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# The Swiss Observer

FOUNDED BY MR. P. F. BOEHRINGER.

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## HOME NEWS

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## FEDERAL.

### THE FEDERAL BUDGET.

The Swiss Parliament recently approved the Budget of the Confederation for 1938. Expenditure is estimated at 542.8 million francs and revenue at 519.8 million francs, leaving an estimated deficit of 23 million francs. The Federal Government has been authorised to levy for another three years the Extraordinary Crisis Tax, introduced three years ago, and to increase slightly the rates of tax on high incomes.

These taxes will yield about 30 million francs in 1938. Customs duties are estimated to yield 209 million francs, the duty on petrol 53 millions, the duty and tax on tobacco 40 millions and the tax on drinks 12 millions. The yield of the stamp duty is forecast at 60 millions and of the military tax (paid by those who do not serve in the Army) at 4 millions. Another 6 million francs will be produced by the rise in the price of oils and fats.

Interest payments will absorb 97 million francs in 1938, while 83 millions will be used either for debt repayments or for increasing the various reserve funds. Unemployment insurance and public works will require an expenditure of over 61 million francs, while 96 millions will be devoted to national defence.

To the Budget deficit of 23 million francs should be added the deficit of the Federal railways, making 54 millions in all. Since, however, the Budget includes a payment of 43 million francs to adjust the finances of the Federal railways the real deficit is some 11 millions.

The Budget has not been received with much satisfaction in industrial and commercial circles. Despite the Government's promises, expenditure is still rising. It was, however, stated in Parliament that expenditure has not increased very much, since 20 per cent. of expenditure during recent years has been devoted to the redemption of debt.

It was to repay debt that taxation had to be increased and new duties set up. Taxation is actually very heavy. In 1935 the total yield of Federal, cantonal and municipal taxes was 948 million francs, a rise of 200 millions since 1920. It now represents about 237 francs annually per head of population. And Customs duties bring in an annual total of nearly 200 million francs.

Public opinion has repeatedly pronounced against the steady increase in State subsidies. In 1938 they will reach about 200 million francs, against 165 millions in 1930, 245 millions in 1934 and about 220 millions in 1936.

### BANKING.

The liquidation of the legacy of the pre-devaluation crisis made further progress. Most of the banks, which had to apply for a moratorium during 1935 and 1936, underwent a definite reconstruction and returned to a normal régime. The year witnessed a heavy influx of refugee money, and the resumption of foreign lending activities. Among others, a credit was granted to Italy, and a loan to the French railways. This resumption of lending abroad was viewed with disfavour by large sections of Swiss public opinion, and pressure was brought to bear upon the banks and the authorities to prevent it. In order to reduce the temptation to lend abroad, measures were taken to discourage the influx of foreign funds. At the request of the Swiss National Bank, the banks decided to stop the payment of interest on any foreign deposits for a period of less than nine months, to charge a commission of 1 per cent. per annum on deposits up to 6 months, and to refuse to accept any deposits for periods of less than one month. These

measures did not, of course, affect the balances and short deposits of foreign banks kept for the purpose of their current foreign exchange requirements.

### SWISS RAILWAY LOAN.

The Swiss Federal Council is making preparations for an issue of Three per Cent. Conversion bonds of the Federal Railways Administration.

The outstanding loans believed to be affected by the operation are the Three and a-Half per Cent. Series A to K, of which Swiss Frs. 354,800,000 (£16,550,000 at the ruling rate) was outstanding on 31st December, 1936, the Three and a-Half per Cent. Gotthard Railway of 1895 and various other loans issued originally by the Central and Jura Simplon railways in 1880 and 1894.

A portion of the Three and a-Half per Cent. Federal Railways loan (Series K) of a total of Swiss Frs. 50,000,000 (£1,970,000 at the pre-war rate) was offered for public subscription in London at the price of 99½ per cent.

The Three and a-Half per Cent. Series A-K loans are quoted in the Stock Exchange Official List at 115-125, the last marking being 118 on 27th October, 1937.

### THE LEAGUE BUDGET.

The total revenue of the League for 1937 was 23,791,204 Swiss francs and the total expenditure 27,326,688 Swiss francs. The percentage to the total sum due in respect of current contributions was 94.61.

### COMMUNISM IN SWITZERLAND.

In one of our recent numbers, reference was made to the successful actions of the Cantons of Neuchâtel and Geneva in making Communism illegal, it being decided that as the Communist International was a terrorist organisation, the Communist Party was an "illegal and dangerous" organisation, and must be suppressed under the terms of the Federal Constitution. This decision was later confirmed by a public vote which resulted, in both cases, in a large majority against Communism. The Communists, however, appealed to the Federal Tribunal (the supreme judiciary of Switzerland) on the constitutionality of these laws, but they were defeated recently when the Federal Tribunal, after a very interesting debate, held that the Communist Party, as a section of the Communist International, is bound to further by all means, legal and illegal, the cause of world revolution and the "dictatorship of the proletariat," which in itself is fundamentally contrary to the spirit of Swiss democracy based on the principle of political equality for all citizens. Thus the aims as well as the methods of the Communist Party must certainly be defined as "dangerous to the State," says the Federal Tribunal. Under these conditions, having outlawed itself, such an association cannot have the benefit of constitutional freedom.

### SWISS LEGATION BUILDING IN BERLIN.

The building of the Swiss Legation in Berlin, one of the finest buildings the Confederation possesses amongst Legations abroad, will have to be pulled down, when the new town planning scheme, introduced by the "Reichskanzler," will come into force. The German government will put a new building at the disposal of the Confederation.

### MINISTER BARBEY HONOURED.

The "Cercle Gaulois" gave a dinner in honour of M. Barbe, Swiss Minister in Brussels, who is shortly leaving his post after having represented the Confederation during the last 18 years.

Amongst the guests present were: the Minister of Colonies, the Marshall of the Diplomatic Corps and a large number of Diplomats.

### DR. ANTON SCHRAFL, NEW DIRECTOR OF THE CENTRAL OFFICE OF INTERNATIONAL TRANSPORT BY RAIL.

The Federal Council has appointed Dr. Anton Schrafl, General Manager of the Swiss Federal Railways, to the post of Director of the Central Office of International Transport by rail, in succession to Dr. Furrer.

Dr. Schrafl was born in Lugano in 1873. He attended the schools in Lucerne and later on studied at the Technical University in Zurich, where he took his degree as a constructional engineer.

After having gained some practical experiences in engineering works in the canton of Zurich, and on the engineering staff of the "Rhätischen" Railways, he joined in 1902 the Gotthard Railway as assistant to the chief en-

gineer. When in 1909, the Gotthard Railway was taken over by the State he received an appointment with the Swiss Federal Railways. In 1911 he was promoted to the post of District Manager of the State Railway in Lucerne, and a year later he joined the General Direction of the Swiss Federal Railways in Berne, where he has been since 1926, President of the General Direction; in that year he received the degree of *doctor honoris causa* of the Technical University in Zurich. In the army he has reached the rank of colonel (Eisenbahn Abteilung).

When the electrification of the Swiss Federal Railways was decided upon, Dr. Schrafl became the chief mover, and the successful completion of this big work was primarily due to his untiring work and his great experience.

The Federal Council entrusted him on numerous occasions with international missions concerning railway matters.

### DANISH FOREIGN MINISTER VISITS FEDERAL COUNCILLOR MOTTA.

The Danish Foreign Minister, M. Peter Munch, who is on holiday in Switzerland, paid a courtesy visit to M. Motta, Foreign Minister of the Confederation. Amongst the subjects discussed was the one concerning the relationship of smaller States vis-à-vis the League of Nations.

The foreign statesman was later on entertained to dinner by the Swiss Government.

### SWISS BANK DIVIDENDS.

The following dividends for 1937 have been declared:

Creditanstalt in Lucerne, 4½% per cent. (1936: 4%); Bank in Langnau i/E., 6 per cent. (1936: 6%); Volkshank Emmenbrücke 5 per cent. (1936: 5%); Solothurner Handels Bank, 5 per cent. (1936: 5%); Bank in Gossau 6 per cent. (1936: 6%); St. Gallische Creditanstalt, 7 per cent. (1936: 7%); Volksbank Wolhusen-Malters, 4 per cent.; Spar und Leihkasse Sempach, 4½ per cent. (1936: 4½%).

## LOCAL.

### ZURICH.

M. Hans Streuli, head of the Finance Dept. of the cantonal government, has been appointed President of the Organisation Committee of the "Schweizerischen Landesausstellung" which will take place in Zurich in 1939.

\* \* \*

M. Joseph Henggeler (Socialist) has been elected a member of the cantonal government with 33,026 votes, his opponent M. Peter (Peasant Party) polled 22,505 votes.

\* \* \*

At the age of 79, died in Zurich, Professor August Aepli, who was for many years a teacher of Geography at the cantonal "Industrieschule," he was the author of a large number of books on Geology.

### BERNE.

The death has occurred in Berne of Doctor Théodor Vannod, a well-known physician and lecturer of Bacteriology at the University of Berne, at the age of 68.

\* \* \*

The Board of the "Alpar," "Schweizerische Luftverkehrs A.G." has appointed Dr. Herm. Aeschbacher, commercial manager of the concern, in succession to Mr. Pillichody, who has been made manager of the "Swissair." M. Pierre Robert, pilot will be in charge of the technical Department.

### BASLE-COUNTRY.

From Liestal comes the news of the death of Dr. A. Grieder, a former member of the cantonal government. The deceased entered the cantonal executive in 1893 where he occupied various offices until 1931, when he resigned. From 1912-1919 he represented his canton in Parliament (National Council).

### LUCERNE.

Dr. Walther, who has been for the last 43 years a member of the cantonal government, made his farewell to his colleagues on the occasion of a meeting of the Executive Council. His successor, M. Felber, took the oath.

### SOLOTHURN.

M. Gotthold Brandenberger, the Founder and Director of the USEGO (Union Schweizerische Einkaufs-Gesellschaft) Olten-Lausanne-Winterthur, has celebrated his 60th birthday anniversary. M. Brandenberger is one of the leading personalities in the Swiss Economic life.