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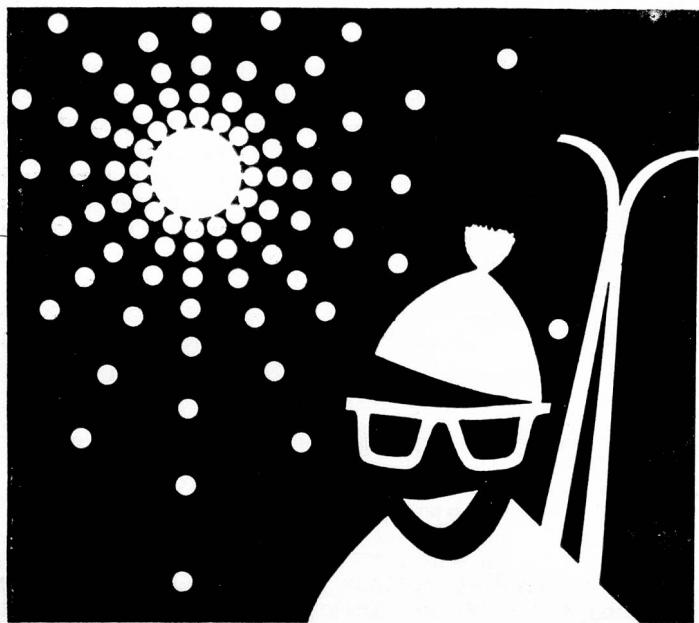
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Switzerland

up with the French-speaking boys and girls. In fact a few days after our arrival he asked whether we would mind if, instead of having his meals with us at our small table, he joined the youngsters whose meals were served downstairs at a long table.

Our 1st of August Celebration was especially impressive. Swiss flags were prominent everywhere. All the guests were driven in five large cars to Lucerne. Here our party was joined by several members of the

Committee, who have the interest of the "Home" so much at heart. Supplied with packed lunches, we travelled by boat to Fluelen and finally disembarked at Brunnen. Not even the very poor weather conditions, rain and mist, could damp the spirit of the jolly crowd. Songs to the accompaniment of the accordion cheered everyone. Various patriotic speeches were made on the boat and enjoyed, as was the hot soup served through the kindness of Mrs. Bertschi-Ringier, of Zofingen, and her helpers.

At the Hotel Adler in Brunnen a sumptuous dinner was awaiting us, with wines, soft drinks, etc., for everybody. Owing to the steady downpour, the procession to the traditional bonfire was mainly followed by our younger members. Later, we all met again at the Hotel for some further refreshments. The Yodler Club from Brunnen, followed by an expert with the Alphorn, gave no end of joy. The young ones were encouraged to try to produce a sound on this Alphorn, causing much laughter and fun. Finally, a famous Swiss Yodlerin delighted us all with her lovely voice. To conclude a very enjoyable day, most of us indulged in a fling on the dancing floor, to the lively tunes of our accordion players. We left Brunnen by car at 1.30 a.m. and reached Dürrenesch at 3 a.m., well satisfied with our 1st of August Celebration.

Apparently few Swiss living in England avail themselves of the facility which the "Home" at Dürrenesch offers. My wife and I have no hesitation in thoroughly recommending it.

Elmer Baumann.

FACTS AND FIGURES

By W. PIELKEN

The international rise in the price of gold, which started in London at the beginning of last month, has brought forth a great number of commentaries in the World Press. The non-Swiss newspapers attributed the sudden rise in London gold prices to an impulse which had allegedly emanated from the Swiss banks. One of the most highly esteemed of the London newspapers held the view, *inter alia*, that the defensive measures taken in August of this year by the Swiss banks against the increased inflow of foreign hot money into Switzerland — especially from the Congo — were to blame for this speculative rise in the price of gold. Is this view correct? Let us try to clarify this matter and find out what international circumstances have led, in reality, to this anxiety which has been described, by the "Neue Zürcher Zeitung", as being a "gold psychosis".

Ever since a fresh stagnation has shown itself in the economic growth in the United States, there has been a marked fall in the American rate of interest. The European countries, on the other hand, continue to enjoy an economic prosperity which maintains the interest on capital at an extraordinarily high level. The drop which has thus occurred in U.S.A. interest rates, as compared with the European ones, has had the effect of causing capital placed in America to flow back to Europe.

A second factor is the American balance of payments which has now been passive for a number of years. The aid granted for purposes of development,

the short-term American debts abroad, and the increase in the number of American industrial subsidiary establishments set up overseas, together with the relevant foreign investments, have all led to the United States' expenditure in dollars proving higher than the receipts derived from the export of American goods. This deficit in the balance of payments has, in its turn, led to considerable gold losses for the American issuing bank. This efflux of capital from America, as a result of the drop in interest, and the outflow of gold in consequence of the passivity of the balance of payments have recently given birth to the supposition that, eventually, a devaluation of the American dollar may take place.

A depreciation of the dollar would, however — so the American Government declares — be absolutely unrealistic; this opinion is also shared by American economic and financial circles, as well as by European observers. The Western currencies — in so far as they are convertible hard currencies — are so closely dependent on each other that should an American depreciation take place, most of the countries of the Western World would also devalue their currencies and, thus, nothing would be gained.

It is from fear of such a depreciation that such large purchases of gold have taken place during the last few weeks, causing, as they did, a rise in the price of gold, in London. The Press reports regarding the leading role played by the Swiss banks in this matter are correct in so far that it is a fact that large dollar assets have been changed into gold at the Swiss banks. As a result of an enquiry it has been ascertained, however, that none of these dollar assets represented any hot money from the Congo. Moreover, in view of the fact that, two months prior to the time when the price of gold began to soar, such capital could no longer yield any interest in Switzerland; it left for other countries a few days later, going chiefly to West Germany. No, the dollar assets in question related to other foreign accounts in Switzerland, which, during the last few weeks, were not only changed into gold, but also — and this to a considerable extent — into Swiss francs, as can be clearly seen from the weekly report of the Swiss National Bank for the last week in October.

As was stressed in the numerous commentaries appearing in the Swiss Press, the American Issuing Bank ought not to have remained so inactive in regard to the flight from the dollar into other currencies, more especially into gold. It was because it took no measures to check this development that fresh fuel was added to the surmise of an imminent devaluation of the dollar. As a result, an increasing number of European and Swiss financial experts are inviting the international issuing banks to come to an understanding among themselves, by means of a gentlemen's agreement, in regard to the measures to be taken in order to check the speculative rise in the price of gold, and the artificial weakening of the dollar caused by it.

COCKTAIL PARTY

Colonel Theophil Mosimann, Military and Air Attaché at the Swiss Embassy, and Madame Mosimann, gave a cocktail party on Thursday, 8th December 1960, at the Dorchester Hotel, Park Lane, W.1.

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