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"The Daily Telegraph," 6.7.40.

Britain and Switzerland are negotiating regarding 15 ships chartered by Switzerland to bring imports from America and Madeira by way of Genoa, Savona and Marseilles. Italy has agreed to the through traffic, and it is hoped Britain will allow the ships to pass Gibraltar.

* * *

"The Times," 8.7.40.

The Swiss Government have prohibited the publication of two newspapers, the *Travail* and the *Droit du Peuple*, which supported Bolshevist aims and advocated revolution. They are the organs of the extreme Socialists who last year seceded from the Swiss Socialist Party.

MAILS TO SWITZERLAND.

The Postmaster-General announces that letters and other postal packets except parcels, insured letters and boxes, may again be posted to Switzerland. The British censorship remains in operation and it is likely or possible that the mail may be censored by the French and German authorities as well.

ALIENS' RESTRICTIONS.

A recent order calls upon all aliens to surrender all maps and street guides (exceeding a certain scale) and their continued possession renders the owner liable to heavy penalties. This refers specially to the publications supplied to motorists by the A.A. and R.A.C. Under a former order no alien is allowed to possess cameras, telescopes or binoculars. We also wish to point out that the Registration Card must be personally shown at the local police station together with the Identity Book so that the necessary endorsement can be entered on the former.

THE SWISS BANKS.

("The Times," July, 1940.)

The returns of the Swiss banks for 1939, as in the preceding year, were a reflection not so much of national and international economic conditions as of world politics.

Until the outbreak of the war the Swiss business curve remained somewhat above the 1938 level, but the war changed the position completely. The immediate effect was a great shrinkage of Swiss exports. There was subsequently a substantial recovery in both imports and exports. As the banking statistics for 1939 are not yet fully available, the following details are based on the figures of the Cantonal banks and the large commercial banks, and as these together account for 70 per cent. of the aggregate of all banks, they may be considered fairly representative.

The balance-sheet total of these two groups, which in 1938 had already declined by 292 million francs, fell during the year under review by 478 million to 12,155 million francs. Several causes were responsible for this. One was the withdrawal of foreign funds and the export of Swiss capital. An indication of this capital outflow may be seen in the reduction of the foreign exchange reserves of the Swiss National Bank by more than 500 million francs. Secondly, funds were withdrawn from the banks by industry and trade for the purpose of increasing liquidity, for the purchase of goods, and for hoarding. The largest drop took place in the first quarter, when political events — namely, the occupation of Czecho-Slovakia by German troops — caused substantial foreign withdrawals.

This diminution was not viewed by the banks entirely with disfavour; in fact, it was partly encouraged by them, their reason being that as the employment of funds proved difficult, particularly during the first half of the year, they were anxious to curtail the influx of new money, in the interest of their profit and loss position. When the war cloud burst, substantial funds were withdrawn, but even during the critical days of August and at the beginning of September the supply of means of payment was ample. On principle, no restrictions whatever were imposed on withdrawals of balances, and it was left entirely to the discretion of the banks to demand such notice of withdrawal as their terms of account provided. The fact is that the Cantonal banks and the other large banks were able during 1939 to pay out foreign funds to the tune of nearly 800 million francs, and this practically without any assistance from the Central Bank. This itself is a clear proof of the strong liquid position of the Swiss banks.

Among the foreign funds by far the largest reduction has been in the *bons de caisse* which are rather popular in Switzerland. As already intimated, the banks encouraged this tendency deliberately during the first half-year by extending the maturity of these securities. Later on, however, after the continued outflow of funds had made itself felt, these *bons* were made more attractive by shorter maturities and by raising the rate of interest. Savings and time deposits were much less affected by withdrawals than the volume of money invested in bonds. In general, depositors showed no signs of panic when war broke out, the withdrawals being due to an increased demand for

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cash by those who were called up and by their families, or for laying in stores of provisions.

The intensified demand for cash was satisfied for the most part by the bank's own cash in hand and at the Bank of Issue. In the main it was merely a matter of converting the giro balances into legal tender notes. The result was, of course, an expansion of the note issue from 1,740 million francs at the end of July to 2,082 million francs at the end of September. The subsequent contraction was modest. The volume of bank notes which were hoarded is estimated to have attained 500 million francs by the end of the year under review. Switzerland is one of those countries which invariably experience a large expansion of their note issue in times of political disturbance, for Switzerland is not only an international centre of finance but large balances of sight and time deposits are always kept with the banks and the Post Office. These deposits are, of course, at any time liable to be turned into actual cash.

The bill cases of the banks were, however, substantially increased; not so much because more commercial bills and bills financing "emergency storage" were discounted, but because 320 million francs of Treasury bills of the Confederation had been taken up. Of these the short-dated maturities were included in the returns under the heading of "bills."

As regards the other assets, a rise in the item of "balances with other banks" is to be noticed. This may be explained by the desire to place larger balances abroad. Mortgages and investments have also increased; on the other hand, loans by overdraft and fixed advances as well as loans to public bodies have declined in volume.

The Swiss banks have reduced their foreign engagements as much as possible. The aggregate of Standstill Credits also declined further, from 240 million francs to 202 million francs by the end of 1939, in spite of the inclusion of Austrian and Sudeten debtors.

Profit and loss accounts would have made a better showing had not the banks, as a precautionary measure, written down their assets very substantially. Hence the joint stock banks have all reduced their dividends.

In regard to interest rates, only the rate for *bons de caisse* has been raised appreciably. The average

rate of medium-term securities of the chief Cantonal Banks with three to five years to run rose from 2.77 per cent. at the end of 1938 to 3.52 per cent. at the end of 1939, and the rate of the big banks from 2.80 per cent. to 3.44 per cent. The other short term interest rates remained practically stationary during the year under review.

WITH THE RED CROSS AT GENEVA.

("The Queen," 3.7.40.)

While the magnificent palace of the League of Nations in Geneva seems to have lost every justification of its purpose for the time being and lies still and dejected, the offices of the International Red Cross, set up on a far more modest scale, are buzzing with organised activity. This international institution, founded by Henri Dunant at Geneva many decades ago, did so much to reduce the dire needs of war during the Great War that the choice of Switzerland and Geneva as seat of the League were influenced hereby to no small extent.

When we in this country speak of the institutions of the Red Cross we think first and foremost of the organisations of the single belligerent countries founded to relieve the physical and mental agony of the sick and wounded, we think of the ambulance service which in all countries flies the same flag, namely, the Red Cross. But apart from those, the activities of the International Red Cross should not be forgotten, for its delegates are equally recognised by all belligerents, if they wish to improve upon the cases of especially hard-hit individuals, as far as this complies with the hard and steadily stiffening laws of warfare.

During the Great War the Swiss, through the Red Cross at Geneva, repatriated many hundreds of thousands of evacuees from war zones: women and children, the aged, as well as heavy casualties and sick people; the journey went through Switzerland, situated in the heart of Europe. Ceaselessly the Red Cross trains ran across Swiss territory in both directions, amply provided with hot meals and refreshments. But Switzerland during the Great War also granted an asylum to no less than 68,000 prisoners of war of British, French, Belgian and German nationality, who were helped to regain their health.

The Red Cross of Geneva has now taken up its noble work again. Contacts were made with the Swiss Government, as well as with those of the belligerent countries, to help above all such prisoners of war whose sickness or wounds are so bad that their lives would be seriously endangered if they remained in captivity. This service, which unfortunately has become very urgently required during the last few weeks, is already running smoothly.

In 1929 all the at present belligerent countries and Switzerland signed a convention, wherein mixed delegations are foreseen whose task it shall be to examine the conditions of prisoners' camps and hospitals provided to house prisoners of war. Diplomatic agreements about the work of these delegations have already been concluded. Various medical commissions have been appointed, who will shortly travel to all the belligerent countries, in order to point out those

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