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Violation by the Swiss of March 1945 Agreement
(Puhl Letter Incident)

1. On March 8, 1945, the Swiss Government concluded an agreement with the American, British, and French Governments declaring inter alia that the Swiss Government "will prevent the concealing of, disposing of, or dissipation of assets of persons falling under the various blocking decrees". In other words, the Swiss agreed to immobilize German assets subject to their jurisdiction. The agreement concludes with the statement that "the Swiss Government wishes to point out that these restrictions impose heavy sacrifices on Swiss interests in general as Swiss francs will no longer be made available for Germany for the execution of their contractual obligations towards Swiss persons and entities".

2. After the surrender of Germany, four letters, written between March 19, 1945, and April 6, 1945, by Reichsbank Vice-president, Emil Puhl, to Reich Economics Minister, Walther Funk, were discovered in Germany by United States investigators, reporting Puhl's accomplishments in negotiations with the Swiss. In addition a statement was obtained by a United States Treasury representative in Germany in November 1945 from Puhl in which the latter elaborated on the aforementioned letters.

3. From both the letters and the statement it was revealed that negotiations between Puhl as the representative of the German Reichsbank and representatives of both
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the Swiss Government and the Swiss National Bank resulted in an agreement intended to nullify to a large extent the agreement previously concluded with the Allies. Puhl letters are highlighted by the following statements: "The agreement in fact wipes out the payment blockade against Germany which the Americans and British have made such strenuous efforts to achieve . . . It leaves the Reichsbank a free hand to make dispositions in detail and does not subject it to approval by the Swiss Clearing Office . . . In the future substantially the account of the Reichsbank with the National Bank will be used for all German Swiss payments for this account. The blocking has been suspended to the extent that payments will be made after a payment plan has been agreed upon for the time being for three months to start on February 1. This plan includes the items of "the interest for coal credits, holding credits, funding bonds, new credits, franc debits, requirements of inter-state traffic on small scale, insurance traffic, transfer service, electric power, and certain amount for the free disposal of the Reichsbank . . . I was assisted in attaining desired results by the interests of certain Swiss circles in obtaining a resumption of payments". (In this connection Puhl mentioned Mr. Joehr, President, and Mr. Vieli, Director of Credit Swiss, and Mr. Weber, President of the Swiss National Bank.)

4. Parts of the aforementioned Puhl letters were released and commented on by Senator Kilgore in

Washington

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Washington. To this, Mr. Stucki, Chief of the Division of Foreign Affairs in the Political Department of the Swiss Government, on November 16, 1945, made a public declaration in which he admitted that "on April 11, 1945, negotiations with Puhl resulted in an agreement which, after careful examination, was approved by the Federal Council according to which a sum of Sw. Fr. 10,128, 141 was paid from Reichsbank assets to Swiss creditors for sums due up to April 30, 1945".

5. Thus, it becomes evident that

(a) notwithstanding the agreement of March 8, 1945, with the Allied governments, the Swiss subsequently concluded an agreement with the German Reichsbank, aiming at a relaxation of the newly established Swiss blocking practice;

(b) as a consequence of the Swiss-German agreement of April 1945, a sum in excess of Sw. Fr. 10,000,000 was released from blocked German assets;

(c) the Swiss-German agreement of April 11 constitutes a violation of the March 8 agreement in letter and in spirit; and

(d) Stucki's statement ". . . assets Reichsbank should not be employed or placed in safety either for this or future war. On other hand, it never took obligation to impede payments be made Swiss creditors, and exclusively Swiss creditors . . ." is contradictory to the concluding statement of the March 8 agreement as quoted

above.

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above.

6. From the foregoing it can be concluded that exclusive Swiss administration of disposal and liquidation of German external assets cannot be relied upon since they have already violated the terms of an agreement which was preparatory to the final disposal of such assets.

ES:Fletcher/Bern Leg:Bach:jh

3/15/46