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SWISS MERCANTILE SOCIETY.

The Monthly Meeting of the Society was held at Swiss House on Wednesday, April 14th. Mr. J. J. Boos, President, was in the Chair.

The lecture room was filled to capacity when the Chairman welcomed the members and friends present, to whom he introduced Monsieur E. de Graffenried, First Secretary of Legation and Commercial Attaché, who came to this country but recently to take up his new appointment at the Swiss Legation. Mr. de Graffenried, who was accompanied by Mme. de Graffenried, was accorded a very hearty welcome by the numerous gathering.

The Meeting first dealt with the Agenda, which in view of the lecture following, was kept as brief as possible. One new member, Mr. Waibel, was admitted and there were no resignations. Amongst correspondence to hand from Switzerland was a card from Mr. O. C. Isler, Secretary of the Winterthur Section, a great friend and supporter of the S.M.S. In a letter from the Zentralsekretariat, Mr. Schmid-Ruedin informed the President that the S.K.V. very much appreciated the receipt of the full text of the Beveridge Report which was being translated and distributed to interested parties. Mention was also made of the outstanding achievement of the Society's propaganda campaign for enlisting new members, which resulted in 2,300 new members being enrolled in Switzerland this year.

The *pièce de résistance* in the form of a lecture by M. de Graffenried, which had attracted so representative a gathering, then followed. The lecturer, amidst prolonged applause, rose to address the meeting on: "SOME ASPECTS OF SWITZERLAND'S ECONOMIC POSITION To-DAY." Following is an abstract of Mr. de Graffenried's address:—

"It is with a great deal of pleasure that I have accepted your invitation to speak to you this evening.

I was given to understand that it was a kind of a tradition that the Commercial Attaché should present himself at the S.M.S. I was told that the Commercial Attaché was sort of an official godfather to the S.M.S. and more particularly to the Swiss College. Of course, I realise that in my case the parallel would not lead very far. Firstly, because a godfather is by definition supposed to be a rather elderly, distinguished looking gentleman, at least in comparison with the god-child. So, in my case, I feel the relationship should perhaps rather be the other way round. Since this talk is meant somewhat as a personal introduction, I feel I have to make another confession, which is that I am not exactly of the profession. Although it is true that, before taking up my legal studies in Berne, I spent some eight months at the head offices of the Dr. A. Wander Ltd., especially in the department for calculation of selfcost, and in the export section."

The speaker then mentioned his experiences in the Far East, where he had been stationed at the Swiss Consulate General in Shanghai, from 1934 to 1938; he gave some interesting details on Shanghai, its importance in the China trade as well as on China's industrial progress and the trade prospects existing at that time.

"A number of prominent Swiss firms were established in Shanghai and in other ports. Some of them specialised in the cotton and silk business, others in the imports of machinery, watches, etc. The power

plant in the French Concession was the largest Sulzer installation of its kind in the world. A number of modern office buildings had Schindler lifts from Lucerne. Paillard was building up a good market for the Hermes typewriters, especially for the "Baby Hermes" which was very popular amongst journalists, diplomats and missionaries in the interior. Ovomaltine, condensed milk, chocolate and chemicals were finding good prospects, not only amongst the foreign communities, but amongst the Chinese as well. As to watches, the large railway companies belonged to the best customers, the dream of every Chinese stationmaster or conductor being to possess a good pocket watch. Some of the Swiss firms were big trading concerns, dealing at the same time in imports and exports of various branches. I always thought that these concerns such as Volkart in China and India, Siber Hegner, Trachsler and others engaged as they are in various branches and lines, with a number of different agencies should be of particular interest, and a number of young Swiss commercial employees used indeed to go out to these concerns. Other Swiss enterprises were engaged in international business between China, India, Japan and the States, some of them had plantations in the Dutch East Indies, etc. Even if their direct trade with Switzerland often represented but a comparatively small percentage, their capital and management were in most cases Swiss, offering at the same time opportunities for young Swiss anxious to see the world. It can truthfully be said that the Swiss enjoyed a remarkable reputation and prestige throughout the Far East; the same applies to the numerous hotels and hotel companies under Swiss management, all along the route to India, Singapore, Hongkong, Shanghai, Peking and even Manchuria."

Mr. de Graffenried then passed on to his stay in New York during 1939 and 1940, and his association with the Swiss participation in the New York World's Fair. He gave a brief description of the Swiss Pavilions with their various displays of Swiss industries, and tourism, as well as of Swiss contributions to science and the arts, education, etc., then of the Swiss Restaurants and the numerous manifestations such as lectures, concerts, films, the visit of the Basle Drums and Fifes, etc., etc., which were organised as part of the Swiss participation in the New York Fair.

"We returned to Switzerland at the beginning of 1941, and I then stayed with the Division du Commerce for the past two years. This active association with commercial problems made me realise anew the full significance of *foreign trade* in Swiss economics on the one hand, as well as the equally important rôle of home agriculture on the other. As we all know, exports are indeed a vital necessity to us, and have been so ever since our home production proved too small to nourish a rapidly increasing population. Possibly, this was already a factor when the joining of foreign military services became prominent in the 16th and 17th century and later on, although a certain natural inclination for adventure and enterprise may likewise have been a contributory factor. Then exports were stimulated by new inventions, by the establishment of the watch industry originally in Geneva, and the textile industry in the Zurich region. Watches and automatic dolls from Neuchâtel were already included, in the 17th century, amongst the first gifts from the Court of St. James to the Emperor of China, and a Swiss watchmaker apparently was a member of such a mis-

sion. Incidentally, the number of Swiss watches supplied abroad, has been estimated at about eighty millions. In return, new products and refinements would be imported from abroad, thus again stimulating exports as the means of paying for the desired imports. In this way, aided by the skill of our labour and in many cases by the ingenuity of inventions and technical improvements, we gradually obtained a proportionately high percentage of foreign trade and a remarkably high standard of living. Later on, tourism likewise contributed to this development, our scenery having in a way, until the discovery of electricity, been almost the only source of natural wealth. The complete lack of raw materials and natural resources, with the exception of water power, has also greatly influenced our industrial structure. The lack of iron and metals forces us to specialise in high grade products and precision work, in articles where the percentage of raw material is small as compared with the share of skilled and scientific labour. Some writers and sociologists have indeed drawn attention to the remarkable fact that it is in a country of mountains and rough climate, of frequent fight with nature, that intricate precision instruments, watches and machinery, as well as some of the most delicate textiles and fabrics should have been created.

It is only natural that this dependency on exports had made us partisans of free international intercourse. Until 1925/30, the main preoccupation of our commercial policy concerned questions of tariff barriers and other restrictions on imports in foreign countries. The main problem thus was to secure, through trade agreements, admission for our export goods. Naturally this applied in the first place to products in which we constituted a competition, and where the partner country wanted to protect its own industry. Or increased duties were levied on articles which were considered as luxury, which in certain cases meant that our more expensive articles encountered particular difficulties. This situation has radically changed since the growing importance of clearing arrangements. While formerly the question of commercial payments did hardly arise, settlements being made under the mechanism of the free gold standard, exports now depend to a large extent on the volume of imports and the means of payments resulting therefrom. This has lead to a rather complicated system of clearing and barter agreements, especially on the Continent and to some extent also with South America. Trade relations between two clearing countries thus need constant supervision and re-adaptation. For this vast task, the Federal Council had already in 1929 appointed a Delegate for Foreign Trade. To-day we have three such Delegates, each of whom is supervising trade relations with a number of countries and conducting frequent trade discussions and negotiations. During the last years this task has become a particularly difficult one, with the ever growing scarcity of goods, the difficulties resulting from the war, from transportation, etc. As you undoubtedly know, the bulk of our imports from overseas, especially wheat for our bread, sugar, fats and oils, tea, etc., are being shipped on our own vessels, some of them Swiss owned, others on a time charter. Swiss owned vessels, and likewise the "Caritas I" belonging to the International Red Cross Committee in Geneva, are registered in the Federal Shipping Register at Basle. Basle had already played an important part in shipping on

the Rhine, likewise has a training school for our merchant marine. Recently, a new bank for the financing of shipping has been established in that town. A number of Legations and Consulates abroad, often with the help of special assistants, are called upon to co-operate in these various fields to a considerable degree.

But now, let us turn to a few more internal problems, first to the field of food supplies. You all know that the Wahlen plan has already resulted in a considerable extension of home *agriculture*, together with a more systematic and scientific approach; thus large regions of uncultivated soil have been turned into arable land. Likewise, vast areas of forests, etc., are scheduled to be made available for agriculture, supplying at the same time a reserve of heating material in case of an aggravation in the coal situation. But, in spite of all possible efforts, we still are dependent on food imports for about 70% of our needs. I believe the Wahlen plan aims at a self-sufficiency of about 40% as a maximum. Its realisation is encountering increased difficulties mainly for three reasons: first, the cost is rising the more it extends to less fertile regions. Secondly, the securing of fertilisers, of phosphates, of seeds and grains is likewise getting more and more difficult. And thirdly, there is a shortage in experienced agricultural workers and farm hands. Great pains are now being taken to encourage young people to work in agriculture; wages, living conditions, especially dwelling accommodation, are being improved and a more general interest in agriculture, and in life in the country are being stimulated as a counterpart to industrialisation. Youth organisations, such as boy scouts, school children, students, etc., are being encouraged to help in the fields during their vacations, many of them spending two months or more on a farm or in the mountains. On the other hand, home gardening is being promoted, and support is being given to modern housing establishments and garden plots in the towns. These measures are intended to bind the factory worker more closely to his house and his soil, and at the same time to alleviate the consequences of future business depressions. Various private firms and even Government offices have taken over plots on the outskirts of the towns, and created special settlements for their workers. According to the latest figures, 17% of Swiss households are growing their own wheat, and even 58% are growing their own potatoes.

In the *industrial sector*, severe measures have become necessary in all phases of industry on account of the scarcity of raw materials, especially in the machine, leather and textile sectors. The control of stocks, of manufacture and of exports takes place through the various sections of the Federal War Industry and Labour Office. On the other hand, the use and development of substitutes has made considerable progress, and has in some cases attenuated the existing difficulties. This applies particularly to the rayon and "Zellwoll" industry, copper by aluminium, to the increased use of raffia, the use of wood and other substitutes instead of cement, where the scarcity is particularly marked.

On the financial side, the *control of prices* is one of the main issues, a very difficult one since the prices of our imports, foodstuffs and raw materials, can of course only be controlled to a small degree, the increase in freight, insurance and transport having in many cases multiplied the pre-war cost. The prices for agricultural products are likewise a major prob-

lem, which has its social significance. Indeed agriculture has made very considerable efforts towards an increase in its production, often at great cost for new equipment, high quality fertilisers, etc.; in various fields it became necessary to make considerable changes, especially as to the priority in certain production, increase in the growing of wheat and potatoes, increased manufacture of cheese instead of butter, etc. In return, agriculture which already had had to go through difficult times, expected a more appropriate share in the national income, especially also in view of the post war period when imports will again compete with home production. As to *taxation*, new taxes have recently been introduced on excess profits and luxury. The 1st Wehropfer, a capital levy ranging from 2 to 5% had brought in about 500 million Swiss francs and is now to be repeated in 1945/47.

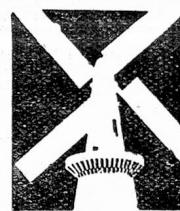
The problem of making useful plans for the future appears an extremely difficult one. And yet, there are various fields in which preparatory work can be done and is actually under consideration: Firstly, in view of the general uncertainty in the industrial and export sector, a Delegate for Public Works Construction has been appointed by the Federal Council. So far, there has been the main official step which goes beyond present day preoccupations. This Delegate has been entrusted with the task of drawing up of a vast *public works programme* in case of future unemployment. This plan provides for the construction of roads, especially of overland communications, of alpine passes, auto stradas, a canal system linking the Rhine with the Rhône, lake regulation, ground melioration and forestry. These works are of course only to be executed in case of serious unemployment, and to the extent actually required by circumstances. Evidently, close co-operation between all government agencies and private enterprise will be essential, especially also in regard to the allotment of raw materials, priority of certain schemes, etc. The programme is not intended in any way to restrict private enterprise, on the contrary it is only thought of as a substitute in case of an emergency. On the other hand, it intends to replace the former system of granting subsidies by a system of stimulating useful and productive work.

Another programme pertains to the construction of new *electricity works*. The principal aim is to make us more independent of coal, and at the same time to keep pace with the growing electrification of our industry. Serious electricity shortages have been felt during the last years especially during the winter. In particular, two large water reservoirs are now being planned, to accumulate water for times of shortages, the one in the Urserenthal, the other in the Hinterrheintal. Especially the latter plan, which would make the flooding of a number of villages necessary, is meeting with the strong resistance of the population who would have to give up their houses and fields. This stand has aroused general interest and sympathy throughout the country and the question as to alternative plans is still under debate. For the time being, the difficulty in obtaining the necessary raw materials, especially cement, will hardly allow an immediate realisation beyond the preliminary stages. Other plans are dealing with *tourism*, more particularly with the hotel trade. It is felt that tourism has undergone such considerable changes, that systematic studies as to future possibilities should be undertaken. Unprofitable or old-fashioned enterprises would, if necessary, be closed

down or transformed into offices, sanatoria or homes, while enterprises which prove to be sound and capable of development, would receive all possible encouragement and facilities for readaptation, renovation, etc. Extensive investigations are already being undertaken in various regions of the country.

As to *communications by rail and by air*, plans include the completion of double tracks, the erection of super structures, bridge building, etc., the construction of air ports, perhaps of a central Swiss air port, as well as the promotion of research and test work in aeronautics. All efforts are thus being made to enable us to resume our part in international communications.

In the field of exports, *new export institutes* have recently been created in St. Gall, especially for textiles, and in Basle. It is increasingly being felt that present and coming developments may largely affect our export possibilities, and that serious changes and re-adaptations may become necessary in regard to our exports. Various factors might indeed affect our export position to a considerable extent; for instance the setting up of new industries abroad, especially as a result of a return from war production to civil production, changes as to the customers tastes and inclinations, possibly in conjunction with changing economic conditions, then of course restrictions in exchange currency, etc. The creation of the above two export institutes shows that our exporters and export groups are paying close attention to developments and future prospects, a problem which may of course,



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greatly differ in each particular branch. Constant endeavours are likewise necessary to improve on our production, to find new ameliorations and new processes, as much will depend on our own abilities and initiative. Scientific research as well as testing stations and technical institutions are likewise playing a major part. These endeavours in the various industries and branches are being closely co-ordinated with the official government agencies, especially through the intermediary of the Swiss Office for the Development of Trade and the "Vorort."

I could of course only give you a very rough outline of a few of to-day's pre-occupations and problems. If I have been able to show that all these questions are being dealt with in a sound and constructive way, in full co-operation between Government and private enterprise, this is all I could wish for."

In conclusion, Mr. W. Meier proposed, and Mr. Ch. Chapuis, seconded a cordial vote of thanks, which was passed with prolonged acclamation.

Mr. de Graffenreid's début at the S.M.S. was without doubt an unqualified success and we hope to see him at Swiss House on many future occasions.

WB.

SWISS BENEVOLENT SOCIETY.

The Society held its Annual General Meeting at Brown's Hotel, on Monday the 22nd March, in the presence of Hon. President, Mr. W. Thurnheer, our Swiss Minister.

Invigorated by a delicious tea, offered by their President, Mr. Anton Bon, members listened with much satisfaction to his opening address.

The Society, said Mr. Bon, is more active than ever. Thanks to the satisfactory financial position, the Committee have been able, some time ago, to increase the allowances granted to their old pensioners and a further increase will come into force on April 1st, so that those allowances have been fully adjusted to the higher cost of living. This affects 70 old pensioners who cost the Society £1,980 a year. In this connection, the speaker mentioned how they greatly appreciated the gift of £100 from the City Swiss Club, intended for the purchase of linen, etc., for the aged. The numerous letters received show how gratefully these gifts were received.

In 1942, assistance was given to 558 of our countrymen and of these 27, who, for urgent reasons, had to go back to Switzerland, were repatriated.

Mr. Bon added that in many countries the life of the Swiss Colonies was hard indeed and that we, here in England, should be grateful for the generous way in which we have been allowed to carry on, unhindered, our various activities. The experience of the Society is that all those who can work have had no difficulty in finding employment and that the greater part of the assistance given has gone to the infirm and the aged.

The Treasurers submitted their various accounts, giving at the same time a wealth of information on the activities of the Society. These accounts show a total expenditure of £5,996, and it is to the credit of all concerned, including the generous subscribers, that they managed to cover this large sum without drawing on

their reserves which may prove invaluable in the post war period when opportunities for regular employment may not be as favourable as they are at present.

It was resolved that the Relief Centre, at Hatfield, established as is well known, as an emergency war measure to hospitalize any of our countrymen who may have lost their home, be kept in being at least until next October when the position will be reconsidered. Some of the Society's pensioners reside in that spacious and comfortable home where they are extremely happy. Unfortunately, owing to the petrol rationing, very few of our Swiss friends have been able to visit the Centre during 1942 which is a pity as the old people look forward to such visits. The call kindly paid there by Mrs. Thurnheer was therefore all the more welcome and her charming ways and kindnesses (including the Brissagos she brought with her) have endeared her still more in the hearts of our old folk.

The Secretary, who received a well deserved ovation, treated the meeting to a witty narrative of some very special cases.

The Executive Committee was once again re-elected in toto. It is composed of :

President : Mr. Anton Bon ;

Vice-Presidents : Messrs A. C. Baume, O. Gambazzi and F. M. Gamper ;

Stewards : Messrs. R. de Cintra, W. E. Gattiker and A. Rueff ;

Hon. Treasurer : Mr. M. Rothlisberger ;

Hon. Assistant Treasurer : Mr. E. S. Favre ;

Secretary : Mr. Theo Ritter ;

Hon. Assistant Secretary : Mr. P. Hilfiker.

Finance Committee : Messrs. Dr. P. de Wolff, F. M. Gamper and M. Rothlisberger.

Our Home for Aged Swiss remains under the supervision of :

Chairman : Mr. F. M. Gamper ;

Vice-Chairman : Mr. A. Schmid ;

Hon. Treasurer : Mr. J. Zimmermann ;

Hon. Secretary : Miss G. Muller.

Our Minister thanked the members and the Committee in particular for all they have done in the past and will not doubt continue to do. He expressed his delight at the friendly atmosphere which always surrounds the work and the meetings of the Society which he attributed to the fact that all members have collaborated so long in this charitable undertaking. He added that he was in full agreement with the policy followed by the Committee and with their views on post-war conditions. Fully realising the tremendous amount of work involved he was doubly thankful, as if the Society was not in existence, this task would fall upon his Legation, already severely tried at the present moment. Besides, said he, this kind of work was so much better carried out by private individuals than by an official body, however well disposed it might be.

Mr. Bon expressed his appreciation of Mr. Thurnheer's kind words and repeated that although the expenditure is a large one, it is, at all times, most carefully scrutinized.

In closing the meeting he stated that in his opinion the way a country looks after its poor is a safe guide of its culture and development and he hoped that Switzerland would never be found wanting in this respect.