in the Second World War. The National Bank thus considers the measures taken to be appropriate.

**Interim report
on Switzerland's gold
transactions**

**Criticism of the National
Bank's Governing Board of the
time**

**Comments by the National
Bank**

2 Class action against the National Bank

Filing of a class action in the USA

At the end of March 1998 it became known that a group of lawyers was planning to file a class action in the USA against the National Bank on behalf of Holocaust victims. In its statement published at the beginning of April the National Bank pointed out that the question of the Bank's gold transactions during the Second World War had been settled with binding force under international law by the Washington Agreement of 1946. It emphasised its determination to oppose any action with all the legal means at its disposal. Participation in an out-of-court settlement did not enter into consideration for the National Bank. This position was confirmed by the Bank when, at the end of June, the media reported that a class action had been filed against the National Bank in a court in Washington D.C.

Conclusion of a settlement by the Swiss big banks

A number of class actions against the Swiss big banks had already been pending in the USA since autumn 1996. These class actions not only demanded that balances held on dormant accounts should be paid out, but they also dealt, among other things, with property stolen from the plaintiffs by the Nazis and allegedly sold in Switzerland. In the settlement negotiations, which the competent judge had promoted, the plaintiffs' side repeatedly called for a global solution to settle all claims against Switzerland, including those lodged against the Confederation and the National Bank. Both the Federal Council and the National Bank declined to participate in a settlement between private parties. In mid-August 1998 it became known that in negotiations led by the competent judge the parties had in principle agreed to end the pending class actions with a settlement. By intention of the parties involved, the settlement was to be effective not only for the defendant banks, but was also to extend to the Confederation, the National Bank, the other banks and the Swiss economy in general with the exception of the Swiss insurance companies. The big banks agreed to pay a settlement sum of \$ 1.25 billion. In Switzerland, they approached the other circles covered by the settlement, among them the National Bank, with a view to obtaining a contribution.

Position of the National Bank

The question of a financial contribution by the National Bank to the settlement of the big banks was discussed at an extraordinary meeting of the Bank Council on 21 August 1998. The Bank Council welcomed the successful conclusion to the settlement negotiations and expressed the hope that this would help to ease the situation. It declined, however, to agree to a financial contribution to the costs of the settlement by referring to the National Bank's comments on the interim report of the Independent Commission of Experts and the class action filed against it. The National Bank had not been party to the settlement negotiations of the big banks. A subsequent contribution to the costs of the settlement would have lent this an official character, and this was not considered to be in the interests of the country as a whole.

