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ARTICLE

Neutral Paradoxes. Switzerland and the Allies at the Beginning of the Second World War

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ABSTRACT
The article offers a new perspective on the history of Swiss foreign policy between 1938 and 1940 by focusing on Switzerland's relations with the Allies. It argues that the Allies were well-disposed towards Swiss foreign policy between 1938 and 1940. France and Britain respected Switzerland's wish to appear completely neutral in international relations until the eve of the war, and when the Swiss Confederation adapted to the new international situation from the summer of 1940, the British rulers tended to welcome the preservation of Swiss democracy in the midst of an authoritarian Europe. It should not be forgotten, however, that in between these two moments, relations went through a period of tension during the Phoney War, as the Allies tried to use economic ties with Switzerland to bring the Confederation closer to them. By providing a nuanced analysis of the often-paradoxical interaction between economic and diplomatic relations, the article contributes to a new understanding of Swiss neutrality at the beginning of the Second World War and the way it was appreciated by the foreign powers.

Introduction

The relations between Switzerland and the belligerent countries during the Second World War have always been considered a theme of primary importance in Swiss history. Indeed, investigation of this subject calls into question the reality of Swiss neutrality, the political choices made by Swiss leaders in the face of authoritarianism, and the international function of Switzerland's economic centre. However, despite its significance for understanding the country's history and the lively debates that it has generated in the past, this field of study has, over the last two decades, gradually declined in the research agenda in Swiss universities. Although a superficial overview of the scientific literature might suggest otherwise, the main reason for this is not the completeness of the historical examination previously conducted. On the contrary, many knowledge gaps remain in the history of relations between Switzerland and the belligerent countries during the Second World War. One of these arises from the imbalance

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between the wealth of studies on bilateral relations with Nazi Germany and the limited number of monographs on relations with the Allied powers. Another results from the fact that few historians have sought to combine the economic and diplomatic dimensions to present a more exhaustive discourse on Switzerland's external relations with a particular country or belligerent group.[1]

The article attempts to fill both gaps for the years 1938–1940. To this end, the study focuses on Switzerland's relations with Allied countries, associating economic negotiations with diplomatic issues. Indeed, the small number of historians who have previously analysed Switzerland's relations with Allied powers have produced either very broad surveys that could not highlight the real issues at stake in the negotiations between 1938 and 1940,[2] or case studies of Switzerland's bilateral relations with one particular Allied country during the war that concentrated on economic relations and largely ignored the Phoney War.[3] For sure, Neville Wylie's comprehensive narrative of relations between Britain and Switzerland appears as an exception in the historiography; nevertheless, due to the mentioned research gaps in historiography, the British historian could not closely inscribe this case in a broader framework on Switzerland's foreign policy and identify its specificity by comparison to the relations with other powers.[4] The perspective offered by this study therefore modifies the knowledge on Switzerland's relations with the Allies and, by extension, it incites to a substantial reappreciation of Swiss foreign policy at the beginning of the Second World War.

The article is based on extensive research in the national archives of France, Great Britain and, to some extent, the United States, given their rapprochement with the Allies from 1939 onwards.[5] The starting point is to show that between 1938 and 1940 these powers had a rather positive view of Swiss foreign policy. This simple idea, although not entirely new compared to previous studies of the British case, must first be emphasised, since recent influential studies, such as Thomas Maissen's History of Switzerland, have tended to overlook it by focusing essentially on the various aspects of Swiss cooperation with Nazi Germany in the midst of the conflict, thus giving a biased assessment of Switzerland's overall relations during the Second World War.[6] From this point of view, the article proposes a nuanced approach to the relationship between the Swiss Confederation and the Western powers. It calls for a more complex understanding of Swiss neutrality and its reception abroad, going beyond the idea of the primacy of economic interests in Swiss foreign policy that prevails for the Second World War as a result of the work of the so-called 'Bergier Commission' carried out two decades ago.[7] Indeed, the analysis highlights the often paradoxical interaction between economic and political elements, since Switzerland's trade relations with the Allied powers did not develop in symbiosis with its diplomatic relations. Based on these two premises – sympathy for Switzerland but complex relations – each of the three

parts of the article revises the interpretations of some crucial facts of Swiss history at the beginning of the war.

The *first part* examines Swiss foreign policy in the year before the war. It discusses the true meaning of the 'return to integral neutrality' that took place in 1938, when the Swiss officially decided to no longer apply the League's system of sanctions. Contrary to what most Swiss historians claim,[8] this symbolic gesture was not a real turning point in the history of Swiss neutrality, nor was it evidence of Swiss sympathy for Nazi Germany against the Allies; it should rather be seen as an accentuation of the balanced policy that Switzerland had maintained during the interwar period, and as an attempt to secure the support of Fascist Italy in the event of a Nazi threat to the country. The Allied powers thus readily accepted the Swiss strategy of the time. However, the *second part* of the article shows that relations with the Confederation became more difficult at the beginning of the Phoney War. Switzerland's economic ties with the Allies, which had intensified in the previous years, did not help to reduce these tensions; on the contrary, they had the opposite effect. Britain and France took advantage of these relations to try to bring Switzerland closer to the Allies, even to the point of attempting to violate international rules of neutrality. In this situation, one might have expected Britain to be highly critical of Switzerland's economic adaptation to the new international order dominated by Nazi Germany that emerged after the collapse of France in the summer of 1940. Instead, the *third part* of the article shows that, after a brief hesitation, British diplomats, like their American counterparts, tended to welcome the preservation of Swiss democracy in the midst of an authoritarian Europe. This confidence gives food for thought regarding the historiographical vulgate, established three decades ago, that emphasises Switzerland's compromising attitude towards the Axis after the French defeat.[9]

Creating integral neutrality

On 14 May 1938, Giuseppe Motta, the Swiss Foreign Minister, was glad to announce that the Swiss had finally recovered their 'integral neutrality'. Indeed, the Council of the League of Nations accepted Switzerland's demand to lift the obligations created by Article 16 regarding sanctions for the Confederation. Among the major powers, only China and the USSR abstained in Geneva. Swiss neutrality's particular status in Europe was thus explicitly recognised by the Allies, which proclaimed, according to Lord Halifax's words that reflected Georges Bonnet's ones, their 'sympathetic understanding of the unique situation of Switzerland'.[10] According to Motta, after Switzerland had to make an infringement to this neutral stance in 1920, by agreeing to apply economic sanctions when it entered the League, the Confederation could now face the menace of Europe with its traditional international position, which

dated back to the Congress of Vienna in 1815. However, the Swiss Foreign Minister was not totally satisfied with this step and wanted to profit from the successful verdict among Axis powers. In the subsequent days, Swiss diplomats informed Italy and Germany of the League's decision to obtain recognition of the intangibility of Swiss neutrality from the opposing party. This pronouncement was made on 21 June by both countries.[11] For the reserved, even shy, conservative Motta, this move may have constituted the apogee of his career on the international stage.

In all historical references on Swiss contemporary history, it has been taken for granted that this so-called return to integral neutrality represented a milestone in Swiss diplomatic history: 'differential neutrality', which would have been experienced during the interwar period due to participation in the League's system of economic sanctions, would have ended in 1938.[12] However, although this diplomatic move was not insignificant for the Swiss foreign policy, its real meaning remained unknown. In practice, beyond the legalist issue, the lifting of Article 16 for Switzerland was a platonic decision in 1938. Following the repeated failures of the League, no one in Geneva in the late 1930s doubted, after the conflicts and confusion generated by the sanctions on Italy, that their application had become more than hypothetical. Because Japan, Germany and Italy had left the League, sanctions could no longer be used against the countries which posed the greatest threats to the international order. The diplomatic manoeuvre made by Switzerland thus had no practical implication for the Axis powers; from a purely theoretical point of view, it could even be argued that it was disadvantageous to them, as sanctioning a League member in 1938 could have benefitted the Axis. If this step related to neutrality, it was only symbolic: the Swiss were openly distancing themselves from the League and attempting to demonstrate their neutral stance. This return to integral neutrality was thus not a rupture in Swiss foreign policies, nor a return to the pre-war situation; on the contrary, it was an aggravation of previous tendencies which dated back to the 1920s.

Contrary to the myths then being circulated within the Swiss Foreign Ministry, Switzerland had not always been attached to strict neutrality. Neutrality had been imposed upon the Swiss Confederation by foreign powers after the Napoleonic Wars and thus meant not only independence and sovereignty for the Swiss, but also subordination and weakness in European relations. Switzerland remained neutral until 1914, as it was not integrated into one of the two opposing systems of alliance, and most Swiss politicians contented themselves with this status. However, in the decade preceding the First World War, the Swiss army and government contemplated abandoning neutrality if a European conflict erupted. Because a short war which would be favourable to Germany was anticipated, the Swiss Confederation could expect some political benefits of associating with the central powers.[13] The French and British military men, ministers and diplomats were lucidly highlighting

the friability of Swiss neutrality during the Belle Epoque, in sharp contrast to the confidence expressed in Swiss neutrality by the Allies prior to the Second World War, even if they tended to exaggerate the danger due the distrust they felt for Swiss rulers. In 1910, William Nicholson, the Chief of the Imperial General Staff, went so far to seriously consider an hypothesis according to which 'Italy ha[d] dropped out of the Triple Alliance her place being taken by Switzerland'.[14] Although the Confederation remained neutral during the hostilities, it was only the end of the Great War that decisively marked the moment for the international affirmation of the Swiss policy of neutrality. While the British and French suspected Switzerland of having compromised itself with the enemy and having economically profited from the war, Switzerland certainly had to induce a rapprochement with the victorious powers. Despite hesitation and opposition within the country, they agreed to take part in the League of Nations in 1920. Nevertheless, this necessary move immediately provoked two counterbalancing actions. First, to make acceptable its insertion in an organisation dominated by the Entente powers at the time, the Swiss government already obtained special recognition of the specificity of Swiss perpetual neutrality. In the so-called London declaration of 13 February 1920, the Council of the League accepted that the Swiss would have to apply Article 16's economic but not the military measures.[15] Second, Switzerland compensated for its integration in the League with several diplomatic démarches towards Germany, including the signing of its first post-war convention of arbitrage in 1921 and an active militantism to include the Reich in the League. Reinforced by Swiss scepticism against the French policy of strength in Europe, this diplomatic move was not a reactivation of the pre-war German-orientated foreign relations. Switzerland was instead experiencing a balanced policy between powers.[16] In the following years, defending absolute neutrality became a common feature of Swiss foreign policy, including in military circles.

Strict neutrality and balance between powers thus remained the Swiss foreign policy guidelines for the rest of the 1920s and the 1930s. It is easy to appreciate how the return to integral neutrality in 1938 was inscribed in the continuity of this strategy. From 1936 onwards, in the face of the growing menace across Europe due to the bellicose attitude of Nazi Germany, Switzerland's balanced foreign policy relied on a triangular strategy: appeasing the Reich in foreign relations without tolerating Nazi influence inside Switzerland; maintaining diplomatic normalcy towards the Western democracies while consolidating some economic and military linkages in anticipation of an invasion by Germany; and strengthening the ties with Italy, or at least cultivating the Fascist rulers' sympathies. Swiss diplomacy and integral neutrality in the late 1930s have been interpretated as a recentring movement between the Allies and the Axis powers or as a rapprochement towards the latter. However, this conceivable conception, which is for instance presented

in Daniel Bourgeois' key study,[17] tends to overlook the third premise, an essential component of Motta's foreign policy which had the most crucial influence in 1938. Indeed, Swiss rulers did not consider the Axis powers to be a monolithic bloc, nor did they contemplate a common military threat from Germany and Italy. For them, with valid justifications, the unique menace came from the north, and at the onset of war, Swiss rulers considered Italy to be not only a strong trading partner, but also an appeasing force within the Axis against Nazi's pan-Germanist aims. After Switzerland had reluctantly participated in the economic sanctions imposed against Italy during the Abyssinian War, while avoiding most of them in practice and imposing a war materials embargo on both Italy and Ethiopia,[18] Motta attempted to improve Swiss-Italian relations between 1936–1938. Switzerland was, for instance, the first democratic country to recognise the colonial conquest by Italy at the end of 1936.[19] A year later, when Italy decided to leave the League in December 1937, the Swiss Foreign Ministry reacted readily, and in the days which followed, he publicly launched the strategy which would lead to the League's decision in May 1938. On 22 December 1937, before the Swiss parliament, he announced the willingness to put an end to differential neutrality due to the Italian departure of Geneva.[20] According to his view, this step was essential to preserve Swiss balanced foreign policy. How would Swiss neutrality be guaranteed in case of war, if Switzerland distanced itself from the Western democracies? Motta formulated an astonishing answer to Lord Halifax in the spring of 1938: 'If Switzerland were attacked for instance by Germany, he thought it absolutely inevitable that France and Italy should intervene on her behalf'.[21] Whether the Swiss foreign minister was convinced by Switzerland's exceptionalism to such an extent that he believed in an intervention by Mussolini against Hitler is highly questionable. What is clear, nonetheless, is that this half-mythical conception of a two-sided guarantee was convenient for Swiss rulers: it deprived Switzerland of the diplomatic cost of owing their independence to French military intervention, which could have threatened their attempt to appease Germany.

Integral neutrality designed the preservation of a balanced foreign policy with several amendments due the new European situation in the late 1930s. At the same time, it secondarily meant a trend towards neutralism. At the end of First World War, the affirmation of Swiss neutrality had gone hand-in-hand with an active policy on the international stage. Switzerland attempted to improve its image through its involvement in the reconfiguration of the European order. After having tried to organise the Peace Conference, it obtained the seat of the League. In the following years, the Swiss and other Neutrals played the role of honest brokers between the great powers in Geneva, profiting from their balanced policy to increase their influence. The obtention of the seat of the League in Geneva, the organisation of the Locarno Conference in 1925 and the installation of the Bank of International

Settlements in Basel in 1930 resulted from these initiatives.[22] However, at the end of the 1930s, neutrality was now associated in Switzerland with a detachment from European imbroglios. This stance found several expressions from 1938 to 1940. In addition to distancing from the League, Motta refrained from intervening as an arbitrator between the great powers, as shown by his attitude towards the Munich Conference in 1938 and Roosevelt's peace initiatives in 1940.[23] Switzerland also attempted to differentiate itself from other European Neutrals, by not only proving the exceptionalism of its sacred perpetual neutrality, but also refusing to take part in joint actions to influence the international situation. Hence, Swiss rulers did not participate in the Oslo group's meetings in which the foreign ministers of small countries proposed common solutions, including a disarmament scheme.[24] Beyond the affirmation of the supposed particularism of neutrality, this sort of diplomatic isolationism could be interpreted as a response to the repeated criticisms Germany formulated against the non-neutral tone of Swiss public opinion: if Swiss civil society was against Nazism, the Germans should know that this was not due to influences on Switzerland from abroad.[25] The Swiss Confederation pursued its own traditional path in the middle of Europe's road to the abyss, regardless of the foreign powers' policies: this was the fiction which gave integral neutrality an aura of respectability.

Integral neutrality was not a pro-authoritarianist policy. It was a balancing move by the Swiss Confederation to situate itself in the centre of the triangular puzzle between Germany, France and Italy, which seemed the least dangerous place to avoid a war. This diplomacy made sense only due to the natural inclination of Switzerland towards the Allied democracies, which continued until and beyond the defeat of France; hence the necessity to appear more neutral. As for the Allies, despite initial hesitations, they were complacent about this objective in the spring of 1938, which is partly explained by their own foreign policy at the time. French and British attitudes towards the Genevan organisation were unenthusiastic, to say the least. The League's repeated failures and inability to act against the deterioration of the European situation, as well as the troublesome presence of the USSR, accelerated its decline. However, at the beginning of 1938, the French and the British did not want Article 16 to be formally abandoned, nor for Switzerland to leave the League – two decisions which would have too openly demonstrated the weakness of their collective security after the Italian departure. Although the Federal Council was not inclined to leave Geneva, the Swiss government appeared to have played into these fears by leading collective actions against Article 16 in January 1938 and by evoking the internal movement of Swiss opinion against the League.[26] The assertion on Swiss neutrality's exceptionalism in the League's declaration, Motta's great success, was thus a convenient way for the British and French to avoid other Neutrals making similar demands.[27] In any case, this prudence was ultimately meaningless. As early

as September 1938, during the 19th Assembly of the League, the British accepted that Article 16 would no longer be compulsory, demonstrating the platonic implication of the return to integral neutrality in international law.[28] More generally, in regard to Switzerland's balanced relations, the Allies' foreign policy towards Italy was not clearly defined at the time. The possibility to detach Italy from Germany in case of war was still contemplated, and British appeasement policy in Europe relied on the maintenance of positive relations with Italy, as demonstrated by the Easter Pact, signed on 16 April 1938, validating the status quo throughout the Mediterranean region.[29] In this sense, Swiss integral neutrality did not frontally oppose the Allies' diplomatic aims; British appeasement strategy also shared some of Swiss objectives.

The evolution of relations between the Allies and Switzerland at the end of the 1930s furthermore facilitated this tolerance for three reasons. First, among diplomatic circles in France, Great Britain and the United States, the sympathy for the small democratic country facing the menace of a totalitarian state remained strong prior to the war. After a short-lived outburst which had occurred in 1933–1934, the almost complete loss of influence of the extreme-rightist groups (i.e., the so-called 'frontists'), coupled with the government's determination to hinder Nazi activities on the Swiss territory, which had previously transpired in the interdiction of local sections of the NSDAP in 1936, credited Motta's claims of independence. 'The Swiss people are unanimous in their determination to repulse any attempts to imperil their independence', concluded enthusiastically the American Consul in Zürich at the end of 1938.[30] Switzerland's belonging in the Western democracies' group was not questioned during this period, and diplomatic steps towards appeasing Germany or attracting Italy were only interpretated in geopolitical terms. This appreciation facilitated the tolerance of Switzerland's neutralism. Second, in military terms, Switzerland's balancing move was not viewed as a sign of defeatism in case of war. The Allies constantly produced positive assessments regarding the willingness of resistance or the level of Swiss army's morale prior to June 1940. After a visit in Switzerland, a British Military Attaché reported readily in April 1938: 'What might strike any foreign observer at once is the immense enthusiasm and keenness on all ranks'.[31] At the same time, the diplomats were certainly highlighting the unsatisfactory degree of modernisation of Swiss armaments and Swiss inability to defend itself alone against the Wehrmacht. However, starting in 1936, Switzerland began secret talks with France to prepare an intervention by the French army in case of a German attack, and these discussions intensified during the Phoney War.[32] More broadly, if Switzerland's balanced diplomacy dissuaded Germany from passing through Swiss territory to invade France, it supported Gamelin's strategy of concentrating the French forces in the North in anticipation of an invasion through the Low countries due to the favourable ground for such an attack.[33] Third, economically, the years from 1937 to 1939 saw an increase in export of

goods and capital from Switzerland to France, Great Britain and the United States, whereas the trade to the Axis powers stagnated during this period and a high share of Swiss foreign wealth was frozen in Germany.[34] One should not overestimate the economic importance of this trend, especially regarding commercial relations. Nevertheless, the Swiss economy was far from working for the Axis, and some economic flows from Switzerland to the Allied countries produced impact. The substantial loans which Swiss and Dutch banks granted to France between 1937 and 1939 facilitated French economic recovery before the war. And, since the loans were approved by Swiss authorities before the issuance, their political significance was unquestionable.[35]

Phoney friendship

Beyond the diplomatic game, for what mattered in a material preparation to war – troops and economy – Neutral Switzerland was thus positively valued among the Allies on the eve of the hostilities. Moreover, in sharp contrast to British and French reports on Swiss elites before and during the First World War, none of the seven Federal Councillors was seen as favourable to Germany until the summer of 1940, although Motta's pro-Italian stance was regularly noticed. This evaluation even included Philipp Etter and Marcel Pilet-Golaz, who would play an obscure game in summer 1940 in face of the new domination of Nazi Germany, both still considered as 'favorable' to France by the French Ambassador at the end of 1939.[36] On 30 August 1939, the Swiss parliament's election of Henri Guisan as the General-in-chief of the Swiss army, by a majority of 204 of 231 votes, confirmed this positive assessment. Guisan certainly had affinities with the anti-democratic, reactionary right in Switzerland, like many Swiss officers, but he was above all a Francophile who had worked towards secret military cooperation with the French army since 1936. The political meaning of this decision seemed clear, and this impression was reinforced abroad by Guisan's origin. A British diplomatic report emphasised this point as follow: 'He comes from the French-speaking Canton de Vaud and [. . .] has no German connexions [. . .]: as Germany is the most likely aggressor against Switzerland, this fact too may be considered as something in his favour'.[37] The parliamentarians' choice contrasted with the 1914 election of Ulrich Wille, an openly pro-Prussian officer favourable to a military rapprochement with the Central powers. Meanwhile, general mobilisation had started. To avoid provoking Germany and to preserve military neutrality, the troops were placed in a neutral position to counteract an attack from Germany or France. During the first weeks of the Phoney War, the French troops' passage through the Swiss territory to attack Germany was theoretically possible. However, neither the Federal Council nor the General believed in such an opportunity, nor did the Allies

seriously consider the positioning of the Swiss army.[38] During the Phoney War, the British and US diplomats enthusiastically observed the military deployment of the small Alpine power with its militia system of 430,000 men in arms,[39] while Guisan was secretly working with the French on a project of agreement for a cooperation in case of a German attack or a passage through Switzerland to circumvent the Maginot Line. Apparently, nothing should have disturbed the positive interactions with the Allies during the Phoney War. This is all the more true since, in contrast to Belgium or the Netherlands, the military threat over Switzerland was correctly considered low by all parties in 1939–40, which should have facilitated relations.[40]

Nevertheless, these relations soon became far from peaceful. The main reason for the tensions between Switzerland and the Allies during the Phoney War were economic. These frictions, which differed from the economic relations with Germany at the time, had been assessed by previous research, but without clearly identifying the importance of the political factors at play behind them.[41] Indeed, the Swiss historiography of the Second World War tends to overestimate Switzerland's economic significance to the belligerent countries and to underestimate the political dynamics in those commercial negotiations, which often related to neutrality and the international positioning of the Swiss Confederation. Technically, at the beginning of the war, Switzerland had lost the centrality it had previously enjoyed in the gold exchange standard, due to the monetary and financial restrictions installed in warring countries. Despite the loans granted to France, it could not, as it had during the 1920s, drastically influence exchange rates with the capital inflows and outflows which passed through its financial centre. Its economic importance had also deeply diminished abroad since the belligerent countries had increased their industrial outputs. Switzerland was no more than a small, developed economy: at the end of the 1930s, its gross domestic product accounted to less than one-fifteenth of Germany's and one-twentieth of the United Kingdom's, and it possessed no strategical raw materials in abundance, such as Swedish ore iron. However, this relative insignificance did not hinder economic pressures from France and Great Britain towards Switzerland during the Phoney War. The main reason was that the Allies extensively relied on blockade policies to weaken Germany in 1939–1940 and to deter it from further conquests. To be effective, small European countries on the borders of the German Reich were intended to participate in these measures. Consequently, Switzerland was incited to take part in this system, if only because Allies were not inclined to grant concessions to the Swiss that could be of use to other countries in negotiations with them. In addition, Britain and France sought to achieve other objectives: certain Swiss products interested the Allies, above all weapons and munition, but

political goals towards the Swiss Confederation itself counted at least as much as these immediate economic interests. Allied ministries tended to utilise these negotiations to attract Switzerland towards their sphere of influence and even to compromise its neutrality. Swiss integral neutrality was respected by diplomatic circles for the reasons mentioned, but for hard political issues, it did not count much on the European chessboard.

The French and British had room to manoeuvre in the negotiations with the Swiss. On the whole, Switzerland's economy was of minor benefit to the Allies, while the Swiss depended on the trade with France and England and on the transit of goods through their territories. These two countries ranked third and second in the Switzerland's export markets, and second and sixth for imports in 1939, the volume of trade with the Allies being almost comparable to the one between Switzerland and the two Axis powers in spite of Germany's traditional role as its first trading partner.[42] This subordinate position was reinforced by the fact that Switzerland had a substantial trading surplus with England, mainly due to the Swiss export of luxury goods, for which British rulers were not inclined to grant new quotas in times of war.[43] Swiss trading deficit with France, which had been advantageous to French exporters of manufactured goods, and thus had typically strengthened the Swiss in bilateral trade negotiations during the interwar, was also less important for the French in comparison to the fulfilment of the blockade objectives in September 1939.[44] In addition, Swiss political stance paradoxically reinforced this unfavourable trend. Until June 1940, the French and British remained confident in the maintenance of pro-Allied feelings in Switzerland, which tended to incite them to accentuate the economic demands. A memorandum clearly stated in November 1939 that 'there was little reason to fear the Swiss would take up the German cause and [. . .] the Foreign Office would see no objection to our negotiators attempting to drive the best bargaining they could'.[45] Amid total war, Swiss affinities were not guarantees against economic retorsions. At the beginning of September 1939, the federal government had immediately to confront the new tone of discussion with their Allied friends. While the diplomats were applauding the general mobilisation of the Swiss army, cheering the dignity of Swiss elites' attitude, and recognising the inviolability of Swiss neutrality, the Swiss economy was heavily pressured to redirect itself towards Allied warfare. To this end, the French applied an aggressive strategy: they simply closed the Swiss-French border.[46] At the same time, they intensively intervened to lift the Swiss embargo against the export of war materials which had been enacted on 2 September to protect Swiss neutrality, according to a decision which dated back to 14 April. The Federal Council readily overruled its former policy. Six days later, it secretly agreed to permit military exports to warring countries.[47] Three weeks later, on 22 September, Hans Obrecht, the Swiss Economic Minister, informed the French that they had the right to import a substantial amount of weapons until the end of the year, including anti-aircraft canons from Oerlikon-Bührle. A day later, the two countries found

a modus vivendi to facilitate trading relations, including provisions to hinder the re-export of imported goods to Germany.[48]

The Swiss decision in September was an infringement of its neutral policy, if not of neutrality as defined in international law. While the government formally preserved the opportunity from both belligerent sides to import war materials from Switzerland, it could clearly anticipate that this decision would only benefit the Allies, based on where the previous orders had come from. In addition, the Federal Council accepted on 22 September that Oerlikon-Bührle could exceptionally dispose from its employees under arms, on the ground that half of its production of cannons would go to the Swiss army until the end of 1939. If that was not an unilateral military aid from the Swiss state towards the Allies, which was prohibited by Article 6 of the 13th Hague Convention concerning the Rights and Duties of Neutral Powers, it was not far off.[49] Until the collapse of France, the export of war materials to Allied countries reached some 99.5 million Swiss francs, while Germany imported an insignificant sum of 388,000 Swiss francs.[50] More impressively, Oerlikon-Bührle, by far the most important exporter of war materials from Switzerland, claimed that it received orders from Allied countries of up to 299 million Swiss francs until June 1940, an amount equivalent to three-fourths of the total of its exports to Germany between 1940 and 1944. In fact, as only 85.4 million could be delivered to the Allies before French defeat, some of these orders were later sold to Nazi Germany.[51] However, Swiss concessions made in September 1939 were not sufficient to pacify the economic relations with the Allies. Beginning in the autumn, Switzerland started difficult negotiations regarding a definitive War Trade Agreement about the Allied blockade, supplemented by an arrangement concerning trade with Britain. Yet, already on 24 October, after they had found solutions with the Axis powers on the transit of goods through their territories, the Swiss renewed their clearing agreement with Germany without making significant concessions to the Germans: for instance, they rejected the demands of Germany's clearing debt of 80 million to be endorsed by the Confederation, which would have equalled to the granting of a state credit.[52] Indeed, during the Phoney War, Nazi Germany was not inclined to hardly press the Swiss economy, not only because the maintenance of normalised trade relations with the Neutrals was a way to soften the Allied blockade, but also because Switzerland was not crucial to German warfare. This assertion is true even regarding the weapons, as the small Swiss production was primarily seen as a competitor of German industries until June 1940. Remarkably, Germany's clearing debt changed in a surplus of 40 million until May 1940.[53]

On the contrary, for the aforementioned reasons, discussions with the Allies were lengthy and often tense. The War Trade Agreement between the two parts was the last of this kind to be signed by Britain: its negotiations ended on

25 April 1940 after months of wrangling.[54] From an economic point of view, the treaty was seen as satisfactory by the Swiss.[55] This seems notably evident when it is compared to what had happened during the First World War, Switzerland having been obliged in 1915 to accept a control inside its own economy by the Entente countries.[56] Due to the restrictions imposed on Swiss exports, the War Trade Agreement resulted in an estimate annual loss of 25 million Swiss francs with Germany, 13% of the total of the Swiss exports to the Third Reich during the previous year, but the main Swiss export industries (e.g., chemistry, machine industries, aluminium and weapons) remained untouched. While, two weeks before the signing of the agreement, the Allies had been fighting against the Kriegsmarine in Narvik to cut the importation of Swedish iron ore to Germany at all costs, this leniency was a clear indication of the low economic interest of Switzerland in Allied calculations. However, from a political point of view, the War Trade Agreement had another signification, surpassing the small amounts involved in the economic bargain.[57] The agreement was shaped in a way which once again questioned Swiss neutrality. Indeed, it not only prohibited the re-exportation of imported goods from Allied countries to Switzerland, but also consisted of lists of goods which were forbidden or restricted for exportation to Germany. This measure was again dubious regarding the definition of neutrality in international law.[58] Additionally, the Swiss had to accept the implementation of a mixed commission to supervise the agreement in April 1940. If the war had continued on the French front, it is legitimate to ask oneself whether they would ultimately not have to admit a loss of sovereignty, comparable to or even more extensive than during World War I.

Meanwhile, the bilateral negotiations with Britain revealed a similar attitude towards Switzerland. To compensate for the import surplus of non-necessary goods from Switzerland and the consecutive loss of Swiss francs, categorised as a rare currency by the Treasury, the British were inclined to ask for the implementation of a payment agreement in December 1939 that would have rebalanced the trade. What is interesting is how they formulated the initial financial scheme: aside from the regular import and export, which would have been in equilibrium, Britain would have paid for the weapons to a special Swiss central bank's account in pounds, which could have been only spent by the Swiss inside the British Empire. In other words, Swiss export surplus should have been exclusively constituted of war materials, which would have been paid for with exchange facilities. This time, the Swiss government did not accept what it saw as an intolerable infringement of neutrality. [59] However, during the following months, it agreed to another scheme which lowered the official implications in the exports of weapons, without changing much regarding the practical effect. After overcoming the reluctances of Swiss banks, a private credit of 100 million, which was not specifically designated

for military offers, was instead proposed in April.[60] In parallel, an agreement between both governments for facilitating the deliveries of Oerlikon-Bührle to Britain was drafted on the same day as the signing of the War Trade Agreement.[61] Nevertheless, due to the collapse of the Western Front, the financial deal was never enforced. In mid-May, invoking the prudence dictated by military events, Swiss banks reversed their approval.[62]

New neutral order

With the signing of the French armistice, the relations with the Allies (i.e., with Great Britain) was reduced to a minimum during the second half of 1940. As an impotent observer, the Foreign Office contemplated the political evolution of the small country encircled by the Axis powers, while the trade with it immediately collapsed. In this situation, the balanced diplomacy Switzerland had adopted before could not be pursued beyond symbolic gestures towards the Western democracies. At the same time, what is highly interesting is how much the economic relations with Axis powers adopted the path taken before by the Allies, albeit in more aggressive ways. Indeed, as soon as the French army was on the verge of collapse, Germany hardened its stance in the economic negotiations with Switzerland. The Germans attempted to cut the export of weapons to the Allies in the negotiations for a renewal of the clearing agreement which started on 27 May 1940.[63] After the French suspension of hostilities, they asked for a state credit to acquire quantities of military products in Switzerland. Facing an embargo on coal, for which the Swiss economy heavily depended on Germany, at the beginning of July, the Swiss government rapidly agreed to the German demand of receiving the same sum as the former scheme with Britain, i.e., 100 million Swiss francs.[64] In the agreement signed on 9 August 1940, the final sum grew to 124 million.[65] Furthermore, Switzerland had to adhere to Germany's counter-blockade measures against Britain, including a prohibition on weapons exports which had already been de facto achieved. The economic infringements to neutrality thus resembled to the demands the Allies made during the Phoney War, although, amid a dangerous political situation, the Swiss had to go a step further regarding the financing and the restrictions on the export of military products. This clear analogy and the similarity of the amount incline to interpret German requirements in political rather than economic terms: after Switzerland had supplied the Allies with weapons, it should demonstrate that it was ready to do the same for the Axis. The late German requests for military exports and the relative moderation shown by the new masters of Europe regarding the credit reinforced the impression that Germany was primarily willing to receive a clear gesture of subordination by Neutral Switzerland towards the new international order, rather than profiting from Swiss economic resources. In regard to Germany's domination of Continental

Europe and the heavy dependence of Swiss trade on Germany, the August 1940 economic deal was not far reaching. In fact, the much less powerful Italy received more credits at the time: 75 million Swiss francs as a state clearing credit at the end of August, supplemented by 150 million which were reluctantly granted by private banks at the insistence of Swiss authorities.[66]

In Western democracies, Switzerland's new foreign policy produced three reactions. First, the British diplomats, like their American counterparts, were less impressed by Switzerland's economic adaptation in 1940 than Swiss historians would be half a century later when this issue was addressed in the literature.[67] In mid-June, during the collapse of France, Britain suspended exports to Switzerland, but this decision was immediately reversed when it appeared that the Swiss Confederation might remain an independent state.[68] Then, after the signing of the clearing agreement between Switzerland and Germany, the Foreign Office successfully confronted the Ministry of Economic Warfare's attempts to cut this tiny export courant which had been maintained with Switzerland. In this debate, perhaps partly as a result of a rhetorical escalade against the zealous leadership of the MEW, the Foreign Office demonstrated a remarkable pro-Swiss attitude. What were the reasons for this temperance? Among other factors, historians Neville Wylie, Isabelle Paccaud and Klaus Urner have highlighted the attractiveness of Swiss strategic goods illegally imported through the German counter-blockade, but, from a strict economic perspective, the 6 million Swiss francs of smuggled goods between August 1940 and May 1941, or 0,5% of Swiss total export, remained quite insignificant.[69] As before, political factors were mainly placed in the balance. Against a strict blockade policy, the utilisation of Switzerland as an intelligence service and its humanitarian role were of some benefit to the British, but above all, the defence of one of the last ramparts against a total domination of the Axis in continental Europe was decisive in this decision. For Britain, according to a memorandum of September 1940 on these various advantages which put this political factor in first place, '[e]very European state remaining free of German control [was] an asset'.[70] Even if the Foreign Office, like its French counterpart, did not take the chance of an invasion of Switzerland after the French defeat very seriously, perhaps with a slight over-confidence if one considers the Wehrmacht's drafted plans,[71] pressing Switzerland could have accelerated its economic inclusion in the 'New Europa', while discouraging pro-Allied feelings among the population. How could such a stance be justified when Churchill was claiming his determination to fight for Europe? In the United States, the State Department agreed to Foreign Office's line of conduct on that manner.[72] On 15 October, Britain thus symbolically confirmed its willingness to supply Switzerland with raw materials and food.[73] The blacklisting of Swiss firms by Great Britain also remained relatively mild, and this moderation continued until 1942.[74]

Meanwhile, the British and the Americans had been neither surprised by Switzerland's other adaptative move, which concerned the army: the rapid demobilisation of the Swiss army from July 1940. This choice was interpretated abroad as a logical consequence of Germany's pressure.[75] The decision of a partial demobilisation led to the so-called 'National Redoubt', an ambiguous military strategy that was dictated by the isolation of the country. The remaining troops were progressively concentrated in the Alpine centre of the country. On the one hand, this move left the door open for an occupation of the main cities in the country by Germany. On the other hand, the army's repositioning near the train line of the Gotthard reinforced a dissuasive card in Swiss hands towards the Axis powers: in case of war, it threatened the transit of goods between Germany and Italy, which had exponentially increased at the time. Although the destruction scheme of the tunnels was only achieved in 1942, this implicit menace was considered by all sides to be Switzerland's most persuasive deterrent asset to avoid a hypothetical invasion in the summer of 1940. In the eyes of the foreign diplomats, this argument surpassed the appeasing function of the 124 million credit or the utilisation of Swiss francs as a convertible currency, which were scarcely mentioned in their reports. At the end of 1940, the French Ambassador was thus inclined to think that Switzerland did 'not need to fear military intervention for the time being; this would have the immediate consequence [. . .] of destroying the Gotthard and Simplon tunnels'.[76] In fact, by contrast to the importance granted to Switzerland's railway system for transit,[77] the Swiss financial centre was not intended for any important functions in the new European economic system, which was implemented at the time by Nazi Germany and based on a range of interventionist measures to appropriate the resources of occupied countries; hence Swiss bankers' negative reaction to the new Nazi order in Europe.[78] Only from autumn 1941 onwards, the Swiss central bank started to extensively buy Reichsbank's gold which had been mainly stolen from the Netherlands' and Belgium's reserves.[79]

The second reaction concerned Switzerland's internal politics; it was significantly different from the first one. Indeed, much more than the economic and military steps towards the adaptation to the international order – which were considered unavoidable, at least to a certain extent – it was the political evolution inside the country that was observed abroad with some anxiety in the summer of 1940. The speech held on the radio on 25 June by President Marcel Pilet-Golaz, who replaced Motta in charge of the foreign affairs, attracted much attention from the Foreign Office and the Secretary of State.[80] The Swiss Foreign Minister remained relatively cautious on the international situation, highlighting the necessary adaptation to the new emerging European order, while maintaining a neutral tone in regard to France and Britain. However, the rest of the speech, regarding internal policies, had an authoritarian colour, and Pilet-Golaz's appeal to an 'internal renaissance'

resonated with Petain's words to the French population the same day.[81] In fact, the speech was symptomatic of a political tendency, which profited in the summer of 1940 from the upheaval in Europe to reactivate the antiparliamentary and corporatist ideas of the early 1930s coupled with conservative and religious references, rather than on national-socialist alignment. However, the Foreign Office did not enter into those subtilities and denounced the German tone of discourse. During the summer, the British seemed to have expected the worst from the Swiss government, which was seen as defeatist and unable to stop Nazi dominance over the country – an impression reinforced by the negative reaction against Britain in the public opinion to Mers-El-Kébir.[82]

Despite the demobilisation, the unique hope for the British to counteract these tendencies appeared to rely on the morale of the Swiss army and its General-in-chief. Indeed, one month after Pilet-Golaz's intervention, on 25 July, the appeal to resistance at all costs in case of an attack made by Guisan on its troops on the Rüthli, one of the legendary birthplaces of the Swiss Confederation, surprised the Foreign Office. For the British, in accordance with the Americans and the French, the opposition between the adaptive movements and the resistant forces came to be expressed in terms of a struggle between Pilet-Golaz and the government against Guisan and the soldiers. After a discussion with the former on 5th August, the British Minister in Bern, David Kelly, got the impression 'that he would oppose armed resistance to invasion', therefore highlighting 'the contrast between the attitude of the army and Federal Council'.[83] This view was too dichotomic. While Pilet-Golaz was playing with the fire by openly using the fear of Nazism to increase his own power, Guisan was compensating for his patriotic attitude in public by an appeasing stance in private. In fact, having reached the status of Swiss national hero, Guisan played a double game in the summer of 1940: after the Germans discovered documents in France on his secret collaboration with the French army, he attempted to rehabilitate himself by suggesting a collaboration with Germany which would have surpassed the economic relations. In August, besides his well-known suggestion to envoy of a military mission to Berlin, Guisan pleaded for an extraordinary mission in Berlin led by Jakob Burckhardt, the former High Commissioner of Danzig, to implement a secret collaboration with Germany on cultural activities and on the press.[84] The general was competing on appeasement with Hans Frölicher, the Swiss Minister in Berlin, one of the most influential advocates of rapid adaptation to Nazi Germany.

The foreign diplomats' dichotomic view did not hinder the observation of Switzerland's political recovery, which happened from the end of the summer onwards. This was the third reaction that tended to take the place of the former one during the second half of 1940. Indeed, despite the earlier hesitations, the Swiss political system passed through the European cataclysm of the summer of 1940 unchanged. The maintenance of a pro-Allied

feeling among the population, the abortion of attempts to revise the Swiss Constitution, and the absence of any national-socialist party of major influence comforted the confidence in Swiss ability to circumvent a step-by-step Anschluss from the inside. When Pilet-Golaz began to cultivate linkages in September with the Nationale Bewegung der Schweiz, a small party with Nazi affinities, the powerful reactions of the parliamentarians and the opinion retained the diplomats' attention.[85] The public response against Pilet's manoeuvres was candidly interpretated by the US Minister in Bern, Leland Harrison, as a 'striking example of the resurgence of the belief by Swiss people in democratic principles'.[86] In November, the diplomats welcomed with the same degree of satisfaction the interdiction of the Nationale Bewegung der Schweiz. The British Minister in Bern spoke of a 'courageous action', while insisting on the fact that the Swiss authorities would be embarrassed 'if their firm actions were exploited by the B.B.C. and the English press as a blow for democracy against Nazism'.[87] For Kelly, Switzerland had thus recovered a positive image by the autumn, despite some doubts which remained in England about some Swiss politicians and businessmen's mood to resist Germany's pressure, whereas Harrison depicted an insecure government which was finally pushed by the strongly anti-Nazi population and the army to adopt a stronger attitude. Implicitly, after the French defeat, it was admitted abroad that Switzerland would have to adapt itself to the new European order to survive, and, after five months, the Swiss balance sheet was assessed at least as acceptable.[88]

If one takes one step back from the diplomatic discourse, which tended to amplify these political shifts, the evolution of military strategies helps explain the seemingly paradoxical variation of Western powers' stance towards Switzerland. Before the war, the Swiss choice to bet on a neutral policy to avoid being involved in an international confrontation had been widely respected, not only because Britain and France appreciated its pro-Allied feelings, but also since they were not expecting an active political or military engagement from Switzerland. When the war started, things partly changed due to the critical importance granted to the blockade policy to stop Germany's conquest of Europe; rules of neutrality were thus threatened by the Allies. However, this second phase lasted only until the defeat of France. A few months later, Swiss foreign policy was again seen as relatively unproblematic: while its adaptation was admissible to save a small European territory from Nazi Germany, Britain had no immediate military goals on the continent which could have run counter to what remained of the Swiss neutrality policy. A single exception occurred: flying over the Swiss territory to bombard the Axis powers. It is therefore no surprise that, on this issue, the Foreign Office could do little to counteract the Royal Airforce despite repetitive complaints from the Swiss

government. Significantly, as the Swiss Minister in London put it after a discussion with the Foreign Office in October 1940, the military authorities were willing 'to show the greatest possible consideration for Swiss wishes as long as they are compatible with important military requirements'.[89]

Conclusion

In addition to its conclusions regarding the interaction between diplomatic and economic relations, the analysis proposed in this article also demonstrates the interest of focusing on the period 1938–1940 in order to better understand Swiss foreign policy during the Second World War. Indeed, as said before, historical studies of the last two decades have laconically treated this period only in the light of what happened in the following years 1941–1943. During this lap of time, Switzerland clearly intensified its economic cooperation with Nazi Germany. In July 1941, after tense negotiations, the Swiss authorities agreed to increase the clearing credit to 850 million Swiss francs, and, in October, the Swiss National Bank began to systematically purchase Reichsbank's gold for an amount that would reach 1.2 billion Swiss francs by the end of the war, even if at the same time the central bank would buy a larger sum of gold to the Allies. These events have incited to interpret the previous period as a premise for them. However, this deterministic view is inaccurate and contributes to a misunderstanding of the significance of Swiss foreign relations on the eve and at the beginning of the Second World War, as shown, for example, by the tendency to interpret 'integral neutrality' as a pro-Axis stance. This is all the more true because, as this article has exposed, the Swiss government did not foresee what was to come before the defeat of France, and even in the second half of 1940 the path that was to be followed remained unclear. The recollection of Switzerland's struggle for neutrality in international relations through the study of its relations with the Allies between 1938 and 1940 should encourage a renewal of diplomatic history in future research on the Swiss Confederation during the Second World War, but without returning to the idealised view that previously prevailed in this field of study.[90]

Notes

1. For a survey of the literature, see the exhaustive bibliography in "Bibliografia di Dodis," Diplomatische Dokumente der Schweiz, https://www.dodis.ch/res/doc/Biblio_Dodis.pdf (accessed August 1, 2023). See also Mauro Cerutti, "La politique extérieure, de la Première à la Deuxième Guerre Mondiale," *Traverse. Revue d'histoire* 20, no 1 (2013): 215–41; Christophe Farquet, "La Suisse pendant la Seconde Guerre mondiale. Une appréciation critique de l'historiographie helvétique sur les relations internationales," (hal −03169506, Paris III-La Sorbonne, 2021).

2. See Walther Hofer and Herbert Reginbogin, *Hitler, der Westen und die Schweiz, 1936–1945* (Zürich: NZZ Verlag, 2001), esp. 159–72; Martin Meier, et al., *Schweizerische Aussenwirtschaftspolitik 1930–1948: Strukturen – Verhandlungen – Funktionen* (Zürich: Chronos, 2002), 159 ff. For general perspectives on economic relations between Switzerland and Allied powers, see Philippe Marguerat, *L'économie suisse entre l'Axe et les Alliés, 1939–1945* (Neuchâtel: Alphil, 2006); Eric Golson, "Swiss Trade with the Allies and the Axis Powers during the Second World War," *Jahrbuch für Wirtschaftsgeschichte* 55, no 2 (2014): 71–98.
3. On economic relations with France during the war, see René Jerusalmi, *Les relations économiques franco-suisses (1939–1945): un aspect insoupçonné de la Seconde Guerre mondiale* (Bern: Peter Lang, 1995); Marc Perrenoud and Rodrigo Lopez, *Aspects des relations financières franco-suisses (1938–1946)* (Lausanne: Payot; Zürich: Chronos, 2002); and the few pages in Janick Schaufelbuehl, *La France et la Suisse ou la force du petit. Évasion fiscale, relations commerciales et financières (1940–1954)* (Paris: Presses de Sciences Po, 2009): 59 ff. On those with Great Britain, regarding the blacklisting of Swiss companies, see Oswald Inglin, *Der stille Krieg, Der Wirtschaftskrieg zwischen Grossbritannien und der Schweiz im Zweiten Weltkrieg* (Zürich: NZZ Verlag, 1991); on the financial relations, see Isabelle Paccaud, "Les relations financières entre la Suisse et la Grande-Bretagne durant la Deuxième Guerre mondiale (1940–1944)," in *Franc suisse, finance et commerce* (Lausanne: Antipodes, 2003), 147–240; on the smuggling of Swiss goods after June 1940, see Klaus Urner, *"Let's Swallow Switzerland," Hitler's Plans Against the Swiss Confederation* (Lanham: Lexington Books, 2002); and on the British blockade, see William Medlicott, *The Economic Blockade*, vol. 1 (London: Stationery Office and Longmans, Green and Co, 1952), 223–37 and 585–94. Except in Wylie's book (see note 4), the political dimension of Swiss relations with both countries has been largely ignored for the beginning of the war. For some narrow exceptions on specific issues, see Daniel Segesser, "Common Doctrine Rather than Secret Staff Conversations. Military Co-operation between France and Switzerland in the 1920s and 1930s," *War in history* 10, no 1 (2003): 60–91; Martin Lutz, "Britische Propaganda in der Schweiz während des Zweiten Weltkriegs 1939–1945" (PhD diss., Universität Luzern, 2019).
4. Neville Wylie, *Britain, Switzerland, and the Second World War* (Oxford: Oxford University Press, 2003).
5. The main archives used for this research are The National Archives (hereafter: TNA), Public Record Office (hereafter: PRO), Kew; Archives du Ministère des Affaires étrangères (hereafter: AMAE), Paris, La Courneuve; National Archives and Records Administration (hereafter: NARA), College Park. The Swiss sources are primarily taken from *Diplomatische Dokumente der Schweiz* (Bern: Benteli, 1991–94), vol. 11, 12, and 13 (hereafter: *Dodis*).
6. Thomas Maissen, *Geschichte der Schweiz* (Baden: Hier und Jetzt, 2015), 258–74.
7. In 1996 this historical commission was created by the Swiss government to investigate the economic relations between Switzerland and Nazi Germany. In 2001–2002, it produced a series of 25 volumes, which induced a lively debate at the time. For the summary of this research, see Independent Commission of Experts Switzerland-Second World War, *Switzerland, National Socialism, and the Second World War. Final Report* (Zürich: Pendo, 2002). See, also, this book written in English during the work of the commission: Georg Kreis, ed., *Switzerland and the Second World* (London: Frank Cass, 2000). For an account of the historical discussion until present time, see Georg Kreis, *Die Bergier-Kommission oder das Gespenst einer Staatsgeschichte* (Zürich: NZZ Libro, 2021); Farquet, "La Suisse pendant la Seconde Guerre mondiale."

8. See this interpretation in three general books on the history of Switzerland: Hans Ulrich Jost, "Menace et repliement," in *Nouvelle Histoire de la Suisse et des Suisses* (Lausanne: Payot, 2004), 687; Georg Kreis, "Neutralität und Neutralitäten," in *Die Geschichte der Schweiz*, ed. Georg Kreis (Basel: Schwabe, 2014), 308; Jakob Tanner, *Geschichte der Schweiz im 20. Jahrhundert* (München: C.H. Beck, 2015), chapters 4 and 6. See also Marc Perrenoud and Sacha Zala, eds., *La Suisse et la construction du multilatéralisme* (Berne: Documents diplomatiques suisses, 2019), 20.
9. See, for instance, Jean-Claude Favez, "La grande peur de l'été 1940. La Suisse entre résistance et adaptation," in *L'année 40 en Europe* (Caen: Mémorial de Caen, 1991), 85–99; Hans Ulrich Jost, *Politik und Wirtschaft im Krieg. Die Schweiz 1938–1948* (Zürich: Chronos, 1998), 63–98; Jakob Tanner, "'Die Ereignisse marschieren schnell'. Die Schweiz im Sommer 1940," *Geschichte und Gesellschaft*. *Sonderheft* 19, (2001): 257–82.
10. Council of the League of Nations, 8th reunion of the 101st session, 14 May 1938, C/101st session/PV8, Archives of the League of Nations (hereafter: ALON), Geneva. See also Minutes of the Swiss Federal Council, 17 May 1938, in *Dodis* 12: 702.
11. Motta to Dinichert and Ruegger, 16 May 1938; Ruegger to Motta, 17 May 1938; Dinichert to Motta, 20 May 1938; Ribbentrop to Frölicher, 21 June 1938; Ciano to Ruegger, 21 June 1938 in *Dodis* 12: 694–95, 703, 714–17, 764–66.
12. See note 8.
13. Hans Rudolf Ehrbar, *Schweizerische Militärpolitik im Ersten Weltkrieg, Die militärischen Beziehungen zu Frankreich vor dem Hintergrund der schweizerischen Aussen- und Wirtschaftspolitik 1914–1918* (Bern: Stämpfli, 1976), 11–38; Minutes of the Federal Council, 25 October 1912, E 1004.1, 1000/9, vol. 250, Swiss Federal Archives, Bern (hereafter: SFA).
14. Memorandum of Nicholson, 25 November 1910, PRO, FO 371/2109, TNA; See also Goiran, Minister of War, to Cruppi, Minister of Foreign Affairs, 21 June 1911, Suisse, No. 4, AMAE.
15. Resolution agreed to by the Council of the League of Nations . . . on 13 February 1920, concerning the admission of Switzerland as a member of the League of Nations, C/20/4/2A, ALON.
16. Christophe Farquet, "Diplomatie de réhabilitation et politique d'équilibre. Les relations diplomatiques et économiques de la Confédération helvétique après la Première Guerre mondiale," *Revue d'histoire diplomatique*, no 1 (2020): 51–68.
17. Daniel Bourgeois, *Le Troisième Reich et la Suisse, 1933–1941* (Neuchâtel: La Baconnière, 1974), 71–84.
18. Mauro Cerutti, "L'élaboration de la politique officielle de la Suisse dans l'affaire des sanctions contre l'Italie fasciste," *Itinera*, no 7 (1987): 76–90. For the economic aspects of the issue, see Dario Gerardi, *La Suisse et l'Italie, 1923–1950: commerce, finance et réseaux* (Neuchâtel: Alphil, 2007), 54–72.
19. Minutes of the Federal Council, 23 December 1936, in *Dodis* 11: 967–72. On the improvement of Italo-Swiss relations, see Ruegger to Motta, 21 August 1937 in *Dodis* 12: 244–45.
20. Motta to the National Council, 22 December 1937, in *Dodis* 12: 356–60.
21. Halifax to Foreign Office, 9 May 1938, PRO, FO 371/22468, TNA.
22. For a broad overview, see Madeleine Herren and Sacha Zala, *Netzwerk Aussenpolitik. Internationale Kongresse und Organisationen als Instrumente der schweizerischen Aussenpolitik, 1914–1950* (Zürich: Chronos 2002). For a precise exemplification of this

policy, see the Swiss sources on the 1920s in *Diplomatische Dokumente der Schweiz*, vol. 8 and 9 (Bern: Benteli, 1980 and 1988).

23. Minutes of the Federal Council, 28 September 1938, in *Dodis* 12: 916–19 (esp. Note 3 which explains how Motta's initial proposition of offer of good offices had been dropped); Minutes of the Federal Council, February 13, 1940, in *Dodis* 13: 562–6.
24. The Oslo group included Belgium, Denmark, Finland, Luxemburg, the Netherlands, Norway, and Sweden. For the Swiss policy on this issue, see Bonna to the Swiss Legations in foreign countries, September 28, 1939, in *Dodis* 13: 389–93.
25. The decision of the League in May 1938 intervened amid a conflict between Switzerland and Germany about the press. The two issues were discussed together in the following days in a meeting between Ribbentrop and the Swiss Minister in Berlin. Dinichert to Motta, May 20, 1938, in *Dodis* 12: 714–17.
26. Speech by Gorgé, Swiss representative in the 'Committee of 28', 31 January 1938, in *Dodis* 12; 433–39; Delbos to Corbin, 3 February 1938, Suisse, No. 212, AMAE. In April, the Foreign Office and the Quai d'Orsay seemingly believed the threat that Switzerland might leave the League. See documents in file R 4199, PRO, FO 371/22468, TNA.
27. Extract from the Anglo-French Conversation Held at No.10 Downing Street, on 29 April 1938, PRO, FO 371/22468, TNA.
28. Francis Paul Walters, A *History of the League of Nations*, vol. 2 (London: Oxford University Press, 1952): 781–83.
29. Donatella Cecchi, *L'accordo di due imperi. L'accordo italo-inglese del 16 aprile 1938* (Milano: A. Giuffre, 1977).
30. Report by Frost, 14 December 1938, RG 59, 854.00, NARA.
31. Report of Beaumont-Nesbitt, Military Attaché, 4 April 1938, PRO, FO 371/22470, TNA. See also, after the start of the war, the Annual Report of Warner, 30 December 1939, PRO, FO 371/24530, TNA, and, in addition, the positive assessment of Swiss willingness to fight as late as in June 1940 in Coulondre to Reynaud, 8 June 1940, Serie Papiers 40, Reconstitution Fouques-Duparc, no 62, AMAE.
32. Georg Kreis, *Auf den Spuren von 'La Charité' : die schweizerische Armeeführung im Spannungsfeld des deutsch-französischen Gegensatzes 1936–1941* (Basel: Helbing & Lichtenhahn, 1976).
33. Approximately one-tenth of French military forces were used in anticipation of a Swiss case in May 1940, which was placed in third place in importance by the French Army behind a passage through the Low countries and a frontal attack against the Maginot Line. Philippe Garraud, "Le rôle de l' « hypothèse suisse » dans la défaite de 1940 ou comment une simple possibilité théorique a pu affecter la réalité," *Guerres mondiales et conflits contemporains*, no. 230 (2008): 68.
34. Between 1936 and 1939, Swiss exports to France, England and the U.S. grew by 151.9 million Swiss francs, while exports to Germany and Italy did not increase (if one takes into account the inclusion of Austria in German import statistics). Historical Statistics of Switzerland, series L. 22 (https://hsso.ch).
35. Perrenoud and Lopez, *Aspects des relations*, 74–84; Christophe Farquet, "'A beggar became a banker,' Financial Relations between Switzerland and France, and the Implications for Foreign Policy, from the Belle Epoque to the Phoney War," *International History Review* 43, no. 2 (2021): 310–11. After lending short-term credits to the railways and the Treasury from October 1937 onwards, Swiss and Dutch banks issued three large long- and mid-term loans in favour of the French state between January and June 1939 to consolidate these credits as well as former loans issued to the railways between 1924–1932, amounting in total to a substantial sum of 8.4 billion French francs.

36. Alphand to Daladier, December 5, 1939, Serie Papiers 40, Reconstitution Fouques-Duparc, No. 62, AMAE.
37. De Linde, Military Attaché, September 3, 1939, PRO, FO 371/23172, TNA.
38. Willi Gautschi, *General Henri Guisan. Commander-in-Chief of the Swiss Army in World War II* (Rockville Centre: Front Street Press, 2003): 49–65.
39. The US diplomats were overly enthusiastic about the Swiss army in 1939. See reports in RG 59, 854.20, NARA.
40. Among the many documents, see the convergent British, French, and Swiss views expressed in the Secret report of de Linde, February 4, 1939, PRO, FO 371/23856, TNA. On the threat in 1940, see the files in Serie Papiers 40, Reconstitution Fouques-Duparc, no 62, AMAE; PRO, FO 371/24538, TNA.
41. On Swiss-Allied economic negotiations, see Jerusalmi, *Les relations économiques*, 29–31; Hofer and Reginbogin, *Hitler, der Westen und die Schweiz*, 517–44; Meier, *Schweizerische Aussenwirtschaftspolitik*, 159–72.
42. *Historical Statistics of Switzerland*, Series L. 18 and L. 22 (https://hsso.ch).
43. Minutes of a Meeting on a War Trade Agreement, 30 October 1939; Halifax to Burgin, 28 November 1939, PRO, FO 371/23174, TNA.
44. The main issues of Franco-Swiss commercial relations were reversed between spring and summer 1939: while the Swiss had initially complained of their trading deficit, the French were then demanding military exports and cutting imports to Switzerland. For the Swiss initial position, see Hotz to Stucki, 11 May 1939, in *Dodis* 13: 202–3.
45. Report by Roberts, 1 November 1939, PRO, FO 371/23174, TNA. The Ministry of Economic Warfare and the Foreign Office were on the same line on this point. See Hibbert Cross to Lord Halifax, 2 December 1939, PRO, FO 371/23174, TNA.
46. Jerusalmi, *Les relations économiques*, 26–7.
47. French Embassy in Bern to Federal Political Department, 30 August 1939; Report by Stucki, 3 September 1939; Minutes of the Federal Council, 8 September 1939, in *Dodis* 13: 322; 338–39; 348–49.
48. Obrecht to Alphand, 22 September 1939; Minutes of the Federal Council, 30 October 1939, in *Dodis* 13: 382, 439–441.
49. The 13th Hague Convention dealt with naval wars, but it was usually accepted that this principle applied to wars in general. For a discussion of this issue in Switzerland during the Second World War, see Stefan Frech, *Clearing. Der Zahlungsverkehr der Schweiz mit den Achsenmächten* (Zürich: Chronos, 2001): 183–85; Peter Hug, *Schweizer Rüstungsindustrie und Kriegsmaterialhandel zur Zeit des Nationalsozialismus*, vol. 2 (Zürich: Chronos, 2002): 776–79.
50. Report of the Division of Commerce, 26 April 1945, in *Dodis* 15: 1079.
51. These figures, which should be appreciated with some prudence, are reproduced in Hug, *Schweizer Rüstungsindustrie*, vol. 1, 509 and vol. 2, 625.
52. Minutes of the Federal Council, 13 October 1939, in *Dodis* 13: 422–24. On transit issue with Germany and Italy, see Ribbentrop to Swiss Legation in Berlin, 28 June 1939; Report of Motta, 31 August 1939; Ciano to Swiss Legation in Rome, 12 September 1939, in *Dodis* 13: 257, 328, 352.
53. Minutes of the Federal Council, May 24, 1940, in *Dodis* 13: 686–88.
54. Exchange of Declarations and Letters constituting the War Trade Agreement, April 25, 1940, PRO, FO 500/17, TNA. See also Minutes of the Federal Council, 23 April 1940, *Dodis* 13: 627–32 and Medlicott, *The Economic Blockade*, 234–37.
55. Meier, *Aussenwirtschaftspolitik, 1930–1948*, 168.
56. See Heinz Ochsenbein, *Die verlorene Wirtschaftsfreiheit. Methoden ausländischer Wirtschaftskontrollen über die Schweiz* (Bern: Stämpfli, 1971).

57. Wylie, *Britain, Switzerland, and the Second World War*, 123–24.
58. According to Articles 7 and 9 of the 5th Hague Convention concerning the Rights and Duties of Neutral Powers, a neutral country was not allowed to prohibit exports of everything that could be useful to an army against one belligerent and not against the others. Compare with Philippe Marguerat, "La Suisse et la neutralité dans le domaine économique pendant la Seconde Guerre mondiale," in *L'économie suisse*, 30, who wrongly denies any infringements to the egality of commercial treatment with the belligerents during the war. Idem in Antoine Fleury, "En marge du conflit? Etats neutres et non belligérants," in *1937–1947, La guerre-monde*, ed. Alya Aglan and Robert Frank, vol. 1 (Paris: Gallimard, 2015), 601–15.
59. Bonna to Obrecht, 7 December 1939; Swiss commercial delegation to the Treasury, 11 December 1939, in *Dodis* 13: 493–97. See also, on these negotiations, the documents in PRO, FO 371/23174, TNA.
60. Swiss commercial delegation in London to British government, April 4, 1940, in *Dodis* 13: 621–24.
61. Draft Agreement between Switzerland and the United Kingdom, April 25, 1940, in *Dodis* 13: 650–51.
62. Minutes of the Federal Council, May 21, 1940, in *Dodis* 13: 679–82.
63. Frölicher to Pilet-Golaz, May 28, 1940, in *Dodis* 13: 690–91.
64. Minutes of the Federal Council, July 2, 1940, in *Dodis* 13: 789–91.
65. Minutes of the Federal Council, August 13, 1940, in *Dodis* 13: 885–88. The credit amounted to 150 million, but a part of this sum had been already paid as a reimbursement of the former Swiss clearing debt.
66. Direction of the Swiss National Bank to Stampfli, August 2, 1940; Hotz to Ruegger, 6 September 1940, in *Dodis* 13: 864–70; 914–17. For sure, one year later, after industrialists such as Bührle had promoted their war production, spending large amounts of bribes to penetrate the German market, the situation changed: Switzerland had to concede an increase in the credit clearing up to 850 million Swiss francs to Germany. Swiss war materials exported to Germany reached 606.2 million between 1940–1944, while Bührle-Oerlikon alone, a company of no more than 3,000 employees, concentrated as much as 392.1 million in Swiss deliveries. Frech, *Clearing*, 80, 121, 128, 183; Hug, *Schweizer Rüstungsindustrie*, vol. 1, 497–98, vol. 2, 633, 665.
67. See note 9. Compare with a research based on archives: Christophe Farquet, "Neutral Switzerland, Summer 1940. A Reappraisal" (Archive ouverte 164987, University of Geneva, 2022).
68. Wylie, *Britain, Switzerland, and the Second World War*, 132.
69. *Ibid.*, 122–32; Paccaud, "Les relations financières entre la Suisse et la Grande-Bretagne," 155–56; Urner, *"Let's Swallow Switzerland,"* 85 ff.
70. Memorandum by Speight, 29 September 1940, PRO, FO 371/24539, TNA. See also Neville Wylie, "Switzerland. A Neutral of Distinction?" in *European Neutrals and Non-belligerents during the Second World War*, ed. Neville Wylie (Cambridge: Cambridge University Press, 2002), 337.
71. Werner Roesch, *Bedrohte Schweiz. Die deutschen Operationsplanungen gegen die Schweiz im Sommer/Herbst 1940 und die Abwehrbereitschaft der Armee im Oktober 1940* (Frauenfeld: Huber, 1986). See also the Italian plans in Alberto Rovighi, *Un secolo di relazioni militari tra Italia e Svizzera, 1861–1961* (Roma: Stato Maggiore dell'esercito, 1987), 485 ff.
72. Butler to Foreign Office, 13 December 1940, PRO, FO 371/24539, TNA.

73. Dalton to Keller, October 15, 1940, in *Dodis* 13: 971–2. See also Medlicott, *The Economic Blockade*, 590–91.
74. Inglin, *Der stille Krieg*, 123 ff.
75. Coulondre to Baudouin, 13 July 1940, Guerre, Suisse, 758, AMAE; Kelly to War Cabinet, 29 July 1940, PRO, FO 371/24538, TNA.
76. De la Baume à Laval, 22 November 1940, Guerre 1939–1945, Suisse, 762, AMAE. See also Kelly to Sargent, 21 September 1940, PRO, FO 371/24539, TNA; and, previously, Kelly to Foreign Office, 11 June 1940, PRO, FO 371/24538, TNA.
77. Its importance was such that Churchill briefly considered destroying the Alpine railway at the end of January 1941 to stop it. See Michael Bloch, "Januar 1941: über die Absicht Grossbritanniens, den deutschen Kohlenachschub über die Schweiz nach Italien gewaltsam zu unterbinden," *Revue suisse d'histoire* 60, no 2 (2010): 252–58.
78. Marc Perrenoud, *Banquiers et diplomates (1938–1946)* (Lausanne: Antipodes, 2011): 286–87. On this point, I diverge from the peremptory, and sometimes contradictory or wrong, assertions of Sébastien Guex, Malik Mazbouri, and Rodrigo Lopez, "La place financière suisse 1890–2010," in *Histoire économique de la Suisse au XXe siècle*, ed. Patrick Halbeisen, Margrit Müller, and Béatrice Veyrassat (Neuchâtel: Editions Livreo-Alphil, 2021), 519–22.
79. After a sharp decline in 1938–1939, the amount of freely available Swiss francs in the clearing raised in the agreement of August 1940, but it only amounted to 49.6 million Swiss francs. Frech, *Clearing*, 189. In addition, the Reichsbank sold some limited volumes of gold to the Swiss National Bank between October and December 1940, for a total of 58.6 million. Michel Fior, *L'or de la Reichsbank. Que savait la Banque Nationale Suisse? (1939–1945)* (Neuchâtel: Université de Neuchâtel, 1997), Appendix A1. Note that the turnover of the large commercial banks decreased drastically from 1940 onwards. See *Schweizerische Nationalbank*, *Das schweizerische Bankwesen im Jahre 1940* (Zürich, 1941), 117.
80. In accordance on that point with Neville Wylie, "Marcel Pilet-Golaz, David Kelly and Anglo-Swiss relations in 1940,"*Diplomacy and Statecraft* 8, no. 1 (1997): 49–79.
81. Speech by Pilet-Golaz, June 25, 1940, in *Dodis* 13: 760–62.
82. See the files C 7432 'Swiss Reaction to the German-French Armistice' and C 7798 'Swiss Reaction to European Situation' in PRO, FO 371/24538, TNA.
83. Kelly to Foreign Office, 8 August 1940, PRO, FO 371/24538, TNA. See also Harrisson to Hull, 6 August 1940, RG 854.00, NARA; Coulondre to Baudoin, 1 August 1940, Guerre 1939–1945, Suisse, 764, AMAE; Coulondre to Baudoin, 6 August 1940, Guerre 1939–1945, Suisse, 762, AMAE.
84. Guisan to Minger, August 14, 1940, in *Dodis* 13: 896–98.
85. See the file C 10085 "Political Situation in Switzerland," in PRO, FO, 371/24530, TNA; Harrison to Hull, October 7, 1940, RG 59/854.00, NARA.
86. Memorandum by Harrison, November 19, 1940, RG 59/854.00, NARA.
87. Kelly to Foreign Office, November 20, 1940, PRO, FO, 371/24530, TNA.
88. See also the retrospective survey in De la Baume à Flandin, February 5, 1941, Guerre 1939–1945, Suisse, 763, AMAE.
89. Thurnheer to Federal Political Department, 5th October 1940, in *Dodis* 13: 965.
90. For that purpose, a comparative view on Swiss neutrality during this precise period would be of great interest, especially in dealing with the Swedish case. By comparison with Switzerland, such a study would surely highlight the utmost importance of the economic factor (iron ore) on Sweden's foreign relations. For general comparison on neutrality during the Second World War, see *Schweden, die Schweiz und der Zweite Weltkrieg*, ed. Irène Lindgren and Renate Walder (Frankfurt: P. Lang, 2001); Neville

Wylie, ed., *European Neutrals and Non-Belligerents during the Second World War* (Cambridge: Cambridge University Press 2002). See also the analytical framework on that question for the years before the First World War in Maartje Abbenhuis, *An Age of Neutrals. Great Power Politics, 1815–1914* (Cambridge: Cambridge University Press, 2014).

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