United States and Allied Efforts to Recover and Restore Gold and other Assets Stolen or Hidden by Germany during World War II

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INTRODUCTION

What I thought I would do is leave for my colleague Dr. Slany and the other panelists this afternoon the hard work of grappling with the precise topic that is the title of this conference: neutrality and morality. Suffice it to say, that in the course of our work at the State Department over the last year, the tensions between neutrality and morality have become quite apparent to us. These are extraordinarily complex issues. There is a very interesting article by Professor Vagts, who is here today on one of the panels. Existing literature suggests, without a doubt, that neutrality was an extraordinarily complex phenomenon in light of the specific circumstances of World

* United States Department of State. This paper is a transcript of the proceedings that took place at the Conference on Neutrality, Morality, and the Holocaust, which took place on April 23, 1998 at the American University Washington College of Law. The opinions expressed in this paper are Mr. Freeman's alone, and do not reflect the position of the United States Department of State.
War II. Neutrality and morality are issues about which it is easy to make judgments on the basis of 20/20 hindsight, but 20/20 hindsight judgments are not worth much. The reality was that not one specific form or type of neutrality—"perfect" neutrality or otherwise—existed during World War II.

Without sidestepping this issue or treading too much on Dr. Slany’s presentation this afternoon, I would like to give you a sense of the purpose of the second Eizenstat Report. I will then try to put the Second Report in the broader context of our efforts on behalf of the United States government’s diplomatic efforts of working with a number of countries around the world to try to address the leftover issues from the Holocaust and the Second World War.

I. THE PURPOSE OF THE SECOND EIZENSTAT REPORT

As you all know, we published the first Eizenstat Report nearly one year ago. The first Report focused on United States policy toward negotiations with wartime neutral countries on the issues of Nazi gold and other looted assets. We focused much of that study, to the extent that we focused on countries other than the United States, on Switzerland, because of Switzerland’s role in helping to finance Germany’s trade with other neutral countries. We included in the first Report brief sections addressing similar issues with respect to Argentina, Portugal, Spain, Sweden, and Turkey. Frankly, after completing the First Report, it occurred to us that there really was more work to be done with respect to those other countries. We felt that it would be worthwhile if we could take some more time, go back through the archives and try to piece together an even more comprehensive portrait of the total set of war-time economic relationships between all the neutral countries and Nazi Germany.

We began this effort last late summer in July or early August. At the outset, we thought we were going to produce a much briefer second study. We ended up doing a tremendous amount of further work. Dr. Slany and his team produced enormous amounts of information, and we reached the point where, by the autumn, it became apparent that we had the basis for a full-fledged second report. That, in fact, is what we expect to complete this spring.
II. THE SECOND EIZENSTAT REPORT

The second Eizenstat Report deals only tangentially with Switzerland, and primarily provides a wealth of fascinating detail about the wartime trade of the other neutral countries. Although there is a focus in part on the issue of looted gold, I think the richest material in our Second Report is material that surveys in very specific terms the trade that the wartime neutral countries conducted with Germany. For example, I am referring to the trade in wolfram conducted by Portugal and Spain; the trade in chromium conducted by Turkey; the trade in ball bearings and iron ore conducted by Sweden; and the American and British efforts during the course of the war to curtail that trade. This leads to an analysis of the relationship between these Allied efforts and the perceptions on the part of the wartime neutrals about the threat that the perceived to remain from Nazi Germany, and the extent to which these perceptions on their part compelled them to continue to conduct trade with Germany even in the face of our threats and pressure. I think the most fascinating material that Dr. Slany and his team have assembled and analyzed in the second Report is this international dynamic in 1943 and 1944 between the threat of a German invasion and the willingness of these countries to curtail their trade with Germany.

The Second Report breaks little new ground in terms of the post-war negotiations that the United States conducted with these countries on the gold issue. Another area other than wartime trade between Germany and the neutrals that should attract great interest is the brief chapter addressing the fate of the Croatian Ustasha state treasury during the war. In particular the Second Report analyzes the links between the Ustasha and the Catholic Church, perhaps known to some in the Vatican. No doubt many of you saw the long story that U.S. News and World Report ran on this issue about a month ago. Our brief chapter on this issue draws upon some recently declassified intelligence material, and will shed new light on these very complex and sensitive issues involving Croatia and the Catholic Church.

The State Department is going to be working with a number of historical commissions in World War II neutral countries to examine the results of the study. In preparation for compiling the second Report, a number of other similar studies were instrumental; notably the
first gold report put out by the Bergier Commission in Switzerland. The first Eizenstat Report was put out in advance of the London Nazi Gold Conference, and also prior to the report put out by Sweden, in the month of December. Those two reports were rigorous in their methodology and reached very interesting and important findings. There is also a new report released by the Spanish Government. We have just received a copy of that report, and Dr. Slany is no doubt brushing up his Spanish language skills.

I want to point out, though, that as interesting as the second Report will be, this study, by definition, offers ultimately an incomplete view of these issues and events that occurred a half century ago. That is because we relied almost exclusively on United States government documents. Although our perspective is a panoramic one, it is not an omniscient one. Only when work is completed by the other countries that have a stake in these issues, and the results are all examined and put together side-by-side, can we have a truly comprehensive picture. In addition to the efforts of the Bergier Commission, the Swedish Commission, the Spanish Commission, and others, there have been extraordinarily encouraging efforts on the part of historians in these countries to share their research, to discuss methodological issues, and to test each others numbers and assumptions.

III. THE LONDON NAZI GOLD CONFERENCE

The London Nazi Gold Conference last December was an absolute landmark in this respect. It was a landmark not only in terms of bringing together historians and experts, but also in focusing the attention of the international community on the Holocaust assets issues more vividly and dramatically than ever before. Forty-two countries plus the Vatican were represented at the London Conference. A consensus was crystallized to move forward with further research as quickly as possible to try to answer the outstanding questions. There was particular interest at the Conference on the opening of archives, so that all available sources can be examined, and all possible issues can be addressed. Over the course of this year we are going to be encouraging a number of other countries to open their remaining archives.

As you know, the State Department and the Holocaust Memorial Museum are hosting a sequel to the London Nazi Gold Conference in
Washington, D.C. this November. We felt that given the comprehensive treatment afforded to gold issues in London, it would be most constructive if the second conference were to broaden the discussion of assets issues beyond gold. Our plan is to have at least one session that will update the gold issue on the basis of the additional work that has been done on the part of a number of countries. It is also our intention to devote much more of the substantive agenda of our conference to art and insurance issues. We will undertake a round of diplomatic consultations with many of the countries that participated in the London Conference. Once again, it is our intention to bring together historians and experts, as well as government officials from over forty countries, to try to establish the facts on these issues, to illuminate the long-hidden dimensions of the Holocaust.

Although the Washington Conference like London will not be a governmental decision-making conference, we intend to use the six months we have between now and November to work with a number of different governments and with non-governmental organizations ("NGOs") to find a consensus on the art and insurance issues in particular.

We think that the Washington Conference can make a contribution by trying to assemble some of the very encouraging work being done around the world, both by governments and NGOs, and identify sound principles for moving forward. Just to cite two examples, some very interesting work has been done by American art museums on principles and guidelines for art restitution. The Austrian government recently suggested that the provenance of disputed paintings be systematically checked. We plan to draw on initiatives such as these, and to try and develop further consensus for action.

IV. RECENT REEXAMINATIONS OF NEUTRALITY DURING WORLD WAR II

Although these Holocaust assets issues cannot always be understood in black-and-white terms, there was no moral ambiguity, of course, about the Holocaust. Coming to terms with this wrenching and traumatic period is difficult for any country. We are greatly heartened and encouraged by the extent to which many countries are honestly and openly, however painfully, addressing the legacy of the Holocaust in their own way, in their own terms.
Clearly, no country has done more in recent months to examine its past as openly as Switzerland. Although this has been a very painful exercise for Switzerland, that country is an extraordinarily robust democracy, and its government and its people have demonstrated great courage in their willingness to address these issues. Switzerland is not alone. Other countries are taking on these issues as well. In Sweden there is tremendous interest not just in the assets issues but more generally in the character of Sweden’s neutrality during the Second World War. France has been captivated both by the Papon trial and by the broader issue of the Vichy government. The Catholic Church has just come forward in the form of a statement put out by the Vatican on the “Shoah” just one month ago, to try to address the legacy of the Holocaust. Whatever the limitations of that statement may have been, it nevertheless is an historic step forward.

I think it is hard to resist the conclusion that it is not only due to the conclusion of the Cold War, but also the approach of the new millennium that are prompting so many countries to try to address the incomplete business of the middle-half of the twentieth century.

V. ASSISTING SURVIVORS OF THE HOLOCAUST

Tremendously positive things are happening to advance the cause of justice, both in moral and material terms. In material terms, Switzerland is leading the way in assisting individual victims of the Holocaust. A special Holocaust fund has been making disbursements since last autumn. The Volcker Commission’s process is going forward in a very serious and systematic way, and we are encouraged by these developments.

We are also inspired by some of the broader efforts being undertaken by various countries to provide assistance to survivors. For example, the United States, Britain, and France have worked together as the co-trustees of the Tripartite Gold Commission to establish a fund that will help survivors. As many of you know, Foreign Secretary Cook and Under Secretary Eizenstat announced the establishment of such a fund at the London Gold Conference. We expect that the initial United States monetary contribution to what is called the Nazi Persecutees Relief Fund will be made soon, and that the fund itself will become operational and its first disbursements made sometime in the second half of this year.
Efforts aimed at moral justice are also gathering momentum, efforts that promise to make enduring contributions. One example is the initiative unveiled by the Prime Minister of Sweden just two months ago on Holocaust education. Sweden put together, in a remarkably brief period of time, a comprehensive and well-illustrated booklet on the history of the Holocaust. It also announced its intention to work with other countries, initially the United States and Great Britain, to develop this Holocaust education initiative on an international basis. The United States is enthusiastic about working with Sweden and Great Britain on this basis, and there will be an event in Stockholm next month to launch the effort. We are also hoping to reach out to other governments, as well as to NGOs, through the course of this year, to draw on other examples in ways that will contribute to the Washington Conference.

CONCLUSION

There has been a great deal of interest as to why the United States government has spent so much time and dedicated so many resources to these issues. Under Secretary Eizenstat and our team believe that the United States shares a responsibility with dozens of other countries to finally come to terms with the uncompleted business of the Second World War, and to conclude the important work done in the immediate aftermath of the war in relation to victims' assets. We are determined to finish this historical review and to do so with great urgency because of the absolute need to benefit Holocaust survivors while they remain alive. That is why we are motivated to do everything we can to work with other governments and NGOs to assist survivors.

We have a particular responsibility because we were one of the major Allies in the war. We also feel a particular responsibility given the fact that our particular record on recovery of Nazi-confiscated assets was less than perfect, despite the tremendous amount of hard work and attention given by Seymour Rubin and others immediately after the war. We have a real responsibility to do the best we can now as we reach the end of the century, and to do so in a way that is respectful of other countries that have to deal with these same issues on their own terms, through their own institutions. We are determined to continue to work with all the other countries involved in a
spirit of cooperation, in a spirit of consensus, and ultimately in a
spirit of respect and understanding of the history of other countries,
the idiosyncrasies of their institutions, and the differences between
our cultures.

One insight I have gained in studying this period is a greater ap-
preciation of the ambiguities of neutrality and the sometimes tortured
choices faced by a number of countries during World War II. Those
ambiguities and those choices were played out against a greater
backdrop of both good and evil. World War II was indeed a titanic
struggle between good and evil, but that struggle took many forms
and forced many difficult and terrible choices. I hope very much that
the second Eizenstat Report contributes to a greater understanding of,
and sensitivity towards, the countries that made those tough choices
and especially towards the victims and survivors who felt their con-
sequences.

Thank you very much.

AFTERWORD**

Thank you very much, Mr. Freeman. I just wanted to say some-
thing that you started with that is very important to us in an educa-
tional establishment; it is the importance of education. As one of
those who survived, I can only say that it is a worry that rests in the
back of our minds as much as the biological problem ahead of us—
that it not happen again. The only way that it will not happen again is
if we educate and look at things dispassionately. The problem is not
that after the event we receive many letters of condolences—I would
rather have prevention than condolence. On that basis, I am hoping
that the United States and other countries are not going to stand back
when situations of that kind are in their formative stages.

I am thinking in particular had the women in the United States
emulated the women of England who got together and took children
out of Germany, the Kinder Transport of which I was very lucky to
be one, many more would have survived the Holocaust. In the United
States, this approach to save lives was shot down just like the deci-

** The following is a comment made by Professor Egon Guttman, American
University Washington College of Law, after Mr. Freeman finished his comments.
barkation its passengers. That is why I said that a concept of neutrality, which applies only where there are belligerents, is insufficient in modern times. Such change is called for also before a war is declared. I do not want my generation to be a blip on the computer of the history of the world, like the Holocaust of Armenians. Education will prevent this.