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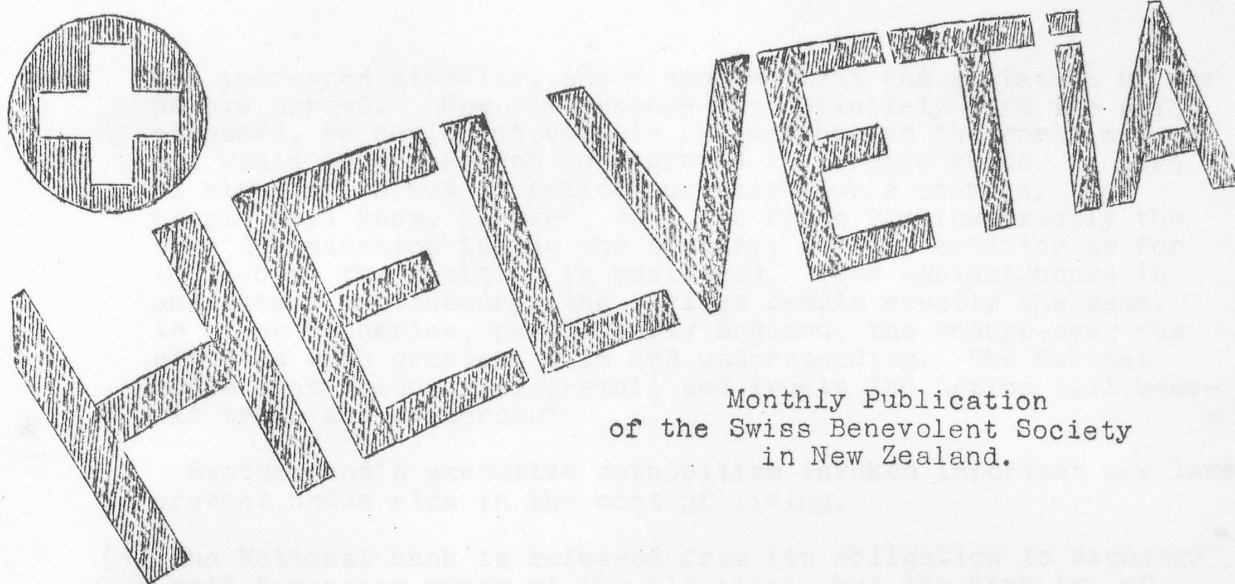
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DEVALUATION OF THE SWISS FRANC.

On Saturday, the 26th of September, the Swiss Cabinet at Bern decided to adjust the franc to a closer parity with the leading currencies of the world, and devalue to the extent of 30%. To allow Parliament to pass the necessary measures effectively into law and to stop all possible speculations, the Stock-Exchanges were ordered to close on Monday and Tuesday, 28th and 29th September.

Since 1914 no decision of such great importance had to be made by the executive authorities. The National Convention, on Monday, created the widest interest and great excitement prevailed everywhere; the police had to keep the immense crowds in front of the Parliament buildings in order, and the deliberations of members of the historic assembly were followed with intense interest.

The President of Switzerland, Dr. Meyer, explained the reasons for the decision to the House and the overcrowded galleries. Some of the outstanding points mentioned in his two-hours speech were as follows:-

"On Thursday, the 25th September, the crisis in Paris reached such proportions that France could not withhold the pressure of speculations and gold-losses any longer and left the gold standard, reducing the gold value by approximately 30%. The psychological effect of such attacks quickly spreads to the remaining gold countries. Already, during three previous years, the pressure on the "Goldbloc" countries - France, Holland and Switzerland, cost many hundreds of millions, and should our country remain isolated in its adherence to gold, it would mean at least a 500 Mill. loss and then we still would have to lower the currency later on. The gold reserves of our National Bank are immense, the position of the big banks is satisfactory, but where we suffer is in our trade and commerce. The crisis has not lifted from our industries yet, particularly the export and hotel sections, which are hemmed in by prohibitive customs barriers, 'favoured nation' treaties, low currencies, etc. Since England left the gold standard in September 1931, no less than 35 separate states followed suit, until even the most powerful financial State, the U.S.A., devalued the dollar in 1933. It seems clear that owing to such sweeping and worldwide influences, no isolated country could withstand successfully and adhere to the gold basis.

Although certain export-industries, such as watchmaking, improved slightly, in recent times the number of unemployed

"has increased steadily, the discontentment and agitation of our people spread. Now that France has definitely left the gold standard, we could not compete against her on the world markets and would lose more and more ground in foreign trade. We have no alternative but to follow our neighbour's example. Our people will know, however, that the franc remains exactly the same denomination inside the country; for the creditor as for the debtor the position is unaltered. Fear against banks is absolutely unnecessary, the savings remain exactly the same. In other countries, particularly England, the change-over was effected with greatest calm and understanding. The Cabinet hopes that reason will prevail and trusts the action will benefit trade and commerce."

Switzerland's executive authorities invoked important new laws to prevent undue rise in the cost of living.

- (1) The National bank is released from its obligation to exchange gold for paper money at the old rate; but the bank is, of course, enforced to pay at the new standard - being 30% less.
- (2) To prevent rapid rise of foodstuffs, the department of economy has power to regulate and enforce prices of food; tariffs of hotels; rates of electricity, gas, and rents. It can confiscate goods of any description if found expedient; and can decide arbitrarily the basic wage, etc.
- (3) The department of economy has power to impose fines up to Fr.20,000, or up to one year's imprisonment, for infringements of these laws.

Concurrently with the proclamation of above, the following law was published: "As from September 28th, it is prohibited to increase wholesale or retail prices of goods of all description, tariffs of hotels, electricity, gas and rent, without specific consent of the department."

It must be realised that Switzerland buys most raw materials in foreign countries, and through the lower currency value, the prices will increase proportionately, hence the authorities' wise interference in protecting the public in general.

You will see how far-reaching the whole new economic situation has affected Switzerland, but it is safe to say that our democratic government will ensure order, and take all steps necessary to protect the people. In conclusion, we must not omit to mention that the States Bank derives a profit of 538 Mill.Francis through the devaluation of the gold.

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DEFENCE LOAN.

In our last publication we explained the terms and conditions of the first portion of the defence loan recently issued. In the meantime we received the astonishing news that the loan issued has been oversubscribed within three weeks to the extent of 330 Million Francs. This is truly an astonishing feat, in the face of economic difficulties and the devaluation of the franc. It proves again the determination of our people in time of danger, and the realisation that we have to arm if we want to keep our neutrality safely protected. It also shows the wealth of Switzerland.

Parliament, some time ago, decided almost unanimously, with the exception of the socialist faction, to vote an extraordinary defence loan of 235 Million. Few people expected such an outstanding and spontaneous success, but rich and poor alike responded to the call. Many of the large concerns, like Nestle's, Sanchoz Chemicals, big Banks, etc., signed 1 million. Lots of 50 and 100 thousand were signed by the hundreds, thus increasing the figures enormously.