

The financial situation

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SWISS WATCHMAKING. FRESH PROSPECTS.

An event of great importance has recently taken place: on August 14th the "General Company of Swiss Watchmakers" was founded at Neuchâtel, a company to which we will apply the name in use in the whole of Switzerland, the "Super-Holding."

What all the corporate companies were not able to accomplish will now be accomplished by this new company with the support of the Swiss Federation and of the banks interested in the welfare of the watchmaking trade. It is no longer the question of a professional society, but of a powerful financial organisation that will be able to exercise effective control on the whole manufacture and sale of Swiss watches. This company possesses a capital of 10 millions in shares, which will be raised to a total of 30 millions by industrial loans, loans from banks and from the Federation. It began by purchasing the majority of shares belonging to the movement factories which already belonged to a strong holding; the same fate is in store for the shares of the factories not belonging to this holding. The company will first of all take steps to suppress the so called "chablonage," i.e. the exporting of separate parts which was slowly dealing a fatal blow to the manufacture of watches in Switzerland. In this way it will, more or less rapidly, eliminate undersellers and profiteers who buy watches and sell them again just as potatoes are bought and resold.

The watchmaking industry will thus recover and regain its proper position and its security. The present terrible crisis during which even the best almost suffered ship wreck, on account not only of universal trade depression but also of speculation on the fall of watches, was needed in order to obtain the necessary concessions from the old factories in the Jura, the strong-hold of individualism. Hard times have here done excellent service, and separate interests, wrongly understood, now seem to be about to give way to the general interests of this fine and yet difficult industry.

The work has only just begun, but the new super-holding with its financial and administrative means, is in a position to carry it out. The unity of action between the leaders of the watchmaking trade and the public authorities is already making itself felt. This first result, on which enough stress has not, as yet, been laid, seems to us to be a good and important omen.

An immediate consequence is that speculators on the fall are roused: Numerous foreign dealers had entirely given up their purchases for the last eight or ten months, hoping that the efforts at reorganisation would be doomed to failure and that a new panic would give them favourable opportunities. They are now forced to buy at the present rates, for fear of having to pay higher prices still in a few months' time. It is therefore to be hoped that fresh orders will bring about fresh activity in the whole of the watchmaking trade during the autumn.

During the last six months statistics have shown a monthly increase in the sale of watches, excepting July, during which month conditions remained normal. This month is always unfavourable, the factories being partially closed in summer. Exports in the first half of 1931 amounted to 3.8 million pieces and to 64 million francs, a situation about equal to that of 1923. We are, however, justified in expecting better sales in the autumn, partly on account of the season, and partly as the result of the steps concerning prices about to be taken by leaders in the watchmaking trade. The news from the different centres of this industry, though not brilliant, is reassuring; if conditions in Europe do not grow worse,—if Germany and Great Britain regain their economic balance—we may be sure that better prospects are in store for our watchmaking trade, not, in all probability, perfect recovery, but marked improvement.

Swiss Industry and Trade. J.D.F.

A PRACTICAL NOVELTY.

On entering from one time zone into another one, for instance from Switzerland with Middle European Time to France with Greenwich Time, we have to adjust our watch. This may not matter much for some travellers, but for those with high grade quality watches, who are anxious to have always the exact time, it is rather annoying to have to adjust their watches on entering from one time zone to another one, because it is not always possible to get the exact time.

For 8 days watches for motor-cars and especially for aeroplanes this novelty is of great importance. It happens very often that the leader of an aeroplane is crossing several time zones daily and for this purpose the new dial with the 3 European Times brought on the market by the firm Emineo Ltd. Watch Manufacturing Company of Bienne means a practical and suitable novelty. This dial shows 3 European Times at the same time, without making any adjustment of the watch. The Swissair Company will make practical trials with one of these watches; they have found our idea a very good one.

Swiss Industry and Trade.

THE FINANCIAL SITUATION.

The news of the London decision arrived in Switzerland a few days after the close of the Swiss Bankers' Conference in Lausanne, at which the state of the nation's economy was investigated and, as might be expected at such a time, deplored.

Banking is one of the major Swiss industries. The comparatively small proportion of purely national business to the total turnover makes the banks extraordinarily sensitive to disturbances in neighbouring countries and has forced them in the last few months to maintain a preposterously high level of liquidity. This, in turn, has brought a serious decline in profits which, coupled with the effects of the German "standstill," has affected the nerves of the stockholders.

Commitments in foreign countries, especially Germany, form an unduly high proportion of the total assets of the Swiss banks, and, in consequence, there has been a steady decline in bank shares over the last week, following the serious difficulties in which several French-Swiss institutions had become involved. This is reflected in a substantial shrinkage of deposits. Some of this money has found its way into Cantonal banks which are State guaranteed, but the increase in net circulation proves that much of it is being hoarded both at home and abroad, and is not likely to be returned to the banks even if there is a rise in money rates. There are indications that rates are rising slightly already, not the least important of these rises being that in the rate of the recent Federal Conversion loan which, in spite of criticism, it was necessary to fix finally at four per cent.

The effect of the English suspension of convertibility has been to accentuate all these tendencies. In spite of recent selling, when the announcement from London was made, Swiss interests were still in possession of fairly large sterling balances. The abnormally high figure of 675,000,000 francs Swiss bankers' balances at the Central bank is believed to be the result of sterling withdrawals, and to prove that the major portion of sterling balances had already been withdrawn. The Swiss National Bank reserve and ratio are not believed to be materially affected by its sterling balances, but the aggregate volume of the Swiss National Bank's resources to that of Swiss commitments abroad in the event of difficulties is small. A source of anxiety exists in the belief that a considerable proportion of Central European commercial paper in Swiss portfolios is in sterling denominations.

The principal strain will no doubt be felt in a decline of exports, both visible and invisible. Not less than 20 per cent. of Swiss exports of goods are taken by the United Kingdom, and the British contribution to the revenue from tourists is estimated to be as much as 35 per cent. of the total.

The most striking feature of the Swiss reception of the news is the dumbfounded attitude which it has induced. Many bankers can hardly bring themselves to believe that it has really happened or that it can last for more than a day or two. There is talk everywhere that "something must be done"; "a credit must be arranged"; "Switzerland is ready to do its part"; but hardly anywhere a realisation that a new chapter—and probably a long one—has begun in the economic history of the world.

Economist.

PERSONAL.

We wish to extend our sincere sympathy to Mr. G. Wüthrich, Manager of the Oerlikon Ltd. whose mother died in Berne at the age of 78.

We take our hat off, to: M. Alfred Schmid, Proprietor of the Glendower Hotel, a prominent member of the Swiss Colony and one of the crack shots of the Swiss Rifle Association, who, in taking part, during his holiday a few weeks ago, in a shooting competition at Merligen, (Ct. Berne) won a laurel wreath.

SUBSCRIPTIONS RECEIVED.

(The figure in parentheses denotes the number of the issue in which the subscription expires.)

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TO BE CONTINUED.

CITY SWISS CLUB.

PLEASE RESERVE
FRIDAY, NOVEMBER 20th

for the
ANNUAL BANQUET AND BALL,
at the
May Fair Hotel, Berkeley Square, W.1.

NEWS FROM THE COLONY.

EXTRAORDINARY MEETING OF THE "SICK SOCIETY SCHWEIZERBUND."

The oldest Society of the Colony in London held a meeting on Saturday, September the 19th, 1931, to perform one of its pleasantest duties. It is well known that the founder of the Society, Mr. C. Gentsch, has been President for the last 50 years and has resigned from his position at the General Meeting held in January last.

The newly elected President, Mr. H. Humbel, opened the Meeting at 9 p.m. at the "Schweizerbund" Swiss Club, 74, Charlotte Street, W. 1, in the presence of 12 members and 2 delegates of the "Schweizerbund."

After giving Mr. C. Gentsch a farewell speech and wishing him the best of luck for the future, a present was handed to him in the form of a Gold Watch from the members of the Sick Society and the Swiss Club "Schweizerbund."

Mr. W. Wetter, Secretary, and at the same time one of the oldest members of the Society, also gave him a few words of thanks for all the hours spent and the hard work done for both Societies.

Mr. C. Gentsch thanked the members of the Sick Society and those of the Schweizerbund for the splendid Gift. A very interesting moment followed when Mr. Gentsch outlined to the members the history and foundation of the Society.

A few hearty Swiss Songs brought this memorable gathering to an end.

H.H.

STUDIENREISE NACH LONDON.

The Swiss Mercantile Society Ltd. will act as host on Monday, October 5th, to a party of 60 Members of the Schweizerische Gewerbe Verein, who are on a visit to London.

A reception will be held at "Swiss House," 34/35, Fitzroy Square, W.1, at 8 o'clock p.m. After an address given by Monsieur Paravicini, the Swiss Minister, the gathering will then adjourn to the Swiss Club in Charlotte Street, where members of other Swiss Societies will have an opportunity to meet the visitors.

A "PICNIC" BY CAR.

The second "Picnic" by car, arranged by members of the City Swiss Club took place last Sunday.

The "Picnic" was held in Ashridge Park, and later on the company met at Whipsnade Zoo, where tea was taken.

A small but happy "convoy" left Whipsnade at about 6 o'clock p.m. in the direction of Enfield, where the participants were the guests of the popular Secretary of the C.S.C.

After a very nice supper, the company adjourned to the "Green Hall," Picture Theatre, where the film, which was taken at the previous picnic, was shown. Same caused great amusement.

This outing proved to be again a huge success, and it is hoped that these excursions will be continued during next year's summer season.

AUCTION BRIDGE.

We hear that the City Swiss Club is arranging a Bridge Competition amongst its members this winter. Particulars will be available at the next Monthly Meeting (October 6th.).

SWISS Y.M.C.A.

We warmly recommend to our readers a lecture, which will be held tomorrow, Saturday at 5 o'clock at the "Foyer Suisse," 15, Upper Bedford Place, W.C.1, by Professor F. Kiss, Professor of Anatomy at the University of Szeged, (Hungary) on: "Wissenschaft und Offenbarung."

Entrance free.

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