

**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:** - (1952)

**Heft:** 1185

**Rubrik:** Home affairs

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**HOME AFFAIRS.**

PIERRE BÉGUIN.

11. 6. 1952.

**Switzerland and Freedom of Commercial Exchanges.**

An important debate has just taken place in the Federal Chambers on the subject of Switzerland's adherence to the European Payments Union. This debate was bound to take place, in view of the fact that, in 1950, our country only took upon itself an engagement for two years, which engagement is due to lapse on the 30th June next. It was therefore necessary to decide as to whether it should be renewed or not.

The question of withdrawal was only really put by the Communists. It goes without saying that the latter maintain that as the European Payments Union is a technical organ of the European Organisation of Economic Co-operation, it is therefore an undertaking of American Imperialism, which serves for the rearmament of the West, and that neutral Switzerland should not belong to it. It was quite easy to sweep away these fantastic assertions and it was not on this particular point that the debate finally took place.

Quite on the contrary, the question raised was as to whether Switzerland was ready to subscribe, within this organisation, to financial risks which were greater than those that she had assumed up to the present. She has already opened up more than a thousand and a half millions of credits in this organisation. The Federal Council now proposes to increase this sum by some 250 million Swiss francs.

It is evident that during the course of this debate, there was one thing which was not stated clearly, but which is very important. Switzerland has opened up credits. These credits have been used to a large extent. But, it is not very clear as to how they are going to be reimbursed, nor when our partners will be able to reimburse them. That is something which is quite unknown and may well inspire legitimate anxiety.

As a matter of fact, the European Payments Union has made it possible for inter-Continental trade to achieve serious progress. Its very existence has made it possible to re-establish multilateral commercial conventions. It has put a stop to the régime of barter under which we have lived far too long. Up to 1950, the countries of Europe maintained trade relations and engaged in economic exchanges on the basis of bi-lateral arrangements. Two countries negotiated a trade agreement. They arranged that payments for goods delivered by either side, should balance. They exchanged either goods or services. They saw to it that there should be no deficit to the detriment of either contracting parties. This system had an extremely paralyzing effect.

That is the reason why the European Payments Union was created. It is due to this Union that less attention is being paid to the achievement of equilibrium in the exchanges between the countries. Payments are made into a central fund which is, in some way, a Chamber of Compensations for profits and losses. If a country has a profitable trade balance with another country, it does not demand that the difference should be paid in gold or in currency, but will use the favourable balance for the purpose of buying goods in a third country with which it has an unfavourable trade balance. In short, instead of bi-lateral arrange-

ments, there now exists a régime of general compensation.

It is undeniable that this new régime has done a great deal of good. It has promoted trade exchanges. It has brought about an increase in both production and market possibilities. None wants to return to the previous state of things, for, it is indubitable that some very inconvenient barriers have been overthrown and done away with.

However, the system is not without certain disadvantages. What happens is—and this has been proved by experience—that countries with hard currency, and Switzerland in particular, find their credits swelling in their favour within the European Payments Union. On the other hand, countries possessing a weak currency are growing more and more indebted. And there is no knowing how and when these debts will be paid, when these credits will be compensated. A certain risk lies therein. And, it will not be dissipated until all the countries of Europe without exception have put some order into their economy and have definitely consolidated, in a durable manner, their national currency.

Therefore, it is quite certain that Switzerland runs a risk. But, on the other hand, it is no less evident that should we withdraw from the Union and demand that the credits granted by Switzerland should be reimbursed or covered, or guaranteed, then we cannot participate to the same extent in the restoration of inter-Continental trade. And, what we need is work. And that is why the National Council has decided, in agreement with the Government, not only to continue to run these risks for another two years, but even to increase them considerably.

\* \* \*

**"Direct Democracy put to the Test."**

Almost all our chroniclers of internal politics have already stressed, for the attention of their readers or listeners, the fact that during the course of 1952, the Swiss citizens have the occasion to exercise their civic rights much more often than is usually the case. They have even deplored the large numbers of referendums in which they are obliged to participate. And they have often explained the growing absenteeism of the electors in this country, by exaggerated number of referendums which are taking place. One is tempted to say that one can have too much of a good thing. In as much as we cannot understand a régime in which the citizens have no word to say in the matter, in so



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much is it to be regretted that here, in our country, by pushing to an extreme the principle of direct democracy, one finishes by provoking a certain lassitude, which takes the form of indifference among far too large a portion of the electoral body.

In short, as you already know, four Federal referendums have already taken place since the beginning of the year. For a start, the Law on Hotels. Then, a few weeks later, the Law on Agriculture was approved. More recently, one after the other, two initiatives were rejected: that of the Communists, which proposed the abolition of the turnover tax, and that of the Socialists which recommended a levy on capital. We were also aware that a fifth Federal Referendum would take place at the beginning of July: this is in respect of the official project on the financial cover for extraordinary rearmament expenditure, that is to say, on the subject of additions to the direct tax and an increase in the taxation of beverages.

Now, however, we learn that this fifth popular referendum will not be the last. In all probability there will still be another four, so that the total of public federal referendums in 1952 will amount to nine. That is a record which has never before been attained. It is explained, however, by the fact that 1952 is a year in which everything is put into order, a year at the end of which all the extraordinary legislation promulgated by virtue of plenary powers, must be abrogated or replaced by regular legislation.

The four last referendums are to take place in the autumn. There can be no question of organising any referendums during the summer, because this is the busiest period for the farmers and it is also the

favourite time of the year for vacations. There would be far too many voters who would have excellent reasons for complaining that circumstances prevented them from exercising their rights as active citizens. On the other hand, the whole of the month of December will be occupied by an ordinary parliamentary session and a wise tradition insists upon the work of our deputies remaining undisturbed by any political campaign. Therefore, it will be necessary to squeeze in all the four last referendums into the months of September, October and November. These referendums will be on the question of wheat-growing, on that of the participation of house-owners, tenants and the Municipalities in the construction of air-raid shelters, on price control and on the tobacco régime. In each case, very important interests are involved, some of them private and others public. These referendums will not be of secondary importance.

No doubt, some people will say that it ought to be possible to have all these referendums on one day, or, at any rate, to get through with them in two lots. That would be logical and it would also be common sense. However, those groups which are the patrons of one project and the adversaries of another, bring pressure to bear upon the Government in order that it should organise separate referendums, the reason for this being the idea that the reply given to one question may influence the reply to be given to another. This consideration may be quite right in itself, but it would be still more dangerous to allow the citizens to be overcome by lassitude. This must be avoided at all costs. And that is why, it is still hoped that it will prove possible to group these referendums.

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