

International currency crisis and Switzerland

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INTERNATIONAL CURRENCY CRISIS AND SWITZERLAND

OCTOBER:

12th: Marked flight of capital from Italy to Switzerland.
16th: Report that new issues and loans on the Swiss capital market had been greatly increased in September, as compared with the previous year; total: 301m., an increase of 38%.

24th: An announcement that the 450 million credit which three banks granted Great Britain 12 months ago, would be repaid. In order to make matters easier, the Bank for International Settlement in Basle put the same amount at the disposal of G.B.

NOVEMBER:

18th: The Governors of the Central Banks met in Basle to discuss the international crisis.

19th: Reports of a wave of speculation on the Zurich currency market.

20th: Statement by the Federal Council that Germany's decision not to re-value the Mark, was welcomed by the Swiss Government. No measures were to be taken by Switzerland. Gold market hectic, currency dealings and stock exchange quiet. Chairman of the Presidium of the Swiss National Bank, Dr. E. Stopper, left for Bonn to attend the meeting of the "Ten".

22nd: A draft for an urgent decree regarding permits for foreign-controlled banks. In view of the fact that 102 out of 575 banks in Switzerland are controlled from abroad, the Federal Government is putting a draft before Parliament at the present session. The Swiss Bank Law dates from 1934 and is at the moment in revision. But as the position is urgent, the Government feel immediate measures have to be taken. The Swiss Banks are opposed to this, on the whole.

Transactions in currency dealings mainly confined to dollars and Swiss francs. Gold price lower. At an extraordinary meeting, the Federal Council decided that there should be no change in the Swiss franc, and that Switzerland would put up 430m. towards the support of the French Franc. Federal Finance Minister Celio stressed Switzerland's important part in supporting foreign currency.

25th: Strong reaction on the Zurich Stock Exchange and in currency dealings, especially an increase in the price of gold. Surprise generally that the French Franc was not to be devalued, a decision which, on the whole, was welcomed.

28th: The first delays at the Franco-Swiss frontier where currency control has been strengthened considerably. The large number of customs officials give the impression of "occupying" the frontier.

(No news of a later date to hand yet on going to Press.) (Agence Télégraphique Suisse.)

THE CONFEDERATION IN THE RED?

For the first time since 1953, the federal budget for 1969 shows a deficit in the accounts of 434 million francs. Whilst there is no question of the Confederation being in a critical state, the figures must nevertheless be looked upon as a warning signal. Revenue is expected to stand at 6,719m. and expenditure at 7,153m. One of the reasons for the estimated loss is an increase in federal subsidies and contributions which was 133m. more in the 1968 budget than in the previous year, and for next year a further increase of 307m. [A.T.S.]

SWITZERLAND AT EFTA MEETING IN VIENNA

Switzerland was represented at a two-day meeting of EFTA Ministers in Vienna by the President of the Confederation and Federal Councillor Schaffner. The participants seemed to be divided on an economic integration with the Common Market. Great Britain and Denmark took a waiting attitude, whereas the other EFTA representatives, especially Switzerland recommended a pragmatic *rapprochement* as the best way at present. Federal Councillor Schaffner called a transitory solution the only possibility of making progress on the way to real economic integration between EFTA and the Common Market. All other solutions would again lead to stagnation. Switzerland's application of 1961 as member of EEC is still in Brussels. Politically, Switzerland could not sign the Treaty of Rome without reservations. But she only refers to "economic integration" for the time being. On the whole, there is far less trouble in EFTA than in the Common Market. In this connection, a book (published by Michael Joseph Ltd.) called "The European Free Trade Association and the Crisis of European Integration" may be of interest. It was written by a study group of the Geneva Graduate Institute of International Studies.

The "Weekly Tribune", Switzerland's only English Language newspaper, called the meeting in Vienna a "trial of strength between Switzerland and Britain, from which the Swiss emerged victorious". Interim trading arrangements with the Common Market are now to be examined.

(Mainly by courtesy of "Tagesanzeiger" air edition.)

ANGLO-SWISS NEWS ITEMS

National Councillor Dr. A. Muheim who had proposed an agreement between Great Britain and Switzerland concerning rights and duties of *au pair* girls, was told by the Federal Council that Switzerland had been on a working group drafting such an agreement for the Council of Europe. It will probably be submitted to the Ministerial Council of the *Europarat* next year.

A young Englishman broke his record as "talking champion" and managed to play and comment on records non-stop for 165 hours. A young Swiss, Armin Kurz, has since beaten that record by five hours, playing and commenting on 3,000 records in a Zurich dance hall.

A few weeks ago, forged English Sovereigns were sold at Brunnen. They were dated 1907 and 1910.

The tourist organisation of Interlaken decided to build up direct air communication between London and Interlaken, with the co-operation of "British Eagle" who took over a third of the shares, the other capital having been subscribed by Canton and Municipality of Berne, the Oberland and the Valais. For three years, the service worked well, but was interrupted by the liquidation of "British Eagle". The "Tellair" Company at Interlaken hope, however, to resume flights in the spring.

The Council of the British Textile Institute has given this year's Jubilee Award to Sulzer Brothers, Winterthur, for the successful development of their weaving looms.

[A.T.S.]