

# The Swiss franc and devaluation

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# The Swiss Observer

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## HOME NEWS

### FEDERAL.

#### SUCCESS OF SWISS DEFENCE LOAN.

Scenes of great rejoicing all over Switzerland followed the announcement that the Swiss Defence Loan had been heavily oversubscribed.

Dr. Meyer, President of the Swiss Confederation announced over the wireless that the loan of Sw.Frs.235,000,000 (about £11,200,000 at current rates) had been heavily oversubscribed. The total received between 21st of September and 15th October was Frs. 330,000,000 (£15,600,000).

The success of this loan is all the greater if it is considered that the Swiss Federal Council had invited the public to subscribe only Frs.80,000,000 (£3,800,000) for the time being. It was intended to raise the remainder of the loan by an issue of two further portions. This will now be unnecessary, as the first portion has been over-subscribed more than four times.

The defence loan was a real people's loan, as there were as many as 190,000 subscribers.

#### SWISS FEDERAL RAILWAYS BONDS.

Bonds numbering 8,300 of the Swiss Federal Railways Three-and-a-Half per Cent. Loan of 1899-1902 (Series A-K) have been drawn in Switzerland for repayment at par on December 31 next.

#### SWISS NATIONAL EMBLEM.

The Swiss Ministry of Commerce has prohibited the use in advertising of the national emblem of the Swiss Confederation or of any of its cantons. This prohibition even applies to the adoption of a trade-mark.

#### 91,000 MOTOR-CARS IN SWITZERLAND.

According to statistics just registered there are at present 91,000 motor cars registered in Switzerland or 1 motor-car per 45 inhabitants. Geneva comes first with one car per 16 inhabitants, then Basle, one car per 30 inhabitants.

#### NEW GERMAN MINISTER FOR SWITZERLAND.

The Bavarian Minister — President Herr Siebert, has been nominated German Minister in Berne in succession to Baron von Weizsäcker.

### LOCAL.

#### ZURICH.

Dr. Riethmann, for 35 years Professor of mathematics at the "Kantonsschule" in Zurich has retired from his post for reasons of health.

Camilla Meyer, the only daughter of Conrad, Ferdinand Meyer, the famous Swiss writer, has died in Kilchberg at the age of 57.

M. Theophil Hitz, since 1919, Manager of the "Seidenwebeschule" in Zurich, has died at the age of 49.

National-Councillor, Dr. Ludwig Schneller has died in Zurich at the age of 57. He deceased was a well-known advocate in Zurich, he entered Parliament in 1931.

He will be succeeded in the National-Council by Dr. Emil Buomberger, Editor and Journalist.

#### SOLOTHURN.

The death is reported from Solothurn of Dr. Josephus Ambühl, Bishop of Basle and Lugano, at the age of 63. Dr. Ambühl, who held his post since 1925, was a *doctor honoris causa* of the University of Fribourg.

#### SCHAFFHAUSEN.

All the former members of the cantonal government have been re-elected, the figures are as follows: Lieb (Peasant Party) 10,265; Wanner, (Peasant Party) 10,152; Bühler (Socialist) 7,235; Altorfer (Liberal) 6,505; Dr. Scharrer (Liberal) 6,294.

#### BASLE.

M. Georg Laepple, since 1906 Manager of the technical Dept. of the "Basler Baugesellschaft" has celebrated his 40th service jubilee.

### VAUD.

The death is reported from Lausanne of M. Benjamin Mayor, Professor at the University of Lausanne.

\* \* \*

The well-known writer M. E. F. Ramuz was presented on Sunday last at Lausanne, with the prize of the "Schweizerische Schiller Stiftung." (The prize amounts to 5,000 frs.).

### NEUCHÂTEL.

M. Henri Calame, a former President of the National Council has died at Neuchâtel.

The deceased was born on October 17th, 1867, in Le Locle; from 1884 until 1892, he held the post as a teacher and afterwards took over the editorship of the radical paper "Neuchâtelois."

For many years he was a member of the Grand Council of the canton of Neuchâtel, and in 1904 he entered Parliament (National Council) from which he resigned in 1931. M. Henri Calame was a member of the cantonal government for a great number of years, he was also a director of the Swiss Federal Railways.

On various occasions he was mentioned as a possible candidate for the Federal Council.

## THE SWISS FRANC AND DEVALUATION.

20th October, 1936.

The Editor,

23, Leonard Street, London, E.C.2.

Dear Sir,

In the calm contemplation and perspective of the past four weeks, the happenings in Switzerland at the end of last month assume characteristics which permit even now the establishment of a reasonably accurate balance sheet, perhaps moral rather than monetary.

Let it be said at the outset that the only relieving feature of this sad affair appears to be the business-like purposeful, clear-sighted and decisive action on part of the President of the Swiss Confederation on the memorable day of 26th September and the days immediately following. It deprived the sharks from getting away with a still greater share of the plunder than they would have gathered, had the attitude of the Swiss Authorities been vacillating, quite apart from the fact that confidence in Swiss integrity, the credit our country enjoyed so far, suffered a minimum of damage. Having conceded this, I may be permitted to jot down a few considerations at to the necessity or otherwise, the cause and effect of the devaluation and the future course of events in relation thereto. I confess that I am one of those who remain adamant in their opinion that the step was not necessary. It is my humble opinion that Switzerland should have chosen the path of more rapid adaptation rather than that of compelling posterity to hold the "baby." I am wholly antagonistic to those who consciously or unconsciously blur the issue by expounding so-called scientific financial technicalities and take excursions into the realm of obscure economics, wallowing in formulae, most of the factors of which are anyhow, so far as the users of these formulae are concerned, more or less unknown. The cardinal apprehension to the effect that had we stuck to gold, the Bank's gold reserve would rapidly have been depleted, flown abroad, may or may not have been justified, but even if it had been, the occurrence would have corresponded exactly and properly to the very purpose for which the reserve was created.

I prefer to remain on terra firma and to stick to the simple, straight-forward, honest and easily understandable teachings of my late beloved mother, who held that a family should never buy what it could not afford. Those new-fangled ideas of credit purchases, paying by instalments, mort-

gaging the future, backed — if backing it is — by the uncertainties of the times, possibly ill-health and what-not, I frankly hold in abhorrence. That a "select" group of Swiss "Citizens" should endeavour to bamboozle, jockey, induce, urge, force — call it whatever you like — the Swiss Authorities to put their hands, figuratively speaking, like thieves in the night, into the pockets of the small investors, particularly those who live on their hard-earned savings and who are too old to start again earning a livelihood, to throw a large portion of the national fortune into the gutter and to commit other dishonest acts (if other nations do the same or worse, that does not mend matters) expressively and deliberately at the very time when the cost of living, the cost of production, sales prices in other countries, for instance in France and in England, were and are on the rise, and when the endeavours of the Swiss export industry promised success in the direction of adaptation and the gradual re-gaining of markets, that, to say the least ..... is a pity! Depreciation, I maintain, was not necessary!

It may be instructive to consider for a moment what sort of people they were and are — those who did the urging and jockeying above referred to. They were:—

- 1) These Swiss Citizens, who, regardless of Swiss credit, purely out for personal gain, sold all their Swiss holdings and bought foreign valuta or gold, and who, very likely after the 26th September thought re-investment in the old country a profitable course to take (from a State preservation point of view such patriots had better be shot; how the Swiss valleys would resound to the echo, — and London!)
- 2) Those who had debts to clear in Swiss Francs and whose sole regret was that the Franc did not imitate the "Mark" acrobatics, enabling them to acquit themselves with "scraps of paper."
- 3) Those agents and "merchants" who gain a livelihood exclusively or mostly at the hand of turnover commissions, who consequently may aim at as great a volume of sales as possible, never mind whether the factory shareholders have to starve.

The list of ardent patriots whose loudly advertised fervent desires for Switzerland to depreciate its currency exclusively in the interests of the country of course, just as indicated above, could be extended ad. lib. There are others, who honestly believe that the raising of the value of gold was the "right thing to do." Those people must assuredly have thought that the cost of living and the wages in Switzerland would not rise, that the raw materials, of which our country practically possesses none of its own, could be purchased abroad also in future with the same number of Swiss Francs as hitherto, and so on. Perhaps in a year or two, like Citizens of other countries, who have experienced the delight of depreciation of their currencies, they will be more than wistfully sorrowful over what they thought to be the "right thing to do," and what was done on 26th September, 1936.

It may not be inappropriate to reprint here an extract of a letter which recently reached me from a Bernese Government employee, who considers himself as poor as a church mouse, only it must be in his own language. English would hardly be adequate ..... besides one's shame and blushes need not spread to too wide a circle:

"Die Auswirkungen unserer Abwertung machen sich für den Besitzlosen (zu denen auch ich mich rechne) in höchst widerlicher Weise bemerkbar.

Unzählbar sind die gekamsterten Gold-Millionen zum Vorschein gekommen und prompt von der ersten Schaltstunde an von unserer Nationalbank per Zwanzigfrankenstück mit Fr. 28.10 honoriert worden.

So wurden in den allerersten Tagen Millionen verdient von Leuten, die zum Teil schon seit Jahren in der Form von Subventionen und Ausfuhrprämien den Staat ausnützen und betrügen. Wenn jetzt durch die Abwertung der Exportindustrie aufgeholfen werden soll, hat sich diese zu beeilen, da entweder das Ausland jetzt ebenfalls abwertet oder das billiger werdende Schweizer-Angebot durch Einfuhrbeschränkungen oder Zollerhöhungen beeinträchtigt. Ich erinnere mich nur zu gut an all das, was uns Schweizern anlässlich der belgischen Abwertung als deren ganz natürliche Folgen berichtet worden ist und uns

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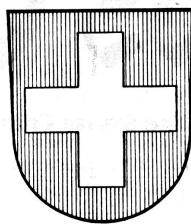
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UN POUR TOUS



TOUS POUR UN

## Spanish Relief Fund

RESULT : £513.9.10

The final Appeal which we made in our last week's issue to bring the total of the above Fund up to £500 0. 0. has proved successful, thanks to a further contribution from our countrymen in Scotland.

Through the untiring efforts of Director E. Hofstetter, Consular Agent in Balloch, a further amount of £11. 1. 6. has reached us, this sum brings the total amount collected from our friends in Scotland up to the total amount of £18. 16. 0., this fine result is largely due to the efforts of Director Hofstetter to whom we extend our heartiest thanks. A further generous donation has been sent from the Swiss Masonic Lodge (Helvetica Lodge) which we have greatly appreciated.

On having reached the above mentioned remarkable amount we now close this Fund, which has been such a success and such a fine example of Swiss generosity and Swiss solidarity, with our most sincere thanks to one and all for their help.

|  | ST.       |
|--|-----------|
| Previously acknowledged                                    | £482 2 10 |
| Helvetica Lodge ... ..                                     | 5 5 0     |
| Swiss Staff " Grosvenor House " ...                        | 1 8 6     |
| G. and S. Negrini, Monica Restaur-<br>rant, Glasgow ... .. | 2 0 0     |
| E. Fischbacher, Lenzie nr. Glasgow                         | 2 0 0     |
| Swiss Staff of Silk Mills in Dun-<br>fermline ... ..       | 7 1 6     |
| A. Schmid ... ..   | 2 2 0     |

|  |           |
|--|-----------|
| E. Werner ... ..   | 1 0 0     |
| Th. Siegfried ... ..   | 10 0      |
| Anonymous ... ..   | 1 0 0     |
| Ad. Gloor ... ..   | 10 0      |
| C. Schardt ... ..  | 2 2 0     |
| C. H. Gallmann ... ..  | 1 1 0     |
| Management and Swiss Staff Muller<br>and Co. (England) Ltd. ... .. | 3 0 0     |
| A. W. ... ..   | 5 0       |
| Dr. Apelbaum ... ..  | 2 2 0     |
| Total  | £513 9 10 |

als abschreckendes Beispiel, gestützt auf Tatsachen, zu Gemüt geführt wurde. Zu den eingangs als widerlich bezeichneten Folgen gehören auch die ungeheuren Kurssteigerungen selbst schlechter Industriepapiere, vor allem aber auch aller Staats- und Bahnobligationen, an denen wiederum nicht der Besitzlose, sondern der glückliche Besitzer seinen Nutzen herausholt. ....

Der Besitzlose, der nur gerade über seinen (vielleicht schon durch fällige Rechnungen oder eben eingehende Steuerzettel gebundenen) Monatslohn verfügt, sieht jetzt von jenen mit grösserem Geldbeutel (oder Konjunktur-Gewinnen) ausgestatteten Mit-Eidgenossen die Läden ausgekauft und sich auch da zurückgesetzt. Wenn lebensnotwendige Dinge dutzendweise und zentnerweise zusammengehamstert werden, ist es dem kleinen Bürger nicht möglich, etwas vorzulegen, und die krasse Ungerechtigkeit grinst ihm von allen Seiten an. So wird vom antswegen Hass grossgezogen, wie er heute in Spanien und morgen in Frankreich und Belgien verderblich zum Ausbruch kommt und kommen muss." —

I advised my friend to try and remain calm and to remember that the black-coated brotherhood of State, Cantonal and Municipal employees with their guaranteed salaries and pensions — is it not arranged for these to rise in proportion to the rise in the cost of living? — had all the less to grumble about, when they saw acts committed which were offensive to their innocent eyes, acts which were admittedly a little less orthodox than those legalised means of robbing the State for the exclusive benefit of the oligarchy of the State employees. In any case, I wrote to my angry friend that if State, Cantonal and Municipal employees had the common weal a little more at heart, that if they had made similar sacrifices to those so splendidly borne by the employees of the export industry, if they had demonstrated some understanding and appreciation of the basic fact that the State, like a family, must not spend more than its assured income, the depreciation of the Swiss currency would not have become a necessity. The howling of the exponents of egotism would have spent itself in the echo — if echo there had been!

And now, what about the future?

Apart from drifting into the unnecessary depreciation of the Swiss Franc, the Swiss Authorities tolerate the bringing up of the Swiss youth by a class of teachers — it is admitted that fortunately there are others — who presumably, as a consequence of extraordinarily high remunerations, excessive holidays, pensions and short hours, become frivolous doctrinaires and presumably some sort of adherents to Marxism; in a way disciples, therefore, of the Soviets, many of whom unblushingly confess that they do not aim at the impossible task of making men better; they are apparently quite happy if they succeed in making men act as if they were good. Never mind if, to this end, excessive if not brutal force, cruel force, must be applied by the chosen few. The boys and girls, who get these ideas instilled into them today, will be men and women to-morrow. Are they suited to bring our country to the millenium?

And yet, the future need not be wholly negative. The decided, positive action of the President of the Swiss Confederation and the

Authorities generally, under his leadership, gives rise to hope that our dear Switzerland has still a proud destiny to fulfil.

At the night sitting of the Second Chamber, on 28th September, the President of the Confederation, Dr. Meyer, said amongst other things (literally translated):—

"We do not give ourselves up to any exchanges, least of all to the French; and as regards the English and the American, only insofar as they demonstrate stability relative to gold. The gain on gold we will use for the establishment of a large equalising fund. Only once do we depreciate the currency! The equalising fund is to serve the purpose of supporting it. Before we divide it up, we intend seeing normal conditions once more before us."

Be it so! May none of the gains on gold made by the National Bank of Switzerland be sidetracked for other purposes, for instance, for:—

- 1) Increase and/or maintenance of specific and broadening of general subsidies, where in most cases severe cutting, nay suppression, has been long overdue.
- 2) Increases in the number of routine staffs, Federal, Cantonal and Municipal, where reductions are obviously and urgently called for.
- 3) Increases in the salaries of these staffs on account of rises in the cost of living, where decreases would be equitable, at least until the pay level of their brethren in the export industries has been reached.
- 4) Increases in the number of insufficiently paid Legation Staffs, when in their stead a smaller number of really well-paid business experts would be a boon for Swiss industry.

The adaptation of the outgoings incurred to run the Government to the actual revenue is of paramount importance, just as urgently required after the depreciation of the Swiss currency as before. If the nation is not to be impoverished altogether, taxes and duties must not be further increased. Indeed, international trade, the real producer of national wealth, demands insistently, imperatively, relief for the sadly handicapped Swiss industries. We must return to simplified, less costly Government and Management principles and must eliminate the supernumeraries, who move in the diagonal and in the spiral; the horizontal and vertical suffice all needs. Question time in most parliaments, that breeder of frequently unnecessary work and the curse of super democracies is probably largely responsible for the existence of those unwieldy staffs. Were politicians to impose upon themselves some sort of restraint, the apparatus of Government could very likely be greatly retrenched and rationalised. The time may come when business managers will have to replace, at least, parliamentary committees, Cantonal and Municipal Councils and why not? Such managers have been successful elsewhere. I do not propose to empty the bath with the baby in it and I am also not thinking that the time will ever come when the installation of a Signor Mussolini or a Herr Hitler represents the only way out of a dilemma. It is certainly re-assuring to note that the Federal Council fully realises that the depreciation of the currency, forced on it they say (not so much perhaps by

legitimate circumstances as by the jockeying and urging mentioned initially) is an experiment only, an attempt to set right the vehicle of industry and business, and it is to be hoped that suggestions such as made above will not be considered as altogether unreasonable in conception or impossible of fulfilment. That simultaneously with the adoption of such measures, reductions in tariffs, scrapping of quotas and other restrictions of trade must follow, appears to be appreciated on all hands.

Yours faithfully,  
G. Wüthrich.

UNION HELVETIA  
MEMORIAL PILGRIMAGE 1936.

On Sunday the 18th day of November, the Annual Pilgrimage to the graves of Members of Union Helvetia, who have died in England and whose remains are interred in Hendon Park Cemetery, was made by Members of the Society and relatives of those deceased. In all about seventy persons attended in Remembrance of departed Friends.

Prayers were offered and moving addresses delivered to those gathered at the graves sides by both the Reverend Hoffmann-de Visme and the Reverend C. Th. Hahn; the first in French, and the second in German.

Wreaths of Laurel, White Chrysanthemums and Red Berries, sent by the Society, were placed on each grave; flowers and wreaths were also brought by many others.

A large number of friends gathered round the grave of the late Martin Wullschlegler where a prayer was offered by the Reverend Hoffmann-de Visme in the English language.

Glorious weather prevailed during the afternoon; and in the early evening the autumn tinted leaves, still left on the trees, were made more beautiful as the last rays of the setting sun rested upon them.

Here indeed was Peace and Rest: — the setting sun, the falling leaf, the faint rustle of the soft wind, and silence broken only by the softly spoken prayer.

"Almighty Father — into Thy love and care — we have entrusted those who have gone before us. — Preserve them in Thy wondrous Mercy — so that we — when You call us, — may re-unite with them in Heaven."

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