

VI-1/1

REPRODUCED AT THE NATIONAL ARCHIVES

DECLASSIFIED  
Authority NMD760650  
By MSD NARA Date 12/27/98

Box 4230

FORM DS-322  
7-18-46

OUTGOING TELEGRAM

CLASSIFICATION

*Handwritten initials*

INDICATE

Collect

4209

Charge Department:

Department of State

SECRET

Charge to

Washington

Classification approved

*W.S. Durney*  
6-17-47

JUN 17 1947

*8 pm*

AMEMBASSY

SECRET

PARIS

2207 800.515/6-1047

In conjunction with Brit representative Dept discussed Paris 2283 (June 10 (rptd London 434, Bern 36, not rptd Brussels) with representative Fr Emb. Brit-US reps stated in reply unnumbered <sup>parags.</sup> ~~parags.~~

1. Agree with Chargueraud that at some time rate exchange must be established.
2. US-Brit negotiators, including Paul and Rubin, have never agreed with Chargueraud that gentlemen's agreement was reached with Stucki, that implementation could not proceed until rate exchange proposed. Brit-US reps therefore deny existence such obligation and take position there is no obligation to which they can be committed. Reference is made to Charguerauds own statement in Paris reported Aug 5, 1946 (URTEL 3841) QUOTE he did not claim there was gentlemen's agreement with Stucki that rate so mentioned during Parliamentary debates...UNQUOTE.

Instead, he took view that Stucki had insisted on great importance of setting a reichsmark rate and that there was an understanding between Allies and Stucki that they would implement agreement by setting rate as soon as possible. He felt we would be in stronger position if we could show good faith to Swiss by pointing to definite action in starting negotiations within

DISTRIBUTION DESIRED (OFFICES ONLY)

REV. CLEARANCE  
Cat.  
Dist.

ACC

800.515/6-1047  
CS/JUC  
800.515/6-1047  
SECRET FIVE

VI-1/2

DECLASSIFIED  
Authority NMD760050  
By WJD NARA Date 12/27/98

OUTGOING TELEGRAM

INDICATE

CLASSIFICATION

Collect

Charge Department:

Department of State

SECRET

Charge to

Washington

- 2 -

ACC setting reichsmark rate. Dept agrees with Chargueraud view there expressed and feels good faith to Swiss can be shown by full report of Allied efforts to implement rate within ACC. Difficulties establishing overall rate could be reiterated to Swiss with assurance as previously given repeatedly that rate when established will be equitable by our obligations.

(If further support needed that gentlemen's agreement had not been established, reference made to Bern's 1331 July 30, 1946 (rptd Paris as 137) quoting Petitpierre's statement to Parliament that Allied delegation did not have power to establish rate but that he had firm view that satisfactory accord can be achieved. ~~It is that time, Petitpierre went on to say, that we wish to have and it would be of course our duty to regard matter otherwise that Allies will take any necessary measures for execution of obligations which they have assumed towards us.~~

In same cable Vaidie, Fr rep Bern, reported to have agreed that there was not a gentlemen's agreement in Washington re either rate or time of fixation and that he was so informing Chargueraud. Further, Swiss have never relied on any gentlemen's agreement or understanding in extensive discussions Wash, but have referred to commitments made by Stucki to Swiss Parliament and people.)

3. Although

DISTRIBUTION DESIRED (OFFICES ONLY)

OR CLEARANCE

VI-1/3

DECLASSIFIED  
Authority NMD760650  
By MJD NARA Date 2/27/98

OUTGOING TELEGRAM

CLASSIFICATION

Collect

Charge Department:

**Department of State**

SECRET

Charge to

Washington

• 3 •

3. Although US UK did not agree with Fr on 2 nevertheless they attempted to establish rate exchange in order settle question. We have not changed attitude on this question, but rather attempts to establish rate exchange have proved impossible this time. In recognition this difficulty, US UK now believe it essential to approach Swiss.

4. US concurs with Chargeraud statement that under Accord rate exchange need not be agreed to by Swiss. Dept understands Brit take this view. ~~However, Brit had approached Swiss, Swiss suggested to Swiss that Swiss should not (in making) and Swiss should not exchange rate impossible~~  
~~However, Swiss Parliament would~~  
However, ~~in~~ discussions Wash Swiss Minister has advised under Accord exchange rate must be such as to permit full compensation to Ger and Swiss would protest exchange rate, which in their opinion would not accomplish this purpose. Accordingly, Dept believes overall exchange rate for Ger must necessarily be deemed equitable as in best interest of Ger and that Swiss could not then complain that it does not provide full compensation. While Accord speaks only of indemnification and not full compensation, Dept ~~willing~~ <sup>willing,</sup> as proposed Brit note suggests to interpret this to require equitable rate exchange.

5. Dept has serious fears concerning provisional exchange rate

DISTRIBUTION DESIRED (OFFICES ONLY)

CR CLEARANCE

VI-1/4

DECLASSIFIED  
 Authority NMD760650  
 By WJD NARA Date 12/27/88

GOING TELEGRAM

CLASSIFICATION

Collect

Charge Department:

**Department of State**SECRET

Charge to

Washington

- 4 -

rate as being entirely meaningless, since Gers could not be paid at this rate and would involve unnecessary bookkeeping. Moreover, were Ger advised of provisional rate or provisional rate to be applied only to this transaction, problems would arise in Ger concerning a different exchange rates for Ger with property in Switz from Germans with property in other neutrals.

6. See 4 above.

7. US and UK believe they are on sound legal basis under terms of Accord and cannot agree Chargueraud's statement no legal basis for such position.

8. Dept opposes Chargueraud's proposal approach Petitpierre informally. Dept believes it most urgent for three Allied Govts to take common line and not to ask Swiss for permission to take agreed-to position. While Dept disagrees Chargueraud's statement, Joint Commission only acts on border-line cases, this can be dealt with subsequently.

9. Dept strongly urges against ~~Chargueraud's~~ taking ~~statement~~ position in IARA that responsibility for non-implementation rests with US-UK. US and UK, by trying to arrange exchange rate in Berlin, even though in their opinion such was unnecessary, have made every effort to meet Fr position. Dept believes at this time effort should be made by Fr to meet US-UK position. Dept would necessarily consider such

remarks

DISTRIBUTION  
 DESIRED  
 (OFFICES ONLY)

CR CLEARANCE

VI-1/5

DECLASSIFIED  
 Authority NMD760050  
 By WJD NARA Date 2/27/88

CLASSIFICATION

Collect

Charge Department:

**Department of State**~~SECRET~~

Charge to

Washington

- 5 -

remarks by Chargueraud as unsound and would strongly regret any action in IARA which would indicate basic differences among three Allies and believes this would have disastrous results in IARA.

10. In event on basis above arguments Fr cannot be persuaded alter Chargueraud's views re presentation note along Brit draft you are authorized go ahead immediately with Brit to propose:

a) Fr in conjunction with US UK recommend to Swiss application clearing rate (173-100) as provisional rate for bookkeeping purposes only, and subject to adjustment when overall rate exchange established.

b) Advise Swiss this rate only provisional rate Allies could possibly offer as it is <sup>sole</sup> ~~rate~~ rate Soviets have indicated acceptable.

c) If Swiss reject US, UK and Fr offer, proceed with presentation identical notes along lines Brit note, adding to it reference Allies attempt work out provisional rate.

Dept's agreement above dependent on Fr Brit concurrence with entire procedure described under 10.

Brit

DISTRIBUTION  
 DESIRED  
 (OFFICES ONLY)

CR CLEARANCE

VI-1/6

DECLASSIFIED  
Authority NMD760050  
By WJD NARA Date 12/27/88

Collect

Charge Department:

# Department of State

SECRET

Charge to

Washington

- 6 -

Brit Emb cabling separately. London pls discuss FONOFF and advise Paris results, repeating Dept. Provided any Brit amendments above procedure do not alter substance approach Fr, you are authorized accept such changes within ur discretion. (Sent Paris as 2207, rptd London as 2605 Bern as 797, and Brussels as 843 for Dorr's info only.)

*Marshall*  
*1000*

TELEGRAPH  
RELEASE DESK

JUN 17 8 43 AM '47

DC/T

*2605*

*797*

*843*

CODE ROOM: Please repeat to London, Bern and Brussels.

DISTRIBUTION  
DESIRED  
(OFFICES ONLY)

ES:WSSurrey:bbw

6-17-47

*Cleared with  
Kindelberger*

Cleared with Reber-WE

*Rep*  
*[Signature]*

Cleared in substance with Schmidt and Glaser of Treasury

CR CLEARANCE  
JUN 17 1947 P.M.

*authorized*  
*215*

*1001-7*