

**Zeitschrift:** The Swiss observer : the journal of the Federation of Swiss Societies in the UK

**Herausgeber:** Federation of Swiss Societies in the United Kingdom

**Band:** - (1951)

**Heft:** 1155

**Rubrik:** Commercial news

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# COMMERCIAL NEWS

## Swiss National Bank.

The Chairman of the Board of Directors, Prof. Dr. Paul Keller, who is well known in England as head of the Swiss economic delegation in the immediate post-war years, has just given a comprehensive review of the Bank's policy during 1950.

During the first half of the year, a world-wide normalization of economic conditions was taking place. Swiss exports were encountering some difficulties, but there never appeared any justification for a devaluation of the Swiss franc. On the contrary, keener competition and more normal currency regulations were for the liberal-minded Swiss economists the forebodings of a return to normal. The strict observance by the National Bank of the unchanged parity of our currency has vindicated itself. To keep in check the note circulation was one of the chief aims, which, however, could be attained only in the first half of the year thanks to the "sterilization" of gold by the Government to the amount of 250 million francs. This means that the Swiss Confederation, in order to relieve the National Bank from the necessity of emitting notes against gold, takes over gold by means of budget surpluses or short term loans. In the second half of the year the large import surpluses reflecting Switzerland's efforts to secure raw materials and goods led to a decrease in the reserves of 490 million francs. As further liquid means were absorbed by the State, altogether 800 million francs were diverted from the money market, with the result that for the first time for years banks had to turn to the Swiss National Bank. Besides this welcome trend from the monetary point of view, the general agreements with banks in order to check the capital movements known as "hot money" is worth mentioning: banks would not pay interest on such hot money, and withdrawals could take place only at a month's notice.

Monetary stability and the success of the anti-inflationary policy maintained the international credit of our currency, which was, and still is, quoted at a premium against the dollar. The purchasing power of the franc went down in the second half of the year by only 2%, a very small proportion indeed in regard to the losses incurred by all other currencies.

Prof. Keller expressed the hope that defence expenses would be met through taxation and not through loans, although money would be readily available. Here again the inflationary forces released through an expansion of bank credit facilities due to holdings of short term securities have to be held in check.

## Switzerland and the International Raw Materials Organisation, Washington.

As was announced at the meeting of the O.E.E.C. in Paris on January 12th, 1951, the three Powers U.S.A., Great Britain and France had arrived at the conclusion that the setting-up of an international raw materials organisation was indicated in view of increasing shortages. These shortages were not only due to higher demands for rearmament purposes but also to stockpiling which had reached considerable importance in the various countries, especially in the United States of America. The direct consequence

of these shortages was an unprecedented soaring of prices for raw materials. The invitations sent out by the three initiating countries cover six groups of raw materials for which international committees should be set up:

Wool,  
Cotton,  
Sulphur,  
Tungsten and molybdenum,  
Manganese, nickel and cobalt,  
Copper, zinc and lead.

The membership of the various committees is limited to 10-12 members, these being elected according to the importance of their countries in respect of consumption or production, Switzerland has been invited to join the sulphur group, and this invitation has been accepted. Our country will, therefore, delegate a representative to Washington without delay to attend the meetings of this committee. In respect of the other commodities, Swiss interests will be expounded not by a permanent representative but through written or oral statements by the Swiss authorities.

## Liquidation of German Property in Switzerland.

Switzerland concluded in May, 1946, an agreement with the United States, Great Britain and France, whereby German property in Switzerland had to be liquidated and the proceeds paid into a pool, of which 50% would go to the Inter-Allied Reparation Agency in Brussels and the other 50% to Switzerland, while the German owners of the liquidated property would be compensated in German marks. The execution of this agreement (called the Washington Accord) has been held up ever since it was concluded, the main obstacles being the non-settlement of inter-custodial conflicts and the inability of the allied authorities to see that the German owners should get proper compensation. Various talks were held in recent years with a view to solving these difficulties, but they have so far failed. A new attempt is now being made in Berne, where a Swiss delegation is at present engaged in negotiations with representatives of France, Great Britain and the United States. Should a favourable outcome be the result this time, the way for the liquidation would be open. It is hoped on all sides that this will now be achieved.

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