

# The liquidity of Swiss banks

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## FEDERAL.

### SWISS GOVERNMENT AND COMMUNISTS.

The Swiss Federal Council adopted a decree, which will come into force immediately, ordering the confiscation of all Communist and revolutionary literature, and in particular all anti-militarist and anti-religious pamphlets and papers.

The decree further says that the "Red Help" is to abstain from political activities and must submit to drastic Government control. Should the organization try to evade control it will be suppressed.

No foreign speakers may come to Switzerland or address private or public political meetings unless they have received authorization from the Federal Department of Justice and Police.

### SWISS NATIONAL BANK.

On October 23rd, 1936, the Swiss National Bank's reserves of gold amounted to 2,075 million Swiss francs; discounts and advances on securities reached 156.4 millions. The notes in circulation (1360 millions) and the other liabilities at sight (1016 millions) were covered by 87.33 per cent. in gold.

### SWISS MIGRATION.

Another encouraging, though admittedly small, sign of returning world economic recovery is seen in the decision of the Swiss Federal Government to set aside a sum of 2,000,000 Swiss francs (about £130,000) to assist emigration.

Half the sum earmarked is to help needy but otherwise qualified Swiss citizens to emigrate overseas. The other 1,000,000 francs is toward "internal colonization" and emigration to European countries.

### SWISS CURRENCY MOVE.

The Swiss Government has decided to adhere in practice to the Anglo-Franco-American currency agreement and will take the same measures as those countries for fixing the price of gold. Switzerland is ready to pay gold on the same conditions and at the rates fixed by the issuing banks as has been done in Great Britain, France, and the United States.

### NEW SPANISH MINISTER FOR SWITZERLAND.

M. Meyer, President of the Swiss Confederation, has received the newly accredited Spanish Minister, Monsieur Antonio Fabra Rivas in special audience on the occasion of his presenting his credentials.

### SWISS FEDERAL RAILWAYS.

States Councillor Ernest Beguin, a member of the Cantonal government, has been elected on the Board of the Swiss Federal Railways in succession to the late National Councillor H. Calame.

### DIPLOMATIC CHANGES.

Monsieur Michel B. Boerescu, Rumanian Minister at Berne since 1928, has been transferred to another post.

### SWISS MILITARY APPOINTMENTS.

The Federal Council has appointed Colonel Julius Schwarz from Winterthur, to be the new commander of the St. Maurice garrison, in succession to Colonel Jakob Huber.

Colonel Schwarz was born in 1887, he entered the Federal Instruction Corps in 1911 (Artillery). During the Frontier occupation he was in command of the "Haubitze-Batterie" 3. In 1921 he was promoted to the rank of major, during which time he was in charge of the "Schwere Feldhaubitzeabteilung 1," and later on as lieutenant-colonel he commanded the heavy artillery regiment 1.

In 1933 he reached the rank of colonel, at the same time he was appointed chief of the artillery of the first Army Corps.

Lieutenant-Colonel Rihner, has been appointed commander of the military Aviation camp in Dübendorf; the following have been appointed as his staff officers: Lieutenant-colonel Glauser, Lieutenant-colonel Ackermann and Major Meyer.

## LOCAL.

### ZURICH.

Dr. h.c. F. O. Pestalozzi, the well-known art historian, has celebrated his 90th birthday anniversary.

### LUCERNE.

The death has occurred in Lucerne of "Stiftspropst" Msgr. Dr. Franz Segesser von Brunegg. The deceased was born in 1854, and studied law at the Universities of Munich and Strasbourg, and later on, theology in Innsbruck and Rome; in 1880 he was ordained. From 1888-1911 Dr. Segesser was "Regens" of the "Priester Seminar" in Lucerne. In 1911 he was appointed "Probst des Chorherrenstiftes von St. Leodegar."

Since 1893, Dr. Segesser had held the post of "Bischöflicher Kommissar" of the canton of Lucerne and since 1911 he had acted as "Domherr der Diözese Basel."

A fire completely destroyed the engineering works of the firm Mégeret at Geneva. Eighteen workmen were more or less seriously injured. The damage caused is said to be in the neighbourhood of 200,000 frs.

### BASLE.

M. Arthur Streichenberg-Mylius, a former partner in the Banking house A. Sarasin & Cie., has died in Basle at the age of 76. The deceased was a member of the board of several important industrial concerns.

### SCHAFFHAUSEN.

The election for the "Grand Council" of the canton of Schaffhausen, took place last Sunday, and ended with a victory for the Socialist Party. The composition of the new Council is as follows: Peasant Party 31 (30); Socialists 26 (15); Liberals 14 (20); Evangelical 3 (4); Catholics 2 (6); the National Front has lost the only seat which they had held.

### ST. GALLEN.

M. Konrad Naegeli, Mayor of the town of St. Gall, has celebrated his 25th anniversary as a municipal councillor.

### VAUD.

Dr. Albert Jomini, a medical practitioner at Nyon, was killed when his car collided at a level-crossing with a train.

### GRISONS.

Frankfurter, the Yugoslav Jew, who killed the German Nazi leader Gustloff at Davos in February last, will be tried next month in Chur, he will be defended by Dr. Curti, Zurich.

### GENEVA.

The death is reported from Geneva of M. Antoine Dufaux, a well-known painter and Director of the Art Museum in Geneva, at the age of 71. The deceased was for many years a contributor to the Geneva paper "La Suisse."

M. Paul Lachenal, member of the cantonal government, has declined to stand for re-election on account of ill-health.

## THE LIQUIDITY OF THE SWISS BANKS.

Switzerland counts 363 banking establishments with balance-sheets totals of 17,600 million francs divided among 27 cantonal banks (totalling 7,845 millions), 7 "big banks" (totalling 4,157 millions), 2 groups of "Raiffeisen" banking institutions (totalling 371 millions) and 112 Savings Banks (totalling 1,476 millions).

In reviewing the banking statistics for 1935, one notices that the resistance of the Swiss banks is much greater than one might imagine. This is clearly seen from the liquidity calculations which were made for the first time in 1935 on the basis of the new banking law and which show that the Swiss banks, considered as a whole, are much more "liquid" than is prescribed by legis-

lation. In comparing the statistical figures, it is necessary to bear in mind that the rôle and economic character of the different banks impose upon them different requisites as far as liquidity is concerned.

According to law, on the basis of the corresponding commitments, the ready funds of all the banks should be 94 millions. Actually they are 537 millions. They should represent 3.14% of the short-term commitments; actually this proportion is 18%. For the cantonal banks the percentage imposed is 2.66% and the actual percentage is 10.16%; for the big banks the figures are 3.77% and 27.99% respectively.

On the basis of the commitments and for all the banks together, the ready funds and assets which may be easily realised, should amount to 938 millions. In fact, they amount to 2,490 millions. In relation to short-term commitments, this represents 83.48% instead of 31.44%.

These figures show that the liquid assets of the Swiss banks exceed by a very large margin those imposed by law. It is evident that the total liquid assets of the various banks are distributed in diverse ways according to the structure of each individual bank.

In spite of the diminution in recent years, the cash in hand in all the banks in 1935 was 100 millions more than in 1930, year in which this item showed the highest figure for the period 1906-1930.

If the Swiss banks, considered as a whole, show such a high proportion of liquidity, this position can only partially be attributed to the new law. The international relations of the different banks, on the one hand, and the frequent movements of capital brought about by monetary troubles, on the other, have, for some considerable time, led the Swiss banks to pay the utmost attention to the problem of liquidity.

## NO RISE IN THE COST OF LIVING.

The devaluation of the Swiss currency will certainly have an influence on foreign trade; but it has so far not affected the cost of living. The Government is closely watching the prices of all goods in order to prevent any illicit rise in prices; it has also reduced Customs duties on foodstuffs and on a number of other goods, and it has announced its intention of relaxing import quotas to a certain extent so as to facilitate trade with other countries. The effects of devaluation are being felt in the money and securities market. Gold and banknotes which were hidden in safes are coming out again; and there have been heavy purchases of securities. After devaluation there were rises of 20 to 35 per cent. in the price of almost all Government, industrial and banking securities.

The outstanding feature of the past fortnight has been the big success of the National Defence Loan, which was oversubscribed, despite the uneasiness at first caused by devaluation. Switzerland had placed so much confidence in the League of Nations in bringing about a general reduction of armaments and of reducing the chances of armed conflicts, that she had greatly reduced her military expenditure. The failure of the Disarmament Conference, the denunciation by Germany of the Locarno Agreement, and the disturbed European political situation, compelled the Government to alter its policy and to reinforce the national defences. The building of fortifications along the northern frontier, which is the least protected by nature, the reorganisation of the Army and Air Corps, and the development and modernisation of armaments, absorbed a sum of 80 million francs voted by Parliament two years ago. That was thought to be insufficient, and a new re-armament scheme was adopted, involving a total expenditure of 235 million francs. It was decided to obtain this by means of the issue of a National Defence Loan at 3 per cent.; and the first instalment, namely 80 millions, was offered for subscription towards the end of September. The response was so immediate that a week before the closing it was certain that the whole amount of the loan would be subscribed. On October 15th the subscription was closed, and by then 332 millions had been subscribed by 192,366 subscribers. Last week, the Government decided to accept the surplus and to form with it a special fund to be used for national defence in case of need.

The foreign trade returns show that the situation improved during the third quarter of the

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