

Is - Switzerland so lucky?

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IS — SWITZERLAND SO LUCKY?

By The Editor of "ANSWERS."

Lucky Switzerland! With her prosperous cities still teeming with high-powered cars and beautifully dressed women. With the highest standard of living in all Europe. Still on the Gold Standard. With no unemployed at all until 1930.

The land where a railway guard with a wife and two children is still earning over £5 a week in these hard times, and where the lowest paid labourer receives 7s. 6d. a day! Surely this happy Switzerland basking in the warm sunshine had nothing to worry about?

Afraid of the Future.

So I thought as I walked down the main street of Zurich. With eyes attuned by now to detect signs of depression I walked through the city, one of the busiest in Switzerland.

It was, so far as I could see, still as busy as when I had seen it last in 1929. The same tidiness and new paint. The same purposeful look upon every face that passed me. No beggars. No unemployed lounging at the street corners. Switzerland, I thought, must be the one land where the word "slump" is unknown.

But I was wrong. When I looked beneath the surface I found another picture — a picture of coming trouble. Switzerland is afraid. Afraid of the future, and afraid with good reason.

The prosperity of those busy cities, and the high wages paid to those workers, depend upon the profits from exports, tourists, and foreign loans — in that order.

Exports and Wages Down.

Exports have fallen by fifty per cent. in the last year. The hotels are half empty. And many of the nations which have borrowed money from Switzerland cannot pay interest on their loans while the slump lasts.

Unemployment, unknown until 1930, has grown steadily in the last two years. The Swiss watch industry has been all but killed by tariffs — at Geneva alone over 2,000 skilled watchmakers are workless.

Wages have already been cut fifteen per cent. in many trades, and more cuts are coming, including one of 7½ per cent. in the salaries of all State employees from July 1st next. And wage cuts are no joke in a nation which has the highest cost of living in all Europe!

Finally, Switzerland may still be on the Gold Standard, with the English visitor receiving only eighteen francs to the pound. But that it not an unmixed blessing for a nation a third of whose people live on visitors.

Hit by the Kreuger Smash.

Even the Swiss banks aren't having too happy a time. They were badly affected when Britain went off gold, and by the credits lent to Germany which they cannot recall until that country recovers. Worse still, they lost no less than 100,000,000 gold francs in the Kreuger smash.

Lucky Switzerland, did I say? After talking with some of her foremost employers and trades unionists — the men who are anxiously scanning the industrial sky for a break in the clouds — I realised that Switzerland is not so lucky after all.

The value of any wage depends not upon the actual cash received but on its purchasing power. And in Switzerland prices are high. So are rents.

The Swiss metal worker, earning 10s. a day, has to pay from 23s. to 25s. a week for three rooms. And food prices are in proportion. After making careful computations of relative costs, I would say that the English mechanic earning 7s. 6d. a day — twenty-five per cent. less — would be just as well off, if not a little richer. An important fact for British labour to remember!

One of the railway servants, who are the highest paid workers in Switzerland, showed me his household budget. He was paid 6,500 Swiss francs a year (or about £5 a week). Rent cost him 1,400 francs a year, and food for a family of four 3,000 francs, leaving a balance of 2,100 francs, or nearly a third of his total income, for clothing, holidays, incidentals, and savings. This man, out of his wage, was saving 10s. a week without stinting himself.

Now look at the other end of the scale. I visited the home of a labourer with a family of three. He earned 215 francs a month for an eight-hour day (about £9 in English money at normal rate of exchange). Out of that 215 francs he paid 75 francs rent for two rooms. Food cost 150 francs a month.

Add those two items together and you will find that, without putting aside anything for papers, postages, tobacco, clothing, or anything else, that home is already ten francs short each month.

How do they manage? The answer is that there are always ways of making "a bit extra" in a prosperous city. Most of these casual

labourer's wives work at least part of the day, and their earnings are good. There are crèches for the children. And in winter, if there is any widespread distress, the municipalities arrange for supplies of food to be sold cheap to those in need.

How the Labourers Live.

In this labourer's house I secured the menu for the day I visited the family. Here it is:

Morning — Bread and coffee.

Dinner (at noon). — Soup, vegetables, fruit. (meat at this meal three times a week).

Supper. — Soup, bread, cheese or sausage (sausages costing 2d. each), coffee.

There is no distress in Switzerland — yet. It is one of the few countries in Europe whose unemployment insurance fund has still a credit balance. But the spectre of the workless is creeping over the land. Out of 1,500,000 workers there are to-day over 60,000 totally unemployed, the trades most depressed being machinery, silk, embroidery, watches, and chocolate—all big export industries.

At the Central Labour Office at Geneva I stood in the queue with the 5,000 workless of that city. They were getting their unemployment cards stamped by the officials as authority to draw their benefit at the end of the week.

In Switzerland a workless man receives as benefit for the first three months of unemployment half his former wage, if a single man, and sixty per cent. if married. After that period, if still unemployed, he passes into the "second category" and draws relief reduced by half for a further six months.

Until this year, no one in Switzerland has imagined what would happen to a man unemployed for longer than nine months in all. Now, for the first time, that problem must be faced, and an arrangement will probably be made for the "second category" payments to continue for a further six months, subject to a means test.

A special rate of relief has been instituted for workless employees in the watchmaking and jewellery trades, under which an unemployed watchmaker with a wife and one child receives a "dole" amounting to 5s. a day, and a single man 3s. 3d. a day.

Workless — But Still Smiling.

Just as the Swiss railway workers are among the aristocrats of labour in Europe, so those Geneva unemployed among whom I stood that morning may be described as the aristocrats of the workless millions. While waiting their turn at the counter they chatter amicably together; they joked; they swapped yarns.

There was no sign of strain, no despondency. Their clothes were good, they still held their heads high. Unemployment was a new experience to most of them; they had not yet had time to feel the strain which comes when the workless weeks grow into months and years.

Most of them had been employed in manufacturing goods for export. The high consuming power of the Swiss people, due to high money wages, has maintained home trade at a high level.

But those high wages depend upon high exports and a flourishing tourist business. And when I began to ask questions about Switzerland's export trade a very different picture emerged.

Watch Factories Closed Down.

One-fifth of the entire population depend upon that export trade for their livelihood. And Swiss exports were cut in half during the twelve months to May 1932. No wonder that one of the largest manufacturers of machinery in the country described this state of affairs as the "worst trade crisis in Swiss history."

Tariffs are at the bottom of Switzerland's troubles. First the United States increased the duties on Swiss clocks and watches. Then Britain stopped buying.

Other nations were too poor to buy, and so practically all the watch and clock factories at Geneva and elsewhere are either closed down completely or working short time with skeleton staffs. More surely than any other industry of which I heard during my journey, this Swiss industry has been ruined by trade barriers.

Conditions in the important machinery industry are not much better. Production is down by forty per cent. One worker in every four is out of work, and more than half the rest are working short time, which means less than forty hours a week.

"All in the Same Boat."

I spent some time at the Ateliers de Secheron works at Geneva, which constructs electrical locomotives, mainly for export. To-day there are few orders except from France. Nearly half the workers have been discharged, and the rest had their wages cut 2s. in the pound on May 20th, from 1s. 3½d. to 1s. 2d. per hour.

Accompanied by the managing director of the firm I went through the workshops. Some were nearly empty — in one large machine department three men were working where twelve months ago there had been thirty. Yet in many countries the electrification of railways is being discussed, and

this firm makes electric locomotives equal to any in the world.

Here, as in Germany, I saw how Russian orders are helping Europe during a black time. One of the few jobs on hand that day was the making of the largest Diesel engine ever built in Switzerland, containing 1,650 horse-power in one engine. It was destined for the Caucasus.

The lowest paid workers in this factory were women employed in the winding department, their wage working out at 11d. an hour.

That employer was obviously upon excellent terms with his workpeople. During my tour of the plant he raised his hat to every worker as we passed, and they all greeted him in the same way, and with cheery smiles.

"We are all in the same boat," he said sadly. "Our men understand that trade is not what it was. But if trade does not improve soon—"

It is a serious problem for Switzerland, more serious than for most countries, because that highest cost of living in all Europe stands in the way of sweeping wage reductions.

But, my readers may well ask, why are rents and the cost of food so high? At a time when food the world over is selling at record low prices.

The answer is — tariffs. It is the considered policy of the Swiss Government to maintain the peasants who form one-third of the population in prosperous conditions as a "balance" to the growth of industry.

If foreign foodstuffs were allowed to enter Switzerland free, then the Swiss farmers would be as poor as our British farmers. To prevent this the Government has not only placed prohibitive tariffs upon foodstuffs entering Switzerland, but pays a subsidy to the farmers — a subsidy which costs the Swiss state more than unemployment does.

The Peasants Come First.

Thus arises the amazing fact that in Switzerland, which exports huge quantities of milk, butter, and cheese, the price of these foods in the cities is the highest in all Europe!

The same with bread. The Government has for some years guaranteed the farmers a price for wheat double that of Canadian or Rumanian grain of the same quality. And the Swiss people foot the bill in high food prices.

One-eighth of all the butter, cheese, condensed milk, and other dairy products of Switzerland is exported, and sold at the ruling world prices. But the peasants receive, in addition to that price, a financial grant from the Government to make up their profits to an agreed figure.

With the deepening depression, and unemployment growing, I found both employers and trade union leaders frankly critical of this policy of sacrificing the industrial workers to the peasants.

That is a question for Switzerland. To-day that country is at least fortunate in one respect — the slump reached her two years after it swept across our shores. Even to-day the majority of her workers are still prosperous. Privation seems a long way off as one watches them swimming and sailing in the lakes at week-ends.

Sheltered from the Slump.

As for that third of Switzerland which consists of peasants, they see difficulties ahead in disposing of that portion of their butter and cheese output which they must export. But they were the only class that I met on the whole of my journey who, up to now, are not one halfpenny per year poorer on account of the greatest trade crisis in history. Tariff walls, guaranteed prices, and a benevolent Government had wrapped them in cottonwool so thick that the slump hasn't reached them.

What will happen if the slump gets worse and industrial wages have to be cut further is another story. Either food prices will have to come down, especially for bread, or consumption will fall. Either way the peasants will be losers.

More important for Switzerland is the future of her export trade, and, second only to that, her tourist industry.

Living on Capital?

Meanwhile, Switzerland is still maintaining the old high standard of living. Where is the money coming from? Can a nation which has lost a third of its national income in a single year still pay the highest wages and support the highest standard of living in all Europe? Or is the prosperity of Switzerland being paid for out of capital?

It is a pretty problem. To cut wages is to reduce purchasing power. Yet, as we know full well in Britain, there comes a time when the hard facts drive one to choose between reducing costs or risking national bankruptcy.

I am not surprised that the Swiss are anxious about the future. It will be hard to face poverty after living so comfortably for so long.