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# HELVETIA



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## LETTER FROM SWITZERLAND.

Lausanne - Switzerland is not completely cut off from the world. Each group of powers recognizes the vital necessity for Switzerland to maintain her relations with the other parts of the world. But in spite of this, the possibilities which Switzerland has to maintain contact with foreign markets have considerably diminished. It is almost unnecessary to point out, with reference to this question, that the increasingly arduous problem of transport remains in the foreground.

Export returns for the year 1942 clearly show the situation of Switzerland, a country heavily industrialized, deficient in raw materials and which, on account of the smallness of the home market, cannot think of selling all her production there. Compared with 1941, Swiss imports in 1942 decreased 10%, that is to say to 431,575 tonton truck loads; during 1939 they registered the double. If one considers that the rise in prices of imported goods has reached an average of 110%, as compared with the year 1938, the increase in the value of imports of 2,024 million francs in 1941 to 2,049 million francs in 1942, in spite of the diminution in quantity, is not surprising.

In reference to exports, the development is the same, a decrease in quantity and an increase in value, the latter, at 1,571 million francs, shows a rise of 108 million francs, when compared with the previous year. The average increase in export prices is about 55% when compared with 1938. It is one-half less than that for imports.

The overplus of imports in 1942 was about 477 million francs, whereas, in 1941, it reached 561 million francs.

The constant decrease in the volume of exports, obliges Switzerland, although it is really contrary to her true economic structure, to seek means whereby she may, more and more, become self-supporting.

In reference to foodstuffs, the agricultural extension plan is being energetically carried out; industry is resorting to the employment of artificial matter and material or to new manufacturing processes, where it is no longer possible to obtain from foreign countries, or only in small quantities, the necessary materials.

The year 1942 saw the realization of the fourth period of the agricultural extension plan. Thanks to the indefatigable working spirit of the rural population, the cultivated surface was increased to 310,000 hectares. Industry has also played its part. Firms employing, at least, 50 workers, or those having a capital of not less than 500,000 francs, must give their aid to the agricultural extension plan. In order to increase the cultivable surface it is proposed to adopt new measures and put into operation an extensive drainage plan, for which the Confederation has opened credits to the extent of more than 100 million francs. To carry out this important work an ever increasing number of workers were engaged last year.

In spite of these efforts, further restrictive measures have been found to be necessary. Successively meat, bread, and milk have been rationed, so that, with the exception of potatoes, every important foodstuff is now rationed. To meet this situation a new system was introduced in May, 1942: differential rationing, which created four categories of consumers, receiving different quantities of rations according to the nature of their employment.

In reference to industries, the falling off of imports places manufacturers before serious problems. The shortage of raw materials, especially non-ferreous, brings about serious problems which, in certain cases, it has been possible to resolve by new processes of manufacture. Industrial activity has, generally speaking been maintained at a relatively satisfactory standard. It is true that many changes have taken place in the usual markets and that the home market has become still more important. However, everyone knows that the situation is only temporary and that every effort must be made to develop export trade as soon as ever possible. The authorities are unanimous on this point and have already, on several occasions, expressed their opinion on this subject.

The great demand for labor for agriculture, the activity, on the whole satisfactory, of industry and the building trade, has had a favorable effect on the labor market. Not only did the number of unemployed decrease (11,000 in December, 1942; 15,500 in December, 1941), but certain branches, such as agriculture and the machine industry, suffered through lack of workers.

In spite of the momentarily favorable situation of the labor market, the Federal Council has prepared a vast plan for the creation of future possibilities of employment. This program will make it possible, at the right moment, to utilize, at the expense of the state, the services of those who can no longer find employment in private enterprises. It will find its full application at the moment when a heavy period of unemployment is brought about by world economic events, but may already enter into action, in the case of partial unemployment, the weight of which private industry cannot bear itself. As a real catalogue of the possibilities of employment, this plan is being regularly completed and developed. In its present form it is based on a total amount of more than five milliard francs, distributed over all the principal domains of economic life.

The constant increase in prices brings into a prominent place discussions in reference to political economy, problems of prices and wages. The official wholesale price index reached 199,9 at the end of December, 1942, and that of the cost of living 145,5, if the last pre-war month, August 1939 equals 100, is taken as a basis for comparison.

Wages have not fully followed the increase of prices, which causes a certain amount of tension. The situation has, however been regulated in the common interest, thanks to the spirit of comprehension of employers and employees, and there has not been any serious conflict due to the intransigence of either party.

Home travel results in 1942 were not unfavorable, but do not, however, yet compensate for the great falling-off in the number of foreign visitors. Thus, the Swiss hotel industry has to face great difficulties.

The increase in home traffic has, naturally, benefited the railways. Passenger traffic returns for the Federal railways, in the course of the past year, were 15 million francs more than in 1941. Receipts from goods traffic, because of the diminution of tonnage, decreased 315 million francs from one year to the other. Together, the transport returns are estimated at about 460 million francs. The financial result has, however, been unfavorably influenced by the heavy increase in expenses which, in 1942, reached 280 million francs, which is about 30 million francs more than in 1941. The excess of receipts will, however, be sufficient to enable the accounts for 1942, as was the case in 1941, to be closed without showing an adverse balance.

In 1942, as in the preceding year, the Swiss money market showed a constant liquidity due, above all, to the heavy and regular expenditure of the Confederation and to the diminution of stocks of private economy. The paying off of debts has furnished the market with important means.

Bank-note circulation, according to information from the Swiss National Bank, reached 2,63 milliard francs at the end of 1942, while at the end of 1941 it amounted to 2,33 milliard francs. This increase may be attributed to the general increase in prices and the rise in wages, and, finally, to a certain hoarding of notes. The demand for gold, especially from foreign countries, brought about a rise in the price of this metal. In order to safeguard the general interests of the country, the Swiss National Bank, already in the summer of 1942, came to an agreement with the private banks, according to which, transactions in bar gold were to be allowed only for determined and controlled purposes. The export of Swiss gold coins was forbidden, whereas the trade remained, in principle, free. This decision was followed, on December 7th, by the publication of prescriptions which required all trading in gold to be undertaken only with an authorisation. The maximum price for bar gold was fixed at 4,790 francs per kg, and that for 20 franc gold coins at 30,50 francs.

During the past year, the National Bank converted into gold the greater part of its securities. Gold reserve, at the end of 1942, reached 3,56 milliard francs, as compared with 2,87 milliard francs at the end of 1941; whereas, securities decreased from 671 million francs on the 31st December 1941, to only 62 million francs at the end of 1942. From these figures it may be seen that the technical position of the money of the country is solid; the gold covering reaching 135% of the note circulation.

Rates on the money market have remained at a fairly low level,  $1\frac{1}{2}\%$  being the official discount and  $1\frac{1}{4}\%$  the rate of private discount.

#### The Question of denationalisation of Swiss citizens.

In November 1941 an act regarding the acquisition and loss of Swiss citizenship was passed by the Swiss Federal Council, according to which a Swiss citizen, who had received his citizenship through naturalisation, could be dispossessed of this citizenship upon proof, that he had obtained Swiss Nationality surreptitiously or if he acted against the independence or security of the State.

According to the Swiss Constitution no Swiss citizen born of Swiss parents can lose his Swiss nationality. However it has recently happened that Swiss citizens, who had become estranged to their homeland, turned traitor and took refuge in a foreign country, from whence they tried to cause discord amongst the Swiss people and worked against the security of Switzerland. Swiss Clubs and Swiss Societies abroad complained repeatedly that "Swiss citizens" called on them, whose mental outlook and behaviour was not "Swiss".

A draft decree has therefore been discussed in parliamentary circles regarding the necessity to amend the above act regarding the acquisition and loss of Swiss citizenship, in order to prevent such actions on the part of unworthy persons who, according to the law, can still call themselves Swiss citizens. By such an amendment the Federal Justice and Police Department would be empowered to dispossess a Swiss citizen living abroad of his Swiss citizenship, if he were found guilty of the serious crime, committed either in Switzerland or elsewhere, of working against the political and economic security of his homeland and proved himself thereby unworthy of his Swiss citizenship. It would be decided in each case how far such a loss of nationality would affect the members of his family.

This proposed amendment of the act regarding the acquisition and loss of Swiss citizenship will be put before the Executive Commission of the National Council and the State Council for consideration, but it is not likely that there will be any major alteration, as this act is the answer to a request and opinion voiced by the vast majority of the Swiss people.

Swiss citizens who turn traitor to their homeland and take refuge in foreign countries, so that they cannot be brought to justice, and Swiss citizens who become so estranged to their homeland that they try and work against its independence and security, should not have the right to call themselves "Swiss".