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*Le Ministre de Suisse à Washington, K. Bruggmann,  
au Sous-secrétaire d'Etat américain, S. Welles*

*Copie**L CB/ss*

Washington, D.C., December 14th, 1940

Is it intruding too much on your time if I ask you to look over the enclosed exposé<sup>1</sup>? I should be very much obliged to you if you would do so.

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1. *Le texte de cet exposé avait été adressé à la Division des Affaires étrangères du Département politique par le Conseiller de légation E. Feer, de la Légation de Suisse à Washington, qui écrit dans sa lettre du 26 novembre 1940 (E 2001 (D) 2/257):* Angesichts des Umstandes, dass die massgebenden hiesigen Stellen sich dauernd mit der Frage der Sperrung der Guthaben weiterer



A Damocles' sword of an occasional blocking of Swiss accounts in this country is still dangling over our economy. If it should fall on it, it would mean a terrible blow and a decided weakening of the position of our country.

I am convinced that the desired effect of such a drastic measure can be reached otherwise.

#### ANNEXE I

*Copie  
Exposé*

#### SWITZERLAND'S UNIQUE FINANCIAL SITUATION AND ITS SIGNIFICANCE FOR THE UNITED STATES

Of the 45 countries which at the beginning of the first world war adhered to the gold standard, and of the remaining six which concluded the Tripartite Agreement a few years ago, only two maintained the gold standard – the United States and Switzerland.

The exceptional standing of these two countries in international trade and finance was empha-

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europäischer Länder befassen, hielt ich es für nützlich, den schweizerischen Standpunkt in umfassender, aber knapper Form den zuständigen Departementen zur Kenntnis zu bringen. Das Exposé wurde unter Mitwirkung von Herrn Somary abgefasst und den zuständigen leitenden Beamten mit entsprechendem Kommentar übergeben. Ich erreichte dabei die Zusage, dass die Herren Cordell Hull und Morgenthau von diesen Ausführungen Kenntnis erhalten. Erst gestern verbreitete die United Press wieder in sehr positiver Form durch ihre Washingtoner Zentrale die Meldung, dass die Regierung der Vereinigten Staaten ernstlich die Blockierung der deutschen und italienischen Guthaben in Erwägung ziehe, wobei aus Gründen der Gleichbehandlung und der Neutralität die britischen Funds ebenfalls eingefroren werden sollen. Meine Besprechungen im State Department und im Treasury Department ergaben, dass von einer unmittelbar bevorstehenden Massnahme in dieser Richtung nicht die Rede sein könne. Der Vorschlag, auch die englischen Guthaben einzufrieren, ist interessanterweise von englischer Seite selbst gekommen, um den Amerikanern ein Vorgehen gegen Englands Feinde zu erleichtern. Da die hier liegenden britischen Guthaben ausnahmslos von der Bank of England zur Finanzierung englischer Kriegsmaterialbestellungen reserviert sind, entsprechend also von den Vereinigten Staaten zu diesem Zweck freigegeben werden müssen, ist es natürlich für England ein Leichtes, derartige Vorschläge zu machen. Ich habe denn auch nicht verfehlt, mit dem nötigen Nachdruck darauf hinzuweisen, dass die Situation der Schweiz dem Blockierungsproblem gegenüber eine diametral entgegengesetzte sei, da wir nur einen ganz geringen Prozentsatz unserer hiesigen Guthaben zur Bezahlung von Materialbezügen aus den Vereinigten Staaten benötigen, während der Rest sozusagen als internationaler Betriebsfonds unserer Volkswirtschaft zu betrachten sei. Um möglichst alles vorzukehren, was in unserer Macht ist, um die Blockierung unserer Guthaben abzuwenden, wurde – wie schon im Exposé angedeutet – die Bereitwilligkeit der Schweiz bekanntgegeben, mit den Vereinigten Staaten zusammenzuarbeiten, um einen Weg zu finden, der die Ausnahmebehandlung der Schweiz praktisch möglich machen und entsprechend sicherstellen würde. In diesem Zusammenhang kam der Gedanke auf, allenfalls ein internes Komitee, zusammengesetzt aus einem Vertreter der Gesandtschaft, des Treasury Department und des State Department, eventuell auch der Federal Reserve Bank, ins Leben zu rufen, das sich in dauernder Kontaktnahme dieser Aufgabe widmen würde.

*Sur l'attitude des milieux bancaires suisses face aux menaces américaines de blocage des avoirs suisses, cf. aussi E 2001 (D) 2/255.*

sized by the British Government in granting in its war regulations to these two countries, and these two countries only, special exchange conditions.

The maintenance of the gold standard by the United States is a matter of course: based on the shifting of the political importance and on the development of the incomparable economic resources of this country. The other country, however, singled out in the British regulations together with the U.S.A. is by nature one of the poorest countries in Europe, with no raw materials of her own, no access to the sea, without political power, with fewer inhabitants than Colombia and in size smaller than any of the Central American countries.

Switzerland owes her position in international finance to the natural thrift of her people and her methodical investment in foreign countries extending over a period of more than three generations. There is no other country where the standard of living is so dependent on the fluctuations of the American market as in Switzerland, and the investment in American securities infiltrates into the remotest valleys of Switzerland. Since New York took over the position of London as financial world center, a good part of the currency reserves of Switzerland were centered in the U.S.A. A rough estimate shows an average investment in the United States of almost \$1000 per Swiss family, a figure without comparison to any other country in the world. On the other hand research has proved that the assertion to the effect that a considerable part of the Swiss holdings in the U.S.A. represent foreign – i.e. non-Swiss – investments is actually unfounded.

These large foreign holdings, spread over all classes of the Swiss population, enable the country to balance her foreign trade liabilities, even in times lacking assets derived from tourist traffic, insurance and bank transactions. This permits the upkeep of a comparatively high standard of living among the lower middle class and labor, thus counteracting the radicalisation so strongly and effectively enforced in other countries. While most of the other states of the world will, upon termination of the war, be confronted with the alternative of either basing their economic life on an international barter trade or requesting long term credits from the United States, Switzerland will not only be in a position to support herself financially, but will most probably be able to participate in rendering financial support to those countries in need of capital for reconstruction. All this will be possible for her in spite of the set back suffered through the loss of one billion dollars in Germany alone during the past decade and in spite of the war expenditures, the comparatively large amount of which will hardly be surpassed by any other country. Switzerland has called to the colors not less than 15% of her population. The extraordinary war expenditures during the first year of war reached a total of no less than \$700.— per family.

There is no other country in the world where there is such contrast of natural poverty on one side and so comparatively high a standard of living on the other. This is the result of incessant hard work, peaceful international trade relations and full confidence extending over the past century. Once destroyed, this foundation could hardly be rebuilt.

The financial power of Switzerland is of particular importance to the United States. Switzerland can be considered her partner in the maintenance of the gold standard and its manifold consequences. The opinion so often expressed, that the maintenance of the gold standard is practically impossible for any other state than the U.S.A. is contradicted by the fact that a country without natural resources and without colonies is still in a position to fulfill the requisites of adhering to the gold standard, thereby setting an example for the possibility of future rehabilitation. It may prove important for the United States to have a partner after the war to help solve these difficult problems of reconstruction, a partner not only experienced, but capable of financial participation, even though to a limited extent only – as a matter of fact, the only potential partner, since financial power in Western Europe suffered a collapse.

There have circulated many rumors about hemispheric politics and an economic or even a financial blockade of the entire European continent. From a purely administrative point of view, it may appear as a tempting simplification to make no exceptions while proceeding in this direction. But, since Switzerland is defending her exceptional position as a free economy country against all contrary influences, she has a right to demand this position to be respected. A blocking of the Swiss assets in the United States, even in form of only temporarily restrictive measures, would not only inflict irreparable damage to the economic standing of Switzerland, but would also

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destroy the gold standard and with it the independence of the Swiss currency and the so hard defended international solvency. It is the firm hope of people and government of Switzerland that such catastrophic and undeserved developments can be prevented and both shall do their utmost to cooperate in this direction, with the United States Government. Switzerland will remain in the future what she was in the past, but this is only possible if her financial status remains untouched.

*ANNEXE II*

*Le Sous-secrétaire d'Etat américain, S. Welles,  
au Ministre de Suisse à Washington, K. Bruggmann*

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Washington, December 17th, 1940

I have your letter of December 14, 1940 and have read carefully the expose you have given of Switzerland's unique financial situation and the bearing upon it of any action by this Government which would block Swiss accounts in this country.

No action of this type is in immediate prospect. If it should come to the fore, I think you may be assured that every attention will be given to the considerations put forward in your memorandum, and every possible attempt made to guard against any undue or injurious embarrassment of the Swiss financial and economic position.