



LUND UNIVERSITY

What Did Iver Olsen Tell Harry White?

Ahlström, Göran; Carlson, Benny

2005

[Link to publication](#)

Citation for published version (APA):

Ahlström, G., & Carlson, B. (2005). *What Did Iver Olsen Tell Harry White?* (Lund Papers in Economic History; No. 98). Department of Economic History, Lund University.

Total number of authors:

2

General rights

Unless other specific re-use rights are stated the following general rights apply:

Copyright and moral rights for the publications made accessible in the public portal are retained by the authors and/or other copyright owners and it is a condition of accessing publications that users recognise and abide by the legal requirements associated with these rights.

- Users may download and print one copy of any publication from the public portal for the purpose of private study or research.
- You may not further distribute the material or use it for any profit-making activity or commercial gain
- You may freely distribute the URL identifying the publication in the public portal

Read more about Creative commons licenses: <https://creativecommons.org/licenses/>

Take down policy

If you believe that this document breaches copyright please contact us providing details, and we will remove access to the work immediately and investigate your claim.

LUND UNIVERSITY

PO Box 117
221 00 Lund
+46 46-222 00 00

Lund Papers in Economic History



No. 98, 2005

General Issues

What Did Iver Olsen Tell Harry White?

*Sweden at the End of World War II
from the "Olsen Angle"*

Göran Ahlström & Benny Carlson

Lund Papers in Economic History
ISSN 1101-346X
ISRN LUSADG-SAEH-P--05/98--SE+17

© The author(s), 2005
Printed by KFS, Lund, Sweden, 2005

Orders of printed single back issues (no. 1-65)
Department of Economic History, Lund University
Postal address: P.O. Box 7083, S-220 07 Lund, Sweden
Telephone: +46 46 2227475
Telefax: +46 46 131585

Full-text electronic issues (no. 60, 61, 66--)
www.ekh.lu.se

Lund Papers in Economic History

2002

77. Martin Dribe & Paul Nystedt, Information, Trust and Diffusion of Smallpox Vaccination: The Case of Scania, Sweden 1802-1835. */Population Economics/*
78. Tommy Bengtsson & Martin Dribe, Fertility Response to Short-term Economic Stress: Deliberate Control or Reduced Fecundability? */Population Economics/*
79. Martin Dribe, Dealing with Economic Stress Through Migration: Lessons from Nineteenth Century Rural Sweden. */Population Economics/*
80. Martin Dribe & Christer Lundh, People on the Move: Determinants of Servant Migration in Nineteenth Century Sweden. */Population Economics/*
81. Martin Dribe & Maria Stanfors, Leaving Home in Post-War Sweden: A Micro-level Analysis of the Determinants of Leaving the Parental Home in Three Birth Cohorts. */Population Economics/*
82. Tommy Bengtsson & Martin Dribe, New Evidence on the Standard of Living in Sweden during the 18th and 19th Centuries: Long-term Development of the Demographic Response to Short-term Economic Stress among Landless in Western Scania. */Population Economics/*
83. Tommy Bengtsson & Kirk Scott, Immigrant Consumption of Sickness Benefits in Sweden, 1981 – 1991. */Population Economics/*

2003

84. Christer Lundh, Life Cycle Servants in Nineteenth Century Sweden – Norms and Practice. */Population Economics/*
85. Christer Lundh, Regional Variations in Age at First Marriage in Sweden, 1870 – 1900. */Population Economics/*
86. Martin Dribe, Childbearing History and Mortality in Later Life: Comparing Men and Women in Southern Sweden, 1766–1895 */Population Economics/*
87. Tobias Karlsson, Tidiga svenska vinstdelningssystem. Med särskilt avseende på Höganäs stenkolsbolag 1889–1902 och Kropps aktiebolag 1889–1894. */General Issues/*
88. Christer Lundh, Swedish Marriages. Customs, Legislation and Demography in the Eighteenth and Nineteenth Centuries. */Population Economics/*
89. Christer Lundh, Utvärdering av en kohort metod att beräkna andelen ogifta efter ålder i Sverige före 1870. */Population Economics/*
90. Christer Lundh, En beräkning av andelen ogifta efter ålder och giftermålsåldern i Sveriges län år 1860. */Population Economics/*
91. Christer Lundh, Den regionala befolkningsstatistiken i Tabellverket – en databeskrivning. */Population Economics/*
92. Eva Klang, System, Sympati och Arbetsdelning. En studie av Adam Smiths teorier om människan och samhället. */General Issues/*

2004

93. Neelambar Hatti, T.V.Sekher & Mattias Larsen, Lives at Risk: Declining Child Sex Ratios in India. */Population Economics/*
94. Gunnar Andersson & Kirk Scott, Labour-Market Attachment and Entry into Parenthood: The Experience of Immigrant Women in Sweden. */Population Economics/*
95. Martin Klinthäll, Return Migration at the End of Working Life: Immigrants Leaving Sweden in the Period 1979-1996. */Population Economics/*
96. Jan-U. Sandal, Sosialt Entreprenørskap */General Issues/*

2005

97. Tony Johansson, Långa vågor av tillväxt. En doktrinhistorisk studie */General Issues/*
98. Göran Ahlström & Benny Carlson, What Did Iver Olsen Tell Harry White? Sweden at the End of World War II from the “Olsen Angle” */General Issues/*

Lund Papers in Economic History are published by the Department of Economic History, Lund University, Sweden. This series replaces the former series under the title *Meddelande från ekonomisk-historiska institutionen, Lunds universitet*. The change of name reflects the orientation of the series towards an international readership. The series is multilingual, but the majority of the working papers appear in English.

Lund Papers in Economic History include papers in the following topic areas:

General Issues

Development Economics

Education and the Labour Market

Population Economics

Lund Papers in Economic History are published as occasion arises, not at fixed intervals. Printed issues are distributed to libraries. From 1999 and onwards, full-text electronic issues are also available on www.ekh.lu.se. Those who would be interested in receiving information by email on new issues of **Lund Papers in Economic History** are requested to send an email message to Lund.Papers@ekh.lu.se.



LUND
UNIVERSITY

What Did Iver Olsen Tell Harry White?

Sweden at the End of World War II from the “Olsen Angle”

Göran Ahlström & Benny Carlson

Abstract

In 1944-1945 Iver C. Olsen was Financial Attaché to the American Legation in Stockholm. His primary mission was to report on economic developments in Sweden and the other Scandinavian countries directly to Harry D. White, the powerful assistant to Secretary Henry Morgenthau at the United States Treasury Department. Olsen was an unusually active attaché, not afraid of expressing his own opinions. Through the “Olsen angle” one can get a fairly good view of the kind of information on which Harry White based his attitude towards neutral Sweden at the end of World War II, an attitude important in relation to issues like “Bretton Woods” and “Safehaven”. Olsen’s general view of Swedish politicians and businessmen was not very flattering, and the more time he spent in Sweden the more relentless it became.

The “Olsen Angle”

Sweden was in a precarious situation towards the end of World War II. It had been more or less “business as usual” with Germany, but now the Nazi regime was approaching its downfall. German capital was trying to find a safe haven in Sweden, and so were refugees from the Nordic and Baltic countries. A currency black market flourished. This was the situation when Iver C. Olsen arrived at the American Legation in Stockholm around Christmas 1943. His position was Financial Attaché to the Legation. His primary mission was to report on economic developments in Sweden and the other Scandinavian countries directly

to Harry Dexter White, the powerful assistant to Secretary Henry Morgenthau Jr. at the United States Treasury Department.

It is our aim in this paper to shed some extra light on a much-debated phase of Swedish history from a specific “Olsen angle.”¹ There are two main reasons for choosing this angle: Firstly, Olsen seems to have been an unusually active and outspoken attaché. He made a lot of acquaintances among prominent Swedes, wrote detailed reports to White in a vivid and personal style, and was not afraid of expressing his own opinions. Secondly, Harry White had a huge influence on international planning for the postwar world, being the leading architect of the Bretton Woods agreement. It has been said that he was rather suspicious of neutral Sweden and that this attitude had something to do with the fact that Sweden joined the Bretton Woods institutions fairly late, in 1951.² It is not easy to figure out what White *thought* of Sweden. In this paper we shall therefore modify the terms of the question: What did Harry White *know* about Sweden? What did the information he received look like? It was, after all, upon this flow of information, supplied primarily by Olsen, that White had to navigate and form his opinions and decisions.

Olsen has hitherto been the object of attention primarily in connection with his assignment as Stockholm representative of the War Refugee Board. The Board was created by President Roosevelt in January 1944 at the request of Henry Morgenthau. Its task was to save Europe’s Jews, and it was Olsen who recruited Raoul Wallenberg for his dramatic mission in Budapest.³ There is also an article by Meredith Hindley which deals with Olsen’s other refugee and intelligence activities in Sweden – the Baltic rescue program, ransom negotiations

¹ This paper is an offshoot from a project on “Sweden and Bretton Woods”, sponsored by the Bank of Sweden Tercentenary Foundation. The material is held by the National Archives and Records Administration (NARA), at College Park in Maryland. It has been culled from two boxes (no. 34-35) of country files, 1934-52, pertaining to Sweden (accession no. 67A245). We would like to express our gratitude to Wayne DeCesar at NARA for his assistance and to Geoffrey French for getting the English right.

² On April 30, 1943, Harald Magnusson wrote from Washington to Ivar Rooth, Governor of the Swedish Riksbank, saying that White was unaccommodating towards all neutrals and had long since included Sweden in the German sphere of interest. Archive of the Riksbank, archives of Governors of the Riksbank, I. Rooth, PM International monetary cooperation 1930-1950, F1A:136A. Ulf Olsson notes that “the most aggressive currents” against neutral states on the American side were to be found in the Treasury Department and that one of the sanctions considered was to deny these states membership of the Bretton Woods institutions. See Olsson, Ulf, *Stockholms Enskilda Bank and the Bosch Group, 1939-1950*. Stockholm: The Foundation for Economic History Research within Banking and Enterprise 1998, 38-39.

³ See e.g. Rosenfeld, Harvey, *Raoul Wallenberg*. New York/London: Holmes & Meier 1995.

with representatives of Heinrich Himmler, and the Norwegian rescue program.⁴

In this paper we shall not be concerned with Olsen's refugee activities or the Raoul Wallenberg connection. Our focus will be on Olsen the economic reporter, which means, among other things, that we shall notice what he had to say about two others of the Wallenberg family, viz Marcus and Jacob. Their activities during World War II have been studied by Ulf Olsson and Gerard Aalders/Cees Wiebes. The Wallenbergs apparently tried, in Olsson's words, to "keep both doors open" (i.e. the doors to Germany and the United States/Britain respectively) as long as they could.⁵ In fact Aalders and Wiebes, in *The Art of Cloaking Ownership: The case of Sweden* (1995), make use of one of Olsen's letters to White from April 1945, and we shall revert to this document later on.⁶ Nonetheless it is mainly one aspect of Olsen's activities – the rescue of refugees – that has been explored so far while the aspect of gathering economic intelligence remains to be examined.

Olsen and the Legation

Iver Olsen arrived in Stockholm – via London – one week before Christmas 1943. His mission was to collect intelligence on the Swedish, Norwegian and Danish economies and report back to Harry White at the Treasury Department, from whom he had received specific instructions as to the kind of intelligence to be obtained. (It also happened that White wrote to Olsen asking for particular items of information.) In addition Olsen was expected to perform "certain services" for the Office of Strategic Services (OSS), predecessor of the CIA.⁷

⁴ Hindley, Meredith, "The Strategy of Rescue and Relief: The Use of OSS Intelligence by the War Refugee Board in Sweden, 1944-45", *Intelligence and National Security*, vol 12, 1997: 3, 145-165.

⁵ Olsson, Ulf, *Furthering a Fortune: Marcus Wallenberg, Swedish Banker and Industrialist 1899-1982*. Stockholm: Ekerlids 2001, 240. See also Olsson, Ulf, *Bank, familj och företagande: Stockholms Enskilda Bank 1946-1971*. Stockholm: Institutet för Ekonomisk Historisk Forskning vid Handelshögskolan i Stockholm 1986. Part of this book has been translated into English as *Stockholms Enskilda Bank and the Bosch Group, 1939-1950*.

⁶ Aalders; Gerard & Wiebes, Cees, *The Art of Cloaking Ownership: The secret collaboration and protection of the German war industry by the neutrals: The case of Sweden*. Amsterdam: Amsterdam University Press 1996, 125-126. In this book, however, Iver Olsen is given a less Norwegian- and more Swedish-sounding name: Ivar Olson.

⁷ NARA, Box 35, Treasury representation: Letter from W. N. Thompson, administrative assistant to the secretary, to Mr. G. Hewland Shaw, September 28, 1943; letter from Harry D. White to Lieutenant Kenneth Woodring, U.S.N.R, Office of Strategic Services, October 5, 1943; telegram from John G. Winant in London to Secretary of State, December 1, 1943; telegram from Herschel V. Johnson in Stockholm to Secretary of State, December 18, 1943.

Herschel V. Johnson was American Minister at the Stockholm Legation at this time. The Legation personnel numbered about 250, including about 60 officers. According to Olsen these officers were friendly and cooperative, “although perhaps occasionally jealous of the independence with which a person from another important department is able to function.” Olsen’s impression was that many of the regular Foreign Service officers were not particularly efficient – “their capabilities have been greatly diluted through a succession of assignments to consular, administrative, code room and other routine work.” “It seemed to me that the Foreign Service is singularly persistent in assigning its personnel to work for which they are least qualified, temperamentally or otherwise.”⁸

As Financial Attaché to the Legation, Olsen ranked immediately after Minister Johnson and Counselor Christian M. Ravndal, and was on an equal level with the Military and Naval Attachés. His independent reporting to the Treasury was to revolve around such matters as flight of Axis capital, black market currency operations, “trading with the enemy” problems, and financial developments in the Scandinavian countries. Soon he was also assigned, at Morgenthau’s request, to the War Refugee Board. He was additionally assigned to the OSS to arrange the financing of its Sweden-based operations – which included intelligence, counter-intelligence, psychological warfare, sabotage, etc – and participate in assessing their value and prudence.

Germany’s Most Potent Satellite

Olsen sent his first (January) report to Harry White on February 7, 1944.⁹ From this report it is clear that White had instructed Olsen to convey his own personal views to the Treasury:

The matter of making these monthly reports to the Treasury has been discussed with the Minister. Your instructions that these reports should represent my own views, irrespective of opposing views that might exist within the Legation, has been communicated to him. He has expressed a wish to see these reports, has

In one of his reports to White (July 13, 1944) Olsen refers to a letter from White (of June 6) and says: “It is extremely useful for me to be informed, from time to time, regarding subjects of special interest to you ... ” Box 35, Treasury reports: Monthly Report for June, 1944, from Iver C. Olsen to Harry D. White, July 13, 1944.

⁸ Box 35, Treasury reports: Report on the Treasury Office in Sweden, from Iver C. Olsen to Harry D. White, December 26, 1944.

⁹ Box 34, Economic and financial (and Box 35, Treasury reports): Monthly Report for January, 1944, from Iver C. Olsen to Harry D. White, February 7, 1944.

reserved the right of commenting to the State Department when appropriate regarding my views, but otherwise is willing to consider that these reports to the Treasury Department, and the views expressed therein, are entirely my own responsibility.

In this first ambitious report Olsen started out by describing activities at the Legation. The Special Reporting Section reported on all matters relating to the Baltic countries, Norway, Denmark, the Ukraine, and on all matters relating to Germany appearing in the Scandinavian or Baltic press. The Commercial Section reported on general commercial, economic, and financial developments in Sweden, and also handled matters relating to enforcement of the provisions of the Anglo-American-Swedish War Trade Agreement, and trading with the enemy problems. The Press Section had the dual function of disseminating American war propaganda and reporting back to the Office of War Information everything of significance in the European press, radio, and public opinion. The Translation Section was concerned with the daily reporting of local press items and editorials. The Post-War Section reported on anything related to post-war problems in Europe.

In his comments on the Swedish situation Olsen made no effort to disguise his opinion that Anglo-American policy towards Sweden was a failure:

... the fact remains that Sweden stands today, with our blessing via the Anglo-American-Swedish Trade Agreement, as the most potent economic satellite Germany has in Europe. There is very little, short of actual military collaboration, that Sweden could supply beyond what it already is supplying, to further the German war effort. What it *is* supplying, however, is a most substantial contribution to Germany's will and ability to continue the war. This will be confirmed most certainly when millions of tons of Swedish iron and steel, carried on Swedish boats to Germany, are shot at, dropped on, and otherwise greet our invasion forces on the Western European Front.

The trade agreement brought quibblings over petty violations while the main issues disappeared out of focus. There were strong American protests against "the shipment of 20 tandem bicycles to blind veterans in Finland, which apparently looms more ominous than authorized shipments of millions of ball-bearings to Germany." The root of this situation was British policy towards Sweden, which appeared "to be more pro-Swedish than the Swedes themselves." Since the Swedes appeared "to be pro-American if pro anything," Olsen found it difficult to understand why the United States could not "take advantage of this spontaneous support ... to forge a strong war position in Sweden." "As

it is, we are liked tremendously, but Germany is getting millions of tons of iron to shoot at us.” Olsen’s conclusion was that

... it doesn’t seem that we have anything to lose by adopting a considerably more critical attitude. Heretofore, Sweden has been faced by a pointed gun from one direction and an extended lollipop from the other, and it has not been difficult for the very practical Swede to decide which should engage his uppermost attention. A stiffer approach may have an important influence on the rather critical decisions that Sweden may be called upon to make in the next few months.

The 1944 Swedish-German Trade Agreement signified a reduction of iron shipments from 10 to 7 million tons. The Swedes advanced this reduction “as a clear gesture of pro-Allied sympathy, although it may be assumed that they were not unmindful of the difficulties of getting paid for 10 million tons of iron while at the same time getting their old credits cleaned up – before the lid blows off in Germany.”

The refugee situation demonstrated a brighter side of Sweden. One of the paradoxes of the Swedish neutrality position was the extent to which it tolerated Norwegian and Danish underground operations. “So smoothly are these operations working that it would be no exaggeration to say that traffic between Stockholm and Oslo or Copenhagen is hardly less difficult than traffic between Washington and New York, although always perilous.”

One of the initial problems Olsen encountered was “the great scarcity of official information on the one hand, and the plethora of unofficial information on the other.” One of his most time-consuming tasks was therefore “to build, really on a personal basis, useful contacts in official quarters and reliable contacts in unofficial quarters.” In his letter he mentioned and described some influential men he had met during his first month in Sweden:

- Minister of Finance Ernst Wigforss: “Seems to be tremendously interested in the United States, particularly its politics, but I would not say he was strongly pro-American.”
- Governor of the *Riksbank* Ivar Rooth: “Generally regarded to be a warm friend of the United States, and extremely cooperative and helpful.” Olsen also mentions that a reorganization of the *Riksbank* is under way, with the creation of a division to handle post-war problems. “This will be handled by our friend [Harald] Magnusson, who has been promoted to Vice-President of the *Riksbank*.”

- Marcus Wallenberg of Stockholms Enskilda Bank. “Although he is considered to be strongly pro-Allied in sympathy, the implications of this sentiment are obscured somewhat by the fact that he handles all United Nations business while his brother, Jacob, is equally entrenched in the Axis end. In other words, the Stockholm Enskilda Bank has its position pretty well hedged.”
- Gustaf Brunkman of Svenska Handelsbanken. “One of the most useful contacts I have made so far, and thoroughly reliable. ... He is definitely pro-Allied.”
- Gunnar Myrdal, professor of economics. “I liked Myrdal very much, despite his vanity, and believe him to be a sincerely warm admirer and friend of the United States. He is much more interested in us than in Sweden, and I would say more pro-American than Swedish. However, he temporarily is struggling with a great hodgepodge of unrelated facts concerning the United States, much as a Rotarian from Belgrade would accumulate after several weeks’ visit to America ...”
- Axel Axelson Johnson, leading industrialist. “Disliked him very much and would not hesitate to advance him as the outstanding type in Sweden responsible for the Swedish point of view with respect to close economic ties with the German war effort.”

More Practical than Scots

The next (February) report was sent from Olsen to White on March 11.¹⁰ Olsen had approached individuals at other legations – British, Norwegians, Danes, Italians, and Poles. He was exploring the possibility of persuading the Swedish government to supply details of Axis capital and direct investments in Sweden. He declared himself willing to head a division at the Legation responsible for activities in the financial and monetary field.

In the fall of 1943 Denmark had developed a trade deficit with Sweden and the Swedes had refused to issue new export permits to Denmark. Olsen was convinced that the Swedes were doing everything

¹⁰ Box 35, Treasury reports: Monthly Report for February, 1944, from Iver C. Olsen to Harry D. White, March 11, 1944.

possible to eliminate the deficit. “The Swedes do not like to lose money and are even more practical than the Scots in such matters.”

Olsen also supplied a comment on Gunnar Myrdal’s new post-war outlook and attitude towards the United States:

In recent speeches he has been very critical of certain American policies, and in a speech last week ... he expressed sharp pessimism with respect to the American post-war outlook, forecasting an unprecedented depression. He also stated that American public opinion *vis a vis* the Swedes was unfavorable. Apparently some of his remarks are considered to reflect a tone of personal injury and aggrievement, but it is his complete departure from his previous enthusiasm and optimism towards the American outlook that has attracted so much attention and comment. Some quarters construe his attitude a consequence of a cool reception in America on his last visit in the status of a Swedish official, as compared to more warm receptions on previous visits as a civilian. Others feel that Myrdal’s new attitude is prompted by local political considerations, in that he wants to portray himself as a great independent thinker, of a stature competent to criticise even countries of the economic complexities and political power of the United States. The purpose of that would be to offset any local impressions that Myrdal has become too attached to the American scene to devote himself to Swedish problems.

On May 23 Olsen sent a report on black market currency operations in Sweden, a theme he had already developed in previous reports.¹¹ He had obtained the information through an individual stated to be connected with the Swedish Intelligence Service. The turnover of foreign currencies on the black market in Stockholm had increased during the last half year. Large amounts had been carried between Stockholm and Zurich with the help of German, Italian, and Swedish diplomatic couriers. German agencies had made extensive purchases of American dollars in several European countries and disposed of them in Stockholm and other capitals. The Polish and Finnish legations in Stockholm, Danish Jews, Stockholms Enskilda Bank, Svenska Handelsbanken, and a number of industrial firms had purchased large amounts of dollars.

¹¹ Box 35, Treasury reports: Confidential Report on Currency Black Market Operations in Sweden, from Iver C. Olsen to Harry D. White, May 23, 1944.

Swedish-Russian Agreement Denied

In his report for April and May, dated June 7, Olsen explained that his function as Special Attaché for the War Refugee Board had absorbed most of his time for six weeks.¹² However, he thought the effort was justified, and the activities involved had been generally helpful to his assignment since they had widened and strengthened his range of contacts. On several occasions the *Riksbank* and the Ministry of Finance had mentioned the desirability and importance of his assignment in Stockholm.

Olsen mentioned discussions going on in the local press concerning a report originating from London on a gigantic Swedish-Russian trade agreement. "All these reports are denied." (The Swedish-Soviet trade agreement, "Ryssavtalet," was signed more than two years later, in the fall of 1946.) He reported on Sweden's balance of payments, public debt and currency black market. He also visited Professor Gustav Cassel and was able to report the following:

He is now 78 and in very poor health due to a heart condition, but I found him extremely interested in international monetary and economic problems, and very interesting himself. He remains rather reactionary with respect to the trend of modern government finances, most emphatically so with respect to Sweden's, and apparently considers Finance Minister Wigforss' management of Swedish finances nothing short of grand larceny of the public domain. On the other hand, his views of post-war trade and monetary problems seemed very liberal and progressive. ... He ... seemed to attach great importance to the coming international monetary conferences and believes that the return to the gold standard is essential.

On the upcoming monetary conference at Bretton Woods Olsen had this to say:

There has been some comment in the local press concerning the impending international monetary conference, but not nearly as much interest as I had expected. Most of the comments speculate on divergence of opinion between British and American experts, and leans more favorably towards the American position. Virtually no questions have been asked of me personally regarding the conference.

Together with Wallace McClure, Legation Attaché on post-war planning, Olsen had given a lunch for a host of important people: Finance Minister Ernst Wigforss, Deputy Minister of Finance Dag Hammarskjöld, Governor Ivar Rooth, Vice Governor Klas Böök and

¹² Box 35, Treasury reports: Report for April and May, 1944, from Iver C. Olsen to Harry D. White, June 7, 1944. There was no report for the month of March.

Director Harald Magnusson of the *Riksbank*, Professor Gunnar Myrdal, and others.

Swedes Understand a Loss

In the report for June, dated July 13, Olsen, at White's request, reported that he was confident he would soon be able to cable a summary of the *Riksbank* census of foreign assets in Sweden.¹³ He also had information saying that the Russian Legation in Stockholm was a particularly active buyer of currencies on the black market and could give a list of currencies acquired by the Russians from Stockholms Enskilda Bank. Large amounts of dollars, pounds sterling and minted gold seemed to have been brought into Sweden by German diplomatic pouch. These assets belonged to German diplomats and businessmen attempting to save their capital. The assets were presumably changed into Swedish *kronor* and invested in Swedish industrial stocks.

White had asked Olsen for information about Swedish public opinion with regard to American blacklisting of certain products. Olsen reported:

It is true, of course, that the Swedes dislike the blacklisting technique very much, but [this] is precisely because of their fear of it. During the S.K.F. matter, and the various rumors that several Swedish corporations and banks were going to be blacklisted, the Swedes were extremely nervous – particularly the Enskilda Bank. As previously reported, the Swedes understand a situation extremely well if it involves a possible financial loss to them, or even a loss of prestige, and that is why they have a healthy respect for the Proclaimed List. This is particularly true in the light of the current war outlook. Consequently, I personally have no fears that we are overworking the blacklisting technique; on the contrary, I feel that we should have pushed it much harder and against some of the bigger game around here.

¹³ Box 35, Treasury reports: Monthly Report for June, 1944, from Iver C. Olsen to Harry D. White, July 13, 1944.

A “Fishing Expedition”

Olsen’s next report pertained to the month of August and was delivered on September 14.¹⁴ He was, as always, overloaded with work, solving refugee problems, writing special reports and so on.¹⁵ The first issue he raised was about Axis capital flight. Three men on a “fact finding” mission had visited Stockholm, but the mission “was shrouded in dark secrecy.” Olsen wanted the question to be discussed in a more open and forceful way with the Swedes. “If we say that the group came and went without discussing the problem in appropriate circles, the Swedes may conclude that we didn’t attach too much importance to this problem, at least so far as Sweden is concerned.” As far as the report from the *Riksbank* was concerned “it is only too clear that the census ducks the major issue of Axis capital flow to Sweden.” Olsen’s understanding was that the Swedes would not reveal anything voluntarily.

So far as getting precise information on Axis capital is concerned, I am convinced the Swedes will get around to it only at that point when they consider it more profitable to play ball with us than to sit on the whole matter. That point has not yet arrived. According to information I have obtained on a personal basis [from] official sources, the Swedish stake in Germany is approximately 1,000,000,000 kronor, against admitted German assets in Sweden of only about one tenth that figure. The Swedes would not be enthusiastic about losing the difference, and I would advance the personal hunch that there may be some private understanding to permit Axis capital to filter in – against the day when it could be snatched. Any step taken at this time to uncover the infiltration would only discourage the flow.

The second issue pertained to the question of possible German control of S.K.F., which Olsen had investigated somewhat in accordance with the Treasury Department’s request. Olsen’s view was clear-cut: “... I am quite convinced that it is highly improbable that the Swedes would permit German or any other foreign interests to control a key Swedish industry.” However, the transaction by which S.K.F. had acquired the German monopoly had been too one-sided from the point of Swedish interests, which indicated that “other considerations must have been involved.” The *Riksbank* had approached Olsen and raised “its great concern with the block on S.K.F.” He had answered “that the block would remain until there was a good basis for removing it, and that the

¹⁴ Box 35, Treasury reports: Monthly Report for August, 1944, from Iver C. Olsen to Harry D. White, September 14, 1944 . There was no report for the month of July.

¹⁵ During the summer he had delivered special reports to Harry White: Norsk Hydro, July 25, 1944; General Notes on Danish Economic and Financial Conditions Since the German Occupation, August 2, 1944; Norwegian Foreign Trade and Clearing Agreements During the German Occupation, August 9, 1944. All in Box 34, Economic and financial.

latter question was one that the Swedes themselves could deal with most effectively.” The *Riksbank* had promised to supply Olsen with an analysis of the S.K.F. capital structure, but nothing had happened so far. “Here again, it may be expected that the Swedes will stall until they have the surest possible bet.” Olsen therefore hoped that the block would be maintained until this analysis appeared.

Since other important Swedish interests are involved, such as the Enskilda Bank, the block could be made considerably more effective if it were extended to related interests. This might be more or less in the nature of a “fishing expedition”, but I should imagine that the fishing would be quite good. In the case of Enskilda Bank, I am sure it would be extremely good, and that we will never make any real progress in untangling Swedish connections with Germany until this step is taken.

Another question to be dealt with concerned the Swedish view of the Bretton Woods Conference. Translated material from the local press had been forwarded to White.¹⁶ Olsen’s judgement was this:

The Swedes were quite impressed with the smoothness of progress at the Conference and are very much anxious to be included in the program. While they realize that much remains to be done before the plan may be considered a certainty, they were quite surprised that proceedings went so harmoniously at Bretton Woods.

Olsen had been asked by the *Riksbank* to give a luncheon talk to the Board of Directors on the general features of the Bretton Woods plans, but he had suggested it would be better to wait until he had more precise material at hand. His monthly report on the currency black market was also somewhat meager since his informant had disappeared.

Anxious to Erase Pro-Nazism

During the fall of 1944 information from Olsen to the Treasury was mainly delivered in bits and pieces in telegrams from Herschel Johnson to the State Department. On December 26, 1944, however, Olsen sent a report to White dealing with the Treasury Office – i. e. his own office –

¹⁶ Copies of many Swedish articles on the Keynes and White plans and the Bretton Woods Conference had been forwarded to White from Herschel Johnson. Iver Olsen also sent Swedish articles after the Bretton Woods Conference. Box 34, Bretton Woods: Letter from Iver C. Olsen to Harry D. White, September 1, 1944, and September 11, 1944.

in Sweden.¹⁷ The report was more or less a summary of his work so far in Sweden. Olsen concluded that his rank as Financial Attaché had been important, both with regard to internal operations at the Legation, and in dealing with Swedes and other foreign officials. There was a recommendation, however, that he should also be designated “Representative of the United States Treasury”, which would serve to formalize his independent reporting activity to the Treasury.

On the question of Axis capital flight Olsen had this to say:

I have been participating actively in all *Safehaven* matters and have been pressing the Swedish financial authorities to establish the necessary controls and procedures so that adequate intelligence will be forthcoming. The Swedes have been disposed to be fully cooperative in this matter, but it is not clear at this stage how successful this program will be since the Germans have been very skillful in cloaking and otherwise concealing these operations.

Olsen’s assessment of Sweden’s political leanings highlights the Swedish propensity to placate the most threatening nearby power:

Sweden is today strongly pro-allied and very anxious to erase the earlier blot of distinct pro-Nazism which is heavily on its conscience. It is my opinion that we have failed and are continuing to fail to capitalize fully on this circumstance. This failure is probably due in large part to the conflict of British and American policy, which is somewhat reinforced in Sweden by an active personal rivalry between the British and American Ministers. Consequently, the very politically astute Swede is simply playing one against the other, with the Americans a very poor third, despite his top popularity. ... The Russians have Sweden terror-stricken and every effort is being made to get on a friendly basis with Russia. This policy is being urged by top Swedish leaders, but opposed by other fairly large groups who believe that a close alliance with Britain and the United States is the only possible hope of preventing trouble with Russia.

A Wicked Smorgasbord

The next message from Olsen to White is a letter of April 5, 1945, dealing with Stockholms Enskilda Bank and the *Safehaven* negotiations with Sweden;¹⁸ this is the letter Aalders and Wiebes have made use of. In this letter Olsen revealed at once the difference of opinion between himself and Herschel Johnson. A cable from the Treasury to the Legation, instigated by Olsen – which took the position that the

¹⁷ Box 35, Treasury reports: Report on the Treasury Office in Sweden, from Iver C. Olsen to Harry D. White, December 26, 1944 .

¹⁸ Box 34, Banks and banking: Letter from Iver C. Olsen to Harry D. White, April 5, 1945.

Americans should not trust the Wallenbergs on Safehaven matters – had been tucked away by the Minister in his personal file. One day, however, Minister Herschel Johnson had expressed his opinion:

Without any preliminaries, he opened by saying that he thought the Treasury was completely wrong on the Wallenbergs and that the facts on which the Treasury based its attitudes were for the most part frivolous. He mentioned particularly our distaste for Jacob Wallenberg based on the fact that he was the principal negotiator for the Swedes on the Swedish-German Trade Agreements. He said that Jacob Wallenberg was only an instrument of the Swedish Government, carrying out an official policy which was fully justified at the time, and that, in fact, Jacob had done an extremely creditable job. His general conclusion was that the Wallenbergs were top-flight Swedish business men, far too shrewd to jeopardize their position by trafficking with the Germans or concealing Nazi capital. My general answer was that there were too many flies around the Enskilda Bank to be ignored on these matters, and that if there is a bad smell surrounding an organization it is only fair to hold responsible those who are running it.

Olsen could not say how much Nazi capital there was in Sweden, but he was convinced that Stockholms Enskilda Bank was involved in a fairly large proportion of whatever there was. He was sure “that we won’t get anywhere until we take steps ourselves, not the Swedes, to shake it out of them.” He had been told by “several responsible Swedes” that there was much going on in the bank and that the average Swede could have no respect for the blacklist as long as this bank was not included.

Olsen also reported having had a showdown with Counselor Christopher Ravndal after the Legation had answered a Treasury inquiry behind his back. Olsen had reacted strongly. He had the impression that Ravndal had tried to freeze him out of Safehaven matters.

Ravndal replied that my failure to see Safehaven material was an unfortunate “oversight” which he would investigate immediately, and assured me that it was entirely unintentional. Ever since, I have seen all Safehaven material, have been consulted with respect to most of it, and in general have been seeing a variety of other material in which I would be interested as Treasury representative. Consequently, I consider the whole incident most fortunate. For Treasury’s information, I might add that I do not like Ravndal and have had considerable friction with him on very solid footing – his word is absolutely worthless, his judgement extremely erratic and he has been the source of virtually all operating difficulties I have encountered in the Legation.

Olsen went on and more or less accused Johnson and another member of the staff, Walter Surrey, of having been corrupted by the wealthy Swedes:

In the first place, the Minister takes the traditional attitude that influential and important Swedes are, per se, wonderful and forthright people. Perhaps this can be excused in part because of his functions as Minister – of lunching and dining with these persons until the relationship becomes more personal than official. For Surrey to follow the same footsteps on Safehaven and Blacklisting matters is bound, however, to have extremely unfortunate results, as already evidenced by his somewhat incredible cables on the Wallenbergs and Enskilda Bank. He started lunching and/or dining with these people and others of a similar stature and they simply are neutralizing him with kindness and phoney good-fellowship – they are past and present masters of this game. Consequently, as these personal relationships broadened, our hardest-hitting areas of Safehaven and Blacklisting problems have necessarily narrowed and more and more have become headed into peanut districts. I feel, therefore, that there is a very real basis for the complaints prevalent in certain Swedish quarters that we are hounding the hell out of small fry of no overall importance, and are afraid of cracking the big fellows who can throw a wicked Smorgasbord. It isn't, of course, that we are afraid – it is that we have come to “like them”.

Incredible Pompousness

The only way to get results in Safehaven matters was to get the right to carry out an independent (American) investigation among Swedish firms and individuals. However: “I am convinced we will never get it, but will encounter a delaying action ... which will drag out the problem to a time when the Swedes calculate all will be forgotten and forgiven.” The Swedes would maintain full control over investigations and make some minor sacrifices to save the big guys. The Swedes had lately engaged in an active press campaign directed against the American search for German capital in Sweden. “These articles have, for the most part, been heavily Swedish-biased, pompously and self-righteously centered on the sacredness of Swedish sovereignty, and unfailingly aggravating.”

One such newspaper story accused Allied diplomats of inviting innocent Swedish girls to cocktail parties and prying information out of them concerning Swedish firms. Even Myrdal had told Olsen that this was “a hell of a thing to do.” “I told him that for every blonde he could find who had supplied information to the Allies I would produce twenty that the Swedish Intelligence had planted in the Allied legations to snoop on us. Myrdal expressed great astonishment ...” Olsen's fury over Swedish self-righteousness had now almost reached boiling-point:

Add to the foregoing the Prime Minister's [Per Albin Hansson] recent incredible pompousness in describing Sweden as “Europe's conscience” (it made even the Swedes squirm), together with Myrdal's recent branding of almost everything

going on in the world as “un-Swedish” and lashing contemptuously at “home-grown Anglosaxons” and “home-grown Russians” and you will get a general idea of life here with the Swedes. Their stone Age perspective of world problems, and their sense of responsibility in connection with them, convince me more than ever that we established a diplomatic mission here at least a hundred years too soon. We should be sending a flock of missionaries.

Olsen’s recommendation as how to handle the Swedish problem was to strike where it hurt most – at the pocketbook.

It is extremely important that we have a true measure of Sweden’s cockiness now that she no longer faces a possibility of having the country over-run, as well as to be fully prepared to deal with it firmly and effectively. Our best still is to strike at the extremely mercenary Swede’s pocketbook – to be prepared with a line of action which he clearly can see will cost him dollar – perhaps even more.

This was Olsen’s last comprehensive letter to White from Stockholm.¹⁹ His mission in Stockholm was coming to an end. At the beginning of July, 1945, Olsen arrived in London.²⁰ He had been assigned to the Hague and was apparently not too happy with the situation:

It looks as if I have quite a job cut out for me in Holland and hope the hell I can handle it well. Also hope that you are keeping in mind my anxiety to come home at the first practical opportunity and my wish not to be considered for any further long term overseas assignments. I am rapidly getting to the point where I will have to choose between divorce or unemployment.²¹

Severest Possible Approach

From London Olsen sent a last letter concerning Sweden to White on August 17.²² In the meantime the U.S. Treasury had taken action against the Wallenbergs, who were declared to be “special blocked nationals.” Olsen was gratified by this and expected, contrary to his earlier assessments, different reactions from different official circles in Sweden, on the one hand the Ministry of Finance and the *Riksbank*, on the other hand the Foreign Office. The actors in the first circle would

¹⁹ At least the last one to be found at the NARA

²⁰ Box 35, Treasury representation: Telegram from Herschel V. Johnson to Secretary of State, June 12, 1945, Telegram from John G. Winant to Secretary of State, July 11, 1945.

²¹ Box 35, Treasury representation: Letter from Iver C. Olsen to Mr. Glasser, unknown date, cited in letter from Mr. Friedberg to Mr. Coe, August 22, 1945.

²² Box 34, Banks and banking: Letter from Iver C. Olsen to Harry D. White, August 17, 1945.

“secretly be delighted and actually will hope that we have an air-tight case.”

One of the top aims of Wigforss, Minister of Finance and leading light in the Social Democratic Party, has been to nationalize the banks and certain key industries. This has also been pushed by most of his associates, including Myrdal. Obviously they are going to seize the Enskilda Bank case and play it for all it is worth.

Olsen had had several discussions with top *Riksbank* officials, and they had assured him that they had no interest in shielding the Wallenbergs and their bank and that they “would not hesitate to give it the works if the circumstances so warranted.”

The Foreign Office, on the other hand, would “make every effort to shield the Wallenbergs and the Enskilda bank.” This was in part because they wanted to protect Sweden’s reputation, in part “because many of this group are in hock to the Wallenbergs.”

Consequently, they will play up and exaggerate everything that Enskilda has done to further the Allied war effort. What they really mean is certain British interests ... They will also try to separate the right hand from the left – Marcus from Jacob – which is absurd and should not be considered seriously. I imagine that State will favor something along those lines, and perhaps will be urged to do so by our Legation in Stockholm, which is quite out on the limb with the Enskilda Bank but particularly with Marcus Wallenberg.

Finally, there was a third “circle,” whose reactions could be anticipated – the public.

The Swedish public in general will not be unhappy that the Enskilda Bank is in trouble, and I am sure that our prestige in blacklistings and Safehaven matters will rise considerably upon this very prominent evidence (a) that we mean business in these matters and (b) that we are not afraid of the big fellows. Consequently, I am very anxious to see this case through – in the severest possible approach.

After a short sojourn in the Hague Olsen returned to Washington. He was replaced as Financial Attaché in Stockholm by James J. Saxon. Soon thereafter the Treasury decided it did not need any Treasury Representative in Stockholm and ordered Saxon to close his office and return to the U.S, which he did in October 1945.²³ After this the archives reveal nothing about any Financial Attaché in Stockholm until 1949.

²³ Box 35, Treasury representation: Telegram from Herschel V. Johnson to Secretary of State, October 16, 1945.

Concluding Remarks

A number of issues concerning Sweden's situation at the end of World War II are highlighted in Iver Olsen's reports. Our aim has not been to make a precise contribution to any of the specific debates going on among historians, but rather to supply historians involved in debates on diverse issues with some new material from *one* source, a source which can throw light upon the standpoints taken by the U.S. Treasury *vis-à-vis* Sweden. Having said this, we realize of course that the Safehaven issue and the role of the Wallenbergs and Stockholms Enskilda Bank are perhaps the most interesting areas highlighted from "the Olsen angle." A few observations in connection with this may be summarized:

In Olsen's view there was a big divide between authorities dealing with foreign and economic policy, respectively, in both the United States and Sweden. The U.S. State Department and Minister Johnson and Counselor Ravndal at the Legation in Stockholm were rather forgiving towards the Swedes and their businessmen – the Wallenbergs – in the matter of German interests. The U.S. Treasury, upon Iver Olsen's recommendations, took a tougher stance and there were more or less open quarrels between Johnson/Ravndal and Olsen. These quarrels have been described before by Aalders and Wiebes, who have indicated that the antagonism was reproduced at a higher level, between Morgenthau and White on the one hand and the State Department and Stockholm Legation on the other.²⁴ In Sweden, at least according to Olsen's analysis, there was a similar rift between departments of government. The Foreign Office was prone to protect big business interests while the Ministry of Finance was interested in getting ammunition against these interests at the same time as the *Riksbank* was saying it would not shield them.

Olsen's general view of Sweden's leading actors is not very flattering, and the more time he spent in Sweden the more relentless it became. His impression was that Swedes in leading policy and business circles were pompous and self-righteous while at the same time showing little sense of responsibility. They placated the power most threatening to them at the moment; they would only yield to the language of power; and they were extremely self-interested, anxious not to lose a dime. They were also skillful when it came to corrupting potential critics with lunches, phone-calls and other "phoney" gestures.

²⁴ Aalders & Wiebes, *The Art of Cloaking Ownership*, 124-126.