

12. Leonard Gibson Holliday (Handelsattaché der Britischen Gesandtschaft in Bern), «German Debt Settlement», 7. 3. 1952

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German Debt Settlement

The comments we have so far sent to the Foreign Office on the above have been confined to an assessment of whether the Swiss Government would make their various threats effective in the event that the Conference maintained its refusal to consider the Swiss claim in respect of war-time advances to Germany. We conclude, and our U.S. colleagues agreed, that it would not be in their interest to do so.

But we were considering the question in terms solely of the Swiss financial interest. There is perhaps a wider consideration, that of the bearing on Swiss neutrality of an exclusion of their war-time claims from this settlement (and thereby, as far as one can see, from any form of settlement, since the Germans are to bind themselves not to conclude any subsequent, bi-lateral settlements). Whatever we may have to say in public, I think we may admit in private that under the circumstances then prevailing, the Swiss had little choice but to comply with German demands (the degree to which they complied with them is another question but those who were here at the time say that every point was hard fought). If they had refused to make any concessions they would have been starved out or overrun.

I agree of course that in the event of a German victory these advances would have been irrecoverable, if indeed an independent Switzerland had remained to lay claim to their recovery. Does it follow, however, that they should be irrecoverable now, because Germany was defeated? Is it in our long-term interest? It may be argued that 1.2 milliard francs is the price Switzerland must pay for having preserved her neutrality, and cheap at the price. But can it not be argued, that, in the future as in the past, we too have an interest in the preservation of Swiss neutrality and that we should be prepared to pay part of the price?

I am thinking of the situation that might arise in the future, of a Switzerland, surrounded by or effectively blockaded by countries with which we might be at war, e.g. the Soviet Union and her satellites. Would the preservation of Swiss neutrality form part of our policy in such circumstances? I am not suggesting that if Swiss neutrality could be bought by advancing money to the Russians the Federal Council would refuse to make such advances merely because similar advances to the Germans had proved to be a bad debt. But the choice might not present itself in such simple terms. The choice might for example lie between making advances of Swiss francs or allowing the Russians to make use of Swiss manufacturing capacity. The latter might be a more attractive concession if previous experience had shown that the Western Powers if victorious would not recognise a purely financial claim against the

¹ Es handelt sich um eine Beilage zum Brief von Patrick Stratfort Scrivener (Britischer Gesandter in Bern) an R. S. Crawford (German Finance Department, Foreign Office), 18. 3. 1952.

vanquished. Such a solution would not only provide direct military aid to the enemy: it would also close to us all possibility of obtaining our own special requirements from such Swiss factories as were working for the Russians. The Germans tried to obtain such facilities during the last war and failed (e.g. they wanted to acquire the entire output of the aluminium works at Rohrschach [sic]). It was in our interest that they should fail, though of course I cannot judge whether the Swiss francs put at their disposal constituted an even more important contribution to their war effort than the Swiss manufacturing capacity which was denied them would have done.

I am not suggesting that the Swiss war-time claims should rank for *repayment pari passu* with the Allied pre-war and post-war claims. I do submit for consideration that it might be in our long-term interest to accord such token recognition to the Swiss war-time claim as would admit the right of a neutral to make such concessions to a belligerent as are indispensable for the preservation of its neutrality.

(Sgd.) L. G. Holliday

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