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SUBJECT: HOLOCAUST-ERA ASSETS: SWISS WEEKLY
SUMMARY

REF: BERN 2100

1. (U) CLASSIFIED BY AMBASSADOR MADELEINE MAY KUNIN. REASONS: 1.5 (B) AND (D).
2. (U) FOLLOWING IS THE SUMMARY OF ISSUES AND EVENTS RELATED TO HOLOCAUST-ERA ASSETS/NAZI GOLD FOR THE WEEK ENDING MAY 15.

SUMMARY

2. (C) ISRAEL SINGER OF THE WORLD JEWISH CONGRESS MET THIS WEEK IN CLOSED SESSION WITH MEMBERS OF PARLIAMENT AND IN A PUBLIC FORUM WITH THE SWISS JEWISH COMMUNITY. SINGER'S APPEARANCES RECEIVED MIXED REVIEWS IN THE PRESS AND FROM

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VARIOUS PARTICIPANTS IN THE MEETINGS, ALTHOUGH SINGER HIMSELF DESCRIBED THE VISIT AS A "SUCCESS." THE MEETINGS PROVIDED A MUCH NEEDED OPPORTUNITY TO AIR CONCERNS ON BOTH SIDES, BUT UNDERScoreD THE CULTURAL AND OTHER DIFFERENCES THAT HAVE TROUBLED THE RELATIONSHIP BETWEEN THE WJC AND SWITZERLAND. THE BOARD OF THE "SPECIAL FUND" FOR HOLOCAUST VICTIMS THIS WEEK LAID THE GROUNDWORK FOR THE DISTRIBUTION OF 65 MILLION SWISS FRANCS, MOST OF WHICH WILL GO TO HOLOCAUST SURVIVORS IN THE U.S. ON THE EVE OF HIS TRIP TO ISRAEL, PRESIDENT COTTI DELIVERED ONE OF HIS STRONGEST STATEMENTS YET AGAINST ANTI-SEMITISM IN A SPEECH TO EDUCATORS IN ZURICH. A REPORT RELEASED THIS WEEK ON THE ART COLLECTIONS OF THE SWISS CONFEDERATION CONTAINED NO SIGNIFICANT REVELATIONS ABOUT STOLEN ART FROM THE HOLOCAUST-ERA, BUT DID HIGHLIGHT THE NEED TO EXAMINE FURTHER THE ORIGIN OF A FEW PIECES, INCLUDING SOME PAINTINGS ACQUIRED BY THE FAMED SWISS COLLECTOR OSKAR REINHART. END SUMMARY.

SINGER IN SWITZERLAND

3. (SBU) ISRAEL SINGER OF THE WORLD JEWISH CONGRESS WAS IN SWITZERLAND THIS WEEK TO ATTEND A MEETING OF THE "SPECIAL FUND" BOARD. HE ALSO MET IN CLOSED SESSION WITH MEMBERS OF PARLIAMENT AND IN PUBLIC WITH THE SWISS JEWISH COMMUNITY IN ZURICH. PRESS REPORTS ON HIS MEETINGS, ESPECIALLY HIS DISCUSSION WITH THE SWISS JEWISH COMMUNITY, WERE DECIDEDLY MIXED. SEVERAL REPORTS HIGHLIGHTED SINGER'S SUGGESTION THAT SWISS JEWS DO NOT KNOW WHAT ANTI-SEMITISM IS, AND FOCUSED ON HEATED EXCHANGES WITH MEMBERS OF THE AUDIENCE. THE NEWS THAT MICHAEL KOHN, A PROMINENT MEMBER OF THE SWISS JEWISH COMMUNITY, HAS APPARENTLY JUST BEEN EXPELLED FROM THE EUROPEAN JEWISH CONGRESS BECAUSE OF A STATEMENT HE HAD MADE ADDED TO THE PICTURE OF A GROWING RIFT BETWEEN SWISS JEWS AND THE WJC. (KOHNS REPORTEDLY CRITICIZED THE WJC IN AN INTERVIEW AND SAID THAT FORMER SWISS PRESIDENT DELAMURAZ HAD NOT BEEN WRONG WHEN HE SPOKE OF "BLACKMAIL" AGAINST SWITZERLAND.)

4. (C) IN FACT, HOWEVER, SINGER RECEIVED SEVERAL ROUNDS OF APPLAUSE DURING HIS APPEARANCE BEFORE THE SWISS JEWISH COMMUNITY AND IT WAS CLEAR THAT MANY APPRECIATED THE OPPORTUNITY TO ENGAGE IN A FRANK EXCHANGE OF VIEWS. INDEED, HE AGREED FULLY WITH ONE MEMBER OF THE AUDIENCE THAT THERE WAS A NEED TO CONVEY BETTER TO THE SWISS PUBLIC THAT THE REAL ISSUE WAS NOT MONEY BUT JUSTICE AND TRUTH. BUT IF THE SWISS EXPECTED CONTRITION, THEY WERE SURELY DISAPPOINTED. REPORTEDLY ASKED BY MEMBERS OF PARLIAMENT TO APOLOGIZE FOR WJC PRESIDENT EDGAR BRONFMAN'S THREAT OF "TOTAL WAR," SINGER INDICATED THAT IF BRONFMAN SAID THIS AND IF IT OFFENDED THE

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SWISS PEOPLE, THEN HE REGRETS IT.

TO AFFLICT THE COMFORTABLE

5. (C) MORE THAN ANYTHING ELSE, SINGER'S VISIT UNDERScoreD THE PROFOUND CULTURAL DIFFERENCES THAT HAVE STRAINED THE WJC'S RELATIONS WITH SWITZERLAND. ONE MEMBER OF PARLIAMENT COMPLAINED THAT SINGER HAD LECTURED SWISS PARLIAMENTARIANS, AND HIS APPEARANCE IN ZURICH WAS AS MUCH SERMON AS DISCUSSION. HIS BRILLIANT RHETORICAL STYLE, ALTERNATING BETWEEN GENTLE ENCOURAGEMENT AND ANGRY CHALLENGES, LEAVES MANY SWISS FEELING FRUSTRATED, INFURIATED, AND INTIMIDATED. WHILE HE PRAISED SWISS ACTIONS AND INDICATED THAT HE BELIEVES SWITZERLAND IS "ON THE RIGHT ROAD," SINGER ALSO MADE IT CLEAR THAT SOOTHING THE COLLECTIVE SWISS EGO IS NOT HIS PRIMARY CONCERN. THE SWISS PUBLIC AND THE SWISS JEWISH COMMUNITY WERE TOO "THIN SKINNED," HE NOTED IN AN INTERVIEW, AND THE SWISS PRESS HAS ADOPTED "AN UNCRITICAL AND DEFENSIVE ATTITUDE" TOWARD GOVERNMENT POLICY. "AT TIMES," HE TOLD HIS ZURICH AUDIENCE, "TO COMFORT THE AFFLICTED ONE MUST AFFLICT THE COMFORTABLE."

"SPECIAL FUND" PREPARES FURTHER DISTRIBUTIONS

6. (SBU) A MEETING OF THE BOARD OF THE SWISS "SPECIAL FUND" FOR NEEDY HOLOCAUST VICTIMS THIS WEEK HAS APPARENTLY LAID THE GROUNDWORK FOR A QXL97V2QBQXE22ISSUE WITH THE DISTRIBUTION TO AMERICAN HOLOCAUST SURVIVORS WAS ONE OF DEFINING "NEED." FUND ADMINISTRATORS FEARED THAT IF MOST OF THE ESTIMATED 130,000 HOLOCAUST SURVIVORS IN THE U.S. APPLIED FOR FUNDS, THE AMOUNT RECEIVED BY EACH INDIVIDUAL WOULD BE SMALL AND IT MIGHT TAKE MONEY AWAY FROM MORE NEEDY SURVIVORS ELSEWHERE. AT THE SAME TIME, THE WJRO APPARENTLY RESISTED THE IDEA OF APPLYING A "MEANS TEST" TO SURVIVORS IN THE U.S. IN THE END, IT WAS AGREED THAT THE APPLICATION FOR MONEY WILL APPARENTLY INCLUDE A LETTER FROM ROLF BLOCH, PRESIDENT OF THE FUND, EXPLAINING THE PURPOSE OF THE FUND (I.E. TO AID NEEDY HOLOCAUST VICTIMS) AND NOTING THAT THOSE WHO RECEIVE MONEY FROM THE FUND WHO DO NOT REALLY NEED IT WILL ONLY DEPRIVE OTHERS OF ASSISTANCE. FUND OFFICIALS ANTICIPATE THAT SOMEWHERE BETWEEN 30,000 AND 40,000 HOLOCAUST SURVIVORS IN THE U.S. WILL EVENTUALLY RECEIVE BENEFITS FROM THE FUND.

COTTI CONDEMNS ANTI-SEMITISM

7. (SBU) SPEAKING TO THE FIRST NATIONAL CONGRESS OF THE "EDUCATION FOR TOLERANCE" FOUNDATION IN ZURICH THIS WEEK, PRESIDENT COTTI MADE ONE OF HIS CLEARER STATEMENTS YET AGAINST ANTI-SEMITISM AND

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RACISM. "ALL FORMS OF ANTI-SEMITISM MUST BE CONDEMNED IN THE STRONGEST POSSIBLE TERMS," THE SWISS PRESIDENT DECLARED, ADDING THAT "WE ARE COMMITTED TO FIGHT THIS EVIL SPIRIT OF EUROPEAN HISTORY WITH THE UTMOST DETERMINATION." AT THE SAME TIME, HOWEVER, COTTI ARGUED THAT THE FIGHT AGAINST ANTI-SEMITISM "DOES NOT MEAN IMMUNITY FOR JEWISH PEOPLE, HERE OR ANYWHERE IN THE WORLD, WHEN IT COMES TO A DIALECTICAL AND DEMOCRATIC DISCUSSION." IN A PLURALISTIC SOCIETY, HE STRESSED, "WE SHOULD BE FREE TO EXPRESS DIFFERENCES OF OPINION WITHOUT HINDRANCE, WITH JEWISH PEOPLE ALSO, WITHOUT BEING BRANDED AS ANTI-SEMITIC." ONE MUST NOT CONFUSE CRITICISM WITH RACISM, COTTI SAID IN WHAT APPEARED TO BE A REFERENCE TO HIS OWN EXPERIENCE EARLIER THIS YEAR WHEN HE WAS ACCUSED OF USING LANGUAGE SIMILAR TO FORMER AUSTRIAN PRESIDENT **KURT WALDHEIM**.

CONFEDERATION ART COLLECTIONS

8. (SBU) A STUDY COMMISSIONED BY THE FEDERAL OFFICE FOR CULTURE OF THE ART COLLECTIONS OWNED BY THE SWISS CONFEDERATION FOUND NO STOLEN ARTWORK AMONG THE WORKS THAT WERE ACQUIRED BETWEEN 1933 AND 1945. THE STUDY, HOWEVER, RAISED QUESTIONS ABOUT THE ORIGIN OF TEN PIECES OF ART, NINE OF WHICH ARE PAINTINGS FROM THE COLLECTION OF THE FAMOUS SWISS ART COLLECTOR OSKAR REIHART. THE ORIGIN OF THESE PAINTINGS WILL BE EXAMINED FURTHER, BUT SEVERAL OBSERVERS EXPRESSED DOBT THAT REINHART, WHO WAS KNOWN FOR HIS CAREFUL COLLECTING, WOULD HAVE ACQUIRED ART OF DUBIOUS ORIGIN. OVERALL, THE STUDY APPEARS TO BE GOOD NEWS FOR THE SWISS CONFEDERATION, ALTHOUGH SOME CRITICS SUGGESTED THAT THE SCOPE OF THE STUDY WAS TOO NARROW AND SHOULD HAVE LOOKED MORE CAREFULLY AT WORKS ACQUIRED AFTER 1945. THE STUDY, HOWEVER, IS NOT THE ONLY RESEARCH BEING CONDUCTED INTO THE ORIGIN OF ART IN SWITZERLAND. AT THE BEHEST OF THE NATIONAL INFORMATION CENTER ON PRESERVATION OF CULTURAL GOODS, HISTORIAN THOMAS BUOMBERGER IS PREPARING A STUDY ON THE ROLE OF SWITZERLAND AS AN ART MARKET FROM THE EARLY 1930'S UNTIL 1955. THIS REPORT SHOULD BE AVAILABLE IN THE FALL OF 1998. IN ADDITION, THE BERGIER COMMISSION PLANS TO EXAMINE THE ISSUE OF LOOTED ART IN SWITZERLAND.

BORER REJECTS A SWISS MEDIATOR

9. (U) RESPONDING TO THE PROPOSAL OF FORMER STATE SECRETARY BRUNNER THAT THE SWISS GOVERNMENT APPOINT A "SWISS EIZENSTAT," TASK FORCE HEAD THOMAS BORER INSISTED THAT THERE IS NO NEED FOR SUCH A MOVE. BORER REPORTEDLY QUESTIONED WHAT THE

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ROLE OF A SWISS MEDIATOR WOULD BE, ADDING THAT U/S EIZENSTAT IS ALREADY PLAYING THE ROLE OF FACILITATOR AND NOTING THAT THE SWISS GOVERNMENT IS WELL INFORMED ON ALL ASPECTS OF THE NEGOTIATIONS, WHICH INVOLVE CLAIMS AMONG "PRIVATE PERSONS." FINALLY, HE INSISTED THAT THE SWISS GOVERNMENT IS DOING ALL THAT IS NECESSARY TO DEFEND SWISS INTERESTS.

GOVERNMENT DEFENDS FLORAKO

10. (SBU) SWISS OFFICIALS HAVE COME OUT MORE STRONGLY AGAINST SUGGESTIONS FROM MEMBERS OF PARLIAMENT THAT SWITZERLAND'S NEW AIR DEFENSE SYSTEM, FLORAKO, BE HELD HOSTAGE TO THE HOLOCAUST-ERA ASSETS ISSUE. (NATIONAL COUNCILOR ERNST MUEHLEMANN SUGGESTED THAT U/S EIZENSTAT SHOULD APOLOGIZE FOR THE "UNBELIEVABLE STATEMENTS" MADE ABOUT SWITZERLAND IN THE PREFACE TO THE FIRST U.S. REPORT ON NAZI GOLD BEFORE PARLIAMENT APPROVES FUNDING FOR THE SYSTEM, WHICH WILL BE BUILT BY A RATHEON/THOMSON CONSORTIUM.) BUT THE HEAD OF ARMAMENTS PROCUREMENT, TONI WICKI, REJECTED THIS SUGGESTION, NOTING THAT "WE BUY SOMETHING BECAUSE WE NEED IT AND NOT TO REWARD OR PUNISH SOMEONE." THE GOVERNMENT'S ARGUMENTS MAY BE HAVING SOME SUCCESS. THE SECURITY POLICY COMMITTEE OF THE UPPER HOUSE THIS WEEK REPORTEDLY APPROVED THE GOVERNMENT'S MILITARY BUDGET, INCLUDING FUNDING FOR FLORAKO, BY A VOTE OF 8 TO 2. KUNIN

ADMIN
END OF MESSAGE

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