

# Behind the 'Swiss Nazi gold' affair

*Doing his masters' dirty work, Al D'Amato has launched an attack on the tiny nation. William Engdahl and Andreas Ranke report.*

For more than a year, a relentless propaganda campaign has been being waged against Switzerland. The campaign's authors chose the phrase "Swiss Nazi gold" as their propaganda buzz-word, basing the campaign on two utterly unsubstantiated assertions. The first is that the Swiss authorities, in complicity with the large private Swiss banks, supposedly conspired with the Nazi leadership during World War II, to hide the looted gold the Nazis stole from Jewish Holocaust victims. The second is that the Swiss banks allegedly stole vast amounts of money which their Jewish clients, later murdered by the Nazis, had deposited during the 1930s and 1940s.

It should be noted that these "non-declared assets" have *not* been seized by either the Swiss banks, or the Swiss government. In contrast, most of the financial assets that continental Europe's Jews had deposited with British banks before the war, were seized by the British government, during or right after World War II. Non-declared assets of all sorts, held in New York banks, are routinely seized by the State of New York after only five years.

The true history of gold deposits in Swiss banks, during the 1940s, is quite complicated. An estimated \$500 million (today worth \$4-5 billion) of gold was transferred by the German Reichsbank to Switzerland. The gold was used for clearing bilateral German-Swiss trade balances, as well as those with third parties trading with Germany. Switzerland, since June 1940, was completely encircled by Nazi Germany and its Axis allies, which included Vichy France. Switzerland's national and physical survival depended on the import of coal, oil, iron ore, food, etc., which could only be done through Germany. Switzerland's role as a base for trade/financial clearing operations, together with the clear determination of the Swiss population not to accept foreign occupation, were the principal reasons why Hitler decided not to invade the country, while Nazi Germany still had the military resources to do so, that is, until 1942.

What can be said with certainty, is that the claim that Swiss banks and Swiss authorities, intentionally and knowingly, engaged in "laundering" gold stolen from Holocaust victims for the Nazis, is simply untrue. Also quite complicated, is the question of the post-World War II arrangements between authorities from the Swiss, British, and American central bank and government over the German gold transfers.

The relevant question to ask is therefore, what and who lies behind this "Swiss Nazi gold" campaign? The more so, as most of the relevant material has been available in the public domain, since at least 1946, when Switzerland and the Allied authorities came to a formal agreement on disposal of gold and related assets from Nazi Germany. But, history is not the real point in the current anti-Switzerland campaign. Rather, the issue is, why are these events of 50 years ago being dredged up at this time? Why is intense international pressure being put on the large Swiss banks and the Swiss state, now?

## 'Senator Sleaze' slithers in

It was U.S. Sen. Alfonse D'Amato (R-N.Y.), the influential chairman of the Senate Banking Committee, who kicked off the "Swiss Nazi gold" campaign in the American media. Not coincidentally, the same D'Amato was also the first to wage a relentless campaign against the Clinton Presidency, around the allegations of the "Whitewater affair." He kept up this "Whitewater" offensive, until very recently.

D'Amato turned his Senate committee into a platform for airing wild accusations against Swiss banks and government officials, for allegedly covering up possession of "hundreds of millions, if not billions of dollars" of assets the Nazis had seized during the war from Jewish concentration camp victims. Inspired by D'Amato's anti-Swiss outbursts, American and British media ran stories of greedy Swiss bankers, sympathizing with the Nazis, storing gold fillings of murdered Jews in their Zurich bank vaults.

D'Amato took American taxpayer money, to hire a staff of ten full-time "Nazi gold researchers." His chief of staff, Greg Rickman, reportedly converted his own office into a "war room," to pursue the "Swiss Nazi gold" allegations. Rickman told the London *Times* on Jan. 13 of this year, that his goal was nothing less than breaking open Swiss bank secrecy, to end what he called "the incestuous collaboration between the Swiss government and the Swiss banks. This way," Rickman claimed, "we could get at the drug runners, the gun runners, the terrorists who all keep their money there. If this happens, the Swiss currency will dip, because people will pull out their money."

At the very least, Rickman's remarks imply that a far more important agenda lies behind D'Amato's professed concern



*“Senator Sleaze” Al D’Amato (right) confers with Canadian liquor magnate, World Jewish Congress President Edgar Bronfman, during hearings that D’Amato chaired on the “Swiss Nazi gold” fraud.*

to get restitution for Holocaust victims. This agenda apparently aims at nothing less, than delivering a destructive blow to the Swiss banking system, one of the four major centers of international finance, along with New York, London, and Tokyo. As the London *Financial Times* noted, “Some Swiss politicians see critical comments in the U.S. and U.K. media in particular, as part of a plot to undermine Switzerland’s importance as a financial center.”

Early in the summer of 1996, D’Amato began his Senate hearings on “Swiss Nazi gold” claims. The hearings featured testimony from representatives of the World Jewish Congress (WJC), whose president is Edgar Bronfman, head of Seagrams Liquor. In 1989, Bronfman, among other distinctions, had received communist East Germany’s highest award, bestowed personally by dictator Erich Honecker, for his efforts to help prop up the doddering regime in East Berlin. The role of the World Jewish Congress in the Nazi gold controversy, is an important one, notwithstanding the fact that the campaign’s central feature is political and financial warfare.

### **The Swiss react**

The reaction in Switzerland to D’Amato’s hearings, and to the accompanying incessantly vicious anti-Swiss outbursts in the media, was profound anger. Equally, there was pro-

found anger against Bronfman and the WJC. At the time, Bronfman issued a press statement declaring, “Swiss banks cannot be allowed to profit from the Holocaust.” The anger in Switzerland was typified by an undiplomatic verbal explosion in January 1996 from outgoing Swiss President Jean-Pascal Delamuraz, who publicly accused “certain organizations and individuals,” of “blackmail and extortion” against Switzerland, in connection with the Nazi gold affair.

The Swiss also had a deep sense of having been unjustly treated. There was disbelief, that “public opinion” in the United States, a nation viewed by the vast majority of Swiss citizens as a genuine friend, could engage in primitive anti-Swiss propaganda. Here we come to the second underlying feature of the “Swiss Nazi gold” campaign: the poisoning of Swiss-American relations, which have traditionally been close and friendly. A sober view of Switzerland, will recognize that this country, whatever its undisputable problems may be, has a very firm position, when it comes to the question of national sovereignty. One key feature of Swiss neutrality, is the profound aversion to all forms of supranational structures. Switzerland is not a member of the European Union, and not even a member of the United Nations. It was only a few years back, that Switzerland joined the International Monetary Fund. Because of Switzerland’s democratic-republican tradition — there has been no monarchical rule since the 13th cen-

ture — the Swiss elites and people have felt very close to the United States.

### **EIR's intervention**

As frustration and anger in Switzerland threatened to drift in an “anti-American” and “anti-Jewish” direction, *EIR* intervened with a *Special Report*, “New York’s ‘Senator Sleaze’: Alfonse D’Amato.” In this study, we emphasized that the authors of the “Swiss Nazi gold” campaign wanted to provoke precisely such a reaction from the Swiss. Were Switzerland to fall into the trap, the true aims of the anti-Swiss campaign, to conduct financial warfare, would remain obscured and Swiss-American relations would be poisoned, to the detriment of both nations. *EIR*’s report emphasized that the Swiss should avoid confusing D’Amato’s crude tantrums against them, with the position of the American government, and the Clinton White House in particular.

The dossier provided its Swiss readers with a detailed political profile of Senator D’Amato. Few in Switzerland knew that D’Amato had conducted a vicious scandal-mongering campaign against President Clinton. Fewer knew, that a White House lawyer had called D’Amato “one of the most ethically challenged U.S. senators in history.” Or that Democratic National Committee chairman David Wilhelm had once said, “Being attacked on ethics by Al D’Amato, is like being called ugly by a frog.”

Before he went to prison, Michael Milken and his Drexel Burnham Lambert bank had been one of the largest campaign contributors to D’Amato’s Senate campaigns in the 1980s. D’Amato introduced legislation on behalf of Milken and Drexel Burnham, which ensured that the junk bond casino was left untouched by U.S. regulators, and had blocked other legislation, which would have hindered hostile corporate junk bond takeovers. Among other things, Drexel Burnham was engaged in money laundering, internationally. D’Amato, as chairman of the powerful Senate Banking Committee since 1996, is one of the Republicans’ most successful fundraisers. Not surprisingly, much of the money comes from Wall Street financial firms and big banks, whose interests he looks after.

*EIR*’s original English-language report was circulated in the Swiss Parliament, in government layers, among political parties and the media. The intense interest and demand, led to its publication in French and German during the summer.

The *EIR* report also contained an analysis by Lyndon LaRouche, on the strategic background of the anti-Switzerland campaign, in view of the accelerating disintegration of the global financial system. LaRouche, who visited Zurich in April 1997, noted that, for decades, Switzerland has played a central role on the international gold market. This position is targeted by those financial and raw-material interests which have their center in London. Those interests are not strictly limited to Britain as such, but operate internationally, in the context of the British Commonwealth — which means especially Canada, Australia, and South Africa — and cooperate

with their “Anglo-American” allies within the United States. These interests are seeking to dominate the world market for strategic raw materials and precious metals.

But what is at stake, is much more than simply the consolidation of the hegemony of the British/Commonwealth raw-materials cartels at the expense of Switzerland. The British establishment and its satellites in the United States know, that the present world financial system is doomed. Under conditions of a systemic crisis, and not merely a “price correction” of stocks and other financial assets, the importance of gold as a “real value asset” will increase in a way presently barely imaginable. Paper assets will become “fictitious capital,” but not so gold and other precious metals.

The British establishment, therefore, wants to gain complete control over the world market for precious metals, once the financial system collapses, and therefore want the competition from Switzerland to be eliminated now, in anticipation of the big crash.

### **More on the ‘London Connection’**

In this regard, it should be remembered that it was out of London, that the “Nazi gold” scandal was given much of its present impetus. In September 1996, the Archives Department of the British Foreign Office released a report on “Nazi Gold: Information from the British Archives.” That report was then used as “officially sanctioned” ammunition, by Senator D’Amato, for his anti-Swiss ravings. The Foreign Office report breathed new life to the D’Amato and Bronfman campaigns.

More indication to back suspicions that the campaign is part of an intense financial and political warfare, particularly between Zurich and the City of London, emerged this past July. BBC, itself an arm of the British Foreign Office and staffed by senior members of British intelligence, in early July of this year, released a TV “documentary,” titled “Nazi Gold and Jewish Money.” It originally had been undertaken as a joint project of BBC and Swiss national television, DRS, but when the final editing by BBC revealed the crudely falsified interpretation of the events, Swiss DRS-TV formally disassociated itself from the BBC version. The Swiss ambassador to London, François Nordmann, released a blunt letter of protest to BBC on July 3, accusing BBC of, “prejudice and aggressivity, as well as contempt for the history and situation of my country.” BBC, Nordmann charged, deliberately created an “enraging montage, which serves to confirm that the Swiss profited from trade with gold from teeth fillings and unwarranted, evil-minded and absolutely false accusations.” The diplomat was even further angered, when the BBC version was aired by the U.S. Public Broadcasting Service the same week. The Israeli ambassador to Bern, Gabriel Padon, commented: “I understand the outrage of the Swiss against this polemical BBC film . . . [it is] absurd, totally unjust. I think it is an ‘anti-Swiss’ film.”

Parallel to D’Amato’s 1996 Senate hearings and the ac-

companying media campaign, representatives of the WJC met in Bern, with members of the Swiss Bankers Association. In September 1996, the Swiss bankers agreed to establish an "independent commission" to look into the claims of pre-war Jewish assets deposited in Swiss banks. The commission was chaired by former U.S. Federal Reserve Chairman Paul Volcker, and included Avraham Burg, chairman of the Jewish Agency for Israel; World Jewish Congress deputy Israel Singer was an alternate. Another member was New York cosmetics heir Ronald Lauder, a close friend of George Soros.

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As U.S. Ambassador to Austria, Lauder, together with Edgar Bronfman, had been figure in the character assassination of Austrian President Kurt Waldheim, which started in 1987. Waldheim was internationally defamed as a "Nazi war criminal" by the U.S. Justice Department's Office of Special Investigations (OSI) and put on the "watch list," barring Waldheim, who had long served as UN Secretary General, from entering the United States. According to a book just released by former CIA officer John Mapother, Lauder, Bronfman's World Jewish Congress, and the OSI "Nazi-hunters" deliberately used forged documents, to defame Waldheim, documents which had been fabricated by the Tito regime's intelligence service in Yugoslavia. Swiss media, such as the *Neue Zürcher Zeitung*, have remarked on the similarity of the disinformation method used against Waldheim and in the current "Swiss Nazi gold" campaign.

In the context of the formation of the "independent commission," the big Swiss banks also agreed to establish a "special fund" of 170 million Swiss francs, to financially assist Holocaust survivors in need, especially in the former communist countries of Eastern Europe. Now, a year later, no money has been disbursed, because a vicious brawl has broken out between various Jewish organizations, over the control of monies to be paid out to Holocaust survivors. The big Swiss banks adopted a cooperative attitude, for one simple reason: They feared that their financial business activities in New York, or even the United States as a whole, would be endan-

gered, if they did not make certain concessions. In early 1997, the Swiss government in Bern made a similar move, creating a "Solidarity Fund," of SF 500 million, to be disbursed for "humanitarian emergencies" internationally. It must be noted, that Bern's attitude of making concessions under pressure, has not been viewed favorably among Swiss citizens. Although the Swiss banks and the government had thought that the pressure campaign on "Swiss Nazi gold" would subside following their concessions, they quickly found the opposite was true.

In October 1996, a \$20 billion class action suit was filed in U.S. District Court in Brooklyn, in a claim by a London accountant, Charles Sonabend, on behalf of 20,000 relatives of Holocaust victims. Once again, Senator D'Amato accompanied the move, with his usual shrill antics. Sonabend's claim was that \$7 billion in jewelry, cash, and art works had been deposited in Swiss banks by Jewish refugees fleeing the Nazis. The suit demands repayment, with interest, to survivors and their heirs, a sum estimated at \$20 billion today. The three big Swiss banks, Union Bank of Switzerland (UBS/SBG), Crédit Suisse, and Swiss Bank Corp. (SBC/SBV), are the defendants. It should be noted, that Brooklyn, rather than London or Zurich, is where two of defendant banks are based.

At the time of the court filing, on Oct. 5, 1996, the *Financial Times*, the paper of record for the City of London financial establishment, noted with barely concealed *Schadenfreude*: "Switzerland is starting to resemble a country under siege. . . . Yet international criticism of Switzerland's wartime role continues to increase. There are signs that Switzerland is starting to develop a sense of paranoia about the attacks." In August 1997, yet another court action against the big Swiss banks was filed in New York, and yet again, Senator D'Amato fired off his usual anti-Swiss diatribes.

### **D'Amato becomes a liability**

However, during the summer of 1997, it became obvious that D'Amato was getting burned out, as a lead figure in the "Swiss Nazi gold" campaign. His crudeness and obvious truth-twisting began to get annoying, not just for the campaign's targets, but more importantly, for his controllers behind the scenes.

Unquestionably, *EIR*'s exposé on "Senator Sleaze" has had a major impact in exposing his political career, and his role in the anti-Swiss campaign. In early August, the City of London weekly, the *Economist*, put out the signal: D'Amato has outlived his usefulness in the anti-Swiss campaign; he has become a liability. In the usual understated British style, the *Economist* wrote that D'Amato is "flawed," adding: "He will do whatever wins favor with New York's voters, even if it involves taking as a hostage the nation's foreign policy and its good relations with its allies." Should D'Amato be re-elected next year, "higher-minded Americans will either despair, or go apoplectic." The *Economist* concluded that D'Amato has become "an embarrassment."

At the same time, Edgar Bronfman was also “advised” to scale down his high profile in the “Swiss Nazi gold” campaign. Since mid-1997, Bronfman has discreetly moved into the shadows of the campaign. This probably has to do with the fact, that Bronfman’s links to the British/Commonwealth establishment, leave exposed the actual command center of the anti-Swiss campaign.

Bronfman, who resides in New York, is a Canadian national, whose family’s fortune dates back to the association with London’s Eagle Star Insurance firm. After the war, London’s Eagle Star Insurance Company, under the direction of Sir Kenneth Strong and Sir Kenneth Keith, both senior members of the British intelligence community, funnelled finance into the Bronfman family, to build their North American empire. British intelligence and City of London financial elites chose the Bronfman family’s Seagrams Liquors Co., as a prime vehicle to build enormous networks of London financial influence in the United States via Canada, as the financial “glue” for Winston Churchill’s Anglo-American “special relationship.” Bronfman, in addition to being president of the World Jewish Congress, is also National Commission member of the Anti-Defamation League of B’nai B’rith (ADL), which is notorious for “neutralizing” political figures, mainly within the United States, by defaming them as “anti-Semites.” The ADL’s “anti-Semitic” defamation tactics are usually based on purely fictitious concoctions, including denunciations of “anti-Semitism” against Jews and organizations with a large Jewish membership. Not surprisingly, ADL Executive Director Abe Foxman also flew to Zurich, to add pressure on the Swiss banks and officials.

### Stu Eizenstat steps in

With the discrediting of D’Amato and Bronfman, the point-man role in the “Swiss Nazi gold” campaign was shifted to Stuart E. Eizenstat. This was a wickedly clever move, since Eizenstat is operating from within the U.S. government. This is all the more relevant, because President Bill Clinton has clearly indicated to leading Swiss personalities, that he is opposed to escalating U.S.-Swiss frictions over to the “Nazi gold” affair, and that he wants to preserve their traditionally excellent bilateral relations.

Since June 1997, Eizenstat has been in the State Department as Undersecretary for Economic, Business and Agricultural Affairs. At the recent Association of Southeast Asian Nations Regional Forum in Malaysia, Eizenstat gave an almost passionate defense of British-linked speculator George Soros, who had just deployed his billions to wreck many of ASEAN’s currencies.

In 1995, Eizenstat was named a “Special Envoy for Property Restitution Matters.” While he was U.S. Ambassador to the European Union in Brussels (1993-96), Eizenstat had begun a campaign, to put official U.S. pressure on continental European governments, for allegedly failing to make restitution to families of concentration camp victims. After the

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death of Commerce Secretary Ron Brown, he became Undersecretary of Commerce for International Trade during 1996-97. Eizenstat soon convened a task force, from 11 U.S. government agencies, to examine the historical records on the issue of postwar disposition of Nazi gold and other stolen assets.

On May 7, Eizenstat issued a massive 500-page document on “U.S. and Allied Efforts to Recover and Restore Gold and Other Assets Stolen or Hidden by Germany During World War II,” a State Department version of the September 1996 British Foreign Office document. Eizenstat’s notes in his report that “Switzerland receives the most attention,” because it was “the country with the deepest and most crucial economic relationship with Nazi Germany.” The report includes a number of obvious historical absurdities on the wartime situation of Switzerland, surrounded by Nazi Germany. Eizenstat went so far as to claim, that Switzerland (and not Churchill’s British Empire) was responsible for prolonging World War II!

On April 9, one month before releasing the report, Eizenstat had hailed “the renewed search for truth about the roles played by neutral countries and the related issue of Nazi gold. . . . This outburst of interest is significantly the result of the pathbreaking courageous work of the leadership of the World

Jewish Congress—Edgar Bronfman and Israel Singer—and of Sen. Al D’Amato.”

During August, Eizenstat gave an interview to Swiss TV, in which he stated, that the readiness by Swiss banks and the government to provide SF 700 million in funds in the context of the “Nazi gold” controversy, was insufficient. Eizenstat suggested that the volume of the funds should be increased. Not surprisingly, his statement was sparked with disbelief and outrage in Switzerland.

### Not a neutral judge

Eizenstat is no neutral judge in this explosive political factional brawl, between the financial power of the City of London, with a supporting role from New York financial families, and Swiss financial and banking power globally. Eizenstat is deeply enmeshed in the very political-financial networks which have, in effect, been extorting the Swiss authorities, to pay up or face a political hate campaign. Eizenstat is a member of the Jerusalem Foundation, the American Jewish Committee, and the United Jewish Appeal. He has also served as a member of the board of directors of the Israel Discount Bank of New York, and has been “Man of the Year” of B’nai B’rith, the international masonic group which includes the ADL.

Eizenstat was born in Chicago in 1943, and received his law degree from Harvard University in 1967. In 1968, he served as research director for then-Vice President Hubert Humphrey’s Presidential campaign. Eizenstat moved to Atlanta, Georgia, where he worked as a law clerk for the U.S. District Court, and later, as an attorney, at the Powell, Goldstein, Fraser, and Murphy law firm.

But his career really took off with his role in the 1976 campaign staff of Jimmy Carter. From 1977-81, Eizenstat served as Carter’s Assistant for Domestic Affairs and Policy, and Executive Director of the White House Domestic Policy Staff. After leaving the Carter White House, Eizenstat headed the Washington office of Powell, Goldstein, Fraser, and Murphy. During this period, he also became a member of the New York Council on Foreign Relations.

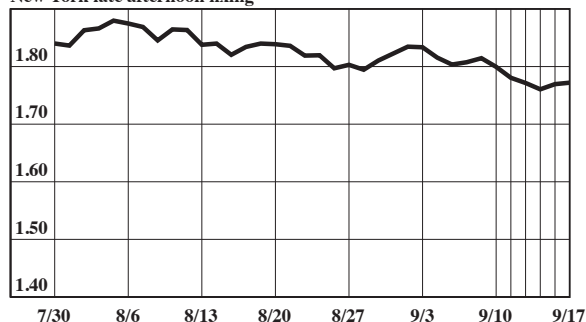
At present, it is Eizenstat, who is attempting to play a crucial role, in the creation of political frictions between the United States and Switzerland. Even though President Clinton has demonstrably tried in recent weeks to distance his administration from the Eizenstat offensive, as the administration’s discreet playing down of the Eizenstat report illustrates, that is not enough to prevent lasting damage of U.S.-Swiss relations.

In view of the coming financial explosion, concerted action is required internationally by governments, not the least between Switzerland and the United States. In its core, the so-called “Swiss Nazi gold” affair has almost nothing to do with wartime history, but has very much to do with financial warfare, as the world financial system edges inevitably toward collapse.

## Currency Rates

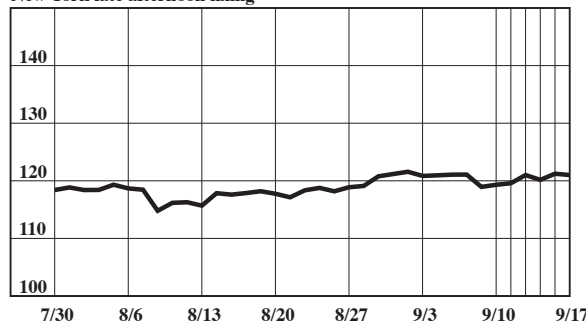
### The dollar in deutschemarks

New York late afternoon fixing



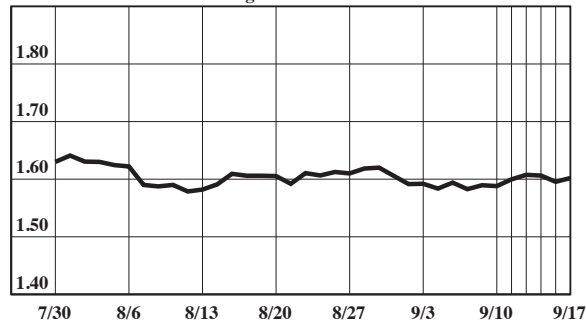
### The dollar in yen

New York late afternoon fixing



### The British pound in dollars

New York late afternoon fixing



### The dollar in Swiss francs

New York late afternoon fixing

