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We have witnessed a wild orgy of narrow Nationalism taking hold of many countries. We have seen international trade almost strangled by tariffs, quotas and other barriers. We have seen the pre-war standards of National Honesty and commercial integrity thrown over-board in many lands. We have seen the currency manipulations adopted by most countries "in self-defence" in every case!

And, hand in hand with the above retrograde steps we have witnessed a gradual, if slow, conviction growing in leading circles and slowly being allowed to reach the public via the Press, that the day must come when all these barriers, etc., must be reduced, when currencies must be stabilised, when integrity individual and national must be the rule again as a *sine qua non* to the building up of confidence without which the World will gradually perish.

God's Mills mill slowly, but surely. Is it not possible to believe that Europe and the whole World have had to go through the misery of these past years in order to learn to realise some great Truth? And, as is so often the case, a Truth which is recognised as such when it applies to individuals, is learnt by terrible suffering only by multitudes, or Nations.

The great Truth which, to my mind, the World has been set to learn is the moral which is happily expressed by our Swiss Motto: "ONE FOR ALL AND ALL FOR ONE."

When the World has learnt that Truth and is ready to live up to it, EASTER TIDE will dawn for the World and my hope is that the leaders of all countries may soon find the necessary "formula" to make it possible for their peoples to take the road that will lead to that EASTER.

A word about our own country. On June 2nd our people will vote on whether they will follow the lead given them by the Federal Authorities, or whether they will instruct the Federal Authorities to adopt measures in conformity with the wishes of these who have signed the Initiative.

Shorn of all trappings, the decision which will be made by our people on June 2nd, 1935, will either keep our currency on the Gold Standard, the Standard to which ALL currencies will have to return sooner or later, or make us join the Nations which have devalued their currencies.

Now, Switzerland has no foreign debts and can, if the people will it, remain on the Gold Standard. It will mean that our people is strong enough to renounce the dream of temporary, but immediate, advantages, that it looks with clear eyes into the future, realises that, although temporarily it may mean a tightening of the belt and the bearing of hardships, staunch support of its 100% currency will finally mean a tremendous asset to our little country.

I believe that the act of rejecting the "Crisis-Initiative" as it is called, will in itself be a tremendous advantage and reflect not only glory on our people, but result in economic advantages.

We live in difficult times. We are sorely tempted, individuals and Nations alike, to grasp at anything which promises relief from our troubles, even if we know that it can only be temporary relief.

I think Switzerland alone of all the Continental Nations is capable of rejecting dubious means of temporary help, such as would result, perhaps (?) from the acceptance of the Crisis-Initiative, and I have faith in a crisis our people at home will remember that prosperity and happiness cannot be produced except by honest means and hard work.

The ever new wonder of Nature's awakening from its winter-sleep, also renews our faith in the ultimate arrival of Easter and so, dear Readers, Kyburg wishes you all

A VERY HAPPY EASTER.

ENGLAND—A MODEL?

By DR. D. SCHINDLER.

(Continued)

3. Internal boom as a result of the depreciation of the pound.

Contrary to general expectations the depreciation of the pound proved ineffective insofar as English exports were concerned, but gave rise, instead, to an internal boom. This boom was at the same time accentuated through England going over to a policy of high tariffs. While formerly there had been very considerable imports of various classes of iron and steel, silk goods, motor cars, etc., the English market was now very nearly closed by the new tariffs in respect of these goods; this naturally led, at first, to a boom in the protected industries, by reason of the monopoly secured in the home market. The new tariffs do not, however, seem to have been the main cause of the economic revival in England. It is more especially in the building industry that the boom developed, and the "Economist" has recently asserted that the latter was undoubtedly the mainstay of the English economic revival. According to the statistics of the "Economist," the industrial activity in England has, as a whole, risen by 16 points, while in the building industry there

has been a rise of 116 points. In this connection it must be pointed out that the improvement in the building industry is due exclusively to the increase in building for dwelling purposes, while the building activity for industrial purposes, in spite of certain effects of the tariff policy, has been lagging as before. It is difficult to understand why in this time of crisis there is suddenly such a large demand for new houses and the suggestion cannot be dismissed that many people seek in the building of houses a capital investment not liable to change in value, in order to protect their savings from the depreciation of the pound. (True, the revenue from investments in Building Societies and still more direct from the cheaper class dwelling houses is, of course, more attractive than the interest from gilt-edged securities.) The same building fever as in England has set in, in other countries of the sterling Bloc, such as Denmark and South Africa.

The English motor car industry has done very well in this time of crisis, as the increase of motor cars in relation to the population is twice or three times greater than in Switzerland, so that it may be assumed that many people in England have bought motor cars out of fear of a further currency depreciation, (or is it the search for pleasure, or the American invented insidious "payment by instalments system," that is more responsible for the desire to own a car, even by those who can ill afford one. It is admitted that commerce can also claim a substantial increase in vehicles.) Such developments are inevitable with the continued depreciation of the English currency. A boom of this description, based on a feeling of disquiet, is however only an apparent gain for the economic life of the nation. Nearly all capital investments made in order to escape currency depreciation or to utilise it prove in the long run, to be bad investments, which lead to losses. Such investments are not made for reasons of suitability alone, but on the grounds of feelings, for which there is no place in economic matters. The inflation demand created artificially cannot last permanently. The industries that have been established under its influence will be lacking work and will have to change over to other branches of business, with great losses, or entirely close down. The loss of the many millions that were invested in Germany during the period of inflation in large manufacturing works and numberless other concerns has been keenly felt later on by the German national industries and the injurious effects arising from these bad investments have not been got over even at the present day. In other countries too, there have been a whole series of sensational collapses, after the years of inflation, which have shown what an enormous amount of capital is misdirected and destroyed under the influence of the currency depreciation state of mind.

Every depreciation of currency tends to reduce, throughout the masses of the people, the saving habit and we also hear from England that the amusement and luxury trades are among the trades that have profited by the crisis. The tobacco consumption, in spite of the rise in price of the depreciation of the pound, while the import of necessities have in part greatly declined. On the other hand, the present surplus of money in England is certainly no sign of greater savings, but an indication of the lesser demand for new capital by trade and industry. In spite of this surplus of money, a number of loans have recently failed to be subscribed; it may be because the people with savings to invest considered the rate of interest too low or it may also be because they have begun to doubt of the future of the English currency.

For the thrifty middle class, which is the section of the population that is liable to suffer most injury from a depreciation of the currency, the best solution seems to be to invest savings in houses, which can always be used by those investing the money. If, however, this expedient is resorted to in England on too large a scale, there will finally be such an enormous surplus of houses in the country, that the capital invested in houses will in great part cease to be remunerative, that is to say, it will be practically lost. This will again result in the building industry having all the less to do afterwards. Such must most certainly be the consequence all the more so as a depreciation of currency reduces in the long run the capital available for building. In all countries where inflation has taken place, the building industry as well as its subsidiary industries has been subjected sooner or later to this fatal setback. This matter should also be pondered upon by our Swiss house owners some of whom are viewing with favour currency depreciation. A currency depreciation would have for them the same effect as in England. All those in a position to do so would build in order to render, as he thought, their money unchangeable in value. The house owners would then lose the best tenants and, at the same time as money depreciation and rise in cost of living, they would see their rents drop and their houses become vacant.

4. The effect of currency depreciation on unemployment and external trade.

At the end of the Supplement referred to before, Sir Henry Strakosch lets the cat out of the bag, as he urges the gold countries to depreciate their currencies, which are in his opinion too high in value. It is strange that the value of a currency is always too high and that on the other hand there is no currency that has been fixed too low. Now, we should be told, in very first place, to what extent our currency is too high in value; our adviser does not, however, give us the slightest information on the matter. Those who propose depreciation for Switzerland seem to think that with a depreciation of 10 to 20 per cent. all our economic troubles would be removed. This is, however, an entire delusion. A depreciation of 25 per cent. which was the amount by which the English currency was depreciated in 1932, did not prevent the English exports from dropping further and the number of unemployed, from increasing. It is only since England has depreciated its currency by 40 per cent. that unemployment has been somewhat reduced. Yet, even to-day unemployment is, on the average, much greater than in former years when the pound had its full gold value. Things have been no better in the British Dominions and in the Scandinavian countries. Sweden had a much vaunted boom which was alleged to be due to the depreciation of its currency; in spite of this, the number of unemployed has risen from 32,046 in September, 1931, to 54,423 in September 1934. Things have been far worse in Denmark. In September, 1931, the number of unemployed recorded was 35,798; in September, 1934, in spite of a depreciation of the Krone to less than half its former value, the figure was 79,071, while in December, 1934, it even rose to 133,631. In the British Dominions, there has been in certain cases a drop and in certain cases an increase in unemployment. As generally known the United States, with a depreciation of the Dollar by 41 per cent. have only succeeded in reducing unemployment to a limited degree, and it is probable that this reduction is not so much due to the depreciation of the Dollar but rather to the artificial creation of work. At the present time, the unemployed in the United States still number more than 10 million. Strange to say, even in the case of Japan where the Yen has been depreciated by 65 per cent. there has been no considerable drop in unemployment, for the statistics of the League of Nations give, as unemployment figures for Japan, 422,000 at the end of 1931, and 368,000 in July, 1934. If we leave out of account Japan, in view of its special Asiatic conditions, we find that the countries of the Sterling Bloc and of the depreciated dollar, taken together have, about 65 unemployed per thousand inhabitants. On the other hand, the countries of the Gold Bloc, which are urged by Sir Henry Strakosch to abandon the gold standard, in order to save them from their desperate economic condition, have, taken together, only 22 unemployed per thousand inhabitants.

Statistics can often be set out in this way or the other; these figures cannot, however, be turned about or tampered with. Currency depreciation has failed as a remedy for the economic crisis and unemployment. This is, in fact, easy to understand. The simple process of dropping the gold standard brings about practically no change in the economic situation. Most of the consumers have then the same income in paper money as before in gold money; they can, therefore, spend no more and can, therefore, cause no increase in sales. The small circle of speculators in stocks and commodities, who benefit by any depreciation of currency do not bring grist to the mill. If the economic system is to be set in motion, the printing press must then be brought into operation, as was done by the inflation countries during the war. The printing press must continually turn out many hundreds of millions and finally milliards of notes for putting into circulation; new purchasing power must thereby be constantly introduced into the economic system in order to be able to absorb over production and unemployment. This is surely to cast out devils by Beelzebub, the prince of the devils.

It cannot yet be said whether England or the other countries of the Sterling Bloc will be able, as time goes by, to avoid this danger. It would be easy to do so, if the danger zone could be clearly seen, but this is not the case. No man can say at what point currency depreciation becomes inflation, as every depreciation of currency is in itself the beginning of inflation. The danger of actual inflation is all the greater, as the value of the pound drops. That is to say, as long as England does not stabilise the pound, there is the danger of her losing control over the pound! The events of the last weeks have proved that this danger is not the result of imagination.

These facts contain a valuable lesson for the gold countries; this lesson is that depression and unemployment cannot be eliminated by the mere abandonment of the gold standard, but that proper inflation would have to be resorted to for the purpose. In no other European country is