Puppetry is gaining in popularity in Switzerland and there are already a number of private puppet or marionette theatres in various towns noted for the very high standard of their productions. Zurich is probably, however, the only city to possess its own puppet theatre under the management of the School of Applied Art. From the outset this miniature theatre has had the active collaboration of highly gifted artists, poets, and musicians, and has been able to attract good audiences and to win the approbation of the most exacting critics.

The season will last until mid-September and performances will be given three times a week.

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Visas between Switzerland and Austria will not be necessary after August 15, according to an agreement reached in Vienna.

Under the agreement, Swiss may obtain work in Austria and Austrians may work in Switzerland, providing the necessary authorisation is obtained.

PETITES CHOSES QUI FONT PLAISIR.

" Semaine Suisse " (Service de Presse).

Avec ses 25 liaisons radiotélégraphiques directes, la Suisse se classe au niveau des grandes nations. Le chef de la sécurité aérienne américaine a exprimé sa reconnaissance toute spéciale au service radio de sécurité aérienne de la Suisse, en qui on peut avoir pleine confiance.

* * *

La fabrique suisse de locomotives et de machines de Winterthur a reçu commande de 12 locomotives spéciales pour la ligne Djibouti - Addis Abéba ; BBC, Baden fournit l'équipement électrique.

* * *

Pour l'électrification du Congo Belge, le ministère des colonies de Belgique a émis en Suisse un emprunt de 60 millions de francs, en échange de quoi notre pays recevra de grosses commandes d'équipements électriques.

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Les universités de Münich, Erlangen et Würzburg ont introduit des cours de rhéto-romanche.

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Berne a été désignée comme siège permanent de la Fédération internationale de l'art photographique.

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Sous le titre " Lisez — et remerciez " la revue allemande de la Croix-Rouge annonce qu'en 4 ans la Suisse a fait don de 200 millions de francs à l'Europe.

RISKS SWISS MUST TAKE IN JOINING E.P.U.

(The following article is reprinted from the July 22nd issue, 1950, of the "Statist" by courtesy of the Editor).

Since the preliminary agreement to create a European Payments Union was signed by the representatives of all 18 O.E.E.C. countries in Paris on July 7, public discussion in Switzerland — whose assent was given only conditionally — has shown convincingly that, if the plan succeeded, the benefits to Europe would so vastly outweigh the drawbacks that, in principle, the plan already has the approval of Swiss public opinion.

Neverless, in Switzerland it is felt that this project is a daring experiment. So exceedingly complicated is the financial mechanism contemplated, and so numerous are the escape clauses, that even the competent authorities are unable to answer satisfactorily the host of questions raised by business men and bankers who will have to operate the plan in practice. Until clarification has been reached, it is felt, many latent risks of unknown magnitude will remain.

According to one version the Union is to remain in existence until the currencies of all O.E.E.C. countries have become mutually convertible. That is to say, as regards payments arising in current trade. In reality, however, there is no ground yet for assuming that the Union could remain in existence after June 30, 1952. Without Marshall aid the attempt at convertibility among the 18 O.E.E.C. countries could not be made at all. In the next two years up to $600 million will be contributed to the pool by the E.C.A. out of Marshall funds for the purposes of the present experiment, to enable all members of the Union to receive payment from one another in any currency needed to pay for imports from other members of the group. Conversion of O.E.E.C. currencies into dollars will not be possible. Nor necessary, because the Marshall plan already provides dollars to cover deficits that arise in the balance of payments of O.E.E.C. countries in trading with the U.S.A.

But as in trade between O.E.E.C. countries and countries outside the group all existing exchange restrictions continue in force convertibility in the real sense cannot be achieved yet and would vanish again if the Union were liquidated when Marshall aid ceased.

As it is extremely improbable that the O.E.E.C. dollar gap in trading with the U.S.A. will be closed by mid-1952 it is possible — but by no means certain — that help in a different form may be forthcoming for some of the O.E.E.C. countries unable to square their balances of payments with he U.S.A. Nobody can tell what the effect of the resumption of trade on a multilateral basis by countries of the O.E.E.C. will be. Perhaps the revival of intra-O.E.E.C. trade may be so great that a number of these countries will be able to square their balances of payments with one another without the help of the Union. But very likely the weakest members of the group might still be unable to earn enough of the currencies of the other members to pay their way. In the event of such a degree of partial success the Union in its initial form might be liquidated and some new kind of help provided for the weaker countries.

Prudently, therefore, one should not count on the European Payments Union existing for more than two years. There is no justification for making the assumption that America will provide more funds to enable it to carry on.

In Switzerland, however, it is believed that if once the advantages of trading on a multilateral basis are demonstrated in practice nobody will want to go back to trading on a bilateral basis. Switzerland therefore ardently desires that the European Payments Union should succeed. She is willing to take considerable risks to enable the experiment to have a fair trial. But for the sake of the plan itself Switzerland would prefer to analyse the project thoroughly now, so that, as far as feasible, all latent obstacles to the success of the plan might be removed before she puts her signature to the final agreement. Her experts in Berne are now critically scrutinising the whole project to discover and eliminate its flaws and are in continuous contact with the O.E.E.C. experts in Paris, drafting the text of the final agreement.

As soon as the text of the agreement is ready all the other 17 O.E.E.C. countries are expected to sign without delay, whereupon, for those countries, the Union will begin to function as from July 1. In Switzerland, however, the agreement must be ratified by the Swiss Parliament, which does not reassemble till mid-September. The position of Switzerland is fundamentally different from that of the other 17 O.E.E.C. countries because she alone receives no Marshall aid. For the other 17 O.E.E.C. countries the creation of the E.P.U. makes them richer by the amount of Marshall aid made available in this form. For Switzerland, adherence to the E.P.U. is a liability, involving the expenditure of taxpayers' money. Hence the participation in the plan requires ratification by Parliament. In this respect the responsbility of the Swiss Parliament is identically the same as that of the American Congress. Hence the adherence of Switzerland will come after that of the other 17 O.E.E.C. countries.

A glance at the list of contributions each O.E.E.C. country is expected to make to the pool shows that the responsibility to be assumed by Switzerland is disproportionate to her size. Theoretically, the total contributions of all 18 O.E.E.C. countries to the pool is to amount to $3,950 million. Each country is supposed to contribute 15 per cent. of the total trade turnover with other O.E.E.C. countries in 1949. On this basis Belgium, for example, should contribute $434 million. In reality her quota is listed as $360 million. On the same basis Switzerland should contribute $184.6 million. Actually, she is listed as $250 million.

Each country is supposed to furnish 40 per cent. of its quota in gold and 60 per cent. in credit in its own currency. By this arrangement Switzerland would pay in $100 million in gold and $150 million in Swiss franc credits. This is what she expects to do. By comparison with the maximum amount — $600 million — the E.C.A. may pay in the next two years the quota of Switzerland is, in fact, no less than 6.3 per cent. of the total O.E.E.C. contributions. Few other countries could do as much. The quota for West-Germany, for instance, is listed at $320 million, or 8.1 per cent. of the total of all O.E.E.C. contributions. West-Germany could not at present pay in any gold or grant credit on such a scale. Belgium-Luxembourg is listed at $360 million, or 9.1 per cent. of the total payments into the pool, while Great Britain is listed at $1,060 million, or 26.9 per cent. Nobody expects that Austria, Greece or Turkey, for example, could make any contributions worth mentioning. Their burden is taken over by the E.C.A.

Switzerland has raised no protest to the relatively heavy load she is asked to shoulder but feels entitled to ask for assurances that the advantages membership of the Union offers are not illusory.

On July 11 Sir Stafford Cripps announced in the House of Commons that in consequence of the signature of the preliminary O.E.E.C. agreement in Paris on July 7 the British system of open general licences, extending the benefits of liberalisation of trade, would apply to all imports from Belgium-Luxembourg and Belgian-Congo as from July 17. That is to say, imports from these countries will be exempted from all quantitative restrictions as far as goods on the free list are concerned. Of the other O.E.E.C. countries West-Germany and Switzerland are still denied the advantages of open general licences. From July 17 there will be no limit to the number of British tourists allowed to visit Belgium.

Sir Stafford Cripps added that if Switzerland joined the E.P.U. she would obtain the same advantages as Belgium has just received. To Switzerland the advantages of the open general licence would be considerable. As regards tourist business, however, the gain would be illusory. Before the devaluation of sterling last September British tourists to Switzerland obtained Fr.870 in exchange for the £50 yearly travel allowance. After devaluation the equivalent in Swiss francs was Fr.610. That is too little for a normal holiday in Switzerland. The result is that the aggregate quota for tourist expenditure fixed by the last Anglo-Swiss trade agreement has not been exhausted. Travel to Switzerland would only increase if the sterling quota per head were raised so as to yield the same amount in francs as before sterling devaluation.

Many cogent questions about the operation and liquidation of the pool have been raised during discussions in Switzerland.

Up till now the volume of trade between Switzerland and the other O.E.E.C. countries has been restricted by their difficulty in earning Swiss francs. Swiss franc trade credits brought only temporary relief. When the E.P.U. is established and Switzerland a member these difficulties will vanish. Countries wishing to buy from Switzerland will be able to utilise the credit in francs placed at the disposal of the pool by Switzerland. Switzerland is still fully employed. Exports are at a peak level. Switzerland's total export trade could not therefore benefit directly by the revival of intra-O.E.E.C. trade. There would, it is true, be indirect advantages. The basis of trade would be broadened. Export markets nearer home would be opened. There would be a wider choice of outlets.

But unless the orders received from O.E.E.C. countries were greater than before Switzerland would merely receive payment in gold or dollars or francs out of what she had contributed to the pool. Up till now Britain has been obliged to send heavy remittances of gold to Switzerland to cover the interest and dividends on sterling investments held in Switzerland. Britain need ship no more gold for this purpose. Payments can be made out of the $100 million in gold Switzerland contributed to the pool. If the increase in orders for Swiss products and the payment to Switzerland for interest and dividends were heavy enough the gold and dollars and francs in the pool would in time become converted into the currencies of other O.E.E.C. countries not yet generally convertible.

What would be the position if the Union were liquidated at the end of two years? By the present agreement the funds in the pool would be divided among the O.E.E.C. countries in proportion to their contributions. Switzerland would, of course, have no claim to a share of what had been paid in by the E.C.A., because this is Marshall aid money of which Switzerland is not a recipient, direct or indirect. Would Switzerland have to accept weak currencies in place of the gold and Swiss francs paid in on joining the Union? This is one question the Swiss Parliament will probably have to answer before the E.P.U. agreement is ratified.

Of vital significance to Switzerland is the liberalisation of trade and the abolition of discrimination among O.E.E.C. countries. According to programme, 75 per cent. of all intra-O.E.E.C. trade is to be liberalised and all discrimination cease by January 1, 1951. From that date no change can be made in kinds of commodities on the free list. Already 85 per cent. of all imports into Switzerland are free of quantitative restrictions. Most of the residual 15 per cent. consist of agricultural produce. These are only retained so that countryfolk in Switzerland should not be deprived of a livelihood. There is virtually nothing that other O.E.E.C. countries cannot export freely to Switzerland.

Quite conceivably, however, some O.E.E.C. countries might include among the 25 per cent. nonliberalised imports products like watches, embroidery and textiles whose export Switzerland considers vital. If that occurred would Switzerland be permitted by the terms of the agreement to make new bilateral bargains so as to gain access to these O.E.E.C. markets for her special products?

No clear answer has yet been obtainable.

Opinions seem to be divided.

Suppose that two or more O.E.E.C. countries were exporters to Switzerland of, say, trouser butttons. One of these two countries puts watches among the 25 per cent. unliberalised commodities. If Switzeralnd struck a bargain with that country to exchange watches for trouser buttons, would the other O.E.E.C. country be entitled to protest that this was a new kind of discrimination?

None of the drawbacks — and there are many more! — of joining the Union seem to competent judges in Switzerland to be serious enough to justify isolation from the great experiment. One prominent Swiss banker has declared that the moral worth of European solidarity is so overwhelming that no material consideration should be allowed to prevent the participation of Switzerland in the effort to normalise trade and payments that America has been to such cost to promote. This view is held by many more.

But the pros and cons have to be estimated and the cost to the nation squarely faced before the Swiss Parliament could take the responsibility of ratifying the agreement.