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TEXT

DECLASSIFIED AND RELEASED BY
CENTRAL INTELLIGENCE AGENCY
SOURCE METHODS EXEMPTION 3B2B
NAZI WAR CRIMES DISCLOSURE ACT
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TAGS: PREL, KNAR, EFIN, PHUM, PGOV, SZ
COMBINE: COMPLETE

SUBJECT: HOLOCAUST-ERA ASSETS: SWISS DELIVER COPY OF BERGIER
REPORT; EXPRESS CONCERN OVER NEW THREATS AND FATE OF UBS/SBC MERGER

1. CLASSIFIED BY AMBASSADOR MADELEINE MAY KUNIN. REASON: 1.5 (B)
AND (D).

2. (C) SUMMARY: IN A MAY 20 MEETING WITH THE AMBASSADOR, TASK
FORCE HEAD THOMAS BORER PROVIDED A GERMAN VERSION OF THE FULL
BERGIER REPORT WHICH WILL BE OFFICIALLY RELEASED ON MAY 25. WHILE
INSISTING THAT THE REPORT ESSENTIALLY CONFIRMS WHAT HAD PREVIOUSLY
BEEN KNOWN ABOUT SWISS WARTIME GOLD TRANSACTIONS, BORER HIGHLIGHTED
SOME OF THE KEY FINDINGS AND DREW ATTENTION TO A COUPLE OF
POTENTIAL PROBLEM AREAS, INCLUDING AN UNANSWERED QUESTION ABOUT THE
FATE OF GOLD FROM THE "MELMER ACCOUNT" THAT WAS DEPOSITED WITH THE
SWISS NATIONAL BANK IN THE ACCOUNT OF THE NAZI REICHSBANK.
OVERALL, THE REPORT WILL UNDERSCORE THAT BANK OFFICIALS WERE AWARE
AS EARLY AS 1943 THAT SOME IF NOT MOST OF THE GOLD THEY WERE
RECEIVING FROM GERMANY WAS STOLEN FROM OTHER CENTRAL BANKS, BUT
THAT MORAL OR POLITICAL CONSIDERATIONS WERE SECONDARY TO CONCERNS
ABOUT MAINTAINING THE STABILITY OF THE SWISS FRANC. BORER ALSO
BRIEFED THE AMBASSADOR ON PRESIDENT COTTI'S TRIP TO THE MIDDLE
EAST, AND RAISED SWISS CONCERNS ABOUT THE THREAT OF SANCTIONS IN
NEW JERSEY, THE WJRO'S THREAT OF A NEW CLASS ACTION LAWSUIT AND
INDICATIONS THAT NEW YORK OFFICIALS MAY BE DELAYING APPROVAL OF THE
UBS/SBC MERGER FOR POLITICAL REASONS. DESPITE THE AMBASSADOR'S
APPEAL FOR MODERATION, BORER INDICATED THAT THE SWISS GOVERNMENT IS
PREPARED TO COME OUT FIGHTING. END SUMMARY.

BERGIER REPORT

3. (C) TASK FORCE HEAD THOMAS BORER PROVIDED THE AMBASSADOR ON
MAY 20 WITH A COPY (IN GERMAN) OF THE BERGIER COMMISSION'S REPORT
"SWITZERLAND AND THE GOLD TRANSACTIONS IN THE SECOND WORLD WAR."
(COPY HAS BEEN SENT VIA FEDERAL EXPRESS TO EUR/AGS.) BORER
PROMISED TO PROVIDE AN ENGLISH VERSION AS SOON AS POSSIBLE, BUT
SAID THAT THIS MAY NOT YET BE COMPLETE. IN ANY EVENT, HE NOTED,
THE BERGIER COMMISSION IS APPARENTLY STILL MAKING LAST-MINUTE
CHANGES. BORER EXPLAINED THAT THE REPORT WILL BE OFFICIALLY
RELEASED BY PROFESSOR BERGIER ON MAY 25 AND THE SWISS GOVERNMENT
WILL ISSUE A STATEMENT THE SAME DAY WELCOMING THE REPORT,
ACKNOWLEDGING THE SHORTCOMINGS OF THE SWISS NATIONAL BANK'S
"SENSITIVITY TO MORAL AND POLITICAL ISSUES" DURING THE WAR, BUT
EMPHASIZING THAT THE REPORT DOES NOT CALL FOR ANY ADDITIONAL
MEASURES BY THE SWISS GOVERNMENT; RATHER, IT UNDERSCORES THE NEED
FOR THOSE THINGS ALREADY UNDERTAKEN OR PLANNED, ESPECIALLY THE
"SPECIAL FUND" FOR HOLOCAUST VICTIMS AND THE SOLIDARITY FOUNDATION.

4. (C) BORER SAID THAT IN PROVIDING A COPY OF THE REPORT SEVERAL
DAYS IN ADVANCE OF ITS PUBLIC RELEASE, THE SWISS GOVERNMENT WAS
FULFILLING ITS "UNDERSTANDING" WITH U.S. OFFICIALS. HE STRESSED
THAT, IN TURN, THE SWISS EXPECT THE U.S. TO PROVIDE A COPY OF THE
SECOND NEUTRALS REPORT SEVERAL DAYS IN ADVANCE OF ITS RELEASE.
TURNING TO THE SUBSTANCE OF THE REPORT, BORER SAID HE WANTED TO
HIGHLIGHT SEVERAL THINGS. FIRST, HE NOTED, THE REPORT

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UNFORTUNATELY DOES NOT CONTAIN A REAL SUMMARY OR SYNOPSIS AND IT WILL BE DIFFICULT FOR THE BROADER PUBLIC TO DIGEST A DETAILED STUDY OVER TWO-HUNDRED PAGES IN LENGTH. HE HAS THUS RECOMMENDED TO THE FEDERAL COUNCIL THAT THE BERGIER COMMISSION BE ASKED TO PREPARE A TEN-PAGE SUMMARY THAT COULD BE MAILED TO EVERY HOUSEHOLD IN SWITZERLAND AFTER THE SUMMER VACATION PERIOD. THE AMBASSADOR SAID SHE THOUGHT THIS WAS AN EXCELLENT IDEA, BUT STRESSED THAT THE SUMMARY SHOULD BE AS IMPARTIAL AND FRANK AS THE REPORT ITSELF. BORER SAID HE UNDERSTOOD THIS, AND THAT IS WHY THE BERGIER COMMISSION ITSELF WOULD BE IN CHARGE OF PREPARING THE SUMMARY.

5. (C) SECOND, BORER HIGHLIGHTED THE MAIN FINDINGS OF THE REPORT AND DREW ATTENTION TO A COUPLE OF ELEMENTS THAT COULD BE MISUNDERSTOOD OR MISUSED. THE REPORT, HE NOTED, IS VERY FRANK BUT CONTAINS NO "ABSOLUTELY NEW" FINDINGS. IN ESSENCE, THE REPORT CONFIRMS THE BASIC CONCLUSIONS OF THE FIRST BERGIER REPORT AND THE SWISS NATIONAL BANK'S OWN EARLIER REPORT. IT CONCLUDES THAT THE SWISS NATIONAL BANK DURING THE WAR PLACED THE HIGHEST PRIORITY ON MAINTAINING THE STABILITY OF THE SWISS FRANC, AND ALSO UNDERSTOOD THAT THE VALUE OF THESE GOLD TRANSACTIONS TO NAZI GERMANY COULD PLAY A ROLE IN DETERRING GERMAN AGGRESSION AGAINST SWITZERLAND. MORAL OR POLITICAL ISSUES FOR BANK OFFICIALS WERE DISTINCTLY "SECONDARY." AS EARLY AS 1943, BANK OFFICIALS KNEW THAT AT LEAST SOME IF NOT MOST OF THE GOLD THEY WERE RECEIVING FROM THE REICHSBANK HAD BEEN LOOTED FROM OTHER CENTRAL BANKS.

VICTIMS' GOLD

6. (C) BORER UNDERScoreD THAT THE BERGIER COMMISSION FOUND NO EVIDENCE THAT SWISS OFFICIALS WERE AWARE THAT THIS GOLD MIGHT HAVE CONTAINED VICTIMS' GOLD. THE REPORT INDICATES, HOWEVER, THAT EVEN MORE VICTIMS' GOLD ENTERED SWITZERLAND THAN PREVIOUSLY BELIEVED. IN PARTICULAR, THE REPORT NOTES ON PAGE 45 THAT ROUGHLY 119 KILOGRAMS OF "MELMER" GOLD WERE PLACED ON DEPOSIT WITH THE SWISS NATIONAL BANK IN THE ACCOUNT OF THE REICHSBANK. WHAT HAPPENED TO THIS GOLD IS STILL UNCLEAR. BORER ALSO POINTED TO A LAST-MINUTE CHANGE IN THE REPORT THAT REDUCED THE ESTIMATED SIZE OF THE GOLD THAT CAME TO THE REICHSBANK FROM INDIVIDUALS. IN ITS PRELIMINARY REPORT, THE BERGIER COMMISSION ESTIMATED THE AMOUNT OF REICHSBANK GOLD THAT CAME FROM INDIVIDUALS AT 146 MILLION DOLLARS, BROKEN DOWN INTO THREE CATEGORIES--FOUR-YEAR PLAN ACTIVITY, "MELMER GOLD" AND "OTHER PRIVATE HOLDINGS." IT NOW APPEARS, HOWEVER, THAT MOST OF THE GOLD THAT HAD BEEN PLACED IN THE LAST CATEGORY ACTUALLY CAME FROM THE SOVIET UNION. THE LATEST BERGIER REPORT WILL THUS LIST THE SOURCES OF PRIVATE GOLD IN THE REICHSBANK'S HOLDINGS AS FOLLOWS:

FOUR-YEAR PLAN ACTIVITIES -- 71.8 MILLION DOLLARS
"MELMER GOLD" -- 2.9 MILLION DOLLARS
OTHER RESIDUAL PRIVATE HOLDINGS -- 7 MILLION DOLLARS

(NOTE: THE VERSION BORER PROVIDED TO US AND THAT WE HAVE FORWARDED TO THE DEPARTMENT DOES NOT REFLECT THIS LAST-MINUTE CHANGE, AND THE TABLE ON PAGE 35 STILL SHOWS THE RESIDUAL PRIVATE HOLDINGS AT 53.8 MILLION DOLLARS.)

BANK PROFIT

7. (C) THE BERGIER COMMISSION REPORT ALSO CONFIRMS THAT TOTAL PROFIT OF THE SWISS NATIONAL BANK FROM THESE GOLD TRANSACTIONS WAS 18.4 MILLION SWISS FRANCS--ROUGHLY THE SAME FIGURE THE BANK ITSELF HAD ESTIMATED. THIS PROFIT DERIVED PRIMARILY FROM ARBITRAGE AND COIN SALES. BORER NOTED THAT THIS PROFIT HAD ALREADY SERVED AS THE JUSTIFICATION FOR THE SWISS NATIONAL BANK'S CONTRIBUTION OF 100 MILLION SWISS FRANCS TO THE "SPECIAL FUND," INSISTING THAT THIS FIGURE WAS AN ACCURATE REFLECTION OF THE CURRENT VALUE OF THAT WARTIME PROFIT.

ALLIES KNEW ALL

8. (C) FINALLY, BORER NOTED THAT THE BERGIER REPORT CONCLUDES THAT THE ALLIED POWERS KNEW THE DETAILS OF SWITZERLAND'S WARTIME GOLD TRANSACTIONS AT THE TIME OF THE NEGOTIATIONS LEADING TO THE WASHINGTON AGREEMENT. LEFT UNSAID BY BORER, BUT CLEARLY IMPLIED IS THAT THE SWISS GOVERNMENT BELIEVES THIS REPORT WILL NOT GIVE FURTHER AMMUNITION TO THOSE WHO HAVE DEMANDED A RENEGOTIATION OF THE WASHINGTON AGREEMENT. (IN A SEPARATE CONVERSATION WITH POL/ECON COUNSELOR, HOWEVER, BORER'S STAFF ACKNOWLEDGED THAT THE UNANSWERED QUESTION ABOUT THE FATE OF THE "MELMER GOLD" ON DEPOSIT WITH THE SWISS NATIONAL BANK MAY BE USED BY SOME TO DEMAND FURTHER ACTION BY THE SNB OR THE SWISS GOVERNMENT.)

REFUGEE REPORT

9. (C) DISCUSSING THE FUTURE WORK OF THE BERGIER COMMISSION, BORER CONFESSED THAT HE BELIEVES THE REFUGEE REPORT WILL SHED PAINFUL LIGHT ON THE "DARKEST PART OF OUR HISTORY." THE REPORT IS SCHEDULED FOR RELEASE IN THE FALL, BUT BORER ANTICIPATES IT MAY BE DELAYED UNTIL WINTER. HE ALSO CONFIRMED THAT THE BERGIER COMMISSION IS UNANIMOUS IN OPPOSING FURTHER INTERIM REPORTS, BELIEVING THAT THESE DETRACT FROM PROGRESS TOWARD A FINAL REPORT. ON THE SUBJECT OF REFUGEES, HOWEVER, BORER INDICATED THAT HE IS STILL WORKING ON THE IDEA OF A CONFERENCE TO COMMEMORATE THE SIXTIETH ANNIVERSARY OF THE EVIAN CONFERENCE. APART FROM THE U.S. GOVERNMENT, HOWEVER, MOST COUNTRIES SEEM UNENTHUSIASTIC. BORER ADDED THAT HE HOPED THE SWISS GOVERNMENT MIGHT BE ABLE TO ANNOUNCE A CONTRIBUTION OF 60 MILLION FRANCS TO HOLOCAUST SURVIVORS OR TO REFUGEE AID ORGANIZATIONS TO MARK THE SIXTIETH ANNIVERSARY.

SECOND U.S. NEUTRALS REPORT

10. (C) BORER EXPRESSED APPRECIATION FOR THE FACT THAT AMBASSADOR DEFAGO HAD BEEN ABLE TO SEE A DRAFT OF THE SECOND U.S. REPORT. BASED ON THIS AND ON REPORTS FROM ATTORNEYS FOR THE BANKS, BORER SAID THAT THE SWISS GOVERNMENT WANTED TO MAKE A FEW COMMENTS. IN GENERAL, THE SWISS APPRECIATE VERY MUCH THAT THE U.S. REPORT WILL AVOID "POLEMICAL STATEMENTS" REGARDING SWITZERLAND. AT THE SAME TIME, THEY WOULD APPRECIATE THE INCLUSION OF A "CALL FOR MODERATION AND RESTRAINT" IN THE DEBATE OVER HOLOCAUST-ERA ASSETS. IT WOULD ALSO BE HELPFUL TO INCLUDE A CLEAR STATEMENT AGAINST STATE OR LOCAL SANCTIONS. WITH RESPECT TO THE DISCUSSION OF POSTWAR RESTITUTION, THE SWISS WOULD NATURALLY WELCOME A STATEMENT THAT THE WASHINGTON

AND OTHER POSTWAR AGREEMENTS LEGALLY SETTLED ALL CLAIMS. FINALLY, REGARDING THE DISCUSSION OF SWISS REFUGEE POLICY, IT WOULD BE HELPFUL TO INCLUDE FIGURES ON THE NUMBER OF JEWS ALREADY IN SWITZERLAND AT THE START OF THE WAR.

COTTI'S VISIT TO THE MIDDLE EAST

11. (S) HAVING JUST RETURNED FROM ACCOMPANYING PRESIDENT COTTI TO THE MIDDLE EAST, BORER WAS EAGER TO SHARE HIS IMPRESSIONS. HE CHARACTERIZED THE TRIP OVERALL AS "HIGHLY SUCCESSFUL," AND SAID THAT IT AFFORDED COTTI AN OPPORTUNITY FOR "FRANK AND OPEN" DISCUSSIONS WITH JORDANIAN, PALESTINIAN AND ISRAELI OFFICIALS. THE SWISS WERE VERY IMPRESSED BY NETANYAHU, WHO MET WITH PRESIDENT COTTI FOR NEARLY 90 MINUTES. ACCORDING TO BORER, NETANYAHU MADE CLEAR THAT THE ISSUE OF HOLOCAUST-ERA ASSETS IS NOT A HIGH PRIORITY FOR HIM AND SHOULD NOT AFFECT BILATERAL RELATIONS. THE ISRAELI PRIME MINISTER DECLARED THAT HE WILL NOT BE "AT WAR" WITH SWITZERLAND, A COMMENT THE SWISS TOOK AS A CLEAR SIGNAL THAT HE DID NOT AGREE WITH WJC PRESIDENT EDGAR BRONFMAN'S ALLEGED "TOTAL WAR" THREAT. THE TWO SIDES ALSO DISCUSSED POTENTIAL ECONOMIC COOPERATION AND A POSSIBLE SWISS ROLE IF "SECRET" DISCUSSIONS ON LEBANON TAKE PLACE.

12. (C) BORER NOTED THAT ISRAEL SINGER HAD BEEN IN ISRAEL AT THE SAME TIME AS COTTI AND HAD TRIED TO "INSERT HIMSELF INTO THE PICTURE" WITH LITTLE SUCCESS. THE SWISS UNDERSTAND THAT THE WJRO WANTED TO PERSUADE THE ISRAELI FOREIGN MINISTRY TO TAKE A TOUGHER STAND WITH SWITZERLAND, BUT TO NO AVAIL. IN THE SWISS VIEW, THE ISRAELI GOVERNMENT MAY SHARE THE GOALS OF THE WJRO, BUT DOES NOT APPROVE THE MEANS IT USES. THE SWISS WERE DELIGHTED, IN FACT, TO SEE A PUBLIC DISCUSSION OF THE POSSIBILITY THAT THE ISRAELI GOVERNMENT MIGHT "WITHDRAW" THE MANDATE OF THE WJRO.

WJRO THREATS

13. (C) NOTWITHSTANDING HIS SCHADENFREUDE OVER WHAT HE PERCEIVED AS THE WJRO'S PROBLEMS IN ISRAEL, BORER SAID THAT THE SWISS VIEW THE WJRO AS ESSENTIAL PARTNERS IN BOTH THE VOLCKER COMMITTEE AND "SPECIAL FUND." THE PROBLEM, HOWEVER, IS THAT THE WJRO CANNOT DECIDE IF IT WANTS TO BE A PARTNER OR AN ADVERSARY. THE LATEST REPORTS THAT THE WJRO IS THREATENING TO FILE A NEW CLASS ACTION LAWSUIT AGAINST SWITZERLAND, THE SWISS NATIONAL BANK AND SWISS COMMERCIAL BANKS IF THERE IS NO "GLOBAL" SETTLEMENT BY THE END OF JUNE IS A CASE IN POINT. BORER INDICATED THAT THE SWISS GOVERNMENT WILL ISSUE A TOUGH PUBLIC RESPONSE TO THIS CHALLENGE AND WILL MAKE IT CLEAR THAT THIS IS NO WAY FOR A "PARTNER" TO ACT.

NEW JERSEY LEGISLATION

14. (C) BORER NOTED THAT THE OFFICIAL SWISS RESPONSE TO THE PASSAGE BY NEW JERSEY'S LOWER HOUSE OF LEGISLATION IMPOSING SANCTIONS AGAINST SWISS BANKS WOULD BE EQUALLY STRONG. INDEED, THE SWISS GOVERNMENT PLANNED TO ISSUE A STATEMENT TODAY, MAY 20, "CONDEMNING" THE NEW JERSEY ACTION AND WARNING THAT IF THE SANCTIONS CAME INTO EFFECT, THE SWISS GOVERNMENT WOULD CONSIDER WHAT STEPS TO TAKE ESPECIALLY IN THE CONTEXT OF THE WTO. THE AMBASSADOR NOTED THAT SHE AND UNDER SECRETARY EIZENSTAT HAD MADE

CONCERTED EFFORTS TO HEAD OFF THIS LEGISLATION, AND STILL HOPED THAT IT WOULD GO NO FURTHER THAN THE VOTE IN THE LOWER HOUSE. SHE ADVISED, HOWEVER, AGAINST TAKING A TOUGH PUBLIC STANCE, SUGGESTING THAT A MORE MODERATE APPROACH WOULD LIKELY PROVE MORE SUCCESSFUL IN THE LONG RUN. BORER SAID HE APPRECIATED THIS ADVICE AND ALSO APPRECIATED OFFICIAL U.S. EFFORTS TO AVOID SANCTIONS, BUT MADE IT CLEAR THAT THE SWISS GOVERNMENT FELT COMPELLED TO REACT STRONGLY IN LARGE PART FOR DOMESTIC POLITICAL REASONS. HE INDICATED THAT WE SHOULD CONSIDER THIS AN OFFICIAL SWISS PROTEST AGAINST THE NEW JERSEY ACTION. (ASKED WHETHER THIS HARDLINE APPROACH WAS SOMETHING SWISS BANKS WANTED, BORER REPLIED ABRUPTLY THAT THE BANKS HAD NOT BEEN CONSULTED AND THAT "WE DO NOT TAKE OUR ORDERS FROM SWISS BANKS.")

BANK MERGER

15. (C) WITH RESPECT TO PRESSURE FROM THE U.S., BORER ALSO RAISED THE PENDING APPROVAL FOR THE MERGER OF UNION BANK OF SWITZERLAND AND THE SWISS BANK CORPORATION. THE SWISS UNDERSTAND THAT THE FEDERAL RESERVE IS PREPARED TO AUTHORIZE THE MERGER OF THE BANKS' U.S. OPERATIONS, BUT BELIEVE THAT POLITICAL PRESSURE HAS BEEN BROUGHT TO BEAR ON NEW YORK AUTHORITIES. IN PARTICULAR, THEY UNDERSTAND THAT NEW YORK TREASURER MCCALL WILL NOT APPROVE THE MERGER BY THE END OF MAY AND THIS COULD MEAN A DELAY OF 3-4 MONTHS IN THE OVERALL MERGER AT A SUBSTANTIAL COST TO THE TWO BANKS. (BORER WAS INTERRUPTED BY A CALL FROM MARCEL OSPPEL OF SBC WHO CONFIRMED THE SITUATION WITH NEW YORK OFFICIALS.) IN THE SWISS VIEW, THERE ARE NO LEGAL OR TECHNICAL GROUNDS FOR DELAYING APPROVAL OF THE MERGER. BORER SAID HE WOULD APPRECIATE ANY ASSISTANCE U.S. AUTHORITIES COULD PROVIDE TO ENSURE THAT POLITICS DOES NOT INTERFERE.

COTTI VISIT

16. (C) EXPRESSING APPRECIATION FOR THE MEETING BETWEEN THE PRESIDENT AND FEDERAL COUNCIL MEMBERS DREIFUSS AND COUCHEPIN, BORER SAID THAT PRESIDENT COTTI HAD ASKED HIM TO RAISE ONCE AGAIN THE PROSPECT OF A MEETING WITH THE PRESIDENT IN JUNE IN CONNECTION WITH THE OPENING OF THE "SISTER REPUBLICS" EXHIBIT IN WASHINGTON. COTTI WOULD GO TO WASHINGTON IF HE COULD HAVE EVEN A BRIEF MEETING WITH THE PRESIDENT, BORER NOTED, BUT WOULD OTHERWISE NOT ATTEND THE EXHIBIT OPENING. THE AMBASSADOR INDICATED THAT SHE DID NOT BELIEVE A MEETING WAS LIKELY. THE PRESIDENT HAD JUST MET WITH TWO MEMBERS OF THE FEDERAL COUNCIL AND IT IS NOT CLEAR WHAT THERE WOULD BE NEW ISSUES TO DISCUSS IN MID-JUNE. BORER SAID HE UNDERSTOOD THIS, BUT NOTED SIMPLY THAT COTTI WOULD LIKE A DEFINITE ANSWER AS SOON AS POSSIBLE TO AVOID DAMAGING LEAKS TO THE PRESS.

CRITICISM OF U/S EIZENSTAT

17. (C) THE AMBASSADOR RAISED A RECENT REPORT IN THE SWISS PRESS ABOUT COMMENTS BY A MEMBER OF BORER'S STAFF. THE REPORT QUOTED PETER BURKHARD, BORER'S CHIEF OF STAFF, AS CRITICIZING ISRAEL SINGER, EDGAR BRONFMAN AND STUART EIZENSTAT FOR THEIR "CONSTANT AND UNJUSTIFIED ACCUSATIONS AGAINST SWITZERLAND" WHICH ONLY "SLOW DOWN

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THE REAPPRAISAL OF SWISS HISTORY." IF ACCURATE, THE AMBASSADOR NOTED, SUCH COMMENTS WERE EXTREMELY UNHELPFUL AND DO A GREAT DISSERVICE TO THE TREMENDOUS EFFORTS WHICH UNDER SECRETARY EIZENSTAT HAS MADE TO IMPROVE THE OVERALL CLIMATE AND KEEP THINGS UNDER CONTROL. BORER INDICATED THAT HE WAS UNAWARE OF THE REPORT, BUT PROMISED TO LOOK INTO IT. HE EMPHASIZED HIS PERSONAL APPRECIATION FOR THE ROLE OF U/S EIZENSTAT AND SAID THAT IF BURKHARD MADE SUCH COMMENTS, THEY WERE CONTRARY TO HIS WISHES AND SWISS POLICY.

17. (C) COMMENT: WHILE WE WERE PLEASED TO RECEIVE AN ADVANCE COPY OF THE BERGIER REPORT AS PROMISED, THE SWISS HAVE NOW MADE CLEAR THAT THEY EXPECT RECIPROCAL TREATMENT FROM OUR SIDE. ON THE WHOLE, HOWEVER, THE MEETING WAS LESS REVEALING FOR WHAT IT SAID ABOUT THE BERGIER REPORT THAN FOR WHAT IT INDICATES ABOUT THE OVERALL MOOD IN SWITZERLAND. IN ESSENCE, THE SWISS HAVE CONCLUDED THAT THE THREATS FROM ABROAD WILL NOT END AND THAT THE ONLY WAY TO RESPOND IS TO MAKE IT CLEAR THAT THEY WILL NOT BE PUSHED AROUND. DESPITE OUR EFFORTS TO URGE CALM AND MODERATION, THE SWISS RIGHT NOW SEE NOTHING TO BE GAINED AND MUCH TO BE LOST DOMESTICALLY FROM TAKING A MORE DIPLOMATIC STANCE.

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