

# Swiss financial strength

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# The Swiss Observer

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## FEDERAL.

### AUTHORS COPYRIGHT IN SWITZERLAND.

The Court of Justice at Geneva has given judgment which establishes, for the first time in Switzerland, a jurisprudence in reference to the sound film.

It was necessary to decide whether musical works, adapted in a foreign country as sound films, with the permission of the authors and composers, could be presented in Switzerland without payment of the copyright.

The judges decided that according to the Federal law, the adaptation of works for the sound films could not be considered lawful and that the adaptor could not obtain the necessary licence unless

(1) The adaptor possessed in Switzerland an industrial establishment for the manufacture of the mechanical apparatus.

(2) He had paid to the author a suitable indemnity.

### SWITZERLAND SIGNS ANTI-WAR PACT.

The Federal Council has decided to sign the International Convention for the Prevention of War, which has already been signed by thirteen Powers.

### INCREASE IN SWISS IMPORT DUTIES.

The Swiss Federal Council have decided to raise the import duties on trout, fresh or frozen, from 2f. to 14f. per 100kg.; cotton corsets from 300f. to 500f. per 100kg.; and silk and rayon corsets from 350f. to 800f. per 100kg. The new increased rates on footwear came into force on December 15, except on footwear made of silk (Item No. 200 of the tariff), on which the duty is to be raised from 400f. to 700f. per 100kg. at a later date. There has been no change in the duty on children's shoes, rubber footwear, and heavy boots and shoes (Items Nos. 193 and 194).

## LOCAL.

### ZURICH.

M. Joseph Caillaux, Senateur and a former Prime Minister of France will lecture on "Les Grands aspects de la crise mondiale" on January 24th at the new "Börsensaal."

The pronouncement of the German Chancellor regarding non payment of Reparation, had only a moderate effect on the Zurich Bourse. Quotations were slightly weaker almost all along the line.

### BERNE.

The Rockefeller Foundation in New York has allotted an amount of 15,000f. to the Physiological Institute of the University of Berne.

Colonel Jakob Labhart has been appointed Chief of Staff of the 2nd Army Corps, in succession of Colonel Prisi, who has taken over the command of the 3rd division.

M. R. Schobert has been appointed Manager of the Federal Bank, (Banque Fédérale). M. Ch. Stauffer and M. E. Aegler have been appointed Sub-Managers.

The successor of Dr. Job, in the "Ausland-schweizer-Kommission" of the N.S.H. is Dr. C. J. Meyer from Zug.

Owing to the heavy rain fall during the last few days, inundations in the neighbourhood of Imterkirchen and Meiringen caused heavy damage.

### URI.

The Axenstrasse, between Brunnen and Fluelen, has been rendered impassable by a land-

slide. The track of the Gotthard Railway has been damaged.

### BASLE.

The death is reported from Birsfelden of National Councillor Stohler at the age of 55. He represented his home canton in Parliament from 1919-1929 and again from October 1930 until his untimely death.

### AARGAU.

Dr. H. Merz (Liberal) has been elected President of the Tribunal at Rheinfelden with 1934 votes, his opponent, M. Killer (Socialist) received 1015 votes.

### NEUCHÂTEL.

Mme. Fürst-Frey, the widow of a former town councillor has left her entire fortune amounting to about 150,000f. to the community of Baden.

### THURGAU.

An epidemic of measles has spread alarmingly throughout the canton of Neuchâtel, many schools had to be closed.

The well-known Publishing firm Attinger in Neuchâtel is celebrating its 100th Anniversary of their foundation.

### VAUD.

M. Jules Dufour, has been elected President of the Vaudois Government for 1932.

### GRAUBUENDEN.

The death is reported from Chur of M. Christian Bärtsch, Mayor of Chur, at the age of 69.

Mgr. A. Gisler Bishop of Chur has died; the deceased was a great orator, writer and theologian, and was a well-known personality in catholic circles.

## FOOTBALL.

At last that long postponed match of the 3rd round in the SWISS CUP has been decided. On Saturday, 9th January, Urania beat Biel in Geneva 4-3 after extra time, the result at the end of 90 minutes being 3-3. Thus Urania have earned the right to welcome at home in the 4th round Young Fellows on 7th February. It seems a curious coincidence that, in a friendly match on the 10th inst. in Biel against Urania, the result was once more 3-3.

### NATIONAL LEAGUE.

There were three matches only, all referring to Groupe 2, where Blue Stars beat Etoile Chaux-de-Fonds 3-1. Grasshoppers accounted for Carouge 1-0 and so head the table, and Servette, continuing their commendable revival, defeated Old Boys easily by 5-2.

Rapid Vienne played two more games: on January 9th against Nordstern Basel combined 5-0, on January 10th against Lausanne-Sports 3-3.

This latter result once more draws attention to the powerful leader in League I, Groupe I.

### ICE HOCKEY.

In the International Match played in Zurich on the 10th inst. Canada beat Switzerland 3-1.

M.G.

## SWISS FINANCIAL STRENGTH.

Sufficient statistical and other data have now become available to form a fairly comprehensive review of financial and economic developments in Switzerland during the year 1931.

The country has, of course, been very severely affected by the same influences which have been in evidence in all parts of the world, but many adverse factors have been counteracted by a number of features which are in a large degree unique to its case.

It is, in particular, important to bear in mind the extent to which Switzerland put its house in order during the years which followed the post-war boom and subsequent depression.

For example, the figures of national revenue and expenditure reveal a steady improvement in

the position from 1921 — when there was a deficit of Frs.127,000,000 (£5,000,000 at par) — to 1929 — when there was a surplus of just under Frs. 24,000,000 (£950,000).

### ECONOMY EFFORTS.

#### RESTORING BUDGET EQUILIBRIUM.

In 1930 there was still a surplus of £269,000, and though the Budget for 1931 showed a deficit of about £180,000, and that for 1932 is expected to be over £360,000, there is very indication that efforts towards economy will be successful in re-establishing the equilibrium of the Budget for future years.

The financial situation of the Confederation and of the various Governments and municipalities was affected favourably during the year by the economies which have been rendered possible through the conversion of numerous loans into securities costing less to the borrower, the development of which was rendered easy owing to the continued abundance of funds in Switzerland and the low rates of interest ruling.

The surplus of funds has been among the most important features of the year. It was due principally to the absence of opportunity for the profitable employment of money in commerce and industry in Switzerland and the greater influx of foreign funds seeking in Switzerland a safe refuge from the financial troubles in other countries.

### LOW BANK RATE.

The result was a reduction in January of the official discount rate of the Swiss National Bank from 2½ per cent. to 2 per cent., at which level it has continued ever since. The low money rates were equally reflected in the quotation of the private discount rate for Swiss bank and commercial bills, which in the first quarter of the year fell below 1 per cent. The critical development of the international monetary situation after the middle of the year resulted in an increase in its rates, although the available means had increased to an extraordinary degree owing to the realisation of foreign holdings rendered necessary in order to obtain liquid funds.

In the long-term capital market the movement of the year is sufficiently illustrated by the index numbers compiled by the Swiss National Bank. They represent an aggregate quotation of 12 bonds of the State and of the railways which in January stood at 114.51 and which rose in June to 120.11. Following a considerable amount of selling owing to events abroad, it fell to as low a figure as 106.51 in the middle of December.

The other outstanding feature of the year, from the financial point of view, was the extraordinarily liquid situation developed by the Swiss National Bank, which increased its holding of gold to such an extent that the note circulation, covered as to 67 per cent. by gold at the end of December, 1930, is at the present time covered very nearly 150 per cent.

Imports of gold into Switzerland in the first ten months of 1931 amounted to Frs.839,900,000, and, allowing for a trifling export, there was a net influx of over Frs.826,000,000 as compared with only Frs.113,000,000 in the corresponding period of the previous year. Of this total, 45 per cent. came from South Africa, 20 per cent. from the United States, while Germany, France and Great Britain each contributed about 8 per cent. or 9 per cent.

### ADHERENCE TO GOLD.

The chief reason for this great liquidity is the belief that the currency of the country is so firmly based on gold that no doubts can possibly be entertained as to its ultimate stability.

The large foreign balances which found their way to Switzerland as a place of safety have sometimes been an embarrassing factor in view particularly of the danger of sudden withdrawals owing to legislative action on the part of foreign Governments tending to restrict the actions of their subjects in markets abroad. Thus it was necessary for the Swiss National Bank to have always at its call a large reserve of potential currency in case of emergency.

The presence of this reserve may now be regarded as one of the strongest indications that Switzerland will on no account consider a departure from the gold standard. Its own trade and industry are, it is true, suffering from the general depression and the absence of export facilities in the same way as that of most other countries. The depression is reflected in the lower traffic receipts of the Swiss Federal Railways, and unemployment is no longer negligible.

F.T.