

ELIMINATION OF GERMAN RESOURCES FOR WAR

HEARINGS
BEFORE A
SUBCOMMITTEE OF THE
COMMITTEE ON MILITARY AFFAIRS
UNITED STATES SENATE
SEVENTY-NINTH CONGRESS
FIRST SESSION
PURSUANT TO
S. Res. 107
(78th Congress)
AND
S. Res. 146
(79th Congress)
AUTHORIZING A STUDY OF WAR
MOBILIZATION PROBLEMS

PART 6
NOVEMBER 1945

ADDITIONAL MATERIAL SUBMITTED BY THE
WAR DEPARTMENT

Printed for the use of the Committee on Military Affairs



UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON : 1945

COMMITTEE ON MILITARY AFFAIRS

ELBERT D. THOMAS, Utah, *Chairman*

EDWIN C. JOHNSON, Colorado	WARREN R. AUSTIN, Vermont
LISTER HILL, Alabama	STYLES BRIDGES, New Hampshire
SHERIDAN DOWNEY, California	CHAN GURNEY, South Dakota
HARLEY M. KILGORE, West Virginia	CHAPMAN REVERCOMB, West Virginia
JAMES E. MURRAY, Montana	GEORGE A. WILSON, Iowa
JOSEPH C. O'MAHONEY, Wyoming	JOHN THOMAS, Idaho
ROBERT F. WAGNER, New York	_____
TOM STEWART, Tennessee	
BURNET R. MAYBANK, South Carolina	

PAUL L. BADGER, *Clerk*

WALTER I. SMALLEY, *Special Assistant*

SUBCOMMITTEE ON WAR MOBILIZATION

HARLEY M. KILGORE, West Virginia, <i>Chairman</i>	
ELBERT D. THOMAS, Utah	CHAPMAN REVERCOMB, West Virginia
EDWIN C. JOHNSON, Colorado	GEORGE A. WILSON, Iowa
JAMES E. MURRAY, Montana	

HERBERT SCHIMMEL, *Chief, Investigations and Hearings*
COLEMAN ROSENBERGER, *Hearings Editor*

LETTER OF TRANSMITTAL

WAR DEPARTMENT,
CIVIL AFFAIRS DIVISION,
Washington, October 26, 1945.

HON. HARLEY M. KILGORE,
*Chairman, Subcommittee on War Mobilization,
United States Senate, Washington, D. C.*

DEAR SENATOR KILGORE: Your letter dated October 24, 1945, requesting copies of correspondence between Puhl and Funk, of the Reichsbank, was received today.

There are four letters in the group bearing dates of March 19, 23, and 30 and April 6, 1945, copies of which have been delivered to you. The letters are not classified, and consequently you are free to make such use of them as may be desired.

Sincerely,

J. H. HILLDRING,
*Major General,
Director, Civil Affairs Division.*

III 67

INTRODUCTION

The letters printed in translation below, written from Switzerland by Emil Puhl, former vice president of the Reichsbank, to Walther Funk, former president of the Reichsbank and Minister of Economics for the Reich, were recently uncovered by United States investigators searching the records of German industrial and financial institutions. They describe the manner in which the Germans, when defeat was imminent, were able to use neutral countries to build up a network of economic and political reserves for future aggression. These letters, submitted by the War Department at the request of the subcommittee, supplement the evidence presented at subcommittee hearings on the war-making techniques and resources which still remain at Germany's disposal.

As indicated in the testimony of the State Department before this subcommittee, in the course of the war representatives of the United States, Great Britain, and France approached neutral governments and requested that they uncover and immobilize German assets subject to their jurisdiction and prohibit transactions involving such assets. The purpose of these requests was to cut off Germany's economic reserves in neutral countries and to destroy the base for further German aggression. It was recognized by all that if these requests were effectively carried out it would be a serious blow to Germany's war effort and to Nazi plans for another war.

In the early part of 1945 representatives of the three Governments sent a delegation, headed by Mr. Lauchlin Currie as the personal representative of the President of the United States, to negotiate with the Swiss Government. This so-called Currie Mission was considered successful in obtaining an agreement by the Government of Switzerland to take all necessary measures for uncovering and completely immobilizing German assets subject to its jurisdiction. Shortly after the Currie Mission left Switzerland, Emil Puhl, a leading Nazi banker, visited Switzerland and entered into negotiations with Swiss officials with a view to counteracting the effect of the Currie Mission. His progress in negating the Allied efforts is reported in these letters to Funk, who has been indicted as a war criminal. Puhl's repeated emphasis on future Swiss-German relationships shows how Nazi financiers hoped to save themselves from the consequences of military defeat and resume their activities on an international scale after the war was over. Puhl expressed satisfaction with his achievements in his final letter, written April 6, 1945, when the Allied armies were overrunning Germany:

The result of my drawn-out endeavors can be summarized in stating that it is quite a considerable achievement which is thought to be impossible by many sides that under the present general, political and military conditions we have come to a written agreement with a Swiss institution. Every day, I could almost say every hour, I was able to convince myself of how many German-Swiss connections exist which will not stop now after it has been possible to find a basis for the continuation of certain payments.

* * * * *

The basic importance of the concluded agreement lies in the fact that the absolute stopping of payments between Germany and Switzerland which our opponents tried to obtain did not materialize and that payments within the framework of justified German-Swiss relations can be continued. I myself have wondered whether there was any sense to continue with the discussions. For us to break off the negotiations would have been a cheap success for our opponents. Our Legation was very much of the same opinion. The fact that also President Weber [of the Swiss Nationalbank] repeatedly and strongly advised me to continue in my endeavors made a forceful impression. He pointed out that under the given present day conditions an agreement between the Nationalbank and the Reichbank would be of far reaching importance beyond the present day. I was glad to hear about the respect in which our institution and signature is held in the world.

All in all I believe that we can be satisfied that we succeeded in obtaining the above described arrangements for German-Swiss payments. Whatever form events will take, such connections will always exist between our countries, and the fact that there exists a contract agreement may be of considerable importance for the future.

Despite the efforts of the Currie mission and the assurances of the Swiss Government that German accounts would be blocked, the Germans maneuvered themselves back into a position where they could utilize their assets in Switzerland to support their war effort, could acquire desperately needed foreign exchange by the sale of looted gold, and could conceal economic reserves for another war. These moves were made possible by the willingness of Swiss Government and banking officials, in violation of their agreement with the Allied Powers, to make a secret deal with the Nazis. The Puhl-Funk correspondence makes it clear that the principal concern of the Swiss was the prospect of future business dealings with a postwar Germany, irrespective of its political character and its relationships to the peace- and freedom-loving nations of the world.

As indicated in the preliminary report of this subcommittee on eliminating Germany's war potential, neutral governments were integrated into the Nazi plans for global war. The facilities of these governments were used to cloak economic penetration by the Nazis and to assist them in the concealment of their external assets after military defeat. These assets must be seized in order to destroy Germany's economic potential for another war as well as to rehabilitate those countries who were victims of German attack. German reserves in foreign countries are still held inviolate by the protective laws and attitudes of governments with close prewar commercial ties with the Nazis. United Nations collaboration is necessary in order that effective steps may be taken to eliminate economic reserves in neutral countries which are still serving German aggressive aims.

HARLEY M. KILGORE,
Chairman, Subcommittee on War Mobilization.

ELIMINATION OF GERMAN RESOURCES FOR WAR

ADDITIONAL MATERIAL SUBMITTED BY THE WAR DEPARTMENT

Puhl, Vice president.

ZURICH March 19, 1945.

To the President of the German Reichsbank,
Minister of Economics Dr. WALTHER FUNK,
Berlin C III, Reichsbank.

VERY HONORABLE MINISTER OF THE REICH: It has been already a few days since I arrived in Switzerland and it is possible for me to evaluate somewhat the situation. I could say that in general it is much worse than I even imagined in my most pessimistic expectations. By this I don't mean the general situation, which mostly depends on the press. It is a fact that the press is being substantially influenced by the Anglo-Saxons and it does not seem that any changes in this respect are possible. The opinion I heard in responsible circles is for us of much greater importance. It is becoming more and more apparent that the decree of 17 February to block German accounts is of a political character and was given in order to appease the Anglo-Saxons. It is still impossible to find out how fargoing are the concessions made to the Anglo-Saxons. It is the opinion of very pessimistic observers that a registration of German accounts and shares in Switzerland will soon take place. At some later date this will be made available in some way to the enemy. It would be superfluous for me to say what this would mean to our firms which have innumerable connections with the Swiss economy. The fact that the National Bank is unfortunately being more and more eliminated by government agencies made on me the most unpleasant impression. According to the decree of 17 February all payments for Germany are to be made in the National Bank but the permission as to their disposition is being issued by the "verrechnungstelle". This way the National Bank ceased to be independent in that respect. Mr. Weber was apparently attacked very fiercely by his closest colleagues because he gave in in this respect. The fact that the "verrechnungstelle" is a very bureaucratic institution and further that it is going to charge $\frac{1}{2}\%$ for granting the permission, which is an exorbitant fee, makes the business trade even much harder. It further even managed to stop the payment of money which was transferred from the Reichsbank for use of our Embassy.

The large number of cables from the Reichsbank on Mr. Hirs' (general director of the National Bank) desk proved to me how fargoing is the stagnation in the German-Swiss payments relations. I was shocked to find out that also the account of the Reichsbank has been blocked. This way Switzerland is trying to use our financial reserves for her own purposes. I found out from the different conversations I held, that there is no doubt that it is the intention of

Switzerland to take away from us the German credits and to charge it against Swiss claims. Among other things I have been informed that payments for German firms will be made at the National Bank in France and this bank would not care how the equivalent in Reichsmarks will be paid to the receiver. I don't have to add that I expressed on this occasion my great surprise about this kind of procedure. Friday and Saturday I had endless discussions with President Weber and General-Director Hirs, but unfortunately so far without any results. A meeting at the local National Bank is scheduled for to-day (Monday 19 March 1945) at 4 o'clock and representatives from Government agencies in Bern will attend this meeting. I am planning to present the following demands:

1. The Reichsbank account at the National Bank should be exempted from the seizure and should be kept as a free account. To support my point of view I shall bring their attention to the fact that in 1931, when Germany introduced her foreign currency policy, the accounts of the note banks were kept free. No blocked accounts ever existed at the Reichsbank as it would happen now with the Reichsbank account at the National Bank. Therefore I shall demand reciprocity.

2. I shall ask for exact regulations, covering the execution of all transactions, so there should be no delay in carrying out payments made and approved. I shall also express our surprise that payments for our Embassy have been denied, which constitutes an unfriendly move of the highest degree towards a friendly power.

3. I shall ask to be put in a position to make gold sales with the purpose to fill up our account at the National Bank, in case it should get exhausted. On this occasion I shall ask the question whether the embargo on gold, which was decided against us, is also being applied in case of other note banks. I shall most strongly protest against the discrimination of Germany and the German Reichsbank. In this respect I heard from Mr. Weber that the Anglo-Saxons agreed that certain payments of ours be made in gold (Embassy expenses, welfare of prisoners of war, affairs of a protective power). Anyway it is my opinion that I should make a general demand for acceptance of gold. Should these demands not be satisfactorily complied with, I shall declare that we will have to take under consideration whether we should continue to keep in force agreements as the Standstill agreements, payments of interest of the Funding Bonds of the Conversion Bank, payments to insurance companies and many more. I will also have to ask to be allowed to pay certain amounts from our accounts in foreign currency and not in Swiss Francs. To this category belong payments to the German Embassy at the Vatican, which we are unable to provide by any other way. Unfortunately I have no illusions about the outcome of the negotiations after the highest authorities have decided to carry on a policy of "boot licking" to the British and Americans. The fear of the Russians must be the main factor responsible for this policy. They are looking towards the Anglo-Saxons for protection. It is further interesting that the public does not know anything about the many strong demands which were made by our opponents from Switzerland in the political and military field. It seems that the American and British delegation made here a more or less good impression. By the way the second gentleman from the American delegation had the good "American" name Schmidt.

I would like you, very honorable Minister, to consider these statements as a private information. When the session is over I shall forward an official report to the Foreign Office by way of the Embassy. I keep here constantly in touch with the Embassy. It is my opinion that it is not the intention of the Swiss to break off relations. However as things stand at present and because of the specific way the Swiss carry on negotiations, whereby every single point has to be clarified, it should be anticipated that unfortunately the negotiations will last for a long time. Therefore I should like to ask you to decide whether I should continue the negotiations until reaching a more or less satisfactory result, or whether they should be interrupted or discontinued.

On my trip I was further very disappointed with my stay in Basle. Mr. Hechler's health condition seems to be much worse than I had anticipated. Though he is back in the bank, his condition is serious. When he saw me off, he could hardly walk up the little ramp at the station. We wish him with all our heart a speedy improvement. Fortunately his new housekeeper is taking good care of him and he would like to thank you once more for your intervention to send this lady to Switzerland. The management of the Bank for International Settlements disappointed me in so far as they asked my approval to postpone this year the publishing of the final financial statement and also the payment of dividends. Since we are the largest stockholder it is natural that this payment is for us of great interest. Though I naturally understand the point of the President of the Bank for International Settlements to strengthen the bank internally at the present time as much as possible, I objected very strongly from the German viewpoint to the idea of not paying the dividends. To-day we really need every single franc and the dividends amount to a few hundred thousand francs. Because of my objection an official questionnaire will be sent to the Presidents of note banks and I think, Mr. President, that you and the two other gentlemen should favor the opinion of paying the dividends. Should we be overruled by the remaining presidents of note banks it cannot be helped, but we should anyway support our point of view.

The management of the Bank for International Settlements received the approval of the American delegation for the trade negotiations, to accept from us gold to cover the interest due from us. Using the slogan of "the stolen Belgium gold" the British and Americans were peddling in an unimaginable way and driving everybody crazy here. The President of the Bank for International Settlements is going to Paris shortly, to pay a formal visit to the new President of the Banque de France on the occasion of the latter's taking over the new office.

Mr. Jakobsen is going to Stockholm via London. He was invited by a national-economic institution in New-York to give there a short lecture on financial problems in Europe. Evidently there is a great interest for economic problems of Central Europe and Mr. Jakobsen is considered to be an expert on these problems. It is interesting that it was mentioned in the invitation that, though it should be a short lecture only, both the travel expenses from Europe to America and back and a four weeks stay in the United States will be paid for. (Mice are caught with bacon).

As significant of the interest of the American delegation towards German affairs one considers here the fact, that they bought tickets for the concert of Furtwangler which was to be held in Zurich, but which due to the stench made on the part of the Socialists did not take place.

Yesterday, Sunday, I visited Mr. von Wedel, who was brought to Samaden by Swiss friends. He is under good care of Prof. Ruppana, a friend of Saurbruch. I have though the impression that his condition is a very serious one. His weight is hardly 100 lb. and I could best describe his condition by quoting a Swiss Lady (of French origin) in whose company he dined "that death was sitting at our table."

Personally, I am suffering a lot because of lack of any news from Germany. May I ask you to authorize Reichsbankdirektor Reinhardt to find some way to transmit to me and Reichsbankdirektor Reinel either by the way of the Bank for International Settlements, the Embassy, or the National Bank any news concerning my family and my home. I hope that you and your wife are all right. My compliments and heartiest regards and

Heil Hitler, yours very obedient,

ZURICH (SWITZERLAND), 23 March 1945.

DR. WALTHER FUNK,
*Reich Minister of Economy and
 President, Deutsche Reichsbank,
 Berlin C-111.*

DEAR MR. MINISTER: I hope my last report of 19 March has been received by you. In writing my report of today, I feel rather depressed over the course of the present negotiations here in Switzerland although my discussions with the (Swiss) National Bank have finally taken a turn somewhat for the better.

In the meeting of 19 March which I mentioned in my last report, I had an opportunity to discuss the subjects which you had brought to my attention. It seemed that at any rate the National Bank understood our conception of the problem. Likewise the representatives of the Swiss government such as Messrs. Hotz and Homberger showed some appreciation of our position. As regards the gold question however, they emphasized over and over again that they did not desire gold but preferred coal or iron. As a matter of fact, these gentlemen expressed themselves about the Swiss banking system and its role in a way which was not very flattering to their system. Again I had the impression that the banks inclusive of the National Bank are not consulted very frequently at the present time by the government authorities. No discussion at all was made of the fact that in addition to an exchange of commodities there exists banking and payments of actual funds which, of course, constitutes a part of industrial economy and is of benefit to the nation. This observation is extremely strange considering the economic direction of a nation such as Switzerland, i. e. a country which after all has large financial interests and capital investments throughout the world. On the whole the Swiss regard economic relations with us solely as a matter of a bilateral exchange of commodities.

The situation as well as our negotiations are even more complicated by the influence exercised upon purely economic events by the foreign

policy which is becoming increasingly worse. It is obvious that the Anglo-Saxons have led the Swiss to make such far reaching commitments to them as to sacrifice vital Swiss interests in other spheres including all financial and other payments with Germany.

The meetings of the succeeding days progressed insofar as we discussed a payment plan in which was to be applied to the account of the Reichsbank at the National Bank. This fortunate progress was due to no small extent to the efforts of the National Bank. The payment plan was to include also the credits of the Reichsbank in the hands of private loan banks. The plan was to allot certain sums of money to the various phases of financial transactions. The plan was to remain in effect for approximately half a year. This would have enabled us to exercise a free reign within the limits of that sum of money, that is, we would not be subjected to the bureaucratic methods of approval which is customary here as far as the individual payments are concerned.

The plan provided for an allocation of definite amounts covering interests from coal, interest from holding funds, funding bonds, new credits, debits in France, German-Swiss transactions on a small scale, insurance traffic, transfer of financial creditors, that is bond holders, electric power, etc. The sum total of these amounts approximately balanced our credits. For practical purposes a condition thus would have been achieved which would have made it possible to continue payments without letting the economic circles involved feel the existing limitations and approval methods.

Furthermore the Nationalbank declared itself ready to continue accepting gold. We had thought of an amount of approximately 15 million francs. The Swiss did not intend to "buy" this gold from us but to accept it in payment of payments to diplomatic legations, military establishments, interned personnel, and the Red Cross. It goes without saying that this procedure is merely another name for it. Although these negotiations as usual involved considerable "rope pulling" we nevertheless arrived at a fairly reasonable basis of operation.

Yesterday, Thursday, Legation Councillor Kohli, the representative of the political department, suddenly informed me that the Swiss government could not approve this payment plan. The government did not know, he said, whether or not adequate amounts were reserved for the individual allocations, and it was feared that other Swiss creditors not included in this plan might remain at a disadvantage. He recommended therefore to drop the payment plan entirely and suggested that the Reichsbank simply submit requests for payment to Zurich. These requests were to be checked here in Zurich and to be paid in emergency situations with due regard for our limited credits.

I turned this plan down forthwith and called attention to the fact that the recommendation was impracticable from a technical point of view, not to say absurd. I pointed out that such a plan would cause us to send to Zurich continuous payment requests which we had already paid in marks. We would not know of course whether or not these requisitions would be filled with the result that a large number of unfilled requisitions would collect before long; present difficulties encountered in postal transactions would tend further to aggravate this situation. Such unfilled requisitions are considerable even now. I was shown long lists of unaccomplished payments by

every bank that I visited. From a technical point of view the conception of the term emergency case does not apply at all. For example in our holding sector it was said that only those Swiss banks should receive the interest in funds which were in a weak condition. As a matter of fact the thought that brought up was that our payment requirements should be governed by that point of view. In other words, this would require the Reichsbank to pass judgment on the soundness of the Swiss banks in its foreign transactions. I need not emphasize that such a plan was out of the question. Yet, even though the Swiss accounting agencies had chosen such a procedure, none of the holding banks would have tolerated it and would have shortly cancelled the holding agreement. I saw absolutely no appreciation of the operations of the banking system, the very existence of which depends on credit.

Conditions are similar in all other respects. In case of the funding bonds which are guaranteed by the Reich, it would be especially inconvenient to cash individual coupons simply because the owner may be "in need," whereas the Reich would become delinquent in the payment of the other coupon.

It goes without saying that these impracticable propositions are based on a political background. On the one hand the political authorities probably are concerned over the danger that a payment system which functions only half way would not satisfy the hostile tendencies of the Allies. On the other hand agitation has been spread meanwhile by ambitious politicians as, for instance, Duttweiler with the object of rallying interests which claim to have suffered damage in Germany. Recent additions have been furnished these circles by Swiss citizens who have returned to Switzerland because of the air raids. It is well known that ambitious individuals like Duttweiler invariably take advantage of the dissatisfaction complex in order to put a halt to these tendencies which are detrimental to the due execution of economic problems in difficult times. The government prefers to sacrifice many other Swiss interests which are justified but do not raise such a loud clamor.

All in all the discussions caused me to realize more and more the fact that a lack of appreciation of realities and not to say ignorance had the first word. The conceptions under discussion were extremely narrow and on a very low level. The people here refused to recognize the destructive effect of a blocking system which will bring about a manipulation of funds so to speak.

I realized that no real study had been made of the inter-relationship and the more far reaching effects of a compulsory administration of funds because foreign creditors had lost money. No one seems to realize that any form of compulsory administration in a nation based on peace time economy will bring about interference in commercial transactions, lower the influx of foreign investments, interrupt banking, render it difficult to maintain competition in commercial transactions and so forth. The fact that a nation at war requires a compulsory administration naturally is considered an entirely different matter. Simply because of the presence of a few clamoring voices the Swiss are willing to disregard the interests of large sections of the Swiss economy, individual Swiss creditors, and many other circles. Of course, influence is exercised also by the fact that the Swiss expect us to meet with the catastrophe in the future and say that everything

will be done with shortly and it may be just as well to discontinue negotiations without delay.

Naturally I strongly objected to allow these arguments with the result that it was decided to discuss the matters further with the Swiss authorities and to bring them also before the federal council. An answer is expected by Tuesday or Wednesday of next week. I would have preferred to depart immediately and have stated so officially. I remarked that in times like these there was no point in carrying on endless discussions while we would be more useful at home working in the interests of our hard fighting nation.

However, if you, dear Mr. Minister, are of a different opinion, I shall remain here and wait for the answer promised by the Swiss. It may be possible after all that my statements have made some impression. Besides, Minister Koecher of our legation, who sends his compliments, is likewise of the definite opinion that we should leave nothing untried in order to arrive at a satisfactory and reasonable solution, that is, to make possible a transaction of payments which would function at least to some degree of satisfaction.

Today I shall call on Mr. Joehr, president of the Kreditanstalt, whom I know to side with us for logical reasons. It may be possible that he can take action in Bern. Moreover, I intend to discuss matters in detail tomorrow with the directors of the Nationalbank, these gentlemen not being here today. As far as the Reichsbank itself is concerned, the discussions hold very little promise. I also remarked that the entire negotiations resembled the case in which the farmer had placed his cow in the barn of his neighbor; and that this neighbor now informed the farmer that he was using the cow for himself but would kindly permit him to attend the butchering and perhaps express a wish as to who should receive the front quarters or the hind quarters. To be sure in that connection it must be admitted that the bad neighbor would butcher the cow even though the farmer did not arrive.

Regarding the sale of gold to the Nationalbank, I was firmly determined to send for the gold at Constance on my own initiative for the Nationalbank was highly insistent claiming that our enemies might take some counter measures against the Swiss government. However, my experiences of last night have caused me to defer this plan. I do not believe that I can assume responsibility for sending additional valuables into Switzerland unless the disposal is more highly clarified than it has been in the past.

While I am submitting this report to you as president of the Reichsbank in such great detail, I have sent a telegram today to the foreign office informing it of the proceedings. In the event that you are of a different opinion as to the basic procedure I would appreciate your informing me so. Otherwise I shall wait to see what counter proposals the Swiss will make next week and then request the final decision.

I continue to be overrun by requests originating with the Swiss bankers and economists. The action taken by the Bern government has created a great deal of bad blood. Tension is said to exist even within the Swiss government, due to the fact that individual federal councillors do not agree with the politics favored by Mr. Stucki. However, it is doubtful whether this is of much help to us at the moment.

Almost hourly my thoughts return to Berlin and you may well imagine how uncomfortable and unsatisfactory my position here is.

I have had no word from my family and have been unable to send word to them from here. Perhaps Mr. Reinhardt may be permitted again to try informing my wife that I am as well as conditions permit.

I hope, dear Mr. Minister, that both you and your wife are in good health. With best regards and Heil Hitler, very respectfully yours,
(PUHL, *Vice President, Reichsbank*).

PS: This is my fourth report. The first report was sent from Wurzburg, the second from Constance, and the third from Zurich.

I also enclose further a letter from the Nationalbank wherein the Nationalbank refuses to make payment to the Japanese. May I ask that this letter will be forwarded to Mr. Wilhelm, Director, Reichsbank, with the information that I had discussed the matter with Mr. Kitamura when he called on me. He asked us to supply him with gold but I refused his request. Perhaps it is possible to employ our large credits in yen for that purpose.

ZURICH (SWITZERLAND), 30 March 1945.

DR. WALTHER FUNK,
*Reich Minister of Economy and
President, Deutsche Reichsbank,
Berlin, C-111.*

DEAR MR. MINISTER: Yesterday I took the liberty of sending you a wire from the German legation at Bern as follows:

After great efforts the discussions have led to positive results insofar as the Swiss are now prepared to permit disposal of Reichsbank credits in conformity with a plan on which we have agreed. Generally speaking, these payments are the same as those which we have made in the past and which we would automatically pay even though a blocking system had not been introduced. Thus any blocking of payments which the enemy might have intended to force upon Germany in this respect has been broken. Furthermore, the Swiss are prepared to purchase gold provided it is used for definite purposes such as payment of legations, military personnel, etc. Unfortunately, the negotiations cannot be concluded today by means of correspondence between the Reichsbank and the Nationalbank as planned because of the holidays when all offices are closed. Likewise it was impossible to comply with the intention of bringing gold to Switzerland.

We have a definite promise that both matters will be accomplished by the middle of next week. The negotiations are greatly handicapped and delayed by the internal differences of opinion especially between the national bank and the Swiss government. I shall report in detail by letter tomorrow.

I shall render an official report by wire to the foreign office upon final conclusion of the discussions.

As you may gather from the foregoing, our negotiations have made some progress in the meantime. In my last report, I mentioned that the Swiss had assured us that they would go into the matter and all of its ramifications once more despite the fact that they were opposed to the entire matter on principle at the time. I was disappointed at the time because the Swiss were of the opinion that it would take considerable time to arrange another meeting. However, I have learned that the Swiss meanwhile have worked hard on the matter and that many discussions with interested parties have taken place.

Mr. Vieli, Director of the Swiss Kreditanstalt, who has been head of the Swiss legation in Rome for a number of years and is an old acquaintance of mine discussed the conferences with me stating that serious efforts were made to arrive at a reasonable solution. I took

advantage of the time to enter into a series of discussions. Quite a number of interested Swiss parties came to me on their own initiative and requested such conferences. Thus, for instance, I saw Mr. Joehr, president of the Kreditanstalt, Mr. Jaberg, president of the Bankgesellschaft, Mr. Speich, president of the Bankverein, Mr. Zoeli, director of the Eidgenössische Bank, Mr. Rens, director of the Basler-Handelsbank, and a member of the Swiss holding committee, Mr. Tuerler, director of the Bankverein, and Mr. Rasi, director of the Eidgenössische Bank.

At any rate my efforts have been successful insofar as influential members of Swiss economy at Bern have advocated the reasonable regulation of the problems and a continuation of the payment transactions between Germany and Switzerland. All realize the fact that the blocking of German credits has a far reaching effect also upon Swiss interests at home. There is a difference between blocking Croatian and German credit. It is realized that the blocking regulation had been sacrificed on the altar of politics in haste and is contrary to "democratic procedure"; that is, those concerned had not been consulted. The Swiss now are surprised at the repercussions caused by this measure.

Opposition has visibly increased against minister Stucki who promised the Allies to block German credits. On the other hand none of the government authorities nor the Nationalbank dare to take any action or assume any responsibility for steps which might be contrary to the general political trend of conforming strongly with Allied desires. Consequently the most simple problems must be submitted to the federal council, a body which is divided in its own opinion. That is the reason for the horrible delay in the negotiation.

All of this has created an unfavorable political background for our discussions which originally were intended to confine themselves to conferences between the two banks alone. The negotiations gradually develop more and more into a continuation of the negotiations held by our economic delegation. Since that conference did not produce a definite agreement, but provided merely for a modus vivendi, my discussions lack a firm foundation in this respect.

My negotiations have been attended continuously by members of the local legation in order to insure a continuity of the general policies. The assistance given me by the legation in this respect has been considerable. Our discussions on banking matters were greatly overshadowed by political considerations, at least indirectly so. It is obvious, therefore, that all political events reflected upon our own business affairs. A most unpleasant incident was created by the publication of the attached manifest which made minister Stucki practically a martyr. No explanation has been given as to the origin of this manifest and the reason for its publication at this time. I do not know to what degree the Allies have made efforts to sabotage a reasonable regulation of the payment transactions between Germany and Switzerland. Nevertheless, there are indications that the Allies observed the proceedings closely.

Therefore, I anticipated the meeting of 28 March with some degree of anxiety. It was found that even the highest authorities in Switzerland have become convinced that some sound action is absolutely necessary to prevent a complete rupture in the economic relations between Germany and Switzerland as a result of the blocking of

credits. This showed that my many discussions were successful after all. Without going into the technical details I may state that Switzerland basically is prepared to continue payment transactions with Germany. In other words Switzerland does not wish to create a condition which would mean a break in relations. The Swiss realize that any financial transaction between two nations as constantly pointed out by me is founded on a legal basis which is broken when the obligations are not met.

It does not matter in that connection what consequences might arise from such a rupture, that is, whether it might lead to a cancellation of a treaty, confiscation of property, discontinuation of diplomatic relations, protests, legal processes, etc. In any case the result will be complete destruction of economic relations.

We are now considering an agreement with Switzerland which would de facto abolish the complete blocking of the Reichsbank accounts, the Reichsbank being the carrier of German-Swiss payment transactions. In general we have agreed on a payment plan which provides for payments as follows:

- Interest gained from coal credits;
- Interest gained from holding credits;
- Interest and amortizations gained from funding bonds;
- Interest and amortizations gained from new credits;
- Requirements of inter-state trade on a small scale;
- Capacities of insurance companies in the year 1944;
- Interest gained from debits in francs in the year 1944;
- Coverage of the deficit in the transfer funds of the bookkeeping agreement between Germany and Switzerland as of 31 December 1944;
- Subsidy given the transfer fund from outstanding obligations up to 30 April 1945;
- Capital emergencies, especially for Swiss nationals returning from Germany;
- Funds placed at the disposal of the Reichsbank for small payments in Switzerland;
- Supply of electric power.

In the case of the individual payments we shall determine amounts to cover requirements temporarily until 1 May. We agreed further to continue the regulation subsequent to that date. The allocation of such a short period of time may be of benefit also to Germany. By that time we shall be in a better position to see how many funds have been used as a result of unfilled requisitions for payment, what payments have been placed to our account and what other requirement there might be.

Essentially the payment plan covers payments which we would make even though no blocking regulations existed. The amounts to be determined in part shall consist of general amounts while the employment of detail amounts may be determined by the interested parties. This agreement in fact wipes out the payment blockade against Germany which the Americans and British have made such strenuous effort 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 house.

I was successful further in imposing a condition which, though small, is quite important, that is, to free all of our payments from the

extremely high approval charges of one half percent. I entered into a discussion of the approval problem not only in our own behalf but on the urgent request of the German Chamber of Commerce in Switzerland as well. Since the blockade extends also to German firms residing in Switzerland and these are compelled to pay the charge for each approval, these business establishments would have to pay the charge whenever they withdraw funds for the payment of wages, taxes, and many other items. The high cost of this charge thus practically constituted a special tax imposed upon German-Swiss firms as compared with firms of purely Swiss ownership. In the case of the large German firms located here such as Siemens, I. G. Farben, and many others, these expenditures amounted to several hundred thousands of francs each year. This charge which is actually prohibitive for small establishments will be drastically reduced or dropped entirely. In that respect the local German firms may be thankful to the Reichsbank.

The problem concerning gold continues to represent a special subject of my negotiations. Here too it was revealed that considerable internal differences of opinion exist in Switzerland and rendered my situation quite difficult. There is a considerable difference in views between the Nationalbank and the government authority. Whenever the government representative made a concession to me in that respect, the Nationalbank refused to confirm. On the other hand, whenever the Nationalbank and I reached an agreement the government representative refused to give his approval. Various opinions are represented even within the Nationalbank itself. The underlying reason for this may be the fact that the Nationalbank considers itself forced against the wall so to speak by the blocking regulation which make it responsible for the administration of the blocked accounts, but delegates the right of approval to the clearing house.

Unfortunately the Nationalbank has been forced to make great sacrifices in connection with its independence in business administration all of which may have been the cause of misunderstanding and accusations.

Besides, everyone in Switzerland hesitates to enter into an agreement with us for fear of the wrath of the Allies. There is a general "buck passing" and nobody will assume responsibility.

The foregoing clearly illustrates that the independence of the banks is a thing of the past. We in Germany have solved this problem better insofar as the forced control of funds is concerned by permitting the Reichsbank freedom of action in the administration of its own affairs. This left the Reichbank in a position to enter into negotiations, a factor which no longer exists in Switzerland to a like degree.

The foregoing shows further that the problem of further valuation cannot be solved by the "independent" banks, but that they will become political problems of the government, with the banks acting as agents at best.

Nevertheless, our negotiations have resulted in a continued acceptance of gold from Germany although this gold is to be used for the payment of legations, military expenditures, prisoners of war, Red Cross, etc. This problem is of great importance because it incorporates the maintenance of the ability of the German government to pay its obligations.

Mr. Koecher of our legation asked me repeatedly to do everything in my power to give financial insurance to the maintenance of this service. The allocation of gold for these purposes is justified in every respect inasmuch as the services mentioned above probably must be performed for quite a period of time and will benefit German nationals.

When I saw that on the whole we had made fair progress by Holy Thursday, I was ready to issue instructions to transfer the gold from Constance to Bern on Saturday before Easter. This was in agreement with Mr. Rossi, vice-president of the Nationalbank and representative of that part of the directorate which is located at Bern.

Suddenly, word came from Zurich yesterday that this was not feasible for technical reasons. We went as far as to furnish one half of the amount of gasoline required for the transfer of the gold. Whether or not the refusal may be traced to a fear of assuming responsibility and a desire to submit the matter first to the federal council, I do not know. I was told that the reason for the refusal was the fact that no business transactions took place during the Easter holidays; that is true of course. We must not forget that Switzerland is the land of Zwingli and Calvin who was an even greater reformer. I gained the impression that a matter such as transporting gold was not proper during these days of absolute inactivity. This inactivity extended even to the theaters and movie houses which were closed from Good Friday to Easter Monday; even business houses were prohibited from exhibiting their wares in the show windows on those days. The city is completely dead and I am able to write this report today, Good Friday, only thanks to the accommodation of a secretary of the consulate who happens to be on Holiday duty. Everyone has gone into the country even though the weather is terrible.

There are at present three tons of gold marked for shipment to Zurich while one and a half tons have been allocated for future payments on B. I. Z. interests. Inasmuch as there are six tons of gold lying at Constance, I would have liked to transfer the remaining 1.5 tons also to the Nationalbank. Our legation considers that amount absolutely necessary in view of the ever increasing costs involved in the expenditures mentioned above. This problem likewise was the source of a continuous game of hide and seek among the Swiss gentlemen with the result that no one cared to assume responsibility. However, it may be that I shall find a safe place for these 1.5 tons of gold.

At my insistence we negotiated until yesterday afternoon. I might say that the Swiss did not lack in paying me personal attentions, such as arranging a large breakfast in my honor yesterday. Of course, this fact became immediately known to our enemies. It is remarkable further that Swiss bankers and industrialists again and again called on me despite the fact that the enemy observed everything. Unfortunately the Easter holidays cause an interruption in our negotiation. In general we have agreed to place all of our negotiations in documentary form after the holidays by means of correspondence between the Nationalbank and the Reichsbank.

I hope also to find a definite solution to the gold problem after the holidays and pray nothing will happen in the meantime. The correspondence probably will be quite voluminous for a large number of subsidiary problems must be regulated. For example, the installation of a number of special accounts is a matter which requires discussion.

Above all I have insisted on our receiving free francs in return for free Reichsmarks which the Reichsbank might release for any reason. That is important as it will enable us to use these francs to transfer funds into a third country. I would charge Mr. Hinz, Reichsbank councillor, with the technical execution of this correspondence. In addition to Reichsbank Director Reinel, Mr. Hinz has given me valuable assistance here; he has been placed on temporary duty with the legation head by Mr. Wilhelm. The difficult postal connections would require that Mr. Hinz be given certain powers. Eventually his assignment here may develop into a permanent representation of the Reichsbank. Such representative positions have proven to be quite effective in the case of other banks.

Owing to the unfavorable political situation I do not feel that my mission here should be concluded until all concerned have signed and the gold has been transferred. In that connection I wish to confirm the authority conferred upon me by Reichsbank Director Reinhardt to remain here until matters have been settled. The local German authorities are of the same opinion. Any action on our part which might cause the plan for an agreement to collapse would be a success for our enemies.

Being separated from home at the moment is a heavy moral burden. During the Easter holidays I shall return to Germany and go to Constance. It is simply impossible for me to remain here where everybody is celebrating while Germany is in such dire distress. I would have preferred to return to Berlin; that, however, is impossible there being no fairly rapid communication of any kind. To travel by plane is out of the question. The Tuesday after Easter I shall resume my work here and hope to complete it shortly. Personally I am still very much worried not having heard from my family. Local reports seem to indicate that the region where my wife resides is already included in the combat zone. I am greatly concerned over our Reichsbank in Berlin.

I hope that you, dear Mr. Minister, and your wife are well. In any case I wish to take this opportunity to extend you Easter greetings. I add my greetings to my colleagues in the Reichsbank Directorate. Being without a secretary it is impossible for me to keep up correspondence to any extent.

With best regards and Heil Hitler,

Very respectfully yours,

(Sig.) PUHL, *Vice President.*

Puhl, Reichsbank Vice President.

BERN, 6 Apr. 1945.

To: President of the Reichsbank, the Minister for Economics
Dr. WALTHER FUNK,
Berlin C 111, Reichsbank.

Previous communication: My report of 30 Mar. 1945 (1 copy, 7 enclosures).

Yesterday after long efforts the results of my discussions here were put down in writing. The discussions of the last days which partly were very detailed were developed on the basis described in my last report. Right after the Easter Holidays which I spent in Germany

the work was again taken up with great zeal. New questions arose for discussion again and again. Also my talks took the usual course of such international negotiations. After a somewhat favorable beginning a severe crisis during the second week, then an agreement on the main points and then shortly before the conclusion a series of new, more or less difficult points.

Today (Friday) the matter was supposed to be approved by the Swiss Bundesrat (Confederate Council) and then signed this afternoon. But I heard just now that for technical reasons the draft did not pass the Bundesrat. Now it can not be brought up again before Tuesday of the following week. We do not think that this is an intentional delay. Therefore, we shall have to postpone the signature until Tuesday. Since I agree with the gentlemen from the legation that nothing will be changed in the results reached in the negotiations, I sent the following telegram to the Foreign Office today:

Discussions concerning the exchange of payments have been concluded. The signing will take place after the approval of the Bundesrat, which was supposed to take place today but which due to technical reasons will not take place until the following Tuesday.

The result is as follows: In 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 agreed on for the time being for three months to start on Feb. 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 a certain amount for the free disposal of the Reichsbank. I have obtained that Reichsbank dispositions will be free of charge.

This success which means that we have practically broken the payment blockade desired by the enemy and which enables the continued existence of numerous German-Swiss public and private contracts, was only possible by concluding the transfer arrangements on the basis earlier considered by us for the same period.

I further succeeded in inducing the Nationalbank to make further gold purchases to insure the fulfilment of Reich liabilities towards Switzerland as protecting power of prisoners of war and internees, for Red Cross and Reich representatives. I gave instructions for the transfer of three tons of gold to Bern today. Because of fundamental considerations suddenly arising in Basel the BIZ (Bank for International Settlements) did not take over any gold, as had been known at the Reichsbank.

I intend to depart for Berlin in the Swiss courier automobile this coming Tuesday together with Reinel.

As the form in which the results of our negotiations are to be written up we have chosen an exchange of notes between the Swiss National Bank and the German Reichsbank. A copy of the drafts of these notes, as far as our accounts are concerned, is added to this report as enclosures Nos. 1, 2, and 3. The fact that the Accounting Office (Verechnungstelle) is giving instructions to the Nationalbank on how to conduct its accounts is worth noticing and indicative of the existing situation.

In the gold question, however, the Nationalbank has kept its independence which is a good thing. I succeeded in concluding a gold transaction involving about three tons, in spite of the fact that this is certainly very disagreeable to our opponents. The draft of the exchange of notes in the gold transaction is added as enclosures Nos. 4 and 5.

The transfer of the gold took place today. I instructed Reichsbankdirector Reinel to take charge of the transfer, and the Nationalbank had obligingly sent its Director Schwegler to come along to Constance.

The result of my drawn out endeavors can be summarized in stating that it is quite a considerable achievement which is thought to be impossible by many sides that under the present general, political and military conditions we have come to a written agreement with a Swiss institution. Herein also lies the significance going far beyond the various regulations. It has become possible to avoid the breaking of the thin thread of German-Swiss economic relations, a danger which was brought about through the blocking of German accounts by the Swiss Government to an extent probably not expected by it. Every day, I could almost say every hour, I was able to convince myself of how many German-Swiss connections exist which will not stop now after it has been possible to find a basis for the continuation of certain payments. The various branches extend very far, be it in respect to redeeming obligations of the Reich or payments for our diplomatic service, for our prisoners of war, for other public obligations of all kinds, or be it in respect to the possibility of settling obligations between banks, insurance companies and numerous firms, or just small matters as the maintenance of border traffic with Lichtenstein, for which the prince there had asked special consideration from me.

In future the account of the Reichsbank with the Nationalbank will be the main carrier of German-Swiss payments. However, we received assurances that in issuing permits covering the accounts of our private banks with the Swiss private banks a somewhat liberal policy will be followed. Looking at the state of affairs, though, these transactions will not be considerable. The fact that the practice of unblocking the accounts of Germans living in Switzerland and German firms established there will be liberal as we were assured by the Swiss gentlemen repeatedly, will be a pleasing side effect, though of no immediate concern to us.

The basic importance of the concluded agreement lies in the fact that the absolute stopping of payments between Germany and Switzerland which our opponents tried to obtain did not materialize and that payments within the framework of justified German-Swiss relations can be continued. I myself have wondered several times in the course of the unfortunately long negotiations whether there was any sense to continue with the discussions. For us to break off the negotiations would have been a cheap success for our opponents. Our Legation was very much of the same opinion. The fact that also President Weber repeatedly and strongly advised me to continue in my endeavours made a forceful impression. He pointed out that under the given present day conditions an agreement between the Nationalbank and the Reichsbank would be of far reaching importance beyond the present day. I was glad to hear about the respect in which our institution and signature is held in the world.

All in all I believe that we can be satisfied that we succeeded in obtaining the above described arrangements for German-Swiss payments. Whatever form events will take, such connections will always exist between our countries, and the fact that there exists a contract agreement may be of considerable importance for the future. Anyway, the contrary, the breaking off of the innumerable connec-

tions, would have been a rubble pile which would have presented immense difficulties. But now it can be hoped that even in the future conditions between the Reichsbank and the Nationalbank will continue somewhat satisfactorily.

The circumstance that economic reasoning was on my side as I was assured by innumerable Swiss circles again and again proved to be of advantage in my negotiations. The blocking of German accounts has been nothing but a mere political action. Hardly anybody in the economy was consulted. Now it becomes evident that Switzerland is having some kind of government control of foreign currency (Devisenzwangswirtschaft) without having wanted it. And it becomes apparent that the control in this country will be much more severe than ours, since here it originates from unscrupulous political-administrative considerations, while in our case it started from purely economic facts, i. e. the impossibility of transfers. E. G., I had to protest strongly against the regulation that interest coupons which had been guaranteed by the Reich (the Funding Bonds of the Konversionskasse, e. g.) were supposed to remain unpaid, even though means for payment had been put aside. In the frame work of our control over economy we have never prevented foreign debtors from paying their coupons. How unbending the Swiss ideas are can be seen from the fact that in the course of the discussions I was told, among other things, that in the case that a free currency (like escudos) should be sold to Switzerland on the part of Germany blocked francs would result, a thing that is unthinkable in Germany. Also in our case the foreigner could sell his blocked marks, though at a loss. Here however, I was told repeatedly that from the Swiss standpoint nobody cared how the German who has been credited with a franc deposit in the blocked collective account at the Nationalbank could get to his reichsmarks. There is no doubt that this state of affairs can not be maintained for any length of time. Also here one will have to take the same path as we did, i. e., it will be found out that one regulatory statute will have to be followed by the next and that the decrees which aim to regulate state controlled economy have a fertility like rabbits. Without doubt, future Swiss regulatory statutes will be influenced by the innumerable arguments which arose in my negotiations, since this is still virgin country for the Swiss.

The figures put in the payment plan are for that reason only frame work. Their use can be regulated in detail in some items as the payments for electric power by the interested parties. However, in the case of the so-called transfer agreement, i. e., the arrangements concerning the long-term liabilities, it was necessary to come to a conclusion. This agreement was made through an exchange of notes between the Legation and the chairman of the Swiss Government Committee. I am also enclosing the draft (enclosures nos. 6 and 7), but I want to point out once more that all enclosures are in draft form only, though we do not expect that any changes will take place before Tuesday when the Bundesrat will have to give its approval. This agreement only contains considerations which we held in our discussions with Ambassador Schnurre.

I have fixed the amounts for only three months with the Swiss considering the instability of all things and the difficulties to fix any exact figures. This period starts on Feb. 1, and therefore ends May 1. After that new discussions will have to take place with the Swiss.

Since in May anyway the scheduled Holding Conference (Stillhaltekonferenz) will have to take place, this could be combined with it. The talks which will be necessary then should probably be easier, since a way has been found once. In these discussions the German departments which have to register special interests could represent their points of view. This time as I have mentioned I had to negotiate alone because of lack of communications with Berlin.

I shall give the necessary regulations about exchange of payments to our bank and the German private banks as soon as I return.

The discussions with the Nationalbank on the gold question were as I have already indicated in a certain sense more pleasing, since it had assured itself a greater freedom of action. After all a note bank has above all to take the responsibility whether it wants to create new currency means by taking in gold or not. We have chosen the form that the gold will be used for payment of the liabilities of the German diplomatic and consular services in Switzerland, for payments for prisoners of war and internees and the Red Cross at Genf. All these services are of greatest importance and will go on for a long time yet. The surrender of gold is therefore justified in any way, since it serves Reich interests in its most immediate form. Also in this large field much had already come to a standstill. Those who had claims on benefit payments were no longer paid, the money for salaries had not yet been transferred, and numerous liabilities could not be satisfied. I believe that also in this field a great service has been rendered to the esteem in which the Reich is held by opening a way to continue normal dealings. The separation of these payments from the running account is welcome to our bank in so far as these sums are not charged to this account.

In order to safeguard the technical functioning of payments under the disturbed communications, I shall empower Reichsbankrat Hinz at the Nationalbank and Mr. Thiersch in Basel to use the account in case corresponding Reichsmark values are available say, at the Reichsbank in Constance. That will especially be necessary to keep up the above mentioned settlements of accounts which are of immediate Reich interest. All other technical questions as the transfer of Reichsbank accounts from private banks to the Nationalbank, have been regulated by me from here.

The day before yesterday I received a bad surprise, when the BIZ all of a sudden told me that fundamental considerations had arisen about taking over the well-known 1.5 tons of gold. Of course, also here political considerations are in the back ground. I have told the members of the board of the BIZ that the fact that the board of directors has its actions, which are without doubt to the interest of the bank, sanctioned by political institutions, is difficult to reconcile with the responsibility which the board of directors of a bank should take. At any rate, the Reichsbank has offered to settle its liabilities, and I want to point out that this settlement has so far not been accepted. I shall try to get this in writing since it may prove important for future negotiations.

Incidentally there are rumors going around here to the effect that American circles have approached Mr. Jacobson who is presently in London with the intention to bring about a possible fusion of the BIZ Organisation with the banking plans made at Bretton Woods. The president of the BIZ is also in London at the moment.

Our poor Hechler, however, is not doing too well. I hope that his stay at Locarno will help him. I have also great worries about our Mr. von Wedel who is ill, especially after seeing the opinion of Prof. Ruppana who is treating him in Samaden.

I have thought it appropriate to invite the influential Swiss gentlemen as well as our ambassador and Consul General Ruter this evening to a supper in Bern in your name, Mr. Reichsminister, as well as the name of the Directorium. I owe the German gentlemen a great deal of thanks for their collaboration, and have in the last analysis found much understanding from the Swiss side. The personal relations are now as before of greatest cordiality and are playing a decisive role in all negotiations, so that it is well worth to cultivate them. It is pleasing to note again and again in all these events how strong the cultural ties are that connect our two countries, even if the political opinion of the broad mass is not in our favor today.

For my return trip the organisation of which is not quite simple the Swiss Government has obligingly put two seats in their own courier automobile at my disposal. I had planned to depart this coming Tuesday. If the proposals pass the Bundesrat only on that day, it is possible that the departure will have to be postponed for another day. Unfortunately, my stay here has lasted so long that I shall have to give up the idea of visiting my family on the return trip, since according to the news here they are now in enemy occupied territory. I have, however, no idea where my wife and my youngest son are at present. I shall be glad when I am back in Berlin where no doubt a lot of work and worries are waiting for me.

I hope, Mr. Reichsminister, that you have been well in the meantime considering the conditions. I do not want to conclude this report without sending you and your wife my best regards.

With Heil Hitler!

I remain, very respectfully yours,

(Sig.) PUHL.

×