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## Book Review

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# The Third Reich's gold went into the BIS

by Carol White

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### Trading with the Enemy

by Charles Higham

Delacorte Press

350 pp.

New York, 1983

\$15.95

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This book is a devastating exposé of the activities of the Bank for International Settlements—specifically its coordinating function for the Nazi International.

The bank was created in 1930 at the instigation of Hjalmar Schacht, president of the German Reichsbank and later Nazi Minister of Economics, supposedly as a vehicle to ensure German reparations payments to the United States and England, but in actuality as a means for Hitler's British and American backers to make funds available to him. The Bank for International Settlements' (BIS) first president was Gates W. McGarrah, formerly connected to Chase National Bank and the Federal Reserve Bank. At the outbreak of the war, the BIS president was Thomas Harrington McKittrick, associated with the Morgan interests and a member of the British-American Chamber of Commerce.

Already in 1930, not only were Hitler's backers planning for World War II, but they included a provision in the BIS's charter making it immune from seizure, closure, or censure, whether or not its owners were at war. During World War II, the Bank lived up to its promise.

As Higham writes: "On a bright May morning in 1944, while young Americans were dying on the Italian beachheads, Thomas Harrington McKittrick, American president of the Nazi-controlled Bank for International Settlements in Basel, Switzerland, arrived at his office to preside over a fourth annual meeting in time of war. This polished American gentleman sat down with his German, Japanese, Italian, British, and American executive staff to discuss such important matters as the \$378 million in gold that had been sent to the Bank by the Nazi government after Pearl Harbor for use by its leaders after the war; gold that had been looted from the national banks of Austria, Holland, Belgium, and Czecho-

slovakia, or melted down from the Reichsbank holdings of the teeth fillings, spectacle frames, cigarette cases and lighters, and wedding rings of the murdered Jews."

As the book documents, not only did British and U.S. banks maintain their collaboration with their Nazi counterparts through the BIS, but Morgan and Chase banks defied U.S. government orders intended to freeze Nazi accounts. The Bank worked in collusion with British Prime Minister Neville Chamberlain and the Bank of England to transfer Czechoslovak money from the Bank of England to the account of the Reichsbank after the German conquest of Czechoslovakia. The gold in question, however, was held in London throughout the war, for the account of the Nazi central bank.

After the war it was revealed that the Swiss National Bank had secreted much of the Nazi gold looted from concentration camp victims as well as from the treasuries of occupied countries. They did this to protect the BIS's and particularly McKittrick's cover. The Swiss National Bank had disguised the gold as payments to the American Red Cross. In 1948, the BIS handed over a paltry \$4 million to the Allies, and McKittrick became a vice-president of Chase National Bank.

President Roosevelt is shown balancing between two tendencies in his administration. On the one hand, there was the trust-busting liberal anti-Nazi group led by Treasury Secretary Henry Morgenthau and his deputy, Harry Dexter White, who fought bitterly if unsuccessfully to get the United States to sever relations with the BIS. They were backed by Sumner Welles of the State Department and Secretary of the Interior Harold Ickes. On the other hand, there were the "economic royalists," and Secretary of State Cordell Hull, Secretary of the Navy James Forrestal, and Dean Acheson, Averell Harriman, William Draper, and the Dulles brothers, who ran cover for them.

One amazing story is that of the SKF ball-bearing plant, which was run out of Philadelphia by Herman Goering's second cousin by marriage. SKF was directly connected to an I.G. Farben-associated plant, Bosch, whose lawyer was John Foster Dulles. SKF managed to withhold ball bearings from American planes, thus grounding them, while shipping them to the Nazis through South America.

The meticulously documented book's tone is one of outrage, which by and large this reader found justified. However, it puts forward the point of view of the Morgenthau-*New York Times* grouping uncritically, so that Higham leaves the reader with the impression that he believes big business is inherently evil.

Discounting its bias, and some obvious overstatement (for example, Higham's attack on Franklin Roosevelt for giving aid to the Saudis because they were also receiving payments from the Nazis), and bearing in mind that book's failure to take into account that some contacts with the Nazis were maintained for counterintelligence purposes, the author has pulled together a picture of the global activities of the Nazi International, the grouping today associated with François Genoud which is still controlled from Switzerland.