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when starting a subsidiary company in Italy. Coming back to the Nestlé & Anglo-Swiss Condensed Milk Co., we can see that each time a factory was started abroad a large number of Swiss machines have been utilised and are continuously required as the different markets develop. This is naturally accentuated by the fact that these different foreign factories are able to work much more intensively for their respective clients. In many cases, it can be taken as absolutely given that the turnover in the new foreign factories is many times in excess of the turnover that would be possible under the very best conditions if the goods still came from Switzerland.

1920:— We read in a Report made by Bally in

"These participations offer us a great advantage as far as sales abroad are concerned by allowing us to compete and distribute our manufacture better according to our requirements, and according to the tastes of every individual country. Besides, owing to the fact that these foreign factories are working as national enterprises in the countries where they are situated, a lot of difficulties have been overcome which were made by the different Authorities and clients."

Another Company writes in their Report:—"The creation of factories abroad has consolidated our Sales in France and Belgium, which otherwise would have been totally lost owing to the depreciation of the franc."

And another Company writes:—

"The results obtained in our factory in Germany has given us entire satisfaction. We have succeeded first of all in keeping our clients in Germany which we otherwise would have lost, after about 50 years activity in that country."

We find even cases where the financial results of the foreign factories have helped the Swiss Mother Company to contribute, or even absorb, the losses on their Swiss factories, and have allowed the Company as a whole to close their accounts with a surplus. For instance, Bally have been able to pay a dividend of 5% for 21 and 22 owing to the favourable results of their foreign companies.

*Unfavourable Consequences.*

Under normal economic conditions, it is rather an exception that the results obtained by the creation of a new factory in a foreign country are unfavourable from the point of view of the individual enterprise, because the directors naturally will have very carefully surveyed the conditions before such a step is taken.

The project of starting a new factory is generally considered as a very serious step, and is studied months or even years beforehand, and if it does not appear sufficiently attractive the project generally falls through. I daresay all of you know of such cases. We can mention as an example an already old case — the Swiss Locomotive and Machine factory of Winterthur. This Company in 1880 intended to start a factory in Italy. This idea was dropped because the general business conditions in Switzerland improved very much.

The depreciation of many foreign monies, to which I have already alluded before, has also caused many disagreeable surprises. Many new companies have been started abroad by Swiss firms with good hard Swiss francs, and by the time a profit was earned on them such profit was in form of devalued money. These are hard facts that many Swiss firms have had to swallow, although theoretically the value of an industrial enterprise always remains the same however much the rate of exchange fluctuates.

Remarks of this kind have been found in quite a number of yearly reports of Swiss companies. In the years after the War, it was generally the firms established in Germany that provided the Swiss industrialists with great disappointments.

We should also mention here the risks that these foreign companies have to take in case of war. If we come back to the results and losses of our Swiss industries during the last War, we find that in quite a number of cases the factories abroad have been taken over by the respective Governments, as belonging to partially Swiss and partially enemy proprietors — and how are you going to argue this point with a Government that is fighting for its life.

Again, we find cases where Swiss factories have been demolished owing to war operations. French factories in the same district were after the War recompensed, whereas Swiss factories had to suffer their losses. In many cases, I am afraid it was considered as a joke on them.

**THE CONSEQUENCES OF EMIGRATION FROM THE POINT OF VIEW OF THE SWISS NATIONAL ECONOMY.**

*Unfavourable Consequences.*

The first, and very probably the most important unfavourable consequence of emigration is that we start centres of production which later

on become competitors to our national industries. If the tendencies of industrialisation, which we find in certain countries, are the result of natural evolution, the participation of Swiss industrialists in this movement will contribute to render their companies independent from the protection of our Swiss industries.

The development of production in such Swiss Works abroad undoubtedly means the weakening of our industries at home. Not only are the Orders, which formerly have been executed at home, lost for our market, but the emigration means also a loss from the point of view of our Swiss labour, which often is obliged to follow such enterprises.

The Swiss industrialists abroad easily become competitors to the enterprises left in Switzerland. This is the case generally if the Mother Company has not full control over the foreign Works.

We find, then, that the new enterprises, after having satisfied the markets in which they are established, fiercely attack other markets abroad where the Mother Company may still be doing some business, or they even go so far as to tackle the Swiss market by offering goods made abroad under more ideal conditions from the point of view of cost, and selling them in Switzerland, in spite of import duties, at cheaper prices. It seems, therefore, to be most essential that whenever a Swiss Company starts its activities in foreign countries, steps are taken to assign the market which is to be covered by the new organisation. The best security naturally lies in the financial control of the respective companies.

The complaint made by Swiss manufacturers remaining in their own country of the competition made to them by their own compatriots abroad is already ancient. It has been heard when the emigration of Swiss industries first began, and during the last two decades of the 19th century took disquieting proportions, especially in the textile industry.

Here is a little example, read in a report of the Chamber of Commerce in Zurich in 1897, page 66:—

"Our Swiss competitors in Italy have thrown during the past year great quantities of textile goods on the Swiss market at real dumping prices (Schleuder preise) and Swiss spinners have suffered grievously."

But the danger does not only lie in this fact. Indirectly, we find many cases where Swiss manufacturers after having started their own factories in foreign countries lose all interest in arrangements of commercial treaties between Switzerland and the respective countries. They go even further and become the most decided defenders of protectionist tendencies in the countries where their new factories are established. This is naturally a secondary development which is most deplorable especially as the damage done can be quite immeasurable. But, please do not believe that this is a new phenomenon — No, we find already in the years 1665/68, when there was question of conclusion of a commercial treaty with Austria, that the Swiss established in Vorarlberg were adverse to certain concessions as regards exports to Austria. In 1885 when new negotiations with Austria were taking place we find the same case again and towards the end of the 19th century we have a similar observation to make regarding the Swiss established in Italy.

(To be continued.)

#### MISCELLANEOUS ADVERTISEMENTS

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#### FORTHCOMING EVENTS.

Tuesday, February 1st — City Swiss Club — Monthly Meeting (preceded by dinner at 7.15 p.m. sharp) at Pagani's Restaurant, Great Portland Street, W.

Wednesday, February 2nd, at 7.30 p.m. — Société de Secours Mutuals — Monthly Meeting, at 74, Charlotte Street, W.1.

Wednesday, February 16th — at 8 p.m. — Swiss Mercantile Society — Annual General Meeting — at Swiss House, 34/35, Fitzroy Square, W.

Saturday, March 26th — Annual Banquet and Ball — Swiss Club Birmingham — at the Midland Hotel, Birmingham (Reception 6.30, Dinner 7 o'clock.)

Tuesday, March 29th, at 8.15 p.m. — Swiss Orchestral Society — Annual Concert, at Conway Hall (large Hall) Red Lion Square, W.C.1.

## SWISS BANK CORPORATION,

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## CITY SWISS CLUB.

Messieurs les membres sont avisés que

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aura lieu Mardi 1 Février au Restaurant PAGANI-42, Great Portland Street, W.1. et sera précédée d'un souper à 7h. 15 précises (prix 5/-).

### ORDRE DU JOUR :

Procès-verbal.	Démissions.
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Pour faciliter les arrangements, les participants sont priés de bien vouloir s'inscrire au plus tôt auprès de Monsieur P. F. Boehringer, 28, Leonard Street, E.C.2. (Téléphone: Clerkenwell 9595).

Le Comité.

## Divine Services.

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## SCHWEIZERKIRCHE

(Deutschsprachige Gemeinde).

St. Anne's Church, 9, Gresham Street, E.C.2.

(near General Post Office).

Sonntag, den 30. Januar 1938.

11 Uhr morgens, Gottesdienst und Sonntagsschule.

7 Uhr abends, Gottesdienst.

8 Uhr, Chorprobe.

Anfragen wegen Religions-bezw. Confirmandenstunden und Amtshandlungen sind erbeten an den Pfarrer der Gemeinde: C. Th. Hahn, 43, Priory Road, Bedford Park, W. 4 (Telephon: Chiswick 4156). Sprechstunden: Dienstag 12.2 Uhr in der Kirche.