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## Interview: Charles Higham

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# How Swiss banks run supranational financial alliances, then and now

*The following interview with Charles Higham, author of Trading with the Enemy, Delacorte Press, 1983, was conducted by EIR economics editor David Goldman in June 15.*

**EIR:** Let me ask you first what reactions you've had to the book, considering that the subject matter deals with, if not individuals, nonetheless institutions still operating now.

**Higham:** One by one, first of all the book has been completely ignored by the establishment, by which I mean, the *New York Times Book Review*, the *New York Review of Books*, the *Washington Post*, *Time*, *Newsweek*, *The New Republic*, *The Nation*, and all other major journals of record. The book has been uniformly, with one exception, extremely well reviewed . . . by such publications as the *Houston Chronicle*, the *Seattle Post-Intelligencer*, . . . the *San Francisco Chronicle*, an excellent review; papers across the nation in such places as Denver, Atlanta, and other cities. . . .

I can only mention the occasions upon which any individual person has been heard from, and the only occasion that I could mention is when I was on the NBC news broadcast in New York City and it was a radio program; I was actually live from here in Los Angeles, and they brought on a Mr. Mills, who is apparently a vice-president of the Chase Manhattan Bank in charge of publicity and promotion internationally. Mr. Mills would not debate me directly, but appeared after I had concluded, and made the curious statement that the Chase National Bank as it then was, had in fact been open for business as usual in Nazi-occupied Paris during World War II until the end of the war, but he said that the only reason for this was to protect its French customers. . . .

So we're dealing here with something which as the Treasury documents painfully make clear—and because I knew how powerfully prejudiced Morgenthau was against corporations, I did not even rely on the statements of Morgenthau or the often-questioned and perhaps questionable Harry Dexter-White; instead I went directly to internal records, and I would not write one line until the Treasury was prepared to release those records to me.

There has been no response whatsoever from the Bank for International Settlements. There has been no response whatsoever from ITT. There has been no response whatsoever from RCA, or from any other organism that I discussed

in the book. . . .

**EIR:** Focusing on the role of the Bank for International Settlements [BIS] in particular, you note that Hjalmar Schacht, the future Nazi Finance Minister, was a principal inspirer of the notion of the BIS.

**Higham:** Yes.

**EIR:** There have been some views published, including one by James Martin of Morgenthau's staff, in 1947, which alleged that the concept of the BIS itself in the minds of those who formed it in 1930 was related to the notion of a universal form of fascism, and that the institution was in that way corrupted in its very nature from the outset. Is there a special role for the Bank for International Settlements as opposed to the venal and corrupt and sometimes bigoted American corporate elite? Is there a distinction to be made?

**Higham:** Yes. The initial purpose of the Bank for International Settlements, which was of course arranged by the World Central Bank and was inspired, as you say, by Schacht, who was at that time president of the Reichsbank, was of course to secure allowances which would not be subject to seizure, to closure, to interference, whether or not the world was at war. And in 1930 there were those who foresaw that it very well might be at war, and on this sat all the other issues.

The purpose quite clearly was to sustain financial allowances throughout the war, allowances which were to continue, and then at the end of the war there would be less of a disruption of international economic arrangements, transactions of money; nobody would be punished, the banks would continue functioning; and of course it did indeed become a crucial factor in the discussions at Bretton Woods on the issue of the World Bank, and even such distinguished figures as Lord Keynes seemed to have a highly ambivalent feeling about its usefulness. Many people believed, even in the middle of World War II, that whatever peculiarities or anomalies existed in it, it was indispensable to hold together economic alliances which were inconveniently being disrupted by war.

To impute any ideological framework to this I think might be a mistake, since evidently the people concerned were not capable of either ideology or ideals or idealism; the people

concerned were economic authorities and bankers, who quite clearly looked forward to a situation in which the war would no longer exist. Reading the bank reports is very instructive. I've read them all, and they very clearly report both on German investments and developments and trade and commerce, just as they do on American and British and so forth. I think that to draw a radical conclusion from this might be a very serious error. . . .

**EIR:** It's now, of course, 40 years later, and, for example, Sen. Charles Percy has recently introduced legislation calling for the Treasury to justify the lack of official American participation in the BIS. Do you think that your historical account has any relevance to the BIS as an institution 40 years later?

**Higham:** Something that is historically relevant can scarcely be irrelevant now. . . . The fact of the matter is that at the very highest level, convenience and practicality come before everything, and it was a pragmatic solution to an exceptionally difficult problem. And the fact that I personally might find it morally reprehensible is neither here nor there, since people operating at that level don't think in those terms. They think of what they consider to be the "common good," and the "common good," of course, is what is convenient for international banking.

**EIR:** Would you see any possible parallelisms, or even the threat of a parallelism, in the East-West straddling role of the BIS today and its role in straddling Nazi Europe and the rest of the world 40 years ago?

**Higham:** Well, it's very interesting, because in fact during World War II, as Treasury documents make clear, the Bank was very punitive towards its possible Russian connections, and they were not receptive to certain claims that were made by Russia. Those claims usually related to the Baltic nations, such as Latvia, Lithuania, and Estonia, which irrevocably fell under Russian provenance, whereas the bank unhesitatingly made loans to Nazi-occupied Poland and collaborative Hungary.

There was a somewhat punitive attitude, which I think would lead one perhaps to the deduction that they were an integral part of an anti-communist bloc. . . . I think it would be a reasonable conclusion to reach as an historian; it certainly wouldn't stand up in a court of law, which is why I only place it in your hands theoretically. If what you say is true, and I'm not really open to comment until I've seen documents, then that would suggest that the bank is still making convenient arrangements between countries which theoretically are at loggerheads. . . .

I would go on to say that across the board there seems to be more than a little evidence today that despite the presidential rhetoric, which I'm in many ways in sympathy with, that a great deal of trading is going on. And I recall that last November, in the very heat of presidential rhetoric at its peak, in the most inflammatory statements possible, that a substan-

tial trade mission took place with Moscow; and I couldn't help but notice that Mr. Armand Hammer presided over a caviar and champagne luncheon for the delegates. . . .

**EIR:** I would like to turn to the issue of Mr. Morgenthau, who was a prominent figure in your book. You mentioned before that in certain ways he was prejudiced against corporations. Certainly he emerges in a very positive light in the book, and given the fact that you cite many ugly corporate case histories, might not some of Mr. Morgenthau's prejudices spill over to the reader in that sense?

**Higham:** They would if the book were somewhat differently put together, but I . . . preferred to deal with direct and primary evidence rather than secondary statements. Knowing how prejudiced Henry Morgenthau was, for instance, I was not satisfied, interesting though they may have been, with his and Harry Dexter-White's reports on the Chase Bank in Paris. I had to see the records. So I waited 18 months for the Treasury to declassify the appropriate internal records of the bank for me. And until I received them, I would not have actually published my findings, based on Morgenthau alone. . . .

**EIR:** I should like to ask also about Sir William Stephenson, [British Special Operations Executive during World War II] who has become something of a celebrity in his old age. It's by virtue of his biography of several years ago.

You concentrate of course on the American side; that's the substance of your book. To what extent was Anglo-American intelligence cooperation critical in the Treasury efforts with respect to collaboration with the Nazis and with respect to other activities to deal with the problems you raise?

**Higham:** Well, because since the Official Secret Act precludes the release of the internal documents of MI-5 and 6, one cannot answer these questions, unhappily. I can only say that I entirely agree with the now somewhat embattled Lord Dacre, that *A Man Called Intrepid* is riddled with inaccuracies from first page to last; that the book, if it was authorized by Sir William, shows a grievous lack of memory in Sir William's present, very aged condition. . . . The whole question of Sir William remains open, and I think it's so delicate that without access to British official records, one would be wise to be silent. . . .

**EIR:** Given the development of relations between the American administration and the present British government, it's inevitable to think back to the war period and wonder what the nature of our cooperation was in those days. Certainly there were individuals in Britain, some of whom you name, who had the same viewpoint as the Dillon Reed or Chase Manhattan or Schroder banks and so forth in the United States. Is there any way you could formulate the nature of the Anglo-American relationship that did in fact help win the war and transcended this, let's say corrupt, element in the 1930s?

**Higham:** Well, one has to see that both Churchill and Roo-

sevelt were faced with an exceptionally difficult position at the outbreak of World War II in each country, because first of all Churchill had a very powerful splinter factor in England that was concerned with sustaining peaceful relationships with Germany, and he had the extraordinary skill to incorporate all of these people into a cohesive government when he took office somewhat later.

It's quite clear to me that Roosevelt took a leaf out of Churchill's book. He saw disruptive and divisive elements in his own government; he saw that there were people who had vested interests in sustaining alliances; and he simply amalgamated all the conflicting elements into something approaching a cohesive government. And indeed no other policy would have been possible. Had he exposed certain people for their misbehavior, for their malfeasance, it would have disrupted public confidence . . . when the entire country was ablaze with individual and singleminded patriotism that probably is unrivaled, at least up into the hostages crisis. Indeed, President Roosevelt became a kind of instrument of his own propaganda, creating the impression that the country was as one. . . .

So it's quite clear to me that Churchill and Roosevelt took the view that certain things must be overlooked, that the world was at war, these times were difficult, and it would not help to expose certain malfeasances. . . .

**EIR:** You open many leads which, of course, in one volume you only have time to touch on. If you were to pursue these leads for another book or recommend to other researchers where to go from here, what would be the priority area?

**Higham:** Well, I am simply an investigative journalist, historian, and biographer, and I am certainly not an economist, or an economic historian or a political historian. I think that the first thing that this book will do is, from its somewhat racy and journalistic position, to open the door to scholarship. In other words, I don't claim this book is a major work of scholarship, and I'd be a fool if I did—the book is a work of investigative journalism. . . . What I should like to see now is the subject tackled on a much broader scale with far more political and historical inferences and references, by a really major economic historian. It could be—as mine couldn't be, since it was a popular work—exhaustively footnoted; it could contain massive documentation, which I didn't have room for, and I would have lost my audience if I had included it.

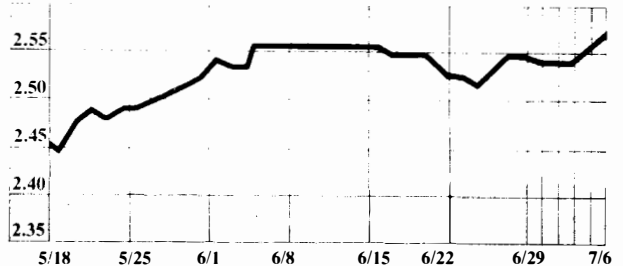
However—I must add a rider to this—I don't feel very optimistic that such a book will occur, simply because I regard the academic establishment as somewhat self-protective in these matters, and they tend to perpetuate statements that have been previously made—so that person would have to be extremely revisionist by temperament, and rather daring within the groves of academe.

I think a sequel might be in order, although I don't think I'd be qualified or even capable of writing it, which would deal with the issue of collusion with the Soviet Union in high places.

## Currency Rates

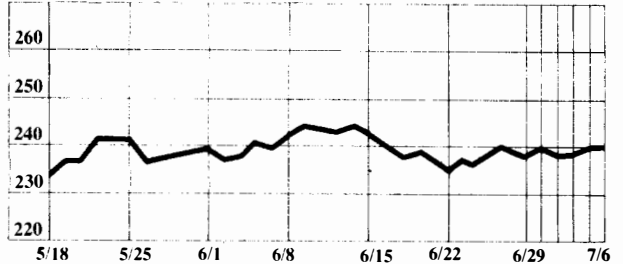
### The dollar in deutschemarks

New York late afternoon fixing



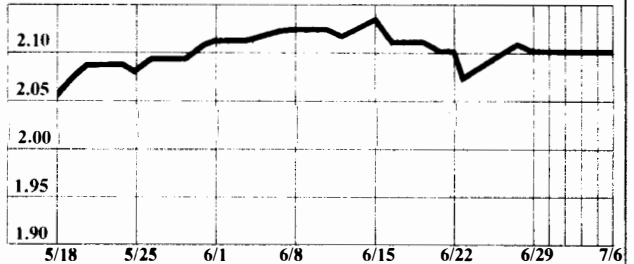
### The dollar in yen

New York late afternoon fixing



### The dollar in Swiss francs

New York late afternoon fixing



### The British pound in dollars

New York late afternoon fixing

