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## SWISS FINANCIAL REFORM.

The London Group of the Nouvelle Société Helvétique devoted its monthly assembly on Friday, Nov. 24th, in the Central Hall, Westminster, to the discussion of the finances of the Swiss Confederation. It was fortunate that Dr. Walter Wegelin, of St. Gall, had been induced to give a lecture on this subject. Dr. Wegelin, a doctor of economics, has devoted special study to the relations between the financial policy and the economics of a state, evidence of which is to be found in his book on "Tauschsozialismus und Freigeld" (Verlag I. Schweizer, München-Berlin) which he issued last year. In this book he dealt at length with the so-called "Freigeld" movement which has come into prominence in Switzerland during the last years. In his eminently scientific book he made, so to speak, mincemeat of the "Freigeldlehre," attacking its basis with great critical and historical skill.

In his lecture Dr. Wegelin gave a very thorough explanation of all the thorny questions the Swiss Confederation is faced with at the present moment. He started by giving a comparative view of the financial position of the central governments of federal states. The Swiss Confederation has always been reluctant to exercise the right to impose taxes, a right which it can only practise by virtue of amendments to the constitution. The income was hitherto almost entirely based on indirect taxation, viz., custom duties and the net profits from a few state monopolies of the Confederation, the income from the military taxes being distributed between the Cantons and the Federation. The last ten years, however, have brought about a completely altered state of affairs in Switzerland, which urgently necessitated the creation of new financial resources by the delegation of new rights to the Confederation. This naturally meant stronger centralisation. The Federal insurance against accidents, which came into force in 1913, and the war increased the expenditure of the administration. Unfortunately it changed the profit, which the Government had hitherto drawn from the Post Office, into an ever-increasing deficit and necessitated enormous expenditure for the mobilisation. Other special expenses never heard of before were also its direct sequel; the Confederation had to buy and to supply food and to grant unemployment relief to a considerable extent. The income from Custom Duties, once the main income of the Confederation, showed, on the other hand, a continuous decrease. The total income from this source in 1918 was about half the average pre-war income.

The Confederation, in order to cover this expenditure, raised several loans, which, of course, in their turn became a burden on the Budget on account of the sums which had to be paid as interest and also for their liquidation. The total debt of the Confederation increased from 150 million francs pre-war status to a total of 2,100 million francs (one thousand two hundred millions of this were actually mobilisation costs). The mobilisation debt is now already greatly reduced. The ordinary deficit of the administration now amounts to 127 million francs.

Dr. Wegelin also gave a survey of the attitude of the different political parties with regard to the financial problem. Strong federalists are in principle opposed to extend the right of imposing direct taxation to the Confederation. The Peasants' Union and the Middle Class Organisations demand increased custom duties, taxes on beer, tobacco and other luxuries, whilst the consumers are strictly opposed to any increase in the custom duties or the creation of new indirect taxes. Their claim is for direct taxation. This point of view found its fullest expression in the Socialistic Initiative for direct taxation, which was refused by the people in 1918, and in the present Capital Levy Initiative.

Of the measures which have hitherto been introduced by the Confederation in order to face the new situation in their financial system, the first War Tax was adopted enthusiastically by the people in 1915 and produced 100 million francs. Others were the first and the second War Profits Taxes, which came into force for the first time a uniform federal assessment and which rendered an unexpected total of 500 million francs. A Federal Stamp Duty was introduced in 1920; the Second War Tax is assigned to cover the remaining amount of the mobilisation costs and is to be levied every third year until the Mobilisation Debt is fully paid off. The Military Tax was doubled for some years, and telephone taxes were increased, the alcohol monopoly was extended, and increased the Custom Duties were greatly increased. The Budget for 1923 foresees a further saving of twenty million francs on the expenditure of the administration.

In order to secure the scheme for Old Age and Invalidity Insurance the Federal Council studied the question of finding further new sources of revenue. It anticipated that these ends a new tax on beer and tobacco (Banderolle tax), also one on inheritances, which would be collected by the Cantons and transmitted to the Confederation. These proposals were to be brought before the people together with the insurance scheme, but this project, although recommended early in 1919 by the Federal Council, has not yet passed the parliamentary stage, every one of the three proposed taxes having been strongly opposed. Many other proposals originated from parliament or from the people in order to face the financial needs. One of them is the Capital Levy, which will be voted upon on December 30th.

As to this last proposal Dr. Wegelin pointed out that the idea is not new at all, but had been put into operation in Germany, Austria, Czechoslovakia and Italy. In Switzerland it had been proposed in a moderate form, as an alternative to the Second War Tax, by the late Mr. Götschel, a radical member of the National Council, but was at that time opposed by the Socialists. It is wrong to consider the proposal as an outcome of Bolshevistic ideas, as it marks, on the contrary, the victory of the more moderate tendencies in the Socialistic party. The Communists have always been opposed to sharing the responsibility of the Government by improving public finance. Dr. Wegelin is of opinion that the alleged relation between the Initiative and a project for the nationalisation of industry (Goldschmidt theory) does not hold good. Nothing of the sort can be found in the present Initiative. He pointed out the text which has already been published in "The Swiss Observer" and drew attention to the exaggerations which were made about the proposals in Switzerland and reported in the press

of this country, exaggerations hardly less injurious to our national credit than the Initiative itself. It should be borne in mind that the scheme would impose only on the reserves of companies and other incorporated bodies a tax of 10 per cent. As regards private persons, several misrepresentations need correcting. The Initiative proposes a sliding scale, according to which the higher rates are, of course, only applied to the respective high portions of fortune. A man possessing three million francs would not be asked to pay off 60 per cent. of his whole fortune, he would only pay 60 per cent. on a small fraction of his total fortune. A three million man would, in fact, pay 19 per cent. of the total of his capital, the ordinary deductions having been made.

In spite of these reservations the consequences of the proposed levy would be ominous, especially at the present time. The levy, if adopted, would cause great disturbances in the money market. An enormous demand for bank credit would naturally provoke an increase of interest, consequently an increase in the cost of living. It would lower salaries and severely handicap our industries in the world competition. The parliamentary measures of control, which would be necessary in order to guarantee the success of the levy, would destroy our national bank credit and involve a very grave encroachment on private rights on account of the stipulation of the Initiative that all securities which have not been stamped within a certain time would be forfeited. The Capital Levy would directly affect only 1/3 of the population. It would, however, have very grave consequences on the whole economic life of our country, not the least of which would be that the capital on which the Cantons are dependent for their own taxation would be greatly curtailed. The results which the Initiative would achieve could be obtained more easily by other means, as, for instance, a tax on inheritance or excess profits. It must be kept in mind, however, that the extreme limit of taxation has probably already been reached in several cantons. Any system of taxation must take due regard to the narrow interdependence of public finances and national economics; it ought to stimulate production rather than hamper it.

This very interesting and convincing lecture deserved a larger audience. The discussion was, however, animated and confirmed the conclusions of the speaker. The following resolution was finally proposed by the President, Mr. J. Baer, and unanimously adopted:—

"The London Group of the Nouvelle Société Helvétique is strongly in favour of all endeavours to secure the welfare of every class in Switzerland and especially those tending to alleviate the lot of the less fortunate ones. The proposed federal insurance for old age and invalidity has its full support, but, after careful examination of the Capital Levy Initiative, it cannot find in this levy either a means of financing this insurance or of alleviating the poorer classes at all. The London Group of the Nouvelle Société Helvétique has indeed come to the conclusion that the Capital Levy as proposed would result in serious economic disturbances, would, by counteracting the tendency towards a lower rate of interest, place higher charges on Swiss production, quite apart from the tax itself, and would make still more difficult the competition of the Swiss industries in the world markets and aggravate unemployment. Furthermore, it would necessarily curtail the financial resources of the Cantons and the Municipalities, without, on the other hand, solving the financial troubles of the Confederation.

"For the above reasons, the London Group of the N.S.H. is opposed to the Capital Levy Initiative; but hopes that better means of financing the social insurance scheme will soon be brought forward, and that, as soon as the finances of the Confederation permit it, the realisation of this promised scheme will no longer be delayed."

A. D.

## CITY SWISS CLUB.

Une trentaine de membres assistèrent à la Séance mensuelle du 5 Décembre, qui fut comme de coutume précédée d'un souper familier.

Après les toasts d'honneur, Monsieur G. Dimier, qui occupe la chaire en l'absence de notre Président, Mr. R. de Cintra, ouvre la séance à 8 heures 15.

Le procès verbal de la dernière assemblée est lu et approuvé. La lecture de celui de notre Banquet annuel est remise à notre séance de Janvier.

Quatre candidats sont admis à l'unanimité comme membres actifs.

Par contre, nous enregistrons avec regrets deux démissions.

Mr. G. Dimier, lit ensuite la correspondance, notamment, les lettres suivantes: de Mr. Arthur Baume, remerciant le Club de ses félicitations à l'occasion de sa nomination de Président Honoraire de l'Hôpital Français; de Mr. Charles Nicolet, remerciant le Club, de l'avoir nommé membre honoraire; de Mr. R. de Cintra, notre Président, s'excusant de ne pouvoir assister à la séance de ce soir; de Mr. A. Rueff, notre Vice Président, nous exprimant ses regrets d'être retenu en Suisse par ses affaires et de ne pouvoir revenir pour participer au Banquet; de la Nouvelle Société Helvétique, sollicitant notre coopération à la Foire d'échantillons qui aura lieu à Bâle au printemps prochain. Il est décidé de répondre à cette lettre par l'envoi des rapports annuels des trois dernières années.

Sur la proposition de Mr. G. Laemli, secondée par Mr. Boehringer et Mr. Barbezat, un vote de remerciements est ensuite voté au Comité pour le travail fourni dans l'organisation du Banquet annuel.

Mr. G. Dimier remercie le City Swiss Club, au nom du Fonds de Secours, de la collecte faite à cette occasion et du magnifique résultat de celle-ci.

Mr. Boehringer propose qu'à l'avenir, en vue de faciliter le travail des membres du Comité pour les arrangements du Banquet Annuel, le club élise un comité spécial dont la tâche serait de faire les arrangements nécessaires pour les divertissements. Il ajoute qu'il serait préférable de réélire ce comité chaque année afin de bénéficier de l'expérience acquise chaque fois.

Mr. Geilinger rappelle le décès de Mr. Ch. Boyet autrefois membre du Club, et Mr. G. Dimier invite l'assemblée à se lever en signe de deuil et de respect. La séance est levée à 9 heures 45.

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6 Uhr: THEE. Beginn der Feier: 7 Uhr

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The Proprietress desires to thank all her friends and acquaintances for their past patronage, and to wish them a Happy Xmas and Prosperous New Year

## EGLISE SUISSE, 79, Endell St., W.C. 2.

Dimanche, 17 Déc., 11h.—M. R. Hoffmann-de Visme. (Service de Cène.)

6.30.—Pfr. Koebi (mit Abendmahl).

Dimanche, 24 Déc., 6.30.—Weihnachts-Gottesdienst (mit Abendmahlfeier).

Lundi, 25 Déc., 11h.—Service de Noël (suivi d'un culte de Ste. Cène).

Mardi, 26 Déc., 4.45.—Arbre et Fête de Noël—Familienfest.

Chers Compatriotes.—Une fois de plus, Noël est à la porte, et les jours froids et les nuits sombres aussi, et la mélancolie de la solitude ou de l'âge, pour beaucoup de nos concitoyens à Londres. N'est-il pas de notre devoir, à nous qui le pouvons, de faire en sorte que, pour eux, Noël soit quand même la fête de la bienveillance entre les hommes? Malgré les temps difficiles, j'ose donc espérer que vous m'enverrez votre obole coutumière: dons en nature, vêtements ou argent, de préférence une semaine avant la fête, pour nous permettre de procurer quelque joie à ceux qui en ont si besoin, les enfants, les malades, les pauvres, les isolés. C'est par douzaines que nous envoyons les paquets d'habits et de victuailles, et vous savez assez combien nombreux sont ceux, petits et grands, qui viennent se réchauffer le cœur à la vue du sapin tout illuminé.

Je vous dis d'avance merci de tout cœur et vous fais tous mes vœux.

Votre tout dévoué,  
RENE HOFFMANN-DE VISME.

## FORTHCOMING EVENTS.

Wednesday, Dec. 20th, at 7.30 p.m.—SWISS BANK CLUB: Dance at the Suffolk Galleries, Suffolk Street, S.W. 1.

Thursday, Dec. 21st, at 6 p.m.—SWISS Y.M.C.A.: Christmas Party at 186, Aldersgate Street, E.C. 1. (See adv.)

Thursday, Dec. 21st, at 8 p.m.—SWISS INSTITUTE: Christmas Party for members and friends.

Friday, Jan. 6th, 1923, at 8.30 p.m.—SWISS INSTITUTE: Lecture by Mr. F. W. Dunn on "Hypnotism and Suggestion."

Saturday, Jan. 6th, 1923, at 6.30 p.m.—SWISS MERCANTILE SOCIETY: Cinderella Dance at the Midland Hotel. Fancy Dress Optional.

Wednesday, Jan. 10th, 1923.—SWISS MERCANTILE SOCIETY: Lecture on "Banking and Currency" at 1, Gerrard Place, W. 1.

Wednesday, Jan. 10th, 1923, at 7 p.m.—SWISS BANK CLUB: Whist Drive at Slater's Restaurant, 34-35, High Holborn, W.C. 1.

Friday, Jan. 12th, 1923, at 8.30 p.m.—SWISS INSTITUTE: Lecture in French by Mr. Em. Cammaerts on "Belgium since 1870."

Saturday, Jan. 20th, 1923, at 6.30 p.m.—CITY SWISS CLUB: Cinderella Dance at Gatti's Restaurant.

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