Swiss neutrality and the "American Century": two conflicting worldviews

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Introduction

The reason for writing this article is an eminently topical one: it is the controversy raging between the United States and Switzerland over a number of war-related problems dating back to the years 1944 to 1946 and revolving around such issues as heirless assets and looted gold. However, the disagreement goes beyond money and trade; it rests in two clashing conceptions of economic neutrality. The United States did not approve of the classical definition of neutrality and, most importantly, strongly disapproved of neutral economic rights. It is over this question that the United States and Switzerland clashed between 1944 and 1946; and it is the same issue that has surfaced once again - fifty years later, after the end of the Cold War.

To students of Swiss-American relations the problem is familiar. Similar difficulties plagued mutual contacts throughout the twentieth century. Although both countries are democracies and have enjoyed harmonious relations in many areas, there have been various disagreements that can be traced back to conflicting conceptions of war-related trade. Small wonder that Heinz K. Meier, who wrote a detailed history of Swiss-American relations from 1900 to 1950, gave his study the title „Friendship Under Stress“.¹

The clash is central to an understanding of the Eizenstat Report published by the U.S. Department of State on May 7, 1997.² The report contains innumerable indications of profound disagreement over neutral economic rights in times of war. The report accuses the Swiss of „profiteering“, „collisions with morality“, „legalistic propositions“, „sustaining the Nazi regime“, „prolonging“ the war and „vitiating agreements“.³ These words were poorly received by the majority of the Swiss since they attack traditional neutrality at its core although, officially at least, the Swiss conception of neutrality is no longer as strict as it once was. According to a governmental report issued in 1993, Switzerland now adheres to a conception that, had it existed at the end of the Second World War, would have allowed a much more flexible policy avoiding most of the problems that arose.⁴ Unfortunately, however, the new policy has still not entered Swiss consciousness. Only a handful

of officials in the Foreign Office are aware of the watered-down conception. As the violent reaction to the Eizenstat Report shows, neither the public, the political parties nor most officials seem to know of the new conception.

Ironically, the United States shared the classical conception of neutrality until it entered World War I. From 1776 to 1917, as part of its policy of isolationism, the United States was one of the most important neutrals and made a major effort to codify the law of neutrality at the Hague Conference of 1907. Americans were particularly eager to obtain guarantees permitting neutral free trade in times of war. The Americans and the Swiss were equally angry, therefore, when the British - not for the first time in history - imposed a tight blockade after the First World War broke out thereby impeding neutral trade.

All that changed, however, once the United States entered the First World War. Wilson fought the war to end „balance of power politics“ and to „make the world safe for democracy“; in particular he aimed at replacing Realpolitik by introducing collective security. Wilson suggested a new conception of world politics incompatible with neutrality. Ten years after the Hague Conventions, the United States abandoned its classical position with respect to neutrality and never returned to it.

In the Second World War the situation had not basically changed: the United States continued in the Wilsonian tradition, while Switzerland adhered to the classical notion of neutrality. Under these circumstances difficulties were bound to arise, and the Holocaust-related issues now vitiating Swiss-American relations were typical of the tensions then prevailing. It is the central thesis of this article that at the heart of the problem lay two different conceptions of world politics, two clashing worldviews. The Swiss continued stubbornly to play by the classical rules of international politics, and the United States opposed the attempt with equal determination. In the long run the United States won - and the Swiss lost. Unfortunately, many victims of Nazi persecution got caught up in the unnecessary confrontation.

The United States shaped the twentieth century; Switzerland did not. America determined the outcome of the First and Second World Wars as well as the Cold War and influenced the shape of
the international system. If the nineteenth century was the “European century”, then surely the
twentieth has been the “American century”; while the nineteenth century was the era of classic
balance of power politics, in this century and under American leadership the first steps were taken
towards overcoming these politics.

The United Nations are the most visible manifestation of the this change but by no means the
most impressive. It is within the Euro-Atlantic region, where America enjoyed supremacy during
the Cold War, that the traces of the new order are most visible. The North Atlantic Treaty Or-
ganization (NATO) and the European Union (EU) are typical expressions of the new order - and
Switzerland lies well within the confines of both. Given these realities, the Swiss simply could
not win. The demise of neutrality was only a question of time - but not from the Swiss perspec-
tive. To this day they have not entered the United Nations, NATO and the European Union. Why
join if you believe to be on the winning side of history! Small wonder that Dean Acheson came to
the conclusion that the Swiss were the most stubborn people he had to deal with during World
War Two. He would know; after all, when the new order was set up, he was „present at the crea-
tion“.

This article has six parts. Part 1 is conceptual in nature and outlines the two clashing worldviews.
It begins with an account of the rise and decline of neutrality and ends with a short summary of
what I shall call the „Wilsonian program“. Part 2 shows that in World War One and with the
founding of the League of Nations, the Swiss confronted the new American policy for the first
time. In those years, a flexible interpretation of neutrality led to mutually acceptable solutions,
and the Swiss even altered their neutrality conception in order to join the League. Part 3 shows
that in World War Two the situation was different; on both sides there was less flexibility. In
Switzerland the new world organization was highly unpopular, and on the part of the allies there
was no desire to have the Swiss in San Francisco. As I will point out in Parts 4 and 5, these con-
flicts were particularly acute in the area of economic warfare. The two worldviews clashed vehe-
mently and, tragically, the cost had to be borne by victims of the Holocaust. Part 6 finally shows
that during the Cold War, the situation did not basically change. On the contrary, it appears that
the United States respected Swiss neutrality less than ever before. It is only today, after the Cold

War has ended, that the Swiss are gradually abandoning their strict interpretation of neutrality and that the difficulties seem to be subsiding. Ironically, this is at the very moment that history is catching up with them and that some awkward questions have to be answered about the neutral past.

1 Neutrality vs. the „Wilsonian Program“

Neutrality did well at the beginning of the twentieth century. The law of neutrality, practiced over centuries but never written down in a systematic way, was codified at the Hague Congress of 1907. This represented a triumph for the many small nations that favored neutrality and defeat for some of the large nations critical of the concept. Switzerland and the United States belonged to the former, while England was the leader among the latter. The fundamental foreign policy interests of Switzerland and the United States were quite similar, therefore, although the United States had a more vested interest in the development of maritime neutrality, while Switzerland’s interest was directed to land neutrality.⁷

Both neutrality concepts were integral components of the classic law of nations which viewed war as the sovereign prerogative of every country. From this perspective, wars were legal, rational, normal, instrumental and as such neither just nor unjust. War was legal insofar as its declaration, conduct and termination were at least in part regulated by international law (*ius ad bellum, ius in bello*). War was viewed as rational, as it was justified by a positive cost-benefit calculation. Wars were seen as normal because each nation prepared for them based on the formula *si vis pacem para bellum*. Instrumentality, finally, was tied to the Clausewitzian notion that wars were but „a continuation of politics by other means“, the implication being that they were neither just nor unjust.⁸

As a part of this order, neutrality was also held to be legal, rational, normal, instrumental and value-free. Legality showed in the fact that each nation had the right to stay out of a war; rational-⁶

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Neutrality was normal so long as there were more neutral than warring parties in a conflict, and value-free instrumentality was expressed in the fact that neutrality was viewed as neither ethically reprehensible nor particularly noble. Neutrality was simply one possible means of conducting foreign politics.\textsuperscript{9}

Even before 1914, however, the classic order showed cracks. The international system split into two camps and was strongly polarized; an armaments race began and intensified into a veritable arms escalation. Total war was sought by some, but unfortunately anticipated by few. As war broke out, the internationally-guaranteed neutrality of Belgium was brutally violated, and during the war many of the classic rules of warfare were disregarded. Such a system can no longer moderate in nature but becomes revolutionary, as theorists of International Relations like to say.

The situation posed particular difficulty to the United States. On the one hand, the United States was the most important neutral power, but on the other hand, it quickly became the largest supplier of weapons and food to the Entente. Although perfectly legal according to the Hague Conventions, this led to tensions both on the domestic and the international front. U.S. merchant ships became involved increasingly in acts of warfare, and the Germans finally declared unlimited maritime war in 1917, making neutrality untenable.\textsuperscript{10}

With hindsight, it is clear that the American decision to go to war was of far-reaching significance for the development of international politics: it did indeed signal the irreversible decline of neutrality. If the concept flourished during the nineteenth century, the twentieth century bore witness to its steady demise.\textsuperscript{11} Wilson did not join the war in order to save a system that was intimately tied to the conservative values of Metternich established at the Congress of Vienna. Wilson was unwilling to view war fatalistically as a normal and legal occurrence; he was a Liberal who wanted to shape international politics according to his own worldview.

Wilson’s program was partly covered by the famous Fourteen Points, but it went much further and included a number of pronouncements made throughout the war. The four central elements


\textsuperscript{11} Nils Orvik, The Decline of Neutrality, 1914-1941, J. Grundt Tanum, Oslo 1953.
were democratization, free trade, collective security and American leadership.\textsuperscript{12} Wilson identified personally with all four elements - perhaps too personally - which has led historians to be critical of his efforts to create a new world order.\textsuperscript{13} A generation later, Franklin D. Roosevelt undertook great efforts to avoid Wilson’s mistakes - and he did. FDR, too, stood for democracy, free trade, collective security and American leadership. At least in the American sphere of influence these values and policies have to this day continued to be the dominant themes of American foreign policy.

Switzerland showed little difficulty with democracy and with free trade in times of peace. Having solid democratic roots and relying extensively on international trade for the maintenance of its standard of living, Swiss interests largely coincided with those of its big sister republic across the ocean. Things were different in the other areas, however. As I will show, there were a number of problems with respect to collective security and American leadership, but the most vulnerable issue in Swiss-American relations proved to be the interface of security and economics. In this complex and dramatic sphere, variously described with terms such as economic warfare, embargo politics, export controls or economic sanctions, the real drama of Swiss-American relations was acted out. Whenever the United States has asserted its claim to leadership in this realm, and this it has done repeatedly since 1917, both unilaterally and multilaterally, conflicts with Switzerland have been unavoidable. It is here that the mutual friendship has often been under stress, to use the words of Heinz K. Meier.

2 World War I and the League

When war broke out in 1914, both Switzerland and the United States declared neutrality, as was their tradition, and immediately ran up against the British blockade which, as I have already mentioned, was in full violation of the Hague Conventions adopted only seven years earlier.\textsuperscript{14} Under the concept of „armed neutrality“ the United States could have used force to guarantee free pas-

\begin{itemize}
\item \textsuperscript{14} Gabriel, \textit{American Conception}, pp. 14-41.
\end{itemize}
sage of its merchant vessels, but this would have meant war with England. After the disaster of 1812, few Americans were ready for another act of folly. Instead, the Wilson administration contented itself with protesting - to no avail.

To Switzerland’s annoyance, the United States’ entry into the war made things worse rather than better, for instead of holding Britain back, the former neutral not only adopted the British “big navy” concept of blockades but created even greater impediments to trade. As American historians have rightly pointed out, the Americans turned out to be worse neutrality offenders than the British. The Swiss had to get used to a sharply dualistic American conception of neutrality. As a belligerent the United States distinguished clearly between the military and the economic sphere; neutral military rights were respected but neutral economic rights were not. While the consequences for the Swiss were unpleasant, matters never became dramatic. Also, the American involvement in the war was only short-lived.

Furthermore, Swiss policy was rather flexible in those years. This showed particularly with respect to the League. In principle, as everyone knew, collective security and neutrality were incompatible, but the Swiss government undertook major efforts to work out a compromise. Ironically, the solution followed the dualistic American pattern known from the war. The League was ready to respect military neutrality thereby freeing the Swiss from the obligation to participate in military operations; the Swiss on their part were willing to restrict their neutral trading rights and to participate in economic sanctions. The compromise was part of the London Protocol of 1920. The Swiss no longer practiced „integral“ neutrality and restricted themselves to what was called „differential neutrality“.

Such flexibility, as I will point out, no longer prevailed at the end of the Second World War. In 1919, however, the Swiss government was moderately Wilsonian in spirit and willing to give the League a try. It even undertook strenuous efforts to have the seat of the world organization on Swiss soil. These steps were aided decisively by successful personal contacts. Professor William

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Rappard, later Director of the Geneva Graduate Institute of International Relations (HEI), had - as a Swiss with an American passport - direct access to Wilson and Colonel House, and he possessed a keen understanding of American politics. He was extremely successful in acting informally and behind the scenes. Unfortunately, William Rappard was no longer a dominant figure from 1944 to 1946. At the end of the Second World War Swiss diplomacy was not at its best, and at the end of the Cold War similar mistakes were repeated once again.

The Swiss government came to regret its decision to compromise integral neutrality while a member of the League. During the Ethiopian war, the Swiss were supposed to impose economic sanctions against neighboring Italy, while the British would not even close the Suez Canal for Italian shipping to the scene of war. A murky compromise was worked out that displeased everyone. The experience was sobering, and when Hitler marched into Austria in 1938 and declared its Anschluss, the Swiss, with approval of the League Council, returned to integral neutrality.¹⁸

³ World War II and the United Nations

The start of the Second World War showed a picture very similar to the First World War: Switzerland and the United States were both neutral, England set up a tight blockade against the Continent, neutral trade was severely restricted and neutrality suffered. But there were significant differences as well. The American government - and not the private sector as in the First World War - gave military support to the British from the start thereby practicing benevolent neutrality. Switzerland in turn was surrounded by Fascist powers from the summer of 1940 on and found itself, militarily and economically, in a completely different situation compared to 1914-1918. Finally, the United States entered the war after Pearl Harbor, and Franklin D. Roosevelt was determined to overcome America’s isolationist-neutral past once and for all.

As already mentioned, FDR was faithful to the Wilsonian program. Freedom and democracy were announced early and explicitly in the Atlantic Charter; collective security was to be implemented within the framework of the United Nations; the promotion of free trade would be guar-

anteed by the creation of a number of specialized international institutions; and finally, American involvement and *leadership* in world affairs was to be guaranteed in a lasting fashion by the very existence of such organizations.

In a number of ways the plan was more sweeping than Wilson’s. While the League Covenant stood for collective security in a general way, the United Nations Charter explicitly distinguished between just and unjust conflicts thereby outlawing aggression as an instrument of national policy. The UN, in contrast to the League, also institutionalized military sanctions. From now on, at least aggressive war was viewed as abnormal, illegal, irrational and unethical, following the philosophy of *bellum iustum*. Furthermore, the program was influenced by the experience of the New Deal. As Anne-Marie Slaughter correctly notes, the policy was in essence a projection of the New Deal upon the international scene. What had proven to work domestically was to be tried abroad.\(^{19}\)

The Bretton Woods Institutions and the planned International Trade Organization (ITO, later GATT and today WTO) are characteristic examples. New Deal internationalism rested on the conviction that domestically and internationally the American government had failed to assume its economic leadership during the inter-war period, thereby worsening an already difficult situation. The policy had a Keynesian bent and tended toward a fair amount of interventionism. As Charles Kindleberger argued many years later, the World Depression could only have been avoided by a liberal *hegemon* willing to carry the cost for the provision of a vital public good in the area of trade and finance.\(^{20}\) The New Dealers were ready to assume this role and to provide what some theorists of International Relations have called „hegemonic stability“.

As a small nation heavily dependent upon international trade for its well-being, Switzerland could only profit from an open and stable international economy; the country had difficulty, however, adjusting to the idea of *multilateral institutionalization* along the lines suggested by the United States. After all, the International Monetary Fund (IMF), the World Bank and the GATT were


part of the United Nations system and, what was worse, their interventionism seemed to endanger Swiss sovereignty. For many years membership was therefore unthinkable. Switzerland joined the GATT only in the mid-sixties and the Bretton Woods Institutions only in the early nineties.

While these matters have been solved over time, the difficulty with collective security has turned out to be much more pronounced and has not been overcome to this day. In 1986 three out of four Swiss rejected UN membership in a public vote, and the government, sobered by the defeat, is still reluctant to make another try. Although the 1993 foreign policy report states explicitly that UN membership is compatible with neutrality, a majority of Swiss still think that it is not.

The problem with UN membership has deep roots. The unhappy experience with differential neutrality in the League of Nations is almost indelible in the Swiss psyche, and the founding of the United Nations, from which Switzerland was excluded, did not help either. In order to be present in San Francisco the Swiss, like all other neutrals, would have had to declare war on the Fascist powers, a demand that was considered totally unacceptable. This also goes to show how much neutrality had come under pressure at the end of the Second World War. The original draft of the UN Charter was a product of the U.S. Department of State, and there was great fear in the Roosevelt administration that if neutrality was mentioned in any shape or form it might revive American isolationism. The American delegation in San Francisco chose to simply ignore the issue, while the French wanted to include a paragraph that explicitly outlawed neutrality. By way of compromise, it was decided to mention the incompatibility of neutrality merely in the commentary to the Charter.

Sweden joined in 1946, and as far at the UN was concerned, neutrality was no issue. Not so for the Swiss. The government hoped in vain for nearly 30 years that a second London Protocol could be negotiated thereby recognizing the special nature of Swiss neutrality. The expectation proved false. The UN and the five permanent members, among them the United States, never budged from their position.

4 Economic Warfare

Let us now turn to the actual conduct of war. The United States once again adopted a dualistic conception of neutrality: Swiss economic rights were not respected but military neutrality was. Hundreds of American bombers had to make emergency landings or crashed on Swiss soil, and their crews were taken prisoners of war. There were also some erroneous bombardments, but all of these problems were settled without great difficulty according to classic international law and by means of financial compensation. Furthermore, the American military never seriously considered using Swiss territory as a transit route to fight Germany.23

Unfortunately, this positive experience with neutrality is almost totally forgotten today, by Americans and Swiss alike. Stuart Eizenstat refers to the matter in all but two short sentences24 and for the rest concentrates on economics. Unfortunately, Swiss critics of American policy commit the same mistake. They too focus exclusively on economic warfare and conclude that the United States never had a true understanding of neutrality. The Neue Zürcher Zeitung did this when one of its editorials carried the title „Kein Verständnis für die Neutralität“.25 The fact that a respected paper with a large international readership can make such erroneous claims shows how wide the gap between the two worldviews still is.

To understand the American point of view, let me now turn to the Eizenstat Report. In his preface, the Under Secretary of Commerce distinguishes three phases of the war. For an appreciation of the American attitude toward neutral trade the three periods are of fundamental importance. Let me therefore cite the report in some detail:

- During the first phase, from the outbreak of war in 1939 until the battle of Stalingrad in early 1943, German military prowess was such that there was legitimate fear of imminent invasion [of neutral countries].

- In the second phase, the tide of battle shifted in the Allies’ favor and culminated in victory... the Nazi occupation of Europe was rolled back and the threat to the neutrals greatly diminished, although there were still fears of other forms of reprisal.

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22 Gabriel, American Conception, pp. 66-80.
23 Gabriel, American Conception, pp. 42-65.
24 Eizenstat Report, p. 4.
Commerce with Germany, however, continued. German assets in neutral countries were not frozen, despite Allied requests and warnings. The neutrals continued to profit from their trading links with Germany and thus contributed to prolonging one of the bloodiest conflicts in history...

- In the third phase, the immediate postwar period, the neutrals disputed the legality of the Allied request to control German assets; often denied they had any looted Nazi gold; defended their commercial interests; dragged out negotiations with the Allies; and eventually pressed their own claims for restitution against Germany...²⁶

During the first phase the Americans put no undue pressure on the neutrals. To be sure, they tightened the British blockade, as they did during the First World War, but overall they understood that neutral countries had to trade with the enemy, for military, political and economic reasons. Switzerland in particular was completely surrounded by the Fascist states and highly vulnerable to extortion.

It was during the second phase that American tolerance waned. The United States was at first militarily engaged in North Africa, then in Italy, and after June 1944, in France: „During this period, the Allies suffered hundreds of thousands of casualties and millions of innocent civilians were killed.“²⁷ Why should American soldiers die from weapons possibly produced by neutral states? The United States expected the Swiss to make a sacrifice, even at the risk of some reprisal. Given Germany’s unfavorable military position, the sacrifice would have been purely economic.

It is against this background that Secretary of State Cordell Hull made a speech in April 1944 in which he accused all neutrals of economic collaboration with the enemy and threatened action in the case of non-compliance. Hull’s words deserve being quoted:

> We can no longer acquiesce in these nations drawing upon the resources of the allied world when they at the same time contribute to the death of troops whose sacrifice contributes to their salvation as well as ours. We have scrupulously respected the sovereignty of these nations, and we have not coerced, nor shall we coerce, any nation to join us in the fight. We have said to these countries that it is no longer necessary for them to purchase protection against aggression by nourishing aid to our enemy... We ask them only, but with insistance, to cease aiding our enemy.²⁸

²⁶ Eizenstat Report, p. 3.
²⁷ Eizenstat Report, p. 3.
²⁸ Eizenstat Report, p. 59.
The plea had some effect; the neutrals reduced their trade during second half of 1944. Switzerland, the UK and the United States signed an accord in August which - on paper - drastically reduced exports to Germany in some fields. Ultimately the U.S. demanded that all trade with Germany be stopped by January 1st, 1945 (“total withdrawal”) and that the neutrals cooperate with the Allies to prevent the outflow of Nazi funds (“Safehaven”). As far as trade went, Sweden ultimately complied - but the Swiss resisted. Neither country cooperated in the monetary field.29

In order to pressure the Swiss, President Roosevelt sent a special emissary, Laughlin Currie, to Berne in February of 1945. Following tough negotiations, Currie believed that he had obtained important concessions in the areas of trade, North-South transit, assets and gold, but these hopes were disappointed soon thereafter. The Americans discovered that the Swiss did not keep their promises. Nazi gold shipments reached Switzerland in the very last days of the war.30

With the termination of hostilities, the question of trade and transit became moot, but in the area of „Safehaven“ the United States remained firm. Washington was able to exert pressure because in 1941 it had frozen the assets of Swiss companies operating in the United States, and the U.S. Treasury argued that these should only be released once Switzerland complied with Allied demands. Since Swiss entrepreneurs were eager to resume business, the strategy was entirely realistic, and in the spring of 1946, the Swiss authorities were ready to negotiate. However, when the Swiss delegation arrived in Washington the atmosphere was poisoned by two years of difficulties; the situation was in no way comparable to that prevailing at the end of the previous war. The fact that the chief Swiss negotiator, Minister Stucki, had been serving as war-time ambassador to Vichy France did not exactly help the situation either.

The main issues were German assets and looted gold. The details of the negotiations have been analyzed by a number of historians and are also dealt with in the Eizenstat Report. There is no need, therefore, to go into details. Suffice it to say that an agreement was finally reached that satisfied no one. In Switzerland it was denounced as pure blackmail by all political parties, from left to right. Small wonder that the government had little interest in carrying out the agreement and

that American officials came to the conclusion that „the Swiss had no intention of ever implementing the 1946 Washington Accord.“

5 Conflicting Worldviews and Open Questions

The conflict is typical of two antagonistic worldviews. The Americans argued in the spirit of *bellum iustum* and of a „new world order“, the Swiss adhered to classical international law and played by the rules of „balance of power politics“ as they had evolved over the centuries. For the United States, the Nazis were not simply another sovereign state that had conducted a traditional type of war. Washington acted in the spirit of the United Nations Charter, of the Nuremberg Trials and along principles set down at the Bretton Woods conference. Berne acted in the spirit of the Hague Conventions and of traditional sovereign rights.

As shown, the UN distinguishes between just war (enforcement measures) and unjust war (aggression), and from this perspective the Nazis had committed acts of aggression, for which they were condemned at Nuremberg („crimes against peace“). The other two counts for which Nazi leaders were prosecuted were „crimes against humanity“ (genocide) and „crimes of war“ (killing POWs, etc.). As Stuart Eizenstat argues, the „forces of evil“ were at work constituting „a moral threat to Western civilization“; when confiscating gold and other assets, the Nazis were not merely „looting“ or conducting a „rogue operation“ but engaged in „systematic plundering“. From an American viewpoint this was „not just another war“ permitting the neutrals to engage in „business as usual“.

The Swiss accepted none of this. Their argumentation rested on classical positions regarding both sovereignty and neutrality. The Eizenstat Report is very clear on this point:

Swiss leadership believed that Swiss actions during the war were fully consistent with the internationally recognized obligations and rights of a neutral power. The Swiss asserted that they were equally convinced that Nazi Germany’s seizure of monetary gold from the occupied countries accorded with international law (the right of occupying

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31 Eizenstat Report, p. 5.
32 Eizenstat Report, pp. 15-17, 54-56.
powers to war booty); therefore Switzerland’s receipt of such gold was legal. On the other hand, Swiss officials contended that Allied claims to German assets beyond Germany’s borders were illegal and an assault on Swiss sovereignty.33

The Swiss were so sure of their position that they proposed international arbitration, which the Americans declined, knowing full well that most judges would apply classical international law. Small wonder that from an American perspective these were „legalistic propositions“ providing „a pretext for avoiding moral considerations.“34

The Swiss position found some support among the British. They too had occasional difficulty with the American position.35 While Great Britain acted in the spirit of bellum iustum with respect to the United Nations or the Nuremberg Trials, it had some misgivings with regard to applying the new philosophy to issues of economics. The Swiss proved to be less bendable, however. They were unwilling to play both by the new and the old rules of international politics. Formally speaking the Swiss government accepted a dualist conception only half a century later in its 1993 foreign policy report!

At the end of World War II, the Swiss were completely insensitive to the fact that the rules of international politics were being redefined. As hardcore „realists“ they interpreted the American position as merely another expression of „power politics“ - and many still do. There was a tendency, then as now, to portray the situation as a heroic struggle between David and Goliath.36 As a result the Swiss ended up defending Nazi interests at the very moment when the major exponents of that murderous regime were on trial at Nuremberg. Worse yet, Swiss diplomats showed no understanding whatsoever for the plight of the victims of Nazis. It is only today that - however reluctantly - those very persecutees37 are being „compensated“ unilaterally by a government that in 1946 refused to make payments multilaterally. The irony is, of course, that in 1946 the funds would have been German; now they are Swiss.

33 Eizenstat Report, p. 83.
34 Eizenstat Report, pp. 3-4.
35 Eizenstat Report, p. 73,
36 Eizenstat Report, p. 92.
This raises a number of questions: Why was the Swiss diplomatic élite so totally immune to the changes taking place? Why did the same élite show an understanding for the changes at work at the end of World War I but not at the end of World War II? And why did it take fifty years for the official change to occur? A classical conception of sovereignty and neutrality alone cannot be the reason. There must be other causes; perhaps the Second World War left traces in the Swiss mind that went deeper than those of the previous war; maybe Fascist sympathizers still had an excessive influence on government policy; possibly the links between Swiss diplomats and bankers were so dominant that the true national interest could not prevail.

There are some indications that personal matters played a role. William Rappard had ambitions to enter the government and become foreign minister, but it was Max Petitpierre, a younger man, who was favored by Genevan Radicals and who won the race. It was an indication that Rappard’s star was not rising, perhaps even sinking. It is possible, therefore, that Petitpierre had an ax to grind and consciously favored Stucki over Rappard. If he did, it was a problematic decision, because Stucki was by all accounts the wrong man for the mission. Not only did he pursue a tougher line than the Swiss Foreign Office, but he was known for being headstrong. He manifested a tendency to lose his temper and to insult Allied negotiators. The Swiss ambassador to Washington, Charles Bruggmann, apparently had to repair the damage more than once. In a report to the Department of State the U.S. consul in Basel characterized Stucki as a “disappointed and bitter man“ whose political judgement seemed highly questionable. Perhaps the experience as ambassador to Vichy France had made him cynical. But these are all speculations until Swiss historians have done their work. We may know more about the major actors involved when the Bergier Commission has done its work.

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38 There are indications that Rappard, also part of the negotiating team, was poorly informed by the Foreign Office. As American documents show Rappard believed, until informed of the opposite, that the Swiss National Bank had never handled looted gold. It is unlikely that he was consciously lying. See Eizenstat Report, p. 88.

39 Eizenstat Report, p. 89.

40 Eizenstat Report, p. 63.


6 The Cold War and American Hegemony

The hopes for a “new world order” rested originally upon the United Nations, but Washington soon realized that this avenue would be blocked by Soviet resistance. A new strategy had to be developed. The first steps were the Truman Doctrine and the Marshall Plan, followed by the North Atlantic Pact and the policy of containment. The “American century” took on contours other than planned, yet the basic elements were not discarded. Democratization, free trade, collective security and leadership were still top priorities, but their impact was largely limited to the American sphere of influence, to Europe and to Japan. In contrast to the Soviet stance in Eastern Europe, however, this was not an authoritarian or even totalitarian hegemony. The conduct of multilateral and open diplomacy was an expression of America’s identity. John Gerard Ruggie is right, therefore, when he argues that if leadership was crucial in the formation of a new world order, “then it was the fact of an American hegemony that was decisive after World War II, not merely American hegemony.”

Great importance continued to be placed upon the setting-up of international organizations. NATO was to be more than a traditional alliance and more than a temporary closing of ranks against a common threat. The economic reconstruction of Europe was also to be supported by an institutional foundation. For the planning and distribution of Marshall Plan aid, the United States demanded the establishment of the Organization of European Economic Cooperation (OEEC). Within it Europeans practiced economic multilateralism for the first time, which later had a positive affect upon European integration. In addition, it was the United States which gave decisive support to the founding of the European Coal and Stell Community (ECSC) and the European Economic Community (EEC). Integrating Europe within a larger institutional framework fit well with the American conception of international relations.

For the traditionalist Swiss this represented a tremendous challenge, and it is not surprising, therefore, that Swiss-American relations were at times anything but harmonious during the Cold War. Ideologically Switzerland was a solid partner of the Western camp, and officially, relations were mostly unproblematic. But behind the veil of official protocol there were numerous differ-

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ences that are still largely in the dark, because Swiss historians are only now beginning to take a closer look at the Cold War. The detailed history of Swiss-American relations since 1945 remains to be written.

Some problems are documented, however. Not surprisingly they are once again located in the areas of *economics* and of *security*. I have shown that in two World Wars the United States respected Swiss military neutrality while rejecting neutral trading rights. This dualism seems to have suffered during the Cold War, perhaps it was even abandoned. There are indications that the United States made serious efforts to gain Switzerland as an informal *military* ally of the West and that the Swiss might just possibly have consented. The evidence is not yet conclusive but there are documents showing that the American military were told to discuss such matters with their Swiss counterparts. But let me proceed step by step.

On November 21, 1951, during the Korean War, the U.S. National Security Council drafted NSC 119, a report on „The Position of the United States with Respect to Switzerland“. To my knowledge no such document had ever been drafted by the U.S. government regarding Switzerland. It became necessary because the Swiss wanted to buy defense equipment which, at a time of war, was in short supply. The immediate purpose of NSC 119, therefore, was to determine the importance of Switzerland to American security.

NSC 119 begins by acknowledging that Switzerland’s „ability to defend itself is important to the security of the United States“ and that the administration should „use every appropriate means to convince Switzerland that closer association with the defense effort of the Western Powers is in accord with Switzerland’s interests in surviving as a free, democratic nation.“ The nature of the „association“ is then spelled out in more detail. The administration should:

> invite an exchange of views and information through appropriate channels with the Swiss General Staff with the purpose, ultimately, of coordinating defense plans which would become effective in the event Swiss territory is violated by the Soviets or the Swiss determine that an attack is imminent.

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46 Gabriel, *Sackgasse*, p. 44.
47 Gabriel, *Sackgasse*, p. 44.
This proposal, were it to be implemented, constituted a full-fledged violation of Swiss neutrality. It can be expected, therefore, that the Swiss would have been highly reluctant to agree to such a scheme. On the other hand, the Americans knew from intelligence sources that the Swiss General Staff had entered into a similar secret agreement with the French prior to the outbreak of World War Two. In addition, in July of 1951 the Swiss had agreed to secret and informal cooperation with respect to the East-West embargo (Cocom). This seemed to improve chances for an informal alliance:

The Swiss concept of neutrality has, in fact, shown signs, during the past few months, of becoming less inflexible. This has been particularly true in respect to the problem of East-West trade. In response to United States representations, Switzerland in July 1951 adopted controls over the export of strategic items, atomic energy materials and munitions to the Soviet bloc substantially similar to those enforced by countries members of the Coordinating Committee for Export Controls.48

The negotiations leading up to the July 1951 Hotz-Linder Agreement, as it was called, were difficult. Once again the Swiss proved to be tough negotiators but, in contrast to 1946, the American administration was not divided, and that made its threat credible. The choice was simple: either Switzerland carried on „business as usual“ with the countries of Eastern Europe (called „courant normal“), thereby remaining faithful to its interpretation of neutrality but suffering from American export controls, or it was willing to abandon economic neutrality and enjoy full access to the American market. Under pressure from its own business community the Swiss government gave in - and became a secret member of NATO’s economic warfare system.49

Whether in fact the Swiss General Staff was ever approached and what response the Americans received is as yet unknown. The relevant documents are not accessible. It is fair to assume, however, that when purchasing critical weapons such as radar equipment or airplanes, the Swiss might have made concessions along the lines expected by NSC 119. If such was the case, the United States deviated from its dualist policy of earlier days and no longer distinguished between the economic and the military side of neutrality. For the Swiss government the situation was most awkward: toward its own people it loudly proclaimed integral neutrality while toward NATO it

48 Gabriel, Sackgasse, p. 48.
practiced a form of benevolent neutrality. This goes to show that, whether in times of peace or of war, whether in the military or the economic realm, the Swiss could not escape the logic of the „American century“.

Conclusions

As shown, neutrality has steadily lost importance during the twentieth century, and the decline was intimately associated with America’s appearance and performance upon the scene of world politics. As the „Wilsonian program“ took hold, the usefulness of neutrality faded. Many of the difficulties in Swiss-American relations can be reduced to the tensions engendered by this development. The American conception of international relations carried the day; the Swiss conception lost out.

In the meantime the Cold War has ended, and the “American century” continues, only now under different circumstances. Cocom has been dismantled, and the Swiss are in the process of inching toward NATO membership openly and without undue pressure. In due course they will also join the United Nations and the European Union, which is most definitely the end of neutrality. To ease the transition, the Swiss government has officially diminished the importance of neutrality. According to the new policy, the philosophy of bellum iustum is now „compatible“ with neutrality.⁵⁰ Compatibility is a euphemism, of course: neutrality has simply become irrelevant within the context of the new Europe and the NATO security structure.

It is not entirely coincidental that the past is catching up with Switzerland at the very moment when the country is taking a historic turn. For entirely too long the Swiss have glorified neutrality by making it responsible for all that went right in Swiss history. But the record is more complicated than that. The fact that Switzerland managed to stay out of two world wars cannot be attributed to neutrality alone, and as the Holocaust discussion shows, there are some dark sides to it as well. The Swiss foreign policy élite, traditionally a tiny group of people intimately tied to the business community, has at times used neutrality in a self-serving manner that did not always

⁵⁰ Gabriel, Sackgasse, pp. 129-158.
serve the best interests of the country. That is the reason why so many facts about neutrality had to be kept secret and why they surface only once the concept is dying.