

## Preface

The preliminary study on *U.S. and Allied Efforts To Recover and Restore Gold and Other Assets Stolen or Hidden by Germany During World War II*, prepared by an interagency group of historians, archivists, and other experts, was released in May 1997. That study was a road map through the 15 million pages of official U.S. documents describing what American officials knew and did about the movements of looted monetary gold and other assets to the neutral nations during World War II. It also outlined the protracted negotiations between the Allies and the neutrals after the War regarding the restitution of gold and the liquidation of German external assets.

Most of those involved in the original preliminary study recognized soon after its release that because of time constraints and gaps in the documentary record available to us at the time, the account of Allied policies toward and negotiations with the neutrals during and after the War was incomplete. This supplementary study is an attempt to fill in the record and provide a clearer understanding of the wartime policies of the Allies toward five of the neutral countries in particular -- Argentina, Portugal, Spain, Sweden, and Turkey—and the various restitution negotiations and diplomatic exchanges, often lengthy and ultimately disappointing, with these neutrals after the War. The study also explores the sparse available record regarding the composition of the wartime Croatian gold reserve and its fate after the War, including its use to facilitate the flight from Europe of war criminals and quislings.

The wartime economic warfare policies of the United States and its Allies with regard to the other major neutral, Switzerland—together with the postwar restitution negotiations with Switzerland—were comprehensively examined in the original preliminary study. The postwar Allied negotiations with Switzerland were the first to be undertaken, and in many ways became a model for those to follow. Switzerland served as the continent's principal gold trading center during the War for Nazi Germany's looted gold transactions, and Swiss gold purchases exceeded those of all other neutrals. The U.S. negotiations with and policies toward Argentina, Portugal, Spain, Sweden, and Turkey are best understood in the larger context including the major negotiations with Switzerland.

Of great importance to the preparation of this supplementary report was the information presented at the London Conference on Nazi Gold on December 2-4, 1997, by the national commissions established over the previous year to examine various aspects of the German looting of national banks in occupied Europe and the theft of the property and possessions of the victims of the Nazi regime in Germany and the countries it occupied. Other reports and information were made available at the London Conference from among the 40 governments that participated and from such independent institutions as the Tripartite Gold Commission, the Bank for International Settlements, the Bank of England, and the Federal Reserve Bank of New York. Not all the reports and information made public at the London Conference bear upon the issues under scrutiny in this report, but wherever they are relevant the findings of the various national commissions have been noted—most often in annotations to texts and tables. This is an exception to the methodological framework firmly maintained in both this report and in the May 1997 Preliminary Study that the material presented is strictly based on primary source documents among U.S. records and information available to American officials at the time. (The authors of this supplementary report have whenever possible cited the printed version of primary source documents and have restricted use of secondary sources to those few instances where no original U.S. official sources could be found in time for inclusion in the report.) Another exception to this rule was made for Annex I at the end of this report, which discusses new information concerning the value of the gold the SS looted from its victims at the killing centers and concentration camps and how the Reichsbank disposed of gold taken from persecutees. I believe these exceptions are justified as an important step toward the goal that the historians and experts in the national

commissions share: a comprehensive international historical accounting of events that have remained largely unacknowledged and unanswered for over 50 years.

Like the Preliminary Study of May 1997, this supplementary study is derived from and seeks to be a road map to the official U.S. records of half a century ago, all of which are now declassified and fully available to any and all researchers. Intended to provide basic analytical framework and a set of factual milestones, it presents a summary of what U.S. and Allied officials knew about the issues under discussion and what attitude or action they took. The principal criteria for presenting evidence here is to identify the highest-ranking officials responsible for specific proposed actions or decisions and to give as much of an accounting as possible of the actions and involvement of senior policy-makers and negotiators. Memoirs and selected authoritative secondary works that provide additional important primary evidence or illuminate the contemporary documentary record have been very selectively cited where appropriate.

One group of records used in this supplementary report that were not used to prepare the May 1997 Preliminary Report are the wartime diplomatic communications of various enemy and neutral governments that were intercepted, deciphered, and translated by U.S. authorities. Copies or summaries of these intercepted communications were made available to U.S. leaders either as full texts or as the so-called "Magic" intercept summaries prepared for review by the President and a selected number of top U.S. officials. The intercepted messages and "Magic" summaries cited in this study are part of more than a million pages of such documentation declassified and transferred to the National Archives by the National Security Agency in 1996. Because of the collection's size and complexity, it was only selectively reviewed in preparing this supplementary study.

This supplementary study reflects how, during World War II, U.S. and Allied officials became convinced that the neutrals' financial and commercial relations with Germany were sustaining the War by enabling Germany to obtain materials and goods necessary to continue fighting. In addition, the Allies gathered considerable evidence that Germany was using looted gold to finance its imports from the neutrals. As the tide of the War turned against Germany in 1943, the Allies became increasingly concerned that the Nazi regime was trying to conceal assets in the neutral countries in order to finance a future return to power following its increasingly likely defeat. Like the May 1997 Preliminary Report, this supplementary report describes how U.S. officials viewed the neutrals' financial and commercial relations with Germany and what steps they took to curtail those relations during the War as well as to track the disposition of looted gold and German external assets.

Such a study cannot answer the question of whether the neutral nations, individually or collectively, could have halted the War by denying Germany critical supplies for its war effort and industrial machine, given its superior military power. It is clear that the United States and its Allies gave great significance to the economic relations of the neutrals with Germany and regarded particular exports—Swedish iron ore and ball-bearings, Turkish chromite ore, and Portuguese and Spanish wolfram—as vital to Germany's ability to carry on the War. The Allies waged a costly economic war with the Axis for control of these strategic supplies, which the Axis financed at least in part by gold looted by the Germans from throughout occupied Europe. This supplementary study also focuses on what the United States did, in concert with its Allies or alone, to negotiate with the neutrals the restitution of looted gold and the application of German assets to support the rebuilding of war-shattered Europe and to assist non-repatriable victims of the Nazis. The study seeks to provide a clearer description of the negotiations of the United States and its Allies with Argentina, Portugal, Spain, Sweden, and Turkey after the end of the War, what information about looted gold and German external assets was available to the negotiators, and how other foreign policy considerations slowed down and helped to shape their outcome. Cumulatively, the long-drawn-out negotiations with these five neutrals resulted in the restitution of just \$18.5 million in gold and the conversion of about \$100 million in external German assets in these countries into reparations and support for non-repatriable victims of

Nazism—compared to an estimated total of as much as \$240 million in looted gold and more than \$475 million in external German assets in their possession at the end of the War.

Because this supplementary study focuses on wartime and postwar activities and negotiations that principally involved the Departments of State and Treasury, the sources for the study are almost exclusively drawn from the files of those agencies. Research on other issues not fully examined or only referred to in the Preliminary Study continues by historians, archivists, and experts in the various agencies that worked together on the original study, although more selectively and on a more limited scale. Greg Bradsher and his colleagues at the National Archives and Records Administration continue to be key to conducting research in the wartime and postwar records of all government agencies. Their assistance ranges over every topic considered by government researchers, as well as by the many individuals reviewing the records for Congress, foreign governments and historical commissions, law firms, and individuals.

The Preliminary and Supplementary Studies do not purport to answer all the questions that exist concerning gold and other assets stolen or hidden during World War II. Among the questions requiring further scholarly attention are:

- the impact of the Treasury Department's measures to enforce the U.S. wartime financial freeze on the assets in the United States of the governments and citizens of the belligerent nations and the consequences of those measures for the victims of Nazism and their heirs;
- the nature and effectiveness of U.S. and Allied wartime efforts to prevent neutral nations from concealing looted gold in European accounts by selling it to third parties in exchange for legitimate gold in accounts in the United States and Canada;
- the methods by which the Nazis stole their victims' valuables and the uses to which this stolen property was put, to the extent it is possible to determine;
- the measures adopted by the various neutral nations to facilitate or block the entry of Jewish refugees fleeing Germany and Axis-controlled areas; and
- the scale and significance of wartime German financial relations with the Vatican and their postwar consequences.
- the Vatican's relations with Nazi Germany and its allies as they pertained to Axis efforts to transfer looted gold and other assets abroad and the Vatican's policies and actions with respect to Axis diplomats and other officials as the War drew to a close. We hope that the Vatican will make its own pertinent records available to the public and prepare its own report on this set of issues.

German bank and archives experts have conducted an exhaustive study of their holdings of prewar Reichsbank records and have confirmed the disappearance of portions of the records of the Securities and Precious Metals Departments, including the records relating to the acquisition of victim gold from the SS. A formal German Government report on this inquiry is expected in the near future.

Although the refugee policies of the Allies and the neutrals were outside the scope of this supplementary report as well as the original Preliminary Report, Sweden, Turkey, Portugal, and Spain rendered important humanitarian services by their willingness to accept refugees. This is an important subject that requires more study by the international community of historians, and deserves to be taken into account as judgments are made on the wartime record of the neutral nations.

This supplementary report was largely prepared by a team in the Office of the Historian with the continued close cooperation of the Department of the Treasury and the National Archives and Records Administration. I wish to acknowledge the contributions of my colleagues at the Department of State: Rita Baker, Denver Brunsman, David Goldman, David Herschler, N. Stephen Kane, Douglas Keene, and Basil Scarlis. Preparation of this report would not have been possible without the invaluable contribution of Donald Steury of the History Staff, Center for the Study of Intelligence, Central Intelligence Agency, and the Department of Justice, particularly the

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Again, I appreciate the leadership provided by Under Secretary of State Stuart E. Eizenstat, who led this interagency effort, as he did the first, with an insistence on objectivity, candor, and accuracy. Bennett Freeman, Senior Adviser to the Under Secretary, helped guide the entire project and contributed his editing skills as the report evolved through its many revisions.

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