

From the Wilsonian Moment to Balanced Relations
Reinterpreting Swiss Foreign Policy after the First World War

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The history of Swiss Confederation's foreign policy after the First World War remains totally unclear. This categorical assertion may seem astonishing for foreign scholars regarding the substantial number of historians who have studied European countries' diplomatic, economic or military relations after 1918. This polemical affirmation is nonetheless accurate. Except for very broad pictures found in some reference books covering the entirety of Swiss history during the 20th Century and very outdated interpretations in old texts, until now, there has not been a single study dedicated to international relations that offered a satisfying analytical framework of Swiss foreign policy after the First World War. Of course, more specialized articles or monographs have been written on several topics, such as Switzerland's entry into the League of Nations or the relations with Fascist Italy and Bolshevist Russia. However, even for case studies, gaps in our understanding of this topic remain ubiquitous. During the last three decades, no historian has attempted to analyse the general course of bilateral relations between Switzerland and one of the three biggest powers in Europe at the end of the war, i.e., France, Germany, or the United Kingdom.²

This historiographical gap is symptomatic of a broader lack of attention to the history of Swiss foreign relations before the 1930s, but it has also deeper roots. Most Swiss historians think that a privileged affinity developed between the Swiss Confederation and the Reich, despite neutrality, from the Belle Epoque onwards. Nevertheless, this idea fails to fit with the situation in Europe at the end of the First World War. Even if Swiss historians are probably well aware of this interpretative issue, they have apparently thought that the test of their historical framework for the years following the military defeat of the Reich in 1918 was not worthwhile, preferring to quietly ignore this period. In addition, two historiographical trends hinder the development of a coherent picture on the relations between the Swiss Confederation and the great powers after the First World War. On one hand, there is now a clear dissociation in Switzerland between diplomatic history and the history of economic relations. Whereas until the 1980s, the former had focused too exclusively on the official aspects of the Swiss neutrality, the latter tried from the 1990s onwards to renew the historiography by postulating a primacy

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² For a historiographical overview on diplomatic history, see M. Cerutti, 'La politique extérieure, de la Première à la Deuxième Guerre mondiale', *Traverse. Revue d'histoire*, 1, 2013, 215-241. For a bibliography on economic relations, see the chapters dealing with them in Patrick Halbeisen, Margrit Müller and Béatrice Veyrassat (ed.), *Wirtschaftsgeschichte der Schweiz im 20. Jahrhundert* (Basel: Schwabe, 2012).

of economics in Swiss foreign policy.³ Consequently, some old interpretations of Swiss diplomacy have never been re-examined in depth and have remained more or less accepted until now. On the other hand, the recent proliferation of transnational and global perspectives has contributed to this ignorance by Swiss historians of the international relations in Europe and of the official foreign policy of the Swiss Confederation.⁴ Some scholars have recently denounced the risk that the so-called “transnational turn” could lead to a disinterest in interstate relationships. In Switzerland, the history of international relations is not as well-established as it is in Great Britain or in France, so this threat is more credible there than it is in other countries.

This article proposes a fresh interpretation of Swiss foreign policy after the First World War by taking into account the interaction between Switzerland’s diplomatic relations with the great powers and the development of its trade and finance. Based on volumes of the Swiss Diplomatic Documents, as well as some sources from the national archives of the United States, France, the United Kingdom and Germany, this paper studies how Swiss rulers, after they had been accused, with some validity, of germanophilia before and during the war, succeeded in getting closer to the Allies and in improving the relations with them after the armistice. The main aim of the article, however, is to demonstrate that the Swiss quickly counterbalanced this new orientation in foreign policy by trying simultaneously to re-establish ties with the Reich despite significant damage caused to the Swiss economy by German inflation. Although the entry into the League of Nations created a formal breach of neutrality, Swiss elites adopted a balanced policy between the great powers during the 1920s in practice. Several reasons explain this choice, including opposition to French hegemony in Europe, distrust of the League of Nations, and the willingness to avoid taking part in the political conflict in Europe after the war. Henceforth, economically and diplomatically, *Swiss foreign policy became somewhat more neutral after the war in comparison to the Belle Epoque*. With some small changes, this political position remained in place during the interwar period.

³ For a classical work, as old as bad, on the history of Swiss diplomacy and neutrality, see Edgar Bonjour, *Geschichte der schweizerischen Neutralität. Vier Jahrhunderte Eidgenössischer Aussenpolitik*, 5 vol. (Basel: Helbing und Lichtenhahn, 1965-1970). The recent historiography on Swiss relations has been deeply influenced by the work of the so-called Commission Bergier, which was implemented by the government at the end of the 1990s, to study the relations between Switzerland and Nazi Germany. As the volumes of the Commission deal almost exclusively with economic relations, it did not contribute to the elaboration of a general perspective on Swiss foreign policy. See the summary of the 25 volumes: Independent Commission of Experts Switzerland-Second World War, *Switzerland, National Socialism and the Second World War: Final Report* (Zürich: Pendo, 2002).

⁴ On transnational history, see P. Eichenberger, T. David, L. Haller, M. Leimgruber, B. C. Schär and C. Wirth, ‘Beyond Switzerland: Reframing the Swiss Historical Narrative in Light of Transnational History’, *Traverse. Revue d’histoire*, 1, 2017, 137-152. For Swiss global history, see Béatrice Veyrassat, *Histoire de la Suisse et des Suisses dans la marche du monde* (Neuchâtel: Alphil, 2018).

A Wilsonian Moment

1918-1920

No historian has noticed the similarity between the objectives of Swiss foreign policy after the Great War and those during the years after 1945. However, a reading of French and British diplomatic correspondences demonstrates the extent to which Swiss elites were facing the same problems in 1918 that they faced in 1945.⁵ There was a deep distrust among the Allies who denounced accommodation with the enemy side during the conflict, and there were concurrent substantial economic difficulties that were emerging because of the German defeat. Hence, the main focus of Swiss foreign policy was quite similar after the two wars: to find a way to become acceptable from the perspective of the winners of the war, while the latter proclaimed the dawn of a new international order, and Switzerland's economic dependency on the Allies increased considerably. Of course, this comparison make sense up to a certain point only. After the Second World War, the United States in particular put economic and political pressure on Switzerland, whereas after the Great War, it was France that instead adopted a strong political stance in its relations with the Swiss Confederation. Moreover, the relationship with Germany was not necessarily comparable; although trade with Central powers had expanded during the first half of the war, Switzerland had never been integrated into their economic area, as it was integrated in 1940-1943 with the Axis powers, Imperial Germany's collapse was not as radical as the destruction of the Third Reich, and the moral implication of Swiss participation in Germany's economic warfare was also less acute. Nonetheless, it would be a mistake to underestimate the economic and political difficulties in 1918. The accusation of germanophilia was legitimized by the fact that Switzerland had essentially adopted a favourable political attitude towards Germany during the two decades before the First World War and that many of the Swiss elites felt a true affinity for their German counterparts until the last part of the war.⁶ Finally, another factor of destabilization must be included to understand the acuteness of the political situation in Switzerland at the end of the Great War: the social crisis, culminating with a general strike at the armistice, was deeper in 1918 than it was 1945.⁷ The internal crisis actually aggravated the tensions between Switzerland and the Allies,

⁵ On Switzerland, see the diplomatic correspondence in The National Archives, Public Record Office (TNA), Kew (London), FO 371 and Archives du Ministère des Affaires étrangères (AMAE), La Courneuve (Paris), Switzerland Series, especially the files number 30-37. Although such an appreciation can only be somehow impressionistic, British and French diplomats' critics seem to have been more fierce at the end of the First World War by comparison with the Second World War. During the Great War, French and British accused again and again the Swiss government of germanophilia. For instance TNA, FO 371/2765, Letter from Grant Duff, British Minister in Berne, to Grey, Foreign Secretary, 1st February 1916. On germanophilia, as well as the strong anti-American feelings in the Northern of Switzerland after U.S. war entry, see also National Archives and Records Administration (NARA), Washington DC, RG 59/854.00, U.S. Consul in Basel, to Lansing, Secretary of State, 6 October 1917.

⁶ For the influence of Prussian militarism on Switzerland before the war, see for instance 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). On the commercial rapprochement from the end of the 19th Century, see Cédric Humair, *Développement économique et Etat central (1815-1914). Un siècle de politique douanière suisse au service des élites* (Bern: Peter Lang, 2004), 580 and ss. On the persistency of these affinities at the beginning of the war, Pierre Luciri, *Le prix de la neutralité. La diplomatie secrète de la Suisse en 1914-1915 avec des documents d'archives inédits* (Geneva: Institut universitaire des hautes études internationales, 1976).

⁷ Willi Gautschi, *Der Landesstreik 1918* (Zürich: Benziger, 2018).

as the latter saw a threat for the stability of Europe or even presumed that a German conspiracy was occurring in order to deprive the Entente of the fruits of the victory by stimulating the revolutionary turmoil on the European continent.⁸

By comparison with the second after-war period, Swiss rulers were ready to pay a higher political price in 1918 in order to be integrated into the winners' side. They chose to participate, starting in 1920, in the League of Nations, which was not much more than an interallied organization at the time. Since the Confederation accepted the application of the economic sanctions of the League in the future – but not its military sanctions – a formal infringement on Swiss neutrality was made. Here, the difference compared with the years after 1945 is obvious. The Swiss government immediately refused the opportunity to participate in the more universal United Nations, as well as in the Bretton Woods institutions, before distancing itself from the European construction.⁹ However, the economic concessions made in 1945 and 1946 were more substantial. Switzerland granted significant credits to former warring countries, and, in the so-called Washington Agreement of 25th May 1946, they accepted paying a kind of financial tribute to the Allies in compensation for the purchase of Reichsbank's stolen gold by the Swiss National Bank during the war.¹⁰ By contrast, during a round of negotiations that also took place in Washington in January 1919, Swiss negotiators were treated more favourably.¹¹ Exchange credits that were granted during the war by Switzerland to the Entente were cut in the first semester of 1919, and the blockade against Germany was lifted after the Treaty of Versailles was signed, while food supply and markets for Swiss exports were provided by the United States and Great Britain.¹² Indeed, the economic collapse of Europe in 1918 was not comparable with the crisis in 1945. The Swiss economy also benefited from the fact that the Allies were betting after the Great War on a rapid return to the pre-war liberal world, whereas after the Second World War, a new economic order that was based on state interventionism, was built. Moreover, the United Kingdom and the United States remained cautious during economic negotiations with

⁸ Hans Kunz, *Weltrevolution und Völkerbund. Die schweizerische Aussenpolitik unter dem Eindruck der bolschewistischen Bedrohung 1918-1923* (Bern: Stämpfli, 1981), 52-75; C. Farquet, 'La géopolitique de la lutte des classes. Sortie de guerre dans la Confédération, une enquête de l'étranger', *Documents du Département d'histoire contemporaine*, Université de Fribourg, 2019. See also, among many others, the files in NARA, RG 84/171.

⁹ T. Gees, 'Die Schweiz und die Internationale Organisationen', in Halbeisen, Müller, Veyrassat (ed.), *Wirtschaftsgeschichte*.

¹⁰ Linus Von Castelmur, *Schweizerisch-alliierte Finanzbeziehungen im Übergang vom Zweiten Weltkrieg zum Kalten Krieg: die deutschen Guthaben in der Schweiz zwischen Zwangsliquidierung und Freigabe (1945-1952)* (Zürich: Chronos, 1992); Marco Durrer, *Die schweizerisch-amerikanischen Finanzbeziehungen im Zweiten Weltkrieg: von der Blockierung der schweizerischen Guthaben in den USA über die 'Safehaven'-Politik zum Washingtoner Abkommen (1941-1946)* (Bern: Haupt, 1984).

¹¹ One can find a few pages on these negotiations in A. Fleury, 'La Suisse et la réorganisation de l'économie mondiale. L'expérience du premier après-guerre', *Relations internationales*, 30, 1982, 141-157. An important economic agreement was concluded with the Allies in Washington on 22 January 1919: Letter from Sulzer, Swiss Minister in Washington, to Schulthess, Swiss Economic Minister, 24 January 1919, with appendix, in *Documents diplomatiques suisses*, vol. 7/1 (Bern: Benteli, 1979), 270-281.

¹² On the lifting of the Blockade and the termination of the Allies' control on Swiss international trade, see Minutes of the Federal Council, 11 July 1919, with appendix, in *Documents diplomatiques suisses*, vol. 7/2 (Bern: Benteli, 1984), 29-34. On Swiss credits, see the summary in 'XII^e Rapport du Conseil fédéral à l'Assemblée fédérale sur les mesures prises par lui en vertu de l'arrêté fédéral du 3 août 1914 (Du 20 mai 1919)', *Feuille fédérale*, 3/22, 1919, 192-205; AMAE, Suisse, no 124, 'Accord financier du 19 juillet 1919 entre les gouvernements français et suisse'.

Switzerland in 1919, because they wanted to avoid aggravating its internal political crisis.¹³

At the end of the First World War, *Wilsonian moment* characterized Switzerland's international political adaptation. After the outbreak of the Hoffmann scandal in June 1917 – leading to the resignation of the Swiss Minister of Foreign Affairs after he had been involved in actions to promote peace discussions between Germany and Russia – Swiss foreign policy relied on a few new politicians who treated the Allies more favourably.¹⁴ The nomination of the Francophile Gustave Ador to the head of the Ministry of Foreign Affairs was a sign of the new course of international relations. However, only at the very end of the war, after the failure of the German offensive in spring 1918, did the Swiss vigorously adopt this orientation. A clique of personalities who were willing to breach the former German affinities and participate in the creation of the new international order at the armistice, emerged at the forefront of Swiss politics. This was so for Ador, as well as his successor Felix Calonder, for the Genevan intellectual William Rappard, in charge of the negotiations with the United States from 1917, and for Max Huber, a lawyer who played a leading role in the juridical redefinition of Swiss neutrality.¹⁵ At first, this diplomacy of rehabilitation experienced some failures, with Switzerland being deprived of the organization of the Peace Conference before being marginalized during the negotiations in Paris.¹⁶ However, it then became more successful; its success was reflected in the choice made in Paris to attribute the seat of the League of Nations to Geneva, what was favoured by Wilson himself¹⁷, as well as in the official recognition of Swiss neutrality by the Treaty – in a quite ambiguous sentence of article 435 – before the League's Council confirmed it more clearly in London in February 1920.¹⁸ Thanks to this decision, the Swiss Confederation would not have to apply the military sanctions of the international organization in the future. This recognition of neutrality undoubtedly played a role three months later when the Swiss

¹³ See for instance British attitude during the economic negotiations between Switzerland and the Allies in the first semester of 1919: TNA, FO 382/2276 and 2277, Contraband Department and Ministry of Blockade, General Correspondence, Switzerland, 1919.

¹⁴ P. Stauffer, 'Die Affäre Hoffmann-Grimm', *Schweizer Monatshefte*, 53, 1973-1974, 1-30.

¹⁵ On Ador, see Roger Durand (ed.), *Gustave Ador. 58 ans d'engagement politique et humanitaire* (Geneva, Fondation Gustave Ador, 1996). On Rappard, see Victor Monnier, *William E. Rappard. Défenseur des libertés, serviteur de son pays et de la communauté internationale* (Geneva: Slatkine, 1995). On Huber, see Peter Vogelsanger, *Max Huber, Recht, Politik, Humanität aus Glauben* (Frauenfeld: Huber, 1967). See the positive reaction among U.S. diplomatic circles to this shift, in NARA, RG 59/854.00, for instance, U.S. Consul in Geneva to Lansing, 6 January 1919.

¹⁶ Note that the choice of a Swiss city was favoured by President Wilson until he changed his mind because of the eruption of political troubles in Switzerland at the time of the armistice: *Papers relating to the Foreign Relations of the United States, The Paris Peace Conference, 1919*, vol. 1 (Washington: US Government Printing Office, 1942), 119-120; *Papers relating to the Foreign Relations of the United States, 1918, Supplement 1, The War*, vol. 1 (Washington: US Government Printing Office, 1933), 485-486. See also Vincent Laniol, 'Les diplomates français et les neutres européens au sortir de la Grande Guerre (1918-1920)', *Relations internationales*, 159, 2014, 87.

¹⁷ See *The Papers of Woodrow Wilson*, vol. 55-58 (Princeton: Princeton University Press, 1986-1988).

¹⁸ See the summary of the negotiations in Paris in 'Procès-verbal de la séance du 5 mai 1919', in Documents diplomatiques suisses, 7/1, 771-774. For the negotiations in London, see Letter from Ador and Huber to the Federal Council, 13 February 1920, with in appendix the decision of the Council of the League of Nations, in Documents diplomatiques suisses, 7/2, 510-512. On the attribution of the seat to Geneva: A. Fleury, 'L'enjeu du choix de Genève comme siège de la Société des Nations', in *L'historien et les relations internationales. Recueil d'études en hommage à Jacques Freymond* (Geneva: Institut universitaire de hautes études internationales, 1981), 251-278.

people affirmed the entry into the League, with a majority of 56.3% favouring the decision. The opposition by the Socialists and by the rightist German-speaking population was more than counterbalanced by enthusiasm from the French part of Switzerland and acceptance from the Swiss Union of Peasants, which was part of a general political deal among the bloc bourgeois after the war.¹⁹

In 1918 and 1919, beyond the idealist rhetoric on pacifism, the attraction of Wilsonism among Swiss elites relied on rational strategies. Economically, Wilson's liberal programme for Europe was in accordance with the plans of leading Swiss economic circles, and at the same time, the United States took the place of Germany as the first trade partner of Switzerland.²⁰ Politically, the moderation shown by the United States towards Germany was also warmly welcomed in Switzerland, while the Swiss almost unanimously denounced the threat that the Treaty and Reparations posed to Germany's internal stability and relations between the Confederation and the Reich.²¹ In this context, a significant pattern of Swiss foreign policy emerged during the 1920s: the main responsibility for the destabilization of Europe was not attributed to the Reich, despite its bellicose revisionism and its inflationary monetary policy, but to France and its foreign policy. Next to these economic and political strategies, it is true that the Wilsonian moment was characterized by more irrational actions in Switzerland. For instance, justified by self-determination, several plans were elaborated at the end of the war in order to extend the Swiss territory.²² The Vorarlberg affair was the most serious of these plans. After the inhabitants of this Austrian catholic territory, which is situated next to the Swiss border, voted for integration into the Swiss Confederation by a large majority in May 1919, Calonder appeared to favour it for several reasons: anticipation of a German Anschluss, geostrategic calculations and economic interest for Switzerland in annexing an industrial territory and a trade route to Eastern Europe.²³ However, the Swiss Minister of Foreign Affairs made a wrong move: after the Entente had refused to dismantle Austrian territory, his insistence on this issue was the major cause of his resignation at the beginning of 1920. In any case, for a vast majority of Swiss elites, these kinds of ambition were nothing more than a fantasy. The end of the war was undoubtedly a period of self-affirmation for Switzerland, and once the peace was firmly established, Swiss elites could anticipate the potential for economic expansion in the future from the new financial power afforded by the strength of the Swiss franc and the attractiveness of the banking centre. Nonetheless, on the whole, Switzerland remained

¹⁹ Carlo Moos, *Ja zum Völkerbund – Nein zur UNO. Die Volksabstimmungen von 1920 und 1986 in der Schweiz* (Zürich: Chronos, 2001), 49-96.

²⁰ On the improvement of the economic relations with the United States, see Florian Weber, *Die amerikanische Verheissung: Schweizer Aussenpolitik im Wirtschaftskrieg 1917/18* (Zürich: Chronos, 2016). On the overall evolution of the diplomatic relations at the end of the war and the 1920s, NARA, RG 59/854.00, Political Affairs, 1910-1929.

²¹ On the reactions in Switzerland to the Treaty of Versailles, see the surveys by German and French diplomats, with similar conclusions: Politisches Archiv des Auswärtigen Amtes (PAA), Berlin, Bern, 708, May-June 1919, for instance the Letters from Müller, German Minister in Bern, to the Auswärtiges Amt, 5 and 7 June 1919; AMAE, Switzerland Series, no 37, 1918-1923, for instance the Letter of the French Chargé d'affaires in Bern to Pichon, French Foreign Minister, 2 July 1919, with appendix.

²² See for instance Letter from Lardy to Calonder, 7 December 1918, in Documents diplomatiques suisses, 7/1, 77-81.

²³ Daniel Witzig, *Die Vorarlberger Frage. Die Vorarlberger Anschlussbewegung an die Schweiz, territoriale Verzicht und territoriale Ansprüche vor dem Hintergrund der Neugestaltung Mitteleuropas 1918-1922*, Basel, Helbing und Lichtenhahn, 1974.

as it had always been before: a small country that abstained from participation in the great game of international geopolitics.

Balanced policy

1920-1923

In reference to Switzerland's foreign policy at the beginning of the 1920s, Swiss historians are accustomed to speaking of a turn towards so-called "differential neutrality".²⁴ The idea is as simple as it is inaccurate. According to this theory, since Swiss neutrality had received a formal recognition by European powers with the Vienna Congress in 1815, the Swiss Confederation would have respected an "integral neutrality" with foreign countries. However, Switzerland would have amended its neutrality as a result of the acceptance of League's economic sanctions until 1938, when the League agreed that the Swiss Confederation would not have to apply the sanctions in the future and thus neutrality would have become once more integral. Although the superficial coherence of this argument appears convincing, it is one of the best examples of an interpretation from old diplomatic history that remained in force despite its inaccuracy. Several objections can be made against this idea. First, it overestimates the importance of the turning point in 1920. Indeed, as the amendment of neutrality was related only to economic sanctions, the assertion that Switzerland was perfectly neutral on this matter before its entry into the League is tenuous. As early as the Belle Epoque, discriminatory trade practises that were motivated in part by political strategies were employed in Switzerland, e.g., the 1909 Gotthard Agreement, which gave preferential treatment to Germany and Italy on Swiss railway networks for the transport of goods.²⁵ During the war, Swiss rulers, conversely, granted the Entente international supervision of their commerce with foreign countries, a policy that was more intrusive than the supervision imposed by Germany.²⁶ More broadly, the sanctions of the League had a narrow influence on the international relations of the interwar years. The sanctions have only been used once, during the Abyssinian war in 1935, and on this occasion, the Swiss rulers applied sanctions against Fascist Italy with a remarkable leniency.²⁷ In fact, the entry of Switzerland into the League in 1920 appeared for contemporaries to be a decisive choice, not because of the economic sanctions, but because the Swiss Confederation was taking part in an international organization from which Germany was excluded until 1926. It was not Switzerland's differential neutrality that mattered in 1920, but its differentiated neutrality in the relations between the great powers.

²⁴ See, for instance, Bonjour, *Geschichte der schweizerischen Neutralität*, vol. 2; Roland Ruffieux, *La Suisse de l'entre-deux-guerres* (Lausanne: Payot, 1974), 89-119; Hans Ulrich Jost, 'Menace et repliement 1914-1945', in *La Nouvelle histoire de la Suisse et des Suisses* (Lausanne: Payot, 2004), 687.

²⁵ Felix Bosshard, *Der Gotthardvertrag von 1909: ein Beitrag zur schweizerischen Innen- und Aussenpolitik vor Ausbruch des Ersten Weltkrieges* (Zürich: Juris, 1973).

²⁶ Heinz Ochsenein, *Die verlorene Wirtschaftsfreiheit, 1914-1918. Methoden ausländischer Wirtschaftskontrollen über die Schweiz* (Bern: Stämpfli, 1971).

²⁷ Dario Gerardi, *La Suisse et l'Italie, 1923-1950: commerce, finance et réseaux* (Neuchâtel: Alphil, 2007), 54-72; M. Cerutti, 'L'élaboration de la politique officielle de la Suisse dans l'affaire des sanctions contre l'Italie fasciste', *Itinera*, 7, 1987, 76-90.

More fundamentally, when one speaks of “differential neutrality”, one overlooks the real dynamics of Swiss foreign policy at the beginning of the 1920s. Entry into the League incited the Swiss rulers to counterbalance this decision immediately by showing political favour towards defeated Germany. This is the most important point. Swiss neutrality may have been limited in the League of Nations from a strict juridical point of view, but in practice, Switzerland’s foreign policy was characterized by the willingness of its elites to preserve *balanced relations with all the great powers*. This was, in fact, the real turning point in Swiss foreign relations after the war relative to the political strategy pursued during the Belle Epoque, when a large part of the German-speaking ruling circles were eager to follow the economic and military power of Imperial Germany. Paradoxically, the Swiss Confederation then became more neutral after the war and remained so during the entire interwar period. Aside from the desire to counterbalance the entry into the League, this choice was motivated by a series of political and economic factors. Among these, the most important one was the tension in diplomatic relations with France at the beginning of the 1920s, which incited Swiss rulers to find support from other foreign powers. Indeed, many disputes with France arose from the interpretation of the Treaty of Versailles: Swiss access to the Rhine trade route, the Swiss government’s opposition to the transit of international troops through its territory for intervention in the conflict between Lithuania and Poland over Vilna in 1921, and, above all, the French decision to put an end to the free-trade zone around Geneva.²⁸ After the Swiss people refused to ratify a compromise on this issue between the two countries in 1923, this dispute persisted throughout the 1920s and was only resolved in 1933 after several appeals to the International Court in The Hague.²⁹ However, these diplomatic disputes were nothing more than symptoms of a deeper opposition between France and Switzerland over the reorganization of Europe after the war: namely, the Swiss were contesting French leadership over European foreign affairs. Switzerland’s balanced policy was thus the result of its desire to lower the diplomatic cost of entry into the League, as well as its refusal to replace the German orientation in its foreign policy that was pursued during the Belle Epoque with a French orientation.

Two other factors must be taken into account to understand why Switzerland chose such a policy. First, the new German rulers were themselves eager to maintain good relationships with neutral countries in order to challenge French foreign policy in Europe economically, if not politically.³⁰ Therefore, after some hesitation, they appeared quite satisfied with Switzerland’s entry into the League.³¹ In Switzerland, the persistence of cordial relations was also encouraged by the resilience of germanophilia in some circles of Northern Switzerland, as revealed by the deep influence of the *Volksbund für*

²⁸ See the chapters in Raymond Poidevin and Louis-Edouard Roulet (ed.), *Aspects des rapports entre la France et la Suisse de 1843 à 1939* (Neuchâtel: La Baconnière, 1982).

²⁹ D. Bourgeois, ‘La neutralité de la Savoie du Nord et la question des zones franches. Rappel historique, présentation des sources, indications de recherches’, *Etudes et sources*, 8, 1982, 7-48.

³⁰ J. H. ten Cate, ‘Deutschland und die neutralen Kleinstaaten in Nord- und Nordwesteuropa in der Zwischenkriegszeit. Ein Abriss’, in Harm Schröter and Clemens Wurm (ed.), *Politik, Wirtschaft und Internationale Beziehungen. Studien zu ihrem Verhältnis in der Zeit zwischen den Weltkriegen* (Mainz: von Zabern, 1991), 1-36.

³¹ See the correspondence in PAA, Bern, 1696, Beitritt der Schweiz zum Völkerbund, with among others, Letter from Müller to the Auswärtiges Amt, 20 May 1920.

die Unabhängigkeit der Schweiz, a rightist lobby against the League, during the 1920s.³² Of course, some important problems certainly arose in bilateral relations because of the German inflation and the depreciation of the mark. The German market was then closed for some Swiss export industries, while in the other direction, German products with very low prices were being exported *en masse* into the Swiss market.³³ In 1921, Switzerland had to introduce import quotas to contend with the worsening economic crisis. At the same time, Swiss banks also lost a significant amount of money on their investments in Germany, which drastically diminished the profits they had previously made from management of the German capital flight that had started at the beginning of the war.³⁴ It was only after the implementation of the Dawes plan that bilateral economic negotiations found real success, with, for instance, the signature of a commercial agreement in 1926.³⁵ However, these economic disputes never materialised into a diplomatic crisis between the two countries; for the Swiss, the Treaty of Versailles and the Reparations demanded by the French remained the real cause of the depreciation of the mark. In December 1921, the conclusion of a bilateral agreement of arbitrage demonstrated that political relations between Swiss and German rulers remained quite cordial.³⁶ Second, military strategy was another reason for the balanced policy choice made by the Swiss. Whereas before 1914, for a significant portion of Swiss elites, it was not inconceivable to contemplate an abandonment of neutrality in case of war, this kind of thinking became essentially obsolete during the interwar years.³⁷ On top of the human and economic costs of the war, the poor quality of Swiss armament by international standards made bellicose aims simply impossible after 1918.³⁸ This was an implicit factor that influenced the Swiss foreign policy overall until the Second World War. Military neutrality was no more what it was during Belle Epoque, i.e., a choice made by default because of the small size of the country. Now it had become a categorical imperative.

³² Gilbert Grap, *Differenzen in der Neutralität. Der Volksbund für die Unabhängigkeit der Schweiz (1921-1934)* (Zürich: Chronos, 2011).

³³ Whereas, before the war Germany was the first market for Swiss exports and accounted for more than 20% of their total value, in 1923, only 7% of it was sold in Germany. *Statistique historique de la Suisse*, Tableaux L 18 – L 26 [www.hssso.ch].

³⁴ Christophe Farquet, *Histoire du paradis fiscal suisse. Expansion et relations internationales du centre offshore suisse au XXe siècle* (Paris: Sciences Po, 2018), 75-135.

³⁵ For these negotiations see the summary in Hubert Miele, *Die deutsch-schweizerischen Handelsbeziehungen von Kriegsausbruch bis zur Gegenwart* (Telgte: Hansen, 1926). For an overview, which overestimated the influence of multilateralism on economic international relations, see Peter Hug and Martin Kloter, 'Der Bilateralismus in seinem multilateralen Kontext', in Peter Hug and Martin Kloter (ed.), *Aufstieg und Niedergang des Bilateralismus. Schweizerische Aussen- und Aussenwirtschaftspolitik, 1930-1960: Rahmenbedingungen, Entscheidungsstrukturen, Fallstudien* (Zürich, Chronos, 1999) 16-41.

³⁶ 'Message du Conseil fédéral à l'Assemblée fédérale concernant la ratification du traité d'arbitrage et de conciliation conclu, le 3 décembre 1921, entre la Confédération suisse et le Reich allemand (2 février 1922)', in *Feuille fédérale*, 1/6, 1922, 187-208. For a summary of the origins of the negotiations, see PAA, Bern, 1769, Letter from the Auswärtiges Amt to Wirth, Reich Chancellor, 9 August 1921.

³⁷ For this fear among Entente before the war : TNA, FO 371/2109, Memorandum of William Nicholson, Chief of the Imperial General Staff, 25 November 1910; AMAE, Switzerland series, no 4, Secret Letter from Barrère, French Ambassador in Rome, to Poincaré, 8 April 1912. The fear was legitimate. See the report of the Military Department in AF, E 1004.1, 1000/9, vol. 250, Minutes of the Federal Council, 25 October 1912. And note that the Chief of the Swiss Army, General Ulrich Wille, proposed to abandon neutrality and to join the Central powers in July 1915: Letter from Wille to Hoffmann, 20 July 1915, in *Documents diplomatiques suisses*, vol. 6 (Berne, Benteli, 1981), 240-243.

³⁸ Hans-Rudolf Kurz, *Histoire de l'armée suisse* (Lausanne: Editions 24 heures), 75-78.

At the beginning of the 1920s, the balanced policy of the Swiss elites was characterized by a marked mistrust of League's multilateralism, a strong affinity with British diplomacy, and an opportunistic view of the daily conduct of foreign policy in order to attenuate the economic crisis in Switzerland. As far as the League was considered, the role played inside the international organization by the members of the former Wilsonian clique, such as Ador, Rappard and Huber, does not negate the fact that, officially, the Swiss rulers frequently tried to diminish the powers of the Genevan institution, while advocating for the acceptance of Germany's entry.³⁹ The attitude of Giuseppe Motta, Swiss Minister of Foreign affairs from 1920 to 1940, was a good example of this view. When he became an international figurehead of the organization during the second part of the 1920s, it was only because the League had transformed itself into nothing more than an international forum for discussion.⁴⁰ In the meantime, a rapprochement between Switzerland and the United Kingdom occurred. By contrast with the recurrent British denunciation of Swiss germanophilia before the war⁴¹, the economic and political relationships between the two countries became closer. Whereas the commerce with the United States declined from 1922 onwards, owing to American protectionism, Britain became the first market in the world for Swiss products during the first half of the 1920s, due to the relative stability of the pound and the maintenance of free-trade policy.⁴² Politically, from 1921 onwards, the British refused to follow the French and their harsh policy against Germany, which also satisfied the Swiss. More generally, the orthodoxy of economic policies and the persistence of strong conservatism in Britain was in line with Switzerland's internal policies at the time, while the European continent was close to the abyss at the time of the occupation of the Ruhr and the German hyperinflation in 1923.⁴³

However, one should not misrepresent the real course of Swiss foreign policy in the early 1920s. Although some general tendencies were perceptible, the political stance of Motta and his colleagues remained very flexible and malleable. From 1921 onwards, the right to use the referendum to challenge international agreements increased the uncertainty about Swiss foreign policy: the government's policy was contradicted on several occasions by the decisions of the Swiss people.⁴⁴ More importantly, however, the daily practice of foreign policy in Switzerland after the war generally entailed protection of national economic interests that were threatened abroad by the increase in

³⁹ A. Fleury, 'La politique étrangère de la Suisse et la « nouvelle diplomatie »', *Itinera*, 7, 1987, 54-75 ; W. Hofer, 'Die Schweiz, das Deutsche Reich und der Völkerbund (1919-1926)', in *Deutsche Frage und europäische Gleichgewicht: Festschrift für Andreas Hillgruber zum 60. Geburtstag* (Köln: Böhlau, 1985), 111-132.

⁴⁰ On Motta, see Jean von Salis, *Giuseppe Motta, 30 Jahre eidgenössische Politik* (Zürich: Orell Füssli, 1942).

⁴¹ Othmar Uhl, *Die diplomatisch-politischen Beziehungen zwischen Grossbritannien und der Schweiz in den Jahrzehnten vor dem Weltkrieg (1890-1914)* (Basel: Helbing und Lichtenhahn, 1961).

⁴² Between 1922 and 1925, England imported two tenths of the value of Swiss exports in the world. *Statistique historique de la Suisse*, Tableaux L 18 – L 26. For the relations with the United Kingdom after the war, see William Waldvogel, *Les relations économiques entre la Grande-Bretagne et la Suisse dans le passé et le présent* (Neuveville: W. Henry, 1922), 213 and ss.

⁴³ On the good relationships between Switzerland and the United Kingdom, see TNA, FO 500/17, Annual Reports, 1919-1929, for instance the Report by Russell, British Minister in Bern, transmitted to Curzon, Foreign Secretary, 1st January 1921, in which the Minister said that the British position in Switzerland was predominant because of the temporary eclipse of Germany and the increasingly tense relations with France (p. 4).

⁴⁴ Peter Stettler, *Das ausserpolitische Bewusstsein in der Schweiz (1920-1930). Bundesrat und öffentliche Meinung in Fragen schweizerischer Aussenpolitik im ersten Jahrzehnt nach dem Beitritt der Schweiz zum Völkerbund* (Zürich: Leemann, 1969), 82-99.

state interventionism, rise in taxes, monetary depreciations and suspension of payments. The government reacted to the economic crisis in 1921-1923 with an acute reinforcement of tariff protectionism in order to defend home agriculture against the import of products from countries with devaluated currencies.⁴⁵ Simultaneously, with the help of business associations and Swiss diplomats, the Division of Foreign Affairs began to make frenetic political manoeuvres to protect Swiss investment abroad.⁴⁶ Other actions were contemplated but without real success; the use of loans to support industries in negotiations with foreign countries remained exceptional until the mid-1920s, while attempts to create a clearing system with Eastern European countries to stimulate international trade failed.⁴⁷ Taking into account these limits of economic diplomacy and the broader aims of Switzerland's balanced policy in foreign relations, it is tenuous to assert a primacy of the immediate defence of economic interests after the war, even if business circles did increase their influence on Swiss foreign policy.⁴⁸ Nonetheless, it is certainly true that the disproportion between the economic and political power of the country pushed the Swiss rulers to adopt a flexible attitude tinged with opportunism in international relations. At the same time, the extraversion of the Swiss economy and the plurality of its international connexions also reinforced the attractiveness of a balanced policy. Neutrality seemed to be the most reasonable choice for a small state whose highly globalized economy had succeeded to eliminate the pre-war influence of French and German imperialism.

A new interpretation of Swiss foreign policy during the interwar years

This overview on the Swiss foreign policy after the First World War indicates *the need for a revision of the history of Switzerland's international relations for the rest of the interwar period*. Time has come to rebuild the Swiss history of foreign policy until the Second World War by associating the contribution of the recent literature on the economic foreign relations with a new approach of diplomatic history. This revision must deal with the relations with Nazi Germany. Indeed, despite the wealth of information provided by Commission Bergier based on extended archival work, its twenty-five volumes published in 2001-2002 have furnished a fragmented historical discourse without presenting any real general perspective on the foreign policy of the Swiss Confederation or discussing the interaction between military, diplomatic,

⁴⁵ Cédric Humair, 'Qui va payer la guerre ? Lutttes socio-politiques autour de la politique douanière suisse 1919-1923', in *Economie de guerre et guerres économiques* (Zürich: Chronos, 2008), 157-176.

⁴⁶ Historians have tended to minimise these actions. See for instance, the following bad thesis: Marc Perrenoud, *Banquiers et diplomates (1938-1946)* (Lausanne: Antipodes, 2011), 129 and ss. And please compare with Farquet's thesis: Christophe Farquet, *La défense du paradis fiscal suisse avant la Seconde Guerre mondiale* (Neuchâtel: Alphil-Presses universitaires suisses, 2016).

⁴⁷ On foreign loans, Eduard Kellenberger, *Kapitalexport und Zahlungsbilanz*, vol. 1 (Bern: A. Francke, 1939). For the beginning of the attempt to implement a clearing system, see Letter from the Société coopérative suisse to Schulthess, 10 July 1919, in *Documents diplomatiques suisses*, 7/2, 26-27. Its only important result was a 40 million Swiss francs credit granted to Rumania in 1921: Severin Gerber, 'Ein wirtschaftliches Eldorado des Ostens? Die schweizerisch-rumänischen Handelsbeziehungen 1919-1924 und 1940-1954', in Hug and Kloter (ed.), *Aufstieg und Niedergang*, 203-232.

⁴⁸ P. Hug, 'Innenansichten der Aussenpolitik - Akteure und Interessen', in Brigitte Studer (ed.), *Etappen des Bundesstaates, Staats- und Nationalbildung der Schweiz, 1848-1998* (Zürich: Chronos, 1998), 209-211.

commercial and financial dimensions.⁴⁹ The best general view on the history of relations with Nazi Germany is still to be found in Daniel Bourgeois' book, which was published almost fifty years ago.⁵⁰ In conclusion, we offer three recommendations based on the interpretations presented above in order to revise the history of Switzerland's foreign policy during the interwar years.

First, one of the main arguments of the article is to demonstrate that it is possible to present a critical point of view on the history of Swiss neutrality without denying its existence.⁵¹ Switzerland was neutral during the two world wars, and this fact matters more for Swiss history than the offenses against neutrality as important as they may be. This article further asserts that a new policy of neutrality, based on more balanced relations with foreign powers, emerged at the beginning of the 1920s. Indeed, it would be bold to pretend that the Swiss Confederation had put itself in the wake of one of the great powers until the Second World War, as well as to deny that the Swiss rulers had tried to find a way to avoid taking part in the new upcoming conflict. Everything demonstrates, consequently, that a more assertive neutral policy was in effect between 1918 and 1939. However, the moral and political implications of such a thesis are less obvious than some critical historians might think. Neutrality can certainly be viewed as a kind of pacifism, but neutrality also often means pragmatism and disengagement, as demonstrated by Switzerland's foreign policy in face of the Nazi threats during the second half of the 1930s. Was there a room for manoeuvre to adopt another political stance, by creating, for instance, a common front of neutral countries to support France? This is a difficult question to answer, but Swiss historians should begin to revisit it.

Second, the article calls into question the idea, often implicit but still predominant in Swiss historiography, that the German orientation of Swiss foreign policy pursued during the Belle Epoque was maintained during the interwar years (a choice that would have had a decisive influence on the compromising attitude of Swiss elites with Nazi Germany). It is true that, with the implementation of the Dawes plan, a kind of German temptation appeared once more among some Swiss ruling circles. Substantial amounts of Swiss money went to Germany, and the Reich became once more the country's primary trade partner. However, historians have failed to consider the fact that Germany never regained the place it had before the war, despite the increase in commerce between the two countries. As far as financial relations were concerned, the vast majority of the capital was exported from Switzerland after 1928, and these exports were largely comprised of offshore transactions made by Germans themselves with the use of Swiss banks.⁵² Consequently, even if a rapprochement between Swiss and German capitalists

⁴⁹ The summary sustains some theses that are in contradiction with the results presented in the volumes. Independent Commission of Experts, Switzerland.

⁵⁰ Daniel Bourgeois, *Le Troisième Reich et la Suisse 1933-1941* (Neuchâtel: La Baconnière, 1974).

⁵¹ Indeed, Hans Ulrich Jost, the former leading expert of Swiss academic history, went on and on to deny the relevance of the concept of neutrality to analyse Switzerland's history. See H. U. Jost, 'A rebours d'une neutralité suisse improbable', *Traverse, Revue d'histoire*, 1, 2013, 200-214, and also one of his student's work, going so far to say that 'Switzerland was only nominally « neutral »' during the world wars: Matthieu Leimgruber, *Solidarity without the State. Business and the shaping of the Swiss Welfare State, 1890-2000* (Cambridge: Cambridge University Press, 2008), 59.

⁵² Marc Perrenoud et al., *La place financière et les banques suisses à l'époque du national-socialisme. Les relations des grandes banques avec l'Allemagne (1931-1946)* (Zürich: Chronos, 2002), 205-207; Stephen Schuker, *American « Reparations » » to Germany, 1919-1933: Implications for the Third-World Debt Crisis*

did occur at end of the 1920s, it would be false to conclude that the Swiss Confederation found itself back to the former junior partner's role it had before the war. Actually, Swiss finance also played a decisive role in the stabilization of the French franc from 1926 onwards.⁵³ However, the main point regarding Germany is that its relations with Switzerland remained in flux during the whole interwar period: from troubled years, including the period of hyperinflation and the crisis of 1931, to more favourable times, such as the second half of the 1920s or the mid-1930s. Overall, the Swiss seemed to have consistently tried to preserve balanced relations with the great powers. Before the war, Switzerland's detachment from the League of Nations and its appeasement policy with the Axis powers was counterbalanced by a clear affinity among Swiss elites for the Allies in the face of the Nazi threat, coupled with an economic rapprochement with them. By comparison with the years before the First World War, when military danger was expected almost exclusively on the French side and the majority of Swiss rulers demonstrated evident germanophilia, the situation was completely different this time.

This observation leads to a third issue: the attitude of Swiss elites vis-à-vis authoritarianism in foreign countries. During the 1920s, Swiss rulers were very tolerant of the dictators who were already flourishing in Southern and Eastern Europe. Even if the antisocialism of the Swiss bourgeoisie influenced this attitude, it was much more conditioned by the fact that, after the period of inflation, the restoration of the gold-standard was often accompanied by the implementation of authoritarian regimes or, at least, governments that were extremely lenient about democratic rules. Deflation and austerity, a prerequisite to the return of capitalistic confidence to stabilize currency, were so severe that they did not fit well with the functioning of parliamentarism.⁵⁴ Consequently, in a large part of the Swiss elite, for whom the European inflation had been costly, authoritarianism appeared as a fortunate return to order. The advent of Mussolini's regime in October 1922 was warmly welcomed among Swiss elites, especially among the bankers, and this was largely due to the programme of financial liberalization applied by Duce's government.⁵⁵ However, the same reaction did not occur a decade later with the Nazis. Swiss liberal-conservatism was certainly acquainted with anti-democratic tendencies, especially when they supported Swiss economic interests abroad, but this does not mean that it could be satisfied with a political regime whose policies threatened Switzerland's finance and sovereignty. In this sense, Swiss foreign policies perfectly exemplified the deep gap between Fascism and Nazism.

(Princeton: Princeton Studies in International Finance, 1988), 117. On the Swiss bankers' reticence to lend money to Germany after the Dawes Plan: PAA, Bern, 2541, Letters from Rheinboldt, German Consul in Zürich, to the Auswärtiges Amt, 8 May 1925 and 10 May 1927.

⁵³ P. Guillen, 'Les relations financières franco-suissees après la Première Guerre mondiale', in Poidevin and Roulet (ed.), *Aspects des rapports*, 155-171; C. Farquet, 'Capital Flight and Tax Competition after the First World War: The Political Economy of French Tax Cuts, 1922-1928', *Contemporary European History*, 27, 2018, 556-560.

⁵⁴ C. Farquet, 'Dettes publiques et politiques économiques en Europe pendant les années folles', *L'Economie politique*, 81, 2019, 86-104.

⁵⁵ On bankers' reactions, see *XI. Jahresbericht der Schweizerischen Bankvereinigung über das Geschäftsjahr vom 1. April 1922 bis zum 31. März 1923* (Basel: Frobenius, 1923), 135-136. On Motta's reaction, see Letter from Motta to Wagnière, Swiss Minister in Rome, 8 January 1923, in *Documents diplomatiques suisses*, vol. 8 (Berne: Benteli, 1988), 663-664. As an anecdote, rumors circulated in the entourage of King Vittorio Emanuele before the March on Rome that Zürich bankers were financing the Fascists. See Letter of General Cittadini to Facta, 19 October 1922, in Antonio Répaci, *La Marcia su Roma*, Milan, Rizzoli, 1972, p. 775.