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File Looted Gold
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DIVISION OF
COMMUNICATIONS AND RECORDS
TELEGRAPH BRANCH

INFORMATION
COPY

DEPARTMENT OF STATE

INCOMING TELEGRAM

DEPARTMENT OF STATE

ACTION: DC/L
INFO:
S
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ITP
FD
A-C
OCD
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DC/R

1946 JUL 3 PM 1 04

ECW -13
No paraphrase necessary

DC/L
LIAISON

CONFIDENTIAL

901

London via War

Dated July 3, 1946

Rec'd 9:24 a.m., 3rd

SECSTATE

6446, July 3, Noon

FOR SECRETARY OF TREASURY

Following letter dated June 27 has been received from Chancellor of Exchequer (reference DEPTEL 4501, June 5):

"Thank you for your letter of the 6th June, in which you pass on to me a message from the Secretary to the Treasury about the Bank for International Settlement. In my letter to Judge Vinson of the 6th February, I suggested discussions for the purpose of formulating plans for dealing with the affairs of the bank, because I did not feel able, in advance of discussions, to commit myself to the principle of the immediate liquidation of the bank, especially as many other countries are concerned.

"After considering the matter again, I still feel that it would be best for discussions to begin on the basis which I proposed, and I hope that the Secretary to the Treasury will see his way to agree to this. I should be grateful if you would be good enough to send him a message from me in this sense".

HARRIMAN

BB

CONFIDENTIAL

Action: Mr. Curtis
informed by Mr. Taylor reply already prepared DWC
saw copy of reply drafted by Ullmann.

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SECRET O

-2-, 845, September 21, 3 p.m., from Lisbon

stated this gold had been transferred to BIS more than year before German collapse, and it is apparently identifiable as not being Belgian gold. On other hand, acceptance seems inconsistent with global theory, still being argued here as tactical matter and question arises why BIS would keep gold any length of time in Germany, particularly in Constance.

Airgram under reference being repeated Berlin, Paris, London, with suggestion OMGUS may wish to make inquiry with respect BIS gold at Constance under reference.

Sent to Dept as 845; repeated to London as 108, Paris as 166. Paris repeat to AMPOLAD Berlin for Finance Division.

BARUCH

WTD:ABC

SECRET O

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Curtis

BIS - CURRENT

AIRGRAM

AMERICAN EMBASSY

LISBON, PORTUGAL

SECRET

Dated: September 18, 1946

Secretary of State,

Washington, D. C.

A-382, September 18, 1946.

For Department and Treasury from Rubin and Schmidt.

Members of American delegation have just learned that significant developments, of interest to both American and British authorities, have taken place in connection with the gold purchased by the Bank for International Settlements of Basle (hereafter referred to as the B.I.S.) from the Reichsbank during the war.

In brief, documents, significant portions of which are translated below, show

1. that in June of this year representatives of the Bank of France (apparently acting also on behalf of the Bank of Belgium) jointly with officials of the B.I.S. examined B.I.S. records and established that 1,607 fine kilograms of the gold obtained by the B.I.S. from the Reichsbank during the war, was remelted Belgian gold;

2. that B.I.S. offered to repay this amount offering chiefly gold supposedly held for its account by the Constance branch of the Reichsbank and already in the possession of French military authorities in Germany;

3. the B.I.S. tried to get the French and Belgian Central Banks in return to renounce all claims against the gold obtained by it during the war from the Reichsbank.

In making these documents available to the delegation, the French representatives stated that they had not yet been given to anyone.

Rubin and McCombe are suggesting to Panafieu (Chief of the French Delegation) that he recommend to his Government that the relevant documents be immediately made available to the appropriate British and American authorities.

cc: 10/8/46 Messrs. Glasser, Taylor, Miss Masterson (3), Schmidt (2), Miss Wilson, Curtis, Willis, E. Hebbard, L. Hebbard, Ullmann, Bittermann

es

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The significant portions of the documents are as follows:

A. On September 25, 1945 McKittrick, as President of the B.I.S., addressed letters to Monick, Governor of the Bank of France, and Frere, Governor of the Bank of Belgium, referring to investigations made in Germany concerning the Belgian gold and advising them that "if it appears useful to extend your investigations to the gold exported by the Reichsbank during the war, the B.I.S. will, of course, be disposed to facilitate these investigations insofar as they concern it by all means within its power".

B. On June 5, 1946 (note correlation with end of Swiss negotiations) Monick addressed a letter of reply, significant portions of which read as follows:

"Following your suggestion, we have exchanged the information presently at our disposal and established that a small amount of the gold received by the B.I.S. from the Swiss National Bank for account of the Reichsbank in discharge of payments due by the latter to the B.I.S. appear to consist of gold on the National Bank of Belgium.

"Since then, the investigations by the Allied Military authorities in Germany and by the Bank of France itself have enabled us to determine exactly the gold bars of the National Bank of Belgium which were remelted in Germany and to obtain all data necessary to identify those bars in spite of the false dates placed on them deliberately by the German authorities.

"You will find attached a list that I am transmitting in accord with the National Bank of Belgium and which contains the dates and the numbers which were stamped on the bars.

"The Bank of France and the Bank of Belgium will be grateful to you if you would consequently proceed to re-examine your lists so as to establish the exact facts in accordance with your suggestions.

"It is probable that, in due time, your institutions will be subject to an official demarche by the three governments charged with the carrying-out of the part of the Final Act of the Paris Conference concerning the restitution of monetary gold: it would seem, however, that there would nevertheless be advantages to having the foregoing facts of the situation clearly established thanks to the collaboration that you have spontaneously proposed and for which we again thank you."

C. In a reply addressed June 11, 1946 to Monick, McKittrick makes the following suggestion:

"In order to establish more completely and exactly whether the B.I.S. has received in payment from the Reichsbank, certain bars of gold thus identified - for which reason we have since last September offered our entire facilities -

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we suggest that the Bank of France, in accord with the Bank of Belgium, may wish to send to the B.I.S. two qualified officials armed with the documentation which you have. Those officials will proceed, together with those of the B.I.S., to make a detailed examination of the documents possessed by our two Institutions and will permit us to complete the official exchange of information which is already under way and to establish the facts in a probative and definitive manner."

D. On June 14, 1946 a "process verbale" was signed in Basle by two officials (P. Raffegeau and Fillbeux) representing the Bank of France and three officials (G. Royot, H. Guisan and K. Thiersch) of the B.I.S. The significant portion of the findings reads as follows:

"Section IV... [Note: Decimals omitted from all figures]

"1. that during the war in Europe, namely from September 2, 1939 to May 8, 1945 the B.I.S. received from the Reichsbank a total of 13,542 kilograms of fine gold;

"2. that of this total, 6,542 kilograms were delivered to the B.I.S. before the first of January 1943 and, given the date of their entry into Switzerland and retransfer to the B.I.S., could not be gold of the National Bank of Belgium;

"3. that the B.I.S. acquired full ownership of the remaining 7,000 kilograms as well as of 29 kilograms that the Reichsbank still had in a demand gold account with the B.I.S. on December 31, 1942;

"4. that of this total of 7,029 kilograms, the greatest part, or 6,384 kilograms, was paid to the B.I.S. to cover amounts due from the Reichsbank for the service of investments made in Germany in 1930 and 1931 by the B.I.S. in execution of its obligations under the Hague Accords of 1930, the balance of 645 kilograms being the payment of amounts owed under the universal Postal Union."....

"Section V. Concerning the 7,029 kilograms of fine gold, the examination of the documents produced by the two parties established that the following bars, received by the B.I.S. consist of Belgian gold." (here follows a list of 129 bars totaling 1,607 kilograms of fine gold).

"The 129 bars of 1,607 kilograms identified above were held in the Reichsbank depot at Berne and were remitted to the B.I.S. by the Swiss National Bank on order and for account of the Reichsbank."

Concerning the disposition of this gold Section VI says:

"a. 17 bars totaling 205 kilograms are still the property of the B.I.S. and are in a depot earmarked for its credit at the Swiss National Bank.

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"b. 112 bars totaling 1,402 kilograms were paid on March 22, 1944 to the National Bank of Roumania to the debit of its demand account with the B.I.S. and delivered on its order and for its account to the Swiss Union Bank, Zurich."

Section VII states:

"It has also been established that only the 129 bars mentioned above correspond to the identifying symbols of the gold of the Belgian National Bank which requisitioned by the German authorities and that, as a consequence, all of the rest of the gold acquired by the B.I.S. from the Reichsbank during the war, including the 2,162 kilograms still deposited at Berne and the 1,526 kilograms deposited at the branch of the Reichsbank at Constance does not consist of gold of the Bank of Belgium."

E. On August 9, 1946 a four page letter signed by R. Auboin, Director General and R. Pilotti, Secretary General, of the B.I.S. was sent to Monick of the Bank of France. After quoting substantially from the proces-verbale referred to in "D" above, this letter states:

"Satisfactory proof has now been given to the B.I.S. that it has involuntarily received from the Reichsbank an amount of gold of 1,607 fine kilograms which in fact consists of gold which the National Bank of Belgium had on deposit with the Bank of France and which was requisitioned by the German authorities.

"We have the honor as a consequence to inform you that, in view of the facts established in the proces-verbale drawn up jointly by the Bank of France (in accord with the National Bank of Belgium) and the B.I.S. on June 14, 1946, the B.I.S. is ready to put at the disposition of the Bank of France (acting in accord with the National Bank of Belgium)

a. 1,526 kilograms of fine gold belonging to the B.I.S. and held under its dossier at the branch of the Reichsbank at Constance under the control of the French occupation authorities in Germany;

b. 82 kilograms of gold held on deposit by the B.I.S. with the Bank of England, London;

or a total of 1,607 kilograms of fine gold.

"From the exchange of information which has just taken place with the Bank of France, it results that the latter, neither for its own account or that of the National Bank of Belgium, has, to our knowledge, any other claim to present to the B.I.S. than that based on the 1,607 kilograms of fine gold just referred to. We consequently think that, against remittance by the B.I.S. of the above-mentioned amounts of fine gold, the Bank of France (in accord with the National Bank of Belgium) will be able to confirm to the B.I.S. that it renounces all claims relative to the gold acquired by the B.I.S. from the Reichsbank during the war whether such gold

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12788 / see Brussels Oct 1

is still held by the B.I.S. or has been sold in the meantime by it to third party banks or institutions."

F. The letter of reply dated August 13, 1946 and signed H. de Bletterie (sous-Governor), the Bank of France contained the following significant statement:

"The proces-verbal of the examination of the documents in the possession of the B.I.S. and the Bank of France, drawn up at Basle June 14, 1946, enables us to establish the amount at 1,607 fine kilograms.

"You likewise submit that, in receiving this gold the Bank of France (in accord with the National Bank of Belgium) should declare that it renounces all claims relative to the gold acquired by the B.I.S. from the Reichsbank during the war, whether such gold be still held by the B.I.S. or had been sold in the meantime by it to third-party banks or institutions.

"I thank you for your offer, the full value of which I appreciate, and I will not fail to communicate it to the Conseil General. However, I must inform you that the Bank of France does not believe itself authorized to accept it on its own initiative although it does not have in respect to this matter any other claim to present.

"The Accord signed at Paris on January 14, 1946 among the United Nations stipulates, in effect, that the question of the recovery of monetary gold looted by Germany will be handled by the French, English, and American Governments. I can, then, only transmit your propositions to the French Government through the intermediary of the Minister of Finance."

G. It is not clear from the foreging whether the Bank of France has accepted as payment the gold held by the Constance Branch of the Reichsbank. If not already done, should not facts of this gold be investigated to determine whether this gold should not properly be regarded as German gold despite any last minute attempts of German authorities to transfer it physically, or failing that to transfer its title, to the B.I.S.?

H. In view of foregoing developments should not steps be taken to ascertain by tripartite investigations whether any other of the gold obtained by B.I.S. from Germany consisted of looted gold? Formal receipt by British and American authorities from the French of the foregoing documents may serve as occasion to develop plans for tripartite approach to B.I.S. investigation.

I. Inform Rubin and Schmidt of any significant developments including receipt of foregoing documents from the French.

Sent to Department as A-382, repeated to Bern and OMGUS, Berlin for attention Finance and Political Divisions.

BARUCH

SJRUBIN/OSCHMIDT/mgc/mcf

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BIS-CURRENT

December 6, 1946

Mr. Overby

Mr. Glasser

Status of BIS Dissolution

We are currently preparing for Mr. Gardner a book of short memoranda on various issues with which he may be concerned in London. One of the important issues which we expect to cover is the proposed dissolution of the Bank for International Settlements.

For this purpose, it is important that we know whether there has been any further action taken by the Secretary, or any other development, on this subject since your memorandum of October 22nd.

In this general connection you may be interested in the attached copy of an airgram from London reporting certain comments appearing in the Financial Times of November 25th.

Attachment

DWC:mpw:12/6/46

12/6/46

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COPY

FROM: LONDON
DATE: NOVEMBER 25, 1946

UNRESTRICTED

Secretary of State
Washington, D. C.

A-1651, November 25, 1946

FOR TREASURY AND OTHER INTERESTED AGENCIES.

In the Financial Times of November 25, 1946, "Money Market Notes" discusses the future of the Bank for International Settlements with emphasis on the mellowing of American attitude toward that organization. The article points out that the position of U.S. Government officials has shifted from elimination of Bank for International Settlements in the light of the Fund and Bank to dispassionate examination of its facilities with an eye to salvage.

The column states that for Western European central bankers, Bank for International Settlements provides a useful meeting place and the only European place where financial representatives can discuss mutual problems on neutral grounds. It is maintained that American bankers recognize this asset and believe it possible to use BIS as an agent of the Monetary Fund and World Bank. Coupling this feeling with the fact that "The U.S. Government has no direct financial interest in BIS," the article doubts the certainty of the carrying out of the Bretton Woods resolution for the Bank's complete demise.

Change in American feeling is attributed generally to a relaxation of attitude "towards those suspected, rightly or wrongly, of doing business with the enemy," partly to the "removal of Secretary Morgenthau and Dr. Harry White from their former positions of prominence of the Government stage" and partly to the influence of the British Government, which is "taking the lead in championing the BIS."

GALLMAN

MR. HAWKINS
MR. GUNTER
MR. FALES
MRS. EMERTON
MRS. WINTON

Encl. /2 to ltr./Rec'd 12/2 from London.

cc: 12/2/46 Glasser, Taylor, Hebbard, Curtis, Ullman, Kamarck, Willis, Miss Masterson.

hps

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FILES
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BIS/0/98 Letters to Finance Ministers

FILES
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JUL 14 1945

My dear Sir John:

I recently received, from Mr. McKittrick of the Bank for International Settlements, a copy of a letter, dated May 2, 1945, which he sent to you. Mr. McKittrick also sent me a letter of the same date from which it appears that you have received a similar communication.

I do not contemplate answering the letter addressed to me. Since you likewise participated in the United Nations Monetary and Financial Conference, which unanimously recommended the liquidation of the Bank for International Settlements at the earliest possible moment, I would appreciate your advising me how you expect to treat these communications.

Very sincerely yours,

(Signed) H. Morgenthau, Jr.

Secretary of the Treasury

The Right Honorable,
Sir John Anderson,
Chancellor of the Exchequer,
H. M. Treasury,
Great George Street,
London, S. W. 1, England.

RRSchwartz:gb 16 June 1945

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BANK FOR INTERNATIONAL SETTLEMENTS

BASLE, 2nd May 1945.

By Air Mail

The Secretary of the Treasury,
Washington, D.C.

Sir,

As Trustee of the German Government International 5½% Loan 1930, it is our duty to draw your attention to the rights of the Bondholders of this Loan.

The question of the rights of these Bondholders will, in particular, arise at the time when a settlement is to be reached of matters left in suspense by the interruption of payments provided for by the Hague Agreements of 1930.

A similar question will arise with respect to the Bondholders of the German External Loan 1924. The Trustees of this Loan submitted this matter, in December 1944, respectively to the Governments of the United States and of the United Kingdom.

We have, in consequence, the honour to submit to you the following:

1. The problem of reparation for the material damage caused in the war of 1914-18 was raised, without being solved, by the Treaty of Versailles. By this Treaty the Reparation Commission was charged with the task of fixing the total of payments and other reparation to be made by Germany.

The fixing of Germany's obligations and their execution having given rise to many difficulties, the Creditor Governments were led to settle the reparation problem by means of two new agreements.

The first agreement, the so-called Dawes Plan of 1924 - a provisional solution - was followed by the issue of a first loan to mobilise reparation payments in an amount equivalent to 800 million gold marks. This loan is the German External Loan 1924.

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The second agreement, the New Plan of 1930, was to bring about a final and complete settlement of the reparation problem.

The elaboration of this New Plan was entrusted to a Committee of Financial Experts, and this Committee, under the Chairmanship of Mr Owen D. Young, submitted its report on 7th June 1929. The report was approved, in principle, in the Hague Protocol of 31st August 1929 and, finally, in the "Agreement with Germany" signed at The Hague on 20th January 1930.

2. Upon signing the New Plan, the Governments of the United Kingdom, France, Italy, Japan, Portugal and Yugoslavia demanded the issue of a new loan for the mobilisation of reparations and for this purpose signed with the German Government an agreement entitled: "Arrangement as to the financial mobilisation of the German annuities", which forms part of the various instruments drawn up at The Hague at the same time as the Agreement with Germany.

The German Government International 5½% Loan 1930 was issued in June 1930 on the markets of Belgium, France, Germany, Great Britain, Holland, Italy, Sweden, Switzerland and the United States. Subscriptions produced net proceeds of more than 300 million Dollars, which were distributed according to an agreement reached in Paris on 10th June 1930 as follows:

France	$132.7	million
Germany	$100.4	"
British Empire	$ 50.3	"
Italy	$ 13.2	"
Japan	$ 2.1	"
Yugoslavia	$ 1.9	"
Portugal	$ 0.7	"

As regards the conditions of the Loan, we would refer to the bearer bonds issued and the general bond which was signed on 10th June 1930 by the German Government. For the purpose in view it suffices to mention the following special points:

a) The Loan constitutes "a direct and unconditional obligation of the German Government to the Bondholder, for which the full faith and credit of Germany are pledged".

b) The Service is secured:

1) as to one-third by the general revenue of the German Government;

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2) as to two-thirds by a charge on the unconditional annuity of RM 612 million which the German Government has undertaken, in the New Plan, to pay to the Bank for International Settlements in "currencies other than the Reichsmark".

c) The service of the Loan benefits, up to two-thirds, by the guarantees provided by the New Plan for the payment of Reparations, namely by the charge placed upon the special tax payable to the German Government by the German Railway Company and by the undertaking given by the German Government - subject to the charge securing the German External Loan 1924 - to reserve free from any charge the proceeds of the Customs, the Tobacco Taxes, the Beer Tax, the Tax on Spirits (Administration of the Monopoly) and such additional revenues as may be required by the Bank for International Settlements pursuant to the conditions contained in the Hague Agreement.

3. The service of the Loan was effected with regularity by the German Government until the beginning of 1933.

It was not affected by the Hoover Moratorium and the suspension of reparation payments, the London Protocol of 11th August 1931 (Article 1) and the Treaty of Lausanne of 9th July 1932 (Article 7) having expressly exempted the Loan from the facilities granted to Germany.

Difficulties began to appear in May 1933. The German Government commenced no longer to place at the disposal of the B.I.S. the sums necessary to ensure on a gold basis, as provided in the general bond, the interest and amortization of the bonds issued in countries which had depreciated their currency. A few weeks later, the German Government completely suspended the transfer of foreign exchange required for the service of amortization. Finally, the German Government refused, as from 1st July 1934, to continue to make through the B.I.S. the necessary transfers for the interest service. Later certain payments were effected outside the conditions of the bond in various countries, as the result of individual arrangements concluded by the German Government.

As Trustee the B.I.S., on each occasion, immediately protested in the most energetic manner against the unilateral and wrongful breach of the undertakings given and expressly reserved the rights of the Trustee and of the Bondholders of the Loan.

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4. This summary shows:

a) that the Loan was issued at the request and as to two-thirds for the benefit of the Governments of the United Kingdom, France, Italy, Japan, Portugal and Yugoslavia;

b) that, as counterpart, these Governments gave as guarantee to the Bondholders of the Loan part of their rights with respect to German reparation payments and the guarantees attaching to these payments;

c) that in spite of the actual interruption of reparation payments and in spite of the wrongful and unilateral breach of the loan contract by the German Government, the Bondholders and the Trustee have preserved all their rights.

In consequence, we trust that the Governments on whose behalf the Loan was issued and who have ceded to the Bondholders in guarantee part of their rights, will take all possible steps as soon as circumstances permit to ensure that the engagements solemnly entered into be respected, that the arrears be paid, and that the service of the Loan be resumed in accordance with the conditions of the international agreements and the contracts which govern it. In our capacity as Trustee of the Loan, we have the honour, by the present communication, to make the formal request that appropriate measures to this end be taken.

This communication is addressed in the first instance to the Finance Ministers of the Governments of the United Kingdom, France, Italy, Portugal and Yugoslavia respectively, which Governments as promoters and beneficiaries of the Loan are particularly called upon to watch over the interests of the Bondholders.

The present letter is also being sent to the Finance Ministers of the Governments of Belgium, Greece, Holland, Poland, Roumania, Sweden, Switzerland and the United States, these countries being directly concerned either through the issue of an important tranche of the Loan on their markets, or as Creditor Governments under the Hague Agreement of January 20, 1930 or in certain instances as both.

I have the honour to be, Sir,

Yours most respectfully,

J. Van Walsum

President

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BIS/O/OO General Vol. I

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Europe Econ. Integration

COPY

COPY

INTERNATIONAL MONETARY FUND
WASHINGTON 6, D.C.

June 16, 1947

MEMORANDUM

To: Mr. Harold Glasser, Director, Division of Monetary Research
Treasury Department

From: Mr. Luthringer

Subject: British Views with Regard to the Fund and the BIS

In a recent informal conversation with Bolton, British Executive Director on the International Monetary Fund, he expressed the view that perhaps the most important function of the Fund was as a continuing international monetary conference. Bolton pointed out that after the last war there was a succession of international conferences. The existence of the Fund made this unnecessary. In general, Bolton indicated continuing strong British support for the Fund.

Bolton then went on to say that the British were opposed to the liquidation of the BIS, primarily because they felt that it was so important that there be a continuing forum for the discussion of international monetary questions. They felt that the BIS should be kept alive in case anything should happen to the Fund. Bolton said that the BIS staff was small and that, although the organization was inactive, it did earn enough to pay its expenses. He doubted that it was doing any harm and saw no reason why it could not be kept in a more or less stand-by position.

Bolton then said that he believed that the arrangements for convertibility of sterling arising from current transactions would make a material contribution to the financial rehabilitation of Europe. He expressed sympathy with the idea of closer economic integration of Europe and said that the British had been quietly working toward this end through their financial agreements. He was somewhat fearful of undue publicity concerning this program because of the political implications with regard to the USSR. He also stated that he felt that some limit would be set to the process of integration unless the U.S. was willing to accept the fact that the European countries might find it necessary to give each other tariff preferences. Another limiting factor in his opinion was the extreme weakness of most European governments. On the whole, he seemed rather optimistic with regard to the prospects of material financial rehabilitation of Europe.

Copy to Mr. Norman Ness
State Department

B14/30

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FILE NO. ... LS US/CTBO
DESTRUCTION DATE
Cross References
BIS/0/00
100000040

Dear Bill:

This is in reply to your letter of May 9 regarding possible representation of the Federal Reserve System on the Board of the Bank for International Settlements.

We have given careful and long consideration to your letter and to the attachments, comprising Mr. Sproul's letter of April 25, 1955, Governor Prero's letter of April 4, 1955, and the memoranda prepared in 1950 in the Board of Governors of the Federal Reserve System.

The principal purpose of the formal representation on the Board of the Bank for International Settlements by representatives of the Federal Reserve System would appear to be to participate in informal discussions with European central banks, and to make available information from these discussions to the agencies of the U.S. Government concerned with international financial matters.

Informal arrangements now in effect have resulted in invitations to personnel of the Treasury Department, the Federal Reserve System and the International Cooperation Administration to attend as observers at the meetings of the BIS. These informal arrangements seem to have worked well, and have accomplished in large measure the purposes of the proposed formal association.

For some years the BIS has been acting as an agent for the Managing Board of the European Payments Union in facilitating European clearings. To an even greater extent than in earlier years this has emphasized the European character of the Bank. It continues to include in its membership representatives of some of the Eastern European countries.

On the whole, there would appear to be some advantage at the present time in the informal arrangement which facilitates the participation as informal observers of representatives of several U.S. agencies in the meetings of the BIS. It seems to me that we might well carry on this arrangement for the time being and defer consideration of formal membership until a later date.

Sincerely yours,

(Signed) W. Randolph Burgess

JUL 28 1955

W. Randolph Burgess
Under Secretary

cc: Mr. Bitterman
Mr. Arnold
Mr. Glendinning
Mr. Overby

Honorable Wm. McC. Martin, Jr.
Chairman, Board of Governors of
the Federal Reserve System
Washington 25, D. C.
GHWillis:eb 7/22/55

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Dear Bill:

This is in reply to your letter of May 9 regarding possible representation of the Federal Reserve System on the Board of the Bank for International Settlements.

After reviewing the matter, we have come to the conclusion that whatever decision the Federal Reserve System might wish to take as to membership ~~in this matter~~ would be entirely satisfactory to the Treasury. However, the Treasury would like to suggest that if a decision is made to have US representatives attend the meetings as members of the Board, ~~it would be desirable that~~ the U.S. should ~~also~~ at the same time seek an invitation for the U.S. Executive Directors on the International Monetary Fund and the International Bank to attend the meetings with the U.S. representatives from the Federal Reserve System.

Sincerely,

W. Randolph Burgess
Under Secretary

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April 11, 1947

Mr. Overby

John S. Richards

In accordance with our conversation yesterday, there is presented below a list of the assets of the Bank for International Settlements in the United States as of December 31, 1946:

Cash - held with

J. Henry Schroeder Banking Corp.	$800,000.00	
Manufacturers Trust Co.	111,848.40	
First National Bank of New York	800,000.00	
Brown Bros. Harriman & Co.	420,899.29	
Federal Reserve Bank of New York	180,815.12	
J. P. Morgan & Co.	100,024.28	
		$1,713,656.09*

Gold - held with

Federal Reserve Bank of New York	$13,154,089.44**	
		$13,154,089.44**

Commercial Paper - held with

Brown Bros. Harriman & Co.	$2,942,784.73	
Federal Reserve Bank of New York	6,931,073.06	$9,873,857.79
Total		$23,741,603.32

* In addition, J. P. Morgan & Co. holds funds in trustee accounts for the redemption of bonds and payment of interest coupons. The amount involved is not readily ascertainable.

**Including $2,880,301.52 designated as property of Reti Bank, Estonia.

PGewirtz:gb 4/11/47

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STANDARD FORM NO. 64

Office Memorandum • UNITED STATES GOVERNMENT

TO : Mr. Southard

DATE: March 16, 1948

FROM : Mr. Schwartz

SUBJECT: Settlement on B.I.S. Looted Gold

On Friday, March 12, Fred Smith and I initialed a memorandum for your signature prepared by Belle Shwartz and to be sent to Norman Nass, State Department. The memorandum contains a proposed letter to Mr. Maurice Frere on the unblocking of B.I.S. Both Fred and I are concerned with the fact that the letter proposes as a third condition for unblocking a payment by B.I.S. to the Tripartite Gold Commission of $4.2 million of reputed looted gold without any reference to United States consultations with the British and French Governments. Although the memorandum is neither a proposed final settlement nor a binding commitment on the British and French and although it is apparently a satisfactory condition to the Allies on looted gold, it still has not been the position of the United States in the past, to take action on the restitution of looted gold without agreement with the other two governments.

Since the letter to B.I.S. is urgent and delay at this time undesirable prior consultation and agreement with the British and French may be impracticable. It is suggested, therefore, that arrangements be promptly made for British, French and United States representatives to meet in Basle to examine the B.I.S. records on gold acquisitions and sales and to prepare an accord on looted gold while consideration is being given to the unblocking of B.I.S. This could be done since B.I.S. has already indicated a willingness to have its gold records examined and a desire to reach a settlement. It is intended that the looted gold discussion with B.I.S. be conducted independent of the status of the unblocking letter which would be delivered without regard to progress on gold and that the actual unblocking need not be delayed pending a gold settlement so long as B.I.S. agrees to the terms outlined in paragraph 3 of the proposed letter.

The American designee should be someone now in Europe and readily available. Herman Kasper, an attache at the American Embassy in Lisbon, is adequately prepared to handle developments in Basle. He has worked on looted gold for over two years and is both well-informed and competent. He was the second member of the so-called U. S. gold team which was to visit B.I.S., among other places, in an attempt to reach settlements on looted gold questions. Kasper has copies of some of the necessary gold records in Lisbon.

The attached cable from Ostrow points out that, "if the Treasury should decide to examine the books of the B.I.S., it would be preferable if this work could be done by a specialist who is not attached to this office". Also, reference is made to the attached translation of a letter to me from Mr. Vaidie, Financial Attache of the French Embassy in Switzerland. Mr. Vaidie was Chief of the French Delegation on looted gold in Lisbon. Mr. Vaidie states in part in

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his letter that B.I.S. is "greatly interested in finally straightening out this matter of restitution of looted gold sold by Germany during the war .... The bank cannot, in fact, dispose of the blocked assets which it holds in the United States, nor can it help, as it would like, to assist European banks of issue in connection with their urgent treasury (reserve and currency) requirements". Mr. Vaidie in his letter further asks if it is planned that I return to Europe to participate in a settlement with B.I.S. and that, "it is obvious that, if this trip should cause you too great a loss of time, it would be possible, in view of both the simplicity of the work involved and the good will of the bank, to have the checking done by competent persons designated by the governments concerned from among the officials who are already in Switzerland".

As you know, it was planned for me to spend a short time in Basle while I was in Europe and due to developments questioning the future status of B.I.S., I was advised after my departure from Washington not to do anything about B.I.S. looted gold. Arrangements could now be made for Kasper to visit Basle and join with British and French representatives and undertake a gold settlement. This proposed meeting with B.I.S. could be arranged promptly through a meeting with British and French representatives here, who would advise their respective governments to assign to the B.I.S. case, in all likelihood, Mr. McCoombe and Mr. Vaidie respectively, who worked on looted gold problems with me. Mr. Vaidie is presently attached to the French Embassy in Switzerland. I should like also to point out that Don Curtis, attached to the Treasury office in Switzerland, is somewhat familiar with the looted gold studies. He has been a member of the American group in Germany that prepared the first report on looted gold from captured German documents.

This matter has been discussed with Dr. Fletcher, FN at the State Department. He has already taken steps to have a meeting this week with the British and French to discuss an immediate move to settle the B.I.S. gold. I have emphasized that at such a meeting, or at any other meeting with the British and French there should be no reference to the United States present consideration for unblocking B.I.S. Dr. Fletcher received the copy of the unblocking letter that you sent to Mr. Ness.

Dr. Fletcher has suggested as an alternative to representatives of the governments meeting with B.I.S. the matter be taken up directly by the Tripartite Gold Commission with the B.I.S. Fred Smith and I are both opposed to this alternative because it will lose time and possibly result in a less satisfactory job, at least in one where we will have considerable reduced control. However, both proposals will be considered at a meeting with the British and French.

A further comment on the proposed B.I.S. letter is that the reference to gold payment be made in terms of gold weight rather than U. S. dollar value. This is desirable in view of our previous sad experience with the Swiss on a proper rate of exchange for payment of the gold agreed upon in this Swiss Accord.

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ANNEX I

March 15, 1950

To: Board of Governors

From: Mr. Szymczak

Resume of historical American attitude toward the Bank for International Settlements

The creation of the Bank for International Settlements resulted from proposals made by the Committee of Experts on Reparations, better known as the Young Committee, in 1929. While the immediate objective of the Young Plan was to provide in the Bank an organization through which the reparations agreements incident to the Versailles Treaty might be carried out, the Bank was envisaged, in the longer run, as an agency for cooperation among central banks and bankers. Although, as such, it would have appeared to afford a natural means of contact between the Federal Reserve and foreign central banks, this has never eventuated during the years since the Bank's organization for various reasons, more or less unrelated, which are referred to below.

It was the original intent of the organizers that the capital of the Bank would be provided by central banks in several countries, including the United States. However, strong isolationist forces in this country, which looked with distrust on any international alliances, prevailed with the result that our Government declined to permit the Federal Reserve Bank of New York, which under the Young Plan was identified as the bank of issue in the United States, to participate in the underwriting. As a consequence, the United States shares of the Bank were taken up by a private syndicate composed of J. P. Morgan and Company, the First National Bank of New York, and the First National Bank of Chicago.

Even though the Federal Reserve System did not subscribe for shares in the B.I.S., it had the right to be represented on the Bank's board of directors. It was estopped from exercising this right, however, by State Department policy, as expressed in a press release of Secretary of State Stimson, dated May 16, 1929, to the effect that while the American Government looked with interest and sympathy upon the effort of the Committee of Experts to suggest a solution and a settlement of the problem of German reparations, the Government did not desire to have any American official, directly or indirectly, participate in the collection of German reparations through the agency of an international bank or otherwise; that, in accordance with this principle, it would not permit any officials of the Federal Reserve System either to serve or to select American representatives as members of the proposed International Bank.

The Federal Reserve Bank of New York did, however, with the consent of the Board, agree to open an account for the Bank for International Settlements and to carry out operations for it along the same general lines and subject to the same terms and conditions which prevailed for foreign central banks having accounts with it.

In the early 1930's, the Roosevelt Administration, primarily at the instance of Secretary Morgenthau, adopted a policy favoring direct Treasury relationship with foreign monetary authorities. This policy was

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a contributing factor toward the continued remoteness of relations between the Federal Reserve and the Bank, and, of course, had to be taken into account in the Board's discussions with respect to representation of the Federal Reserve System on the directorate of the Bank. In reply to a letter from Governor Harrison, of the New York Reserve Bank, concerning this matter, the Board informed him under date of November 28, 1933, as follows:

> "The Board has considered your letter of October 19th in which you ask for an expression of the views of the Board with respect to your accepting the post which the statutes of the Bank for International Settlements reserve for the Governor of the Federal Reserve Bank of New York on the Board of Directors of Bank for International Settlements.
>
> "The Board has carefully considered this matter in view of its general supervisory duties with respect to the operations of Federal Reserve Banks, and especially in view of the responsibilities placed upon the Board under subsection (g) of section 14 of the Federal Reserve Act relating to relationships and transactions with foreign banks and bankers.
>
> "The Board has reached the conclusion that you should not accept the appointment which has been offered you by Mr. Fraser, President of the Bank for International Settlements, and begs to advise that at the present time it would not be willing to grant the permission for such step made necessary by the subsection of section 14 cited."

In late 1936, the matter of System representation on the Bank's directorate was again brought to the Board's attention, and the minutes show that the Board gave consideration to proposing to the Congress an amendment to section 14(g) of the Federal Reserve Act making it clear that a member of the Board of Governors, with the approval of the President of the United States, might serve as a director of the Bank for International Settlements, in order to enable the Board more effectually to carry out its functions under section 14(g) of the Act with regard to relationships of Federal Reserve Banks with foreign banks and bankers. A copy of a memorandum dealing with American representation on the Board of Directors of the Bank, prepared by the Board's staff under date of January 11, 1937, is attached hereto as Exhibit "A". 1/

With the advent of World War II, the activities of the Bank again fell under some suspicion. There was apprehension lest the Bank, with its headquarters located in Switzerland, a neutral country, and with Germans and Italians among its officials, might serve as an avenue through which funds would pass to the Germans. Also, at the time of the Bretton Woods Conference in 1944, there was some expression of opinion that the Bank would act as a competitor of the International Monetary Fund; and the conference recommended that the B.I.S. be liquidated at the earliest possible moment.

1/ There are at present no Americans serving on the Bank's Board of Directors.

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Annex I-3

After the war, however, it became clear that the B.I.S. did not really represent any threat to the new Bretton Woods institutions, and that the countries whose central banks held membership in the B.I.S. were not disposed to liquidate it. In the early part of 1948, the European countries in the OEEC decided to use the B.I.S. as a clearing agency for the intra-European payments arrangements that they were working out in connection with the Marshall Plan. In April 1948, the N.A.C. decided that the U. S. Government should regard the matter of liquidation as closed, unless some other country desired to pursue it further.

Attachment

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Annex I-4

EXHIBIT A

American Representation on Board of Directors of
Bank for International Settlements

The statutes of the Bank for International Settlements (the B.I.S.) provide two alternative methods by which two nationals of the United States may be members of its board of directors.

First, the statutes provide that the governor of the central bank of the United States (which is defined so as to mean the Federal Reserve Bank of New York) and also the governors of the central banks of Belgium, France, Germany, Great Britain, Italy, and Japan shall be ex-officio directors of the B.I.S. If the governor of any of these central banks is unable or unwilling to serve as director, he may appoint a substitute nominee. In addition, the governor of each of the central banks named above has the right to appoint one person of his own nationality representative of finance, industry, or commerce as a director of the B.I.S. to hold office for three years.

Second, the statutes also provide that if the governor of any of the central banks mentioned above is unable or unwilling to serve as a director, or to appoint a substitute nominee or a person representative of finance, industry, or commerce, "the governors of the other institutions referred to or a majority of them may invite to become members of the board two nationals of the country of the governor in question, not objected to by the central bank of that country."

The President of the Federal Reserve Bank of New York has never served as a member of the board of directors of the B.I.S. and has never appointed a substitute nominee or a person representative of finance, industry, or commerce. However, the governors of the other institutions named above have, without objection on the part of the Federal Reserve Bank of New York, invited nationals of the United States to serve on the board of directors of the B.I.S. and by virtue of this fact a number of Americans (for example, Gates McGarrah and Leon Fraser) have served.

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3. Function of Bank as a Center for Financial Discussions

The main function of the Bank during the years immediately preceding the war, and again since the war, has been to serve as a meeting place for the central bankers of Western Europe attending its monthly meetings. This function has been of greater real importance than the actual banking activities of the institution.

The meetings, attended by central bank governors or their responsible deputies from England, Holland, Belgium, France, Italy, Switzerland, Sweden, and now Germany, provide for regular contact between these participants. They thus facilitate the kind of understanding and interchange of views, on a multilateral basis, that would not be possible if contacts had to arise from conferences arranged on a more formal basis on specific occasions. These meetings not only permit multilateral discussions among central bankers but also make it possible for any pair of governors to discuss a topic of mutual interest without arousing comment and speculation such as a visit of one to the other's bank would arouse.

The annual meetings of shareholders, held in May or June, provide an occasion for wider discussion of international financial problems, still on an informal basis, since these meetings include representatives of the smaller central banks (e.g. Denmark, Norway, Greece) that are members of the B. I. S. These meetings have also been attended by observers from the International Monetary Fund and World Bank and other international institutions and from non-member countries. Observers from the Federal Reserve System have also been present.

The annual meetings are also the occasion for publishing the Annual Reports of the Bank, which have developed great prestige as objective and thoughtful analyses of world financial problems. The preparation of these reports is a main activity of the Bank's research staff.

4. Banking activities

The Bank also receives deposits, makes loans and investments, and buys and sells gold and exchange. Although at the end of the war the deposits and the banking business of the B.I.S. had largely vanished, there has been a revival since that time. As of November 30,1946, its total deposits (exclusive of long-term items involved in German reparations) amounted to the equivalent of only $9 million. By April 30, 1950, its deposits had reached $178 million. Almost $100 million of the increase occurred during the last six months.

The B.I.S. provides a convenient medium through which European central banks can make transfers of funds. The appointment of the B.I.S.

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as clearing agent for the Intra-European Payments system has undoubtedly helped to attract more deposits to the Bank, although it does not appear that the European bank's deposit balances at the B.I.S. have any direct function in connection with the clearing operations. Also, since most of the Bank's liabilities seem to consist of interest-bearing time deposits, the Bank apparently performs (on a rather small scale) a real function in receiving temporary dollar surpluses of European central banks and investing them at short term in the New York market.

Until a few months ago, the placing of deposits in the B.I.S. must have been somewhat inhibited by the fact that the Bank had a possible liability on account of long-term deposits that it had originally received in connection with the German reparations agreements. If the Bank had to pay these deposits without being able to collect its corresponding claims against Germany, it would have been insolvent. Around the end of 1949, however, the Bank succeeded in negotiating agreements with the creditor governments whereby these long-term deposits are payable only out of funds realized from Germany, and the Bank thereby became a clearly solvent depository. The recent growth of the Bank's deposits is probably connected with this development.

Along with the Bank's $178 million in deposits its books show miscellaneous liabilities of $4 million and capital and reserves equivalent to $81 million. Of the reserves, $22 million must be allocated against its German assets, which are presumably worthless. Writing off these assets and making a corresponding deduction from reserves, the Bank's remaining capital funds amount to $59 million. On this basis, the Bank's assets and its liabilities and capital would balance at $241 million, as shown by the attached condensed balance sheet.

On the asset side, the Bank's gold holdings amount to $93 million and its holdings of current balances, bills, etc. amount to a further $148 million. The gold holdings may be compared with $37 million of the Bank's deposit liabilities that are specifically repayable in gold. It may be noted that the Bank's holdings of gold plus its current dollar balances and bills receivable in the New York market amount to $166 million, in comparison with gold and dollar deposit liabilities of $122 million. In addition, the Bank holds $22 million of high-grade obligations of foreign countries that are payable in U. S. dollars. In foreign currencies it holds the equivalent of $53 million in current balances and investments as against liabilities of $56 million in those currencies.

The German assets, which have been excluded from the foregoing analysis, consist of German bills and securities with a total book value of $97 million which the Bank acquired in execution of The Hague Agreements of 1930. Against these doubtful assets, the Bank has liabilities of $75 million which are payable only out of amounts realized from Germany. The Bank's books thus show $22 million of its own funds tied up in this situation.

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Mr. Bitterman

JUL 28 1955

Do we have a folder on BIS?

Dear Bill:

This is in reply to your letter of May 9 regarding possible representation of the Federal Reserve System on the Board of the Bank for International Settlements.

We have given careful and long consideration to your letter and to the attachments, comprising Mr. Sproul's letter of April 25, 1955, Governor Prare's letter of April 4, 1955, and the memoranda prepared in 1950 in the Board of Governors of the Federal Reserve System.

The principal purpose of the formal representation on the Board of the Bank for International Settlements by representatives of the Federal Reserve System would appear to be to participate in informal discussions with European central banks, and to make available information from these discussions to the agencies of the U.S. Government concerned with international financial matters.

Informal arrangements now in effect have resulted in invitations to personnel of the Treasury Department, the Federal Reserve System and the International Cooperation Administration to attend as observers at the meetings of the BIS. These informal arrangements seem to have worked well, and have accomplished in large measure the purposes of the proposed formal association.

For some years the BIS has been acting as an agent for the Managing Board of the European Payments Union in facilitating European clearings. To an even greater extent than in earlier years this has emphasized the European character of the Bank. It continues to include in its membership representatives of some of the Eastern European countries.

On the whole, there would appear to be some advantage at the present time in the informal arrangement which facilitates the participation as informal observers of representatives of several U.S. agencies in the meetings of the BIS. It seems to me that we might well carry on this arrangement for the time being and defer consideration of formal membership until a later date.

Sincerely yours,

(Signed) W. Randolph Burgess

W. Randolph Burgess
Under Secretary

Honorable Wm. McC. Martin, Jr.
Chairman, Board of Governors of
the Federal Reserve System
Washington 25, D. C.
GHWillis:eb 7/22/55

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BIS/2/00 Looted Gold

~~Mr. Curtis~~
~~5417 Main Treasury~~

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7th March 1947.

Summary of information exchanged during conversations held in Basle at the beginning of March 1947 between representatives of the Nederlandsche Bank and representatives of the Bank for International Settlements

In accordance with the telegram which the Nederlandsche Bank addressed to the Bank for International Settlements (B.I.S.) on 28th February 1947, Mr Roest van Limburg, General Inspector, and Mr Schuurman, of the Nederlandsche Bank, presented themselves at the registered office of the B.I.S. on 4th March 1947 and produced the following documents:

(1) A copy of a list drawn up by the Nederlandsche Bank showing the numbers, the gross weight and the fineness of the Dutch gold bars transferred from Holland to Germany during the occupation.

(2) A photographic copy of the melting records of the Prussian Mint showing, for gold melted down in 1942 and 1944, the date of melting, the serial number of the melting operation, the number of bars melted at each operation, and the gross weight obtained from each melting operation.

For its part, the B.I.S., represented by Messrs Rogers, Royot, Thiersch and Guisan, produced a table showing the characteristics of all the bars received by it from the Swiss National Bank by order and for account of the Reichsbank, during the war, and of the 1,525.6203 kilogrammes of fine gold received by it from the Reichsbank, during the war, and held in safe custody for its account at the branch of the Reichsbank at Constance.

Although the Joint Allied declaration released in London with regard to property looted in the occupied territories was dated 5th January 1943, the representatives of the B.I.S. signified their agreement that the exchange of

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information should take as its starting-point the date of the first transfer of Dutch gold to Germany, namely the beginning of October 1940.

In addition, it was made clear that this first exchange of information had the sole object of facilitating the establishment of the facts and that it in no way prejudiced the conclusions which might be drawn from these.

The representatives of the Nederlandsche Bank stated that, so far as possible, they would furnish the B.I.S. with documents substantiating the information supplied by them verbally in the course of these conversations.

The results of the information exchanged were as follows:

A. Period subsequent to 5th January 1943

I

(a) On 13th January 1943 the B.I.S. received from the Swiss National Bank, by order and for account of the Reichsbank, gold bars having the following characteristics:

Bar numbers	Country of origin	Gross weight (kg.)	Fineness
76634	Germany	12.47350	999.9
76636	"	12.65950	"
76637	"	12.59350	"
76638	"	12.68500	"
76639	"	12.97700	"
76640	"	12.96250	"
76654	"	12.89500	"
76655	"	12.44500	"

The Swiss National Bank had received these bars on 16th December 1942.

Source: Table of bars received by the B.I.S. from the Swiss National Bank by order and for account of the Reichsbank, during the war.

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(b) On 28th April 1942, bars having the following characteristics were transferred from Holland to Germany:

Bar numbers	Gross weight (kg.)	Fineness
76734	12.47350	999.9
76736	12.65950	"
76737	12.59350	"
76738	12.68550	"
76739	12.97750	"
76740	12.96250	"
76654	12.89500	"
76655	12.44550	"

Source: Copy of the list drawn up by the Nederlandsche Bank, showing the Dutch bars transferred to Germany during the occupation.

These bars are of German origin and were acquired from the Bank of France by the Nederlandsche Bank before the war. They were deposited at the Rotterdam office and were transferred to Germany as contribution to the campaign in the East. The Dutch Government was credited in Reichsmarks at the Reichsbank with the equivalent of these bars, and the Nederlandsche Bank became the creditor of the Dutch Government for an amount in florins equivalent to the value of the gold in question.

The transfer from Germany to the Swiss National Bank was effected between 14th December 1942 and 5th January 1943.

Source: Verbal information supplied by the representatives of the Nederlandsche Bank.

(c) The bars mentioned in paragraphs (a) and (b) thus have the following characteristics in common: same country of origin, same fineness and, apart from certain differences in the fractions, the same gross weight.

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On the other hand, the numbers of the bars differ, except as regards 76654 and 76655. This difference is probably due to a typing error in the copy brought to Basle of the list drawn up by the Nederlandsche Bank showing the Dutch bars transferred to Germany during the occupation.

II

(a) The B.I.S. has received from the Swiss National Bank, by order and for account of the Reichsbank, gold bars having the following characteristics:

(1) 1943 deliveries

Date of receipt by the Swiss National Bank	Date of transfer to the B.I.S.	Serial No. of the melting operation	Bar numbers	Total number of bars	Fineness
3rd February	9th March	2021	1-18	18	900
2nd April	28th June	2042	18-26	9	900.2
2nd April	28th June	2043	1-5 7-9	8	900.2

Source: Table of bars received by the B.I.S. from the Swiss National Bank, by order and for account of the Reichsbank, during the war.

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(2) 1944 deliveries

Date of receipt by the Swiss National Bank	Date of transfer to the B.I.S.	Serial No. of the melting operation	Bar numbers	Total number of bars	Fineness
13th April	23rd June	881	18-21	4	900.5
24th February	15th May	899	14-18	5	900.2
24th February	15th May	901	7-8 11-20	12	900.2
24th February	22nd April	902	7-23	17	900.1
13th April and 18th July	12th October	926	25-27	3	900
13th April	10th August	927	1-4 10-18	13	900
13th April	23rd June	929	13-25	13	900.1
13th April	1st June	929	26	1	900.1
13th April	1st June	930	1-16	16	900.1

Source: Table of bars received by the B.I.S. from the Swiss National Bank, by order and for account of the Reichsbank, during the war.

(b) From the melting operations carried out in 1942 and 1944, the Prussian Mint obtained bars having the following characteristics:

(1) Melting operations in 1942

Date	Serial No. of the melting operation	Total number of bars	Gross weight of the series (kg.)
19th December	2021	25	333.405
31st December	2042	26	346.070
31st December	2043	25	328.815

The melting records of the Prussian Mint specify that the gold melted down consisted of Dutch florins.

Source: Photographic copy of the melting records of the Prussian Mint.

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These florins formed part of the Dutch gold which was transferred from Holland to Germany and which came either from the gold reserve of the Nederlandsche Bank or from coins belonging to the public and purchased against florins by the Nederlandsche Bank, during the occupation, under the foreign exchange legislation.

The bars obtained from the melting down of these florins were transferred from Germany to the Swiss National Bank either on 2nd February 1943 or on 1st April 1943.

Source: Verbal information supplied by the representatives of the Nederlandsche Bank, who obtained these particulars from the books of the Reichsbank found in Frankfort.

The total weight of gold melted down by the Prussian Mint between 19th December 1942 and 8th January 1943 amounts to about 9,112 kilogrammes of fine gold, made up of 9,072 kilogrammes in the form of coins coming from Holland and 40 kilogrammes in gold bars; it has not been possible to establish the origin of the latter.

Source: Approximate calculation based on data from the melting records of the Prussian Mint.

(2) Melting operations in 1944

Date	Serial No. of the melting operation	Total number of bars	Gross weight of the series (kg.)
1st February	881	23	300.425
8th "	899	26	333.205
9th "	901	26	341.555
9th "	902	28	366.425
22nd "	926	27	351.725
22nd "	927	27	354.050
23rd "	929	26	349.365
23rd "	930	28	365.085

Source: Photographic copy of the melting records of the Prussian Mint, which do not mention explicitly the nature of the gold melted down.

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On the other hand, from the books of the Reichsbank found at Frankfort it appears that the gold melted down was composed of Dutch florins, that these florins were derived, as to about three-quarters, from the Dutch gold transferred from Holland to Germany and that they came either from the gold reserve of the Nederlandsche Bank or from coins belonging to the public and purchased against florins by the Nederlandsche Bank, during the occupation, under the foreign exchange regulations.

The bars obtained from the melting down of these florins were transferred from Germany to the Swiss National Bank between 23rd February 1944 and 8th June 1944.

Source: Verbal information supplied by the representatives of the Nederlandsche Bank, who obtained these particulars from the books of the Reichsbank found in Frankfort.

The total weight of the gold melted down by the Prussian Mint between 24th January 1944 and 2nd March 1944 amounts to about 19,980.0 kilogrammes gross ~~gold~~, made up of 15,021.0 kilogrammes gross in the form of Dutch coins coming from Holland, 4,831.0 kilogrammes gross in the form of Dutch coins of unknown origin, and 128 kilogrammes gross in gold of which it has not been possible to establish either the origin or the nature. Consequently, each kilogramme of gold obtained from these melting operations contains 75.18% of gold coming from Holland $\frac{(15021)}{(19980)}$.

Source: Verbal information supplied by the representatives of the Nederlandsche Bank, who obtained these particulars from the books of the Reichsbank found in Frankfort, and from the data from the melting records of the Prussian Mint.

(c) The bars mentioned in paragraphs (a) and (b) thus bear the same serial numbers. The fineness of the bars received by the B.I.S. corresponds to that of the bars obtained from the melting down of coins, and the bar numbers fall within the limits of the total number of bars obtained from each melting operation.

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On the other hand, the representatives of the Nederlandsche Bank could not give the B.I.S. the weight or the fineness of each bar nor the year marked on the bars.

Furthermore, it has been ascertained that the Prussian Mint sometimes used the same serial number more than once. For instance, the serial number 926 corresponds to bars with a fineness of 995.5 received by the B.I.S. on 22nd March 1944 and to bars with a fineness of 900 received by the B.I.S. on 12th October 1944.

B. Period prior to 5th January 1943

III

(a) On 24th November 1941 and 12th January 1942, the B.I.S. received from the Swiss National Bank, by order and for account of the Reichsbank, bars having the following characteristics:

Bar numbers	Country of origin	Gross weight (kg.)	Fineness
53259	U.S.A.	12.05840	998
53260	"	11.43350	"
53261	"	11.30650	"
53262	"	11.45450	"
53263	"	11.94650	"
53264	"	11.45420	"
53265	"	11.11590	"
53266	"	11.31300	"
53267	"	11.69350	"
53235	"	11.42850	997.9
53236	"	11.54900	"
53237	"	11.92900	"
53238	"	11.84800	"
53239	"	11.43740	"
53240	"	11.45700	"
53241	"	10.95530	"
53242	"	11.40480	"
53243	"	11.65170	"
53244	"	11.46900	"
53245	"	11.71950	"
53246	"	11.98750	"
53247	"	11.41350	"
53248	"	11.32500	"
53249	"	11.74470	"
53250	"	11.32880	"

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Bar numbers	Country of origin	Gross weight (kg.)	Fineness
53251	U.S.A.	11.50550	997.9
43463	"	12.05870	998.2
43464	"	11.37280	"
51941	"	11.45040	"
51942	"	11.83550	"
51943	"	12.08380	"
51944	"	11.94530	"
51945	"	11.74290	"
51946	"	11.66050	"
51947	"	11.54840	"
51948	"	11.37920	"
51949	"	11.53390	"
51950	"	11.99920	"
51951	"	12.24830	"
51952	"	11.48520	"
51953	"	11.45840	"
51954	"	11.88520	"
51955	"	11.92680	"
51956	"	11.73970	"
51957	"	11.87490	"
43641	"	11.93630	998.3
43642	"	11.31330	"
43643	"	12.00130	"
43644	"	12.48540	"
43645	"	12.41480	"
43646	"	11.10030	"
43647	"	11.75480	"
43648	"	12.44790	"
43649	"	12.53550	"
43618	"	11.17120	998.2
43619	"	11.52980	"
43620	"	11.66340	"
43621	"	11.92790	"
43622	"	11.73030	"
43623	"	11.28330	"
43624	"	11.47280	"
43626	"	11.61800	"
43627	"	11.63430	"
43628	"	11.68890	"
43629	"	11.76320	"
43630	"	11.60420	"
43631	"	11.66570	"
43632	"	11.61530	"
43633	"	11.75130	"
43634	"	11.41250	"
43635	"	12.32830	"

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The Swiss National Bank had received these bars on 14th November 1941 and 10th December 1941 respectively.

Source: Table of bars received by the B.I.S. from the Swiss National Bank, by order and for account of the Reichsbank, during the war.

(b) On 4th April 1941, bars having the following characteristics were transferred from Holland to Germany:

Bar numbers	Gross weight (kg.)	Fineness
53259	12.05800	998
53260	11.43350	"
53261	11.30650	"
53262	11.45450	"
53263	11.94650	"
53264	11.45400	"
53265	11.11550	"
53266	11.31300	"
53267	11.69350	"
53235	11.42850	997.9
53236	11.54900	"
53237	11.92900	"
53238	11.84800	"
53239	11.43700	"
53240	11.45700	"
53241	10.95500	"
53242	11.40450	"
53243	11.65150	"
53244	11.46900	"
53245	11.71950	"
53246	11.98750	"
53247	11.41350	"
53248	11.32500	"
53249	11.74450	"
53250	11.32850	"
53251	11.50550	"
43463	12.05850	998.2
43464	11.37250	"
51941	11.45000	998.3
51942	11.83500	"
51943	12.08400	"
51944	11.94550	"
51945	11.74250	"
51946	11.66000	"
51947	11.54850	"
51948	11.37900	"
51949	11.53350	"
51950	11.99900	"

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Bar numbers	Gross weight (kg.)	Fineness
51951	12.24800	998.3
51952	11.48500	"
51953	11.45800	"
51954	11.88500	"
51955	11.92650	"
51956	11.73950	"
51957	11.87450	"
43641	11.93600	"
43642	11.31300	"
43643	12.00100	"
43644	12.48550	"
43645	12.41450	"
43646	11.10000	"
43647	11.75450	"
43648	12.44750	"
43649	12.53550	"
43618	11.17100	"
43619	11.52950	"
43620	11.66350	"
43621	11.92750	"
43622	11.73000	"
43623	11.28300	"
43624	11.47250	"
43626	11.61800	"
43627	11.63350	"
43628	11.68850	"
43629	11.76300	"
43630	11.60400	"
43631	11.66550	"
43632	11.61500	"
43633	11.75100	"
43634	11.41200	"
43635	12.32850	"

Source: Copy of the list drawn up by the Nederlandsche Bank, showing the Dutch bars transferred to Germany during the occupation.

These bars are of American origin and they formed part of the gold reserve of the Nederlandsche Bank before the war. They were deposited at the Rotterdam office and were transferred to Germany as cover for costs of occupation. The Dutch Government was credited in Reichsmarks at the Reichsbank with the equivalent of these bars, and the Nederlandsche Bank became the creditor of the Dutch Government for an amount in florins equivalent to the value of the gold in question.

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The transfer from Germany to the Swiss National Bank was effected between 4th November 1941 and 8th December 1941.

Source: Verbal information supplied by the representatives of the Nederlandsche Bank.

(c) The bars mentioned in paragraphs (a) and (b) thus have the following characteristics in common: same bar numbers, same country of origin and, apart from certain differences in the fractions, same gross weight. The fineness is likewise the same in both cases, except for 34 bars which, according to the Dutch documents, have a fineness of 998.3 and, according to the B.I.S. table, a fineness of 998.2.

IV

(a) On 19th January 1942, the B.I.S. received from the Swiss National Bank, by order and for account of the Reichsbank, a bar having the following characteristics:

Bar number	Country of origin	Gross weight (kg.)	Fineness
T 2736	France	13.71280	899.6

The Swiss National Bank had received this bar on 3rd December 1941.

Source: Table of bars received by the B.I.S. from the Swiss National Bank, by order and for account of the Reichsbank, during the war.

(b) On 14th Oct. 1940 a bar having the following characteristics was transferred from Holland to Germany:

Bar number	Gross weight (kg.)	Fineness
T 2736	13.713	899.6

Source: Copy of the list drawn up by the Nederlandsche Bank, showing the Dutch bars transferred to Germany during the occupation.

This bar is of French origin and formed part of the gold reserve of the Nederlandsche Bank before the war. It was deposited at the Rotterdam office and was transferred to Germany under the foreign exchange legislation. The Dutch

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Government was credited in Reichsmarks at the Reichsbank with the equivalent of this bar and the Nederlandsche Bank became the creditor of the Dutch Government for an amount in florins equivalent to the value of the gold in question.

The transfer of this bar from Germany to Switzerland was effected between 26th July 1941 and 1st December 1941, being made to one of the three following banks in Zürich: the Swiss National Bank, the Banque Commerciale de Bâle or the Swiss Bank Corporation.

Source: Verbal information supplied by the representatives of the Nederlandsche Bank, who will confirm that the said bar was in fact deposited at Rotterdam and not at Amsterdam.

(c) The two bars mentioned in paragraphs (a) and (b) thus have the following characteristics in common: same bar number, same country of origin, same gross weight apart from a small difference in the fractions and same fineness.

*
* *

This summary of the information exchanged during conversations held in Basle at the beginning of March 1947 between representatives of the Nederlandsche Bank and representatives of the Bank for International Settlements has been made in two signed copies, the first being for the Nederlandsche Bank and the second for the B.I.S.

Basle, 7th March 1947.

NEDERLANDSCHE BANK — BANK FOR INTERNATIONAL SETTLEMENTS

With regard to the gold coins transferred from Holland and melted down by the Prussian Mint in 1942 and 1944, as mentioned in Section II of the present document, the Dutch Government was credited in Reichsmarks at the Reichsbank with the equivalent thereof and the Nederlandsche Bank became the creditor of the Dutch Government for a corresponding amount in florins.

Source: Verbal information supplied by the representatives of the Nederlandsche Bank.

Basle, 7th March 1947.

NEDERLANDSCHE BANK

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BIS - CURRENT

TRANSLATION

BANK FOR INTERNATIONAL SETTLEMENTS

PRESS RELEASE

(To be attached to the balance sheet for March 31, 1947.)

In the balance sheet for March 31, 1947, published by the Bank for International Settlements, the investments made in Germany appear under a separate heading. These investments, which total 291.2 million gold Swiss francs, were made on the German market during the years 1930 and 1931 in execution of the obligations imposed on the Bank by the Hague Conventions of 1930 and they enjoy privileges provided for by these Conventions. The Bank has not made any new investments in Germany since 1931.

On the other hand, the long term deposits received in application of the Hague Conventions appear under liabilities for the total of 288.9 million gold Swiss francs.

The legal situation as to the rights and obligations of the Bank under the Hague Conventions concerning its assets in Germany and the long term deposits which were confided to it has not been modified by the suspension of payment of the annuities. As it was pointed out in the last annual report, the Bank has drawn the attention of the interested Governments to its rights under the agreements in force in so far as its investments in Germany are concerned and has asked that these investments be fully safeguarded.

The assets of the Bank as of March 31, 1947, other than the investments in Germany, amount to approximately 208 million gold Swiss francs of which 83 million gold Swiss francs are represented by gold held principally in Bern, in New York and in London. The remaining assets amount to 125 million gold Swiss francs and practically all of them are either expressed in dollars or in Swiss francs or are payable in gold.

DJM:ko May 12, 1947

Encl. #3 to ltr. #381 from Mann

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FOREIGN FUNDS CONTROL

To:
(1) Mr. Curtis ..... (Room) ..... (Bldg.)
(2) ..... (Room) ..... (Bldg.)
(3) ..... (Room) ..... (Bldg.)

Some further details on these accounts are contained in my notes which will be made available to you if you desire.

BIS - CURRENT EVENTS

From: PGewirtz ..... 4/11/47 (Date)
..... (Room) ..... (Bldg.)

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