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SWISS MERCANTILE SOCIETY.

Two Interesting Lectures.

The Monthly Meeting of the Society was held at Swiss House on Wednesday, May 14th, with Mr. W. Meier, President, in the Chair.

Although it was a gorgeous spring evening which many might have felt tempted to spend out of doors, there was a very good attendance, the chief attraction being addresses by Dr. V. Umbricht, Secretary of Legation, and M. Paul Clottu, Social Attaché, both of whom made their début at Swiss House. Those present were not to be disappointed for it proved an extremely instructive and interesting evening.

Before dealing with the business on hand, the Chairman was pleased to announce that at the Delegates' Meeting of the S.K.V., held at Interlaken on May 10th and 11th, Mr. G. E. De Brunner, Hon. Member and former President of the S.M.S., was one of the 44 Veteran Members who were honoured for their 50 years' membership of the S.K.V. Unfortunately, important business engagements prevented Mr. De Brunner from being present to receive the "Ehrenplakette" personally. Special mention was made of the services he had rendered to the London Section.

On this occasion, the highest honour of the Central Society was bestowed on Mr. J. J. Boos, former President of the S.M.S., who was made an Hon. Member of the S.K.V. Mr. Boos was the second member of a foreign Section to receive this distinction, our Mr. A. C. Stahelin having previously been the only Hon. Member residing abroad.

The announcement of these awards was cordially applauded by all present.

One new member, Mr. G. Grob, who had recently been appointed on the secretarial staff of the Society, was elected.

Notice of two impending resignations was given by the Chairman. These came from Miss Rita Abate, a very active and popular member of the Ladies' Group, who is marrying shortly and going to live in Switzerland, and Mr. S. Bollag, an active and keen member of the S.M.S., who is returning to Switzerland. The Chairman extended best wishes to both members.

A communication was to hand from the Swiss Legation, enclosing copy of a letter of thanks addressed to the Swiss Minister by General Guisan, acknowledging the contribution made by the Swiss Colony towards the General Guisan Fund for Disabled Soldiers.

Reporting on the activities at the College, Mr. Meier stated that 121 students were attending the present course, the maximum number which could for the time being be accommodated at Swiss House. There were now five classes running, including an elementary one for students who had had some preparation but had not as yet reached the necessary standard of proficiency normally required for entering the College.

Mrs. M. Meier, Chairman of the Ladies' Group, announced that a Summer Outing had been arranged for members and their families. This will take place on Sunday, 8th June. The party will travel up river by launch from Westminster Pier to Richmond and spend the afternoon in Richmond Park. Full particulars are being circularised to the members and it is hoped that many will take part in the outing to make it a great success.

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This terminated the official proceedings and the Chairman then called on M. de Graffenreid, Counsellor of Legation, who had kindly come along to introduce his two colleagues to the S.M.S.

He pointed out that with the rather frequent changes at the Swiss Legation it was fairly easy, measured in terms of years of residence, to become one of the seniors, certainly easier than in the Swiss Colony. After five years in London, it had already fallen to his lot to introduce his colleagues and he was particularly happy to do so as their sphere of activities was closely linked with his own. Dr. Umbricht, he said, had taken up his post as Financial Attaché about a year ago and apart from financial matters was also dealing with tourist traffic. Referring to M. Clottu, he said that he was one of the three special Attachés recently appointed by the Swiss Government to study labour and social problems. His experience in this field had been unique, having first been at the International Labour Office at Geneva and later on with BIGA (Bundesamt für Industrie, Gewerbe und Arbeit). The Swiss Government, by appointing such special Attachés, had been following closely in the footsteps of the U.S.A. and the U.K., who had been the only two countries previously to appoint special Attachés to follow conditions as they affect labour and social legislation.

Following are the terms of M. Clottu's address on "SOCIAL PROBLEMS IN SWITZERLAND TO-DAY."

The Initiative concerning Economic Reforms and the Rights of Labour.

As you are no doubt aware, an Initiative was launched in September 1943 by the Socialist Party and the Trade Unions with a view to changing fundamentally the present Article 31 of the Federal Constitution.

As it now stands, this Article guarantees the freedom of commerce and industry throughout the country. It is true that quite a number of other provisions of the Constitution provide for exceptions, but on the whole it is on this principle that our economy and social policy are founded.

The Initiative tends to a fundamental reform according to Socialist ideas. It proclaims a number of general principles, the enforcement of which would amount, as the Report of the Federal Council to the Federal Assembly states, to a radical and revolutionary transformation of our economic and social constitution, and of its counterpart in private law, the freedom of bargaining. It would give to the

Federal authorities the right to establish an economic system strictly directed and controlled by the State.

On the social field, the Initiative requires, for instance, that the financial position of the citizens and their families should be secured, and that the right to get work and a just remuneration for it, should be guaranteed. But Switzerland already has a fairly comprehensive system of social insurance covering sickness, accident, T. B. and unemployment. To this system, it is hoped that Old Age and Survivors Insurance will soon be added.

The various Acts setting up these branches of insurance, leave, according to the general ideas which prevail in our country, a certain freedom to the Cantons as well as to the individual. They take into account the differences of mentality and habit in the towns and in the country, in the mountains and in the plains, in the German and in the French and Italian-speaking parts of the country. It is felt that a strictly centralized scheme as is contemplated by the Initiative would not be in line with the traditional structure of our country.

As to the right to get work, and a just remuneration for it, it may seem at first-sight to be a very obvious requirement, but this has very wide implications. If a legal obligation is made on the State to provide for work for everybody, it means that the State should also have the right to control all the means of production and to direct labour. It would mean giving up, not only freedom of commerce and industry, but also freedom to work where one chooses. Whether this is the wish of the majority of our people

seems more than doubtful. We shall know the decision of the people and the Cantons, in a few days. (The Initiative has since been rejected, see front page. Ed.) *Revision of the Provisions of the Federal Constitution on Economical and Social Matters.*

If this Initiative is rejected it will not mean, however, that the door will be closed to any progress in the economical and social fields. The desirability of revising Article 31 of the Constitution and one or two others has been under consideration for many years. As far back as 1939, definite proposals had been adopted by Parliament. Had it not been for the war, they would have been submitted to the people and the Cantons in 1940. The procedure, however, had to be suspended for obvious reasons, and it was only in 1944 that the matter could be taken up again. It was then felt that the previous proposals did not meet the new situation created by the war, and the Houses of Parliament adopted, on the 4th April, 1946, revised proposals. These will be voted on by the people next July. They strengthen the powers of the Federal authorities but provide also for the co-operation of the Cantons and the principal private economic organizations. The freedom of commerce and industry is maintained in principle, so that the structure of economical life will not be upset. To a certain extent it may be said that these proposals are a compromise between the present provisions of the Constitution and those proposed by the Socialist party. Several important bodies, including the Swiss Chamber of Commerce, representing various sections of public opinion, have declared themselves in favour. They thus seem to meet with a large measure of acceptance.

The Articles of the Constitution now proposed would no doubt considerably enlarge the competence of the Federal authorities to legislate on the protection of workers and employees. This would not mean, however, that all social and labour matters would be regulated by Acts of Parliament. Collective Agreements, for instance, of which there are at present more than a thousand in force, would remain a very essential feature in the regulation of such questions. Indeed a scheme which has been introduced during the war by the Federal Council by virtue of its extraordinary powers would become permanent. Under that scheme, when certain conditions are fulfilled, Collective Agreements may be given force of law and thus become compulsory for employers and workers belonging to the trades concerned even if they are not members of the Unions who are parties to the Agreement. As an example of such an agreement, I would like to mention the most recent one, which is considered a model of its kind. It concerns workers engaged in Road Transport, especially lorry drivers. This agreement fixes new rates for cost of living allowances as well as for overtime and night work allowance. It reduces the hours of work, provides for paid holidays and for the payment of wages on public holidays. It is reckoned that by consenting to these improvements in conditions of work, employers have accepted an increase of their charges amounting from 60% to 70%. At the same time, the agreement provides for the creation of a Joint Council, composed of thirty representatives of the employers and thirty representatives of the workers. All disputes which may arise in the trade will have to go before this Body for conciliation.

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in particular, an agreement intending to establish social peace has been in force since 1937, with excellent results.

I will not, however, go so far as to convey the idea that everything is perfect in our country: there are still disputes and, sometimes, strikes. But, on the whole, it may be said with confidence that relations between employers and workers are distinctly better than they were before the war. It is hoped that the new Articles of the Constitution, if adopted by the people and the Cantons, will help to consolidate and improve still further this situation.

Old Age and Survivors Insurance.

It was as far back as 1925 that an Article was introduced in our Federal Constitution giving to the Confederation the power to legislate on Old Age, Survivors, and eventually Invalidity Insurance. Some four years later the Federal Council submitted to Parliament a Bill to implement this Article. This Bill was almost unanimously carried. As often happens in Switzerland, the citizens did not, however, follow the lead of their Legislative and Executive authorities. When the Act was put to them in 1931 they rejected it. Eleven years later, in 1942, an Initiative bearing 180,000 signatures asked that the matter should be taken up again. Several Cantons, Geneva, Neuchâtel, Berne and Aargau, making also use of their Constitutional right, addressed to the Federal authorities a request to the same effect. Consequently, the Federal Council, with the help of the Cantonal governments, the political parties, the principal economic organizations and a Committee of experts, put up a new Bill. After discussion, this Bill was, as its predecessor, passed almost unanimously by Parliament and it is due to come before the people next July, on the same day as the revised Articles of the Federal Constitution.

Time is too short to go into the details of this Act of the 20th December, 1946. May I, however, just give you an idea of its most important provision and especially of those which are of interest for Swiss citizens residing abroad.

The scope of the Act extends to foreigners working in Switzerland as well as to Swiss working abroad for an employer residing in Switzerland and who are paid by the said employer. Swiss citizens who are not thus automatically covered, namely, those who are working in a foreign country and whose employer is also abroad, have the right of option — they may join the scheme voluntarily.

As the Act provides for an insurance and not for an assistance scheme, each insured person must in principle contribute to it. The obligation to contribute falls on every person aged from 20 — 65 whatever his or her work, and even on those who have no lucrative occupation at all. The contributions of employed and self-employed persons are fixed at 4% of their professional income. In the case of the employed persons, half of the amount is to be paid by the employer. Persons without any professional income would pay a lump contribution varying from Fr.1 — Frs.50 per month.

Every insured person, on the other hand, would have the full right to benefit. There will be no Means Test. Neither will a person who is still working after the age of 65 be deprived of his or her rights. Swiss citizens who cease to be insured at any time, will, however, be entitled to a certain benefit only if they have paid contributions for at least ten years. As to foreigners, their position will vary to a large extent according to whether or not the legislation of their own country gives to Swiss citizens similar advantages and depend on international agreements.

Now the most interesting question for everybody is, of course, the amount of the benefit. The benefit will not be uniform. It will be calculated on the basis of the average yearly contribution, but include also a fixed amount.

- For a single person it may vary from Frs.400 — Frs.1500 a year,
- For man and wife from Frs.770 — Frs.2400 a year,
- The widows' benefit will vary from 50% — 90% of the full benefit for a single person.
- For an orphan the compensation will be 30% of the same sum.

These benefits may seem small, but it should not be forgotten that for a large part of the Swiss population, especially those in the mountains, the benefits do all the same represent a very appreciable amount. Transitional provisions are made for people who will have contributed for at least one year but less than twenty years.

There would be much to say about the organization of this insurance scheme and its financial side, but this would lead us too far.

Will the 1946 Act be more successful before the people than the 1931 Act? Nobody, I think, can at present make any authoritative forecast.

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Almost all political parties and important organizations have declared themselves in favour, but as I have already said, the Swiss citizen likes to make up his mind for himself. It may be said, however, that a large part of the people consider this Act as a long-overdue fulfilment of the promise made in 1925. Should they be disappointed once again it might possibly endanger the social peace which we have enjoyed in recent years.

Prices and Wages.

There is one other problem which in Switzerland, as in other countries, is to-day of the utmost importance from the point of view of social peace, and indeed, for the future of the country in general. It is the problem of prices and wages.

The Index of the cost of living was, at the end of March, 155 as compared with August 1939. The Index of wages is approximately 160 so that there is on the whole a slight increase of the so-called "real wage."

Yet this is an average and there are in certain industries, notably in the building industry, just as in Great Britain, demands for a further increase of wages. This raises the well-known problem of the spiral of wages and prices with the danger of inflation. The Federal authorities are fully aware of this danger and are seriously concerned with the question. A few days ago, the Federal Council addressed a public appeal for the stabilization of prices and wages and for the safeguarding of the value of the Swiss franc. It also recently convened a conference of the presidents of all Cantonal governments, to which the Federal Councillors Stampfli and Kobelt have submitted reports. It succeeded in bringing about — and this is a good omen — that the requests of the building workers should be submitted to the Federal Office of Conciliation. Let us hope that both employers' and workers' organizations concerned will accept the recommendations of this Office, which will certainly take into account the needs of the workers, the possibilities of the industry and the vital interests of the country as a whole.

A French Statesman used to say that peace "needs to be perpetually re-created." The same is true for social peace. The balance between conflicting interests is never perfect, never even. It requires an every-day effort to maintain it. The object of these few remarks is to show you part of what is being done in our country in this connection. Progress, if perhaps rather slow, has been nevertheless all along continuous and steady. We can only wish for the good of our country that it may still be so in the future.

* * *

A cordial ovation was accorded to M. Clottu on resuming his seat.

Dr. V. Umbricht then addressed the audience on "Financial questions between Great Britain and Switzerland"; saying that the financial negotiations, which took place at the end of February last in Berne, between a British and a Swiss delegation, dealt with the following subjects:

1. A survey of the trend of payments since the conclusion of the Anglo-Swiss monetary agreement;
2. A further survey of probable development of trade in the year 1947-48;
3. Consideration of certain financial aspects in the

balance of payments, especially the aspect of tourist traffic and capital transfers;

4. Sterling balances.

Dealing with the subject of the balance of payments between Great Britain and Switzerland since the conclusion of the monetary agreement, the speaker pointed out that Great Britain had to spend, during the second world war, almost all her foreign assets and currencies; and had to incur debts with other countries, debts which are now known as "sterling balances" amounting to about 3,500 million pounds sterling, or in Swiss francs roughly 60 milliards.

To this would have to be added the American and Canadian Loans which become repayable after 1950, and which bring the total of foreign debts to about 90 milliards of Swiss francs, apart from the internal debt which exceeds by far the foreign debts. Thus, Great Britain is compelled to do her utmost to obtain foreign currencies in order to reduce the enormous sterling debts, which, according to British views, could mainly be achieved by increased exports and by considerably restricting all payments to foreign countries, which are not essential, amongst them those for tourist traffic.

Mr. Umbricht, referring to last year's balance of payments between Great Britain and Switzerland, said that it resulted in a heavy deficit for the former, consisting not only of the 172 million Swiss francs advanced by the Swiss Confederation, but of another 120 million francs for which Great Britain had to deliver gold, altogether a deficit of nearly 300 million Swiss francs in one year.

He explained that the principal cause of this deficit was due to considerable exports of Swiss goods to some countries of the sterling area, such as India and Africa, without an equivalent Swiss Import. Another cause was the unexpectedly high tourist traffic causing an expenditure of between 130-140 million Swiss francs.

Dealing with the subject of tourism, Dr. Umbricht related that the British Government agreed at the time that an amount of 120 million francs should be allocated for this purpose; in order that this amount is really spent in Switzerland (and not in other coun-

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tries), the "voucher system" was put in force, a system which also applies to Swiss citizens residing in this country. All would be travellers to Switzerland have to obtain the "authorization" from the Swiss Tourist Traffic Federation (1, Great Cumberland Place, W.1) which will enable them to convert their credit documents into Swiss francs in Switzerland. Swiss, who are staying in private houses or with their relatives, will be allowed to cash the total amount of their traveller cheques in weekly instalments of £12.

Referring to the problem of the Swiss sterling balances which amount to nearly 15 million pounds sterling or 260 million Swiss francs, the speaker said, that the question how they should be dealt with, has not yet been settled and will be discussed in the near future.

Dr. Umbrecht, dealt at some length, with the subject of financial transfers which in all cases have to be submitted to the Bank of England for approval and sanction, saying that if a Swiss citizen residing in the United Kingdom, is emigrating to Switzerland, he will be allowed to have his Bank account *re-designated*, which means that his "resident account" will become *ipso-facto* a "Swiss account."

The total of his Bank balance will be so treated, be it £200 or £5,000. Capital investments in the U.K. (securities, etc.) will, however, remain in the sterling area, which means that one *cannot* sell securities in order to have the proceeds transferred to Switzerland, but any income from capital in the sterling area will be transferrable. The speaker mentioned, that as an exception (for Swiss citizens only) it was agreed, that if his Bank Balance is less than £5,000 he may sell

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securities or investments up to the transferrable amount of £5,000. The possibility of selling investments applies, however, only in cases where the net balance is below £5,000; if the Bank balance exceeds this amount, no securities or investments will be allowed to be sold for transfer purposes.

To elucidate the system of financial transfers, Dr. Umbrecht gave a number of examples such as these:

Real estate, a house, furniture or personal effects can be sold and the proceeds transferred to Switzerland. If the house or estate are, however, an *investment*, a transfer is not permissible, that means, that the transfer of the proceeds of the sale of a house would only be allowed if the house had been purchased for the *owner's personal use*, but not if it represents an investment. Transfers under this item are limited to £5,000. If for instance a house is worth £7,000, only £5,000 can be transferred and the remaining £2,000 will be put in a blocked account. This blocked account can be used for buying securities, and the interest on such investments can be transferred. The speaker then gave a few interesting examples how this system works.

Referring to Insurance the following facts were given: Insurance policies which reach maturity can be transferred if the proof of Swiss residency is established, the same applies regarding the proceeds of the surrender value of life policies. Premiums due on policies have to be paid out of the funds transferred to the country of domicile.

Dr. Umbrecht concluded his very interesting and helpful *exposé* with the statement, that so far the result of the various negotiations had been satisfactory thanks to the understanding shown by both parties.

Loud applause greeted him, and a lively discussion ensued, which was both interesting and helpful.

* * * *

After the enthusiastic applause had subsided, the Chairman opened the discussion which proved very lively and in the course of which various aspects of the multitudinous social and financial problems were touched upon. Both speakers answered numerous questions with skill and authority and in conclusion the Chairman expressed to them best thanks for their most interesting addresses. This was enthusiastically endorsed with prolonged acclamation by an appreciative audience.

WB.