

The Swiss banks

Objekttyp: **Group**

Zeitschrift: **The Swiss observer : the journal of the Federation of Swiss Societies in the UK**

Band (Jahr): - **(1931)**

Heft 516

PDF erstellt am: **10.05.2024**

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"I have enjoyed myself at times," he said "in going from end to end of a long corridor train, putting my head in a compartment here and there, and asking if there is any gentleman who can tell me how many square yards there are to the acre. Once now and again I find an unfortunate man who knows. Almost invariably he is a schoolmaster. Poor fellow, he has got to know! Everybody else has forgotten the whole of the weights and measures except the little bit they use in their own business." Sixty per cent., he said, of the exports of this country went to metric countries.

Dealing with supposed difficulties of introducing the system, Mr. Barton said in 1824 the gallon in England was altered 20 per cent., and it was found that in the most conservative country in the world they could alter the thing as long as they retained the name. Switzerland had adopted the decimal system piecemeal in the same way. It was said when the subject was before Parliament in 1907, that if it was adopted here practically all the machinery of the country would have to be destroyed; yet on the Continent they were using English machinery made by the inch measure. Where did the politicians get these fantastic ideas? The system could be adopted by camouflage, or they could do it if they had a Mussolini or Stalin, with the boot. But there was a favourite method in this country for which the most appropriate name was the "lobster method." A man in America started a society for the prevention of cruelty to lobsters, because he was convinced that to plunge a lobster in boiling water was very cruel, but if it was put in cold water and heated gradually the lobster never knew the exact moment it was boiling. (Laughter.) That was the favourite principle in this country. (Laughter.) In Wiltaker's Almanac in 1824 there was not a single athletic record in anything but British measures. In 1931 two-thirds of the events were in the metric system, and they would hear small boys in the street talking about radio in metres. The lobster was beginning to boil. (Laughter.) For 250 years after its adoption on the Continent this country refused to accept the Gregorian Calendar. The question was whether they were to continue to be lobsters for another 250 years, or make the change now and get the advantage. (Applause.)

Mr. F. E. Nutt, in proposing a vote of thanks, humorously remarked that the banks carried out the customers' bank charges on the decimal system, which was no doubt why customers were surprised to find them so small. (Laughter.)

Concerning the very last paragraph in the above, I read "Bank charges" at first as "Bank Balances" and thought I had stumbled on the reason of my own *Very* small balance. There might be something of the kind, all the same and I am enquiring, or will enquire as soon as I have paid off my overdraft (swank! as if you could get one. Editor) and feel sufficiently courageous to approach the Bank Manager personally.—By the way, has it struck you how polite we are to Bank Managers when things are not quite so good in the City? Why, I even let one of them beat me at Golf the other day!

However, we will not discuss Finances to-day. The Budget is not public yet, I do not know what is in store for us and I do not want to refer to it at all, because by the time you read these lines, you will probably have to pay more for your tobacco and your other stimuli and feel generally not on the best of terms with finance.

THE SWISS BANKS.

In recent years Switzerland has experienced a great influx of foreign capital. She has been treated as offering a home of refuge for savings belonging to the citizens of other nations. To some extent this movement of capital is merely the continuation of a practice which began during the war, when Switzerland enjoyed the two-fold advantage of neutrality and of continued adherence to the gold standard. It has since been reinforced by distrust of other currencies due to inflation, or fear of inflation, and by the desire to evade taxation. In Switzerland the income-tax is only 3 per cent., and there are no death duties on the estates of foreigners. The counterpart of the capital influx can be seen in the Swiss banking statistics. Between August, 1930, and August, 1931, the gold holding of the Swiss National Bank has risen from 628 million francs to 1,189 millions, or roughly, £22 millions. In the same period the deposits of the National Bank have increased from 234 million francs to 678 millions. During the calendar year 1930 the combined deposits of the seven leading commercial banks of Switzerland grew by 358 million francs.

During a time of general uncertainty in the world of finance, suspicions are easily generated, and it seems to have occurred to some people to wonder whether the funds that have been placed in Switzerland are really safe. Such doubts might be classified under two heads. The first relates to the soundness of any particular bank. The

second raises the question of the liquidity of the Swiss banking system generally. They might be inspired by various reasonings. The access of resources may have led the banks to seek some profitable use for them. They may have been advanced to Swiss industry. The world depression has not passed Switzerland by, and her industries have naturally suffered. During the first six months of this year her exports fell by 34 per cent., while imports declined by only 13 per cent. Invisibles exports in the shape of the tourist traffic, commonly expected to make good not less than a fifth of the adverse balance of visible trade, have been much below normal. How far, then, are bank advances frozen in consequence of the depression? Again, how far has the German crisis reacted upon the Swiss banks? It has been estimated that Swiss funds invested in Germany amounted, before the crisis, to a milliard marks. What is their present value, and how far have they been immobilised? Account has also to be taken of the German funds formerly held in Switzerland. Has the attempt to realise them been an important contributory factor in causing the decline in security prices on the Swiss stock market? Finally, it might be imagined that the increase in the gold holding and in bank deposits may cause an inflation of the Swiss currency which would undermine her banking position.

In mentioning these several lines of possible argument there is no intention of suggesting that they are valid. On the contrary, it would seem that a survey of the Swiss banking position ought to dispel doubt rather than give it support. In the first place, the figures that have been quoted show that Swiss bank deposits have not been increased so largely as is often supposed. In particular, the amount of the German deposits is said to have been considerably overestimated. A recent Swiss estimate places them at between two to three hundred million marks. Most of the foreign capital placed in Switzerland has been re-invested in securities, largely dollar and sterling. Naturally, the banks are interested in maintaining the level of security values, and in so far as forced selling of internal securities dealt in on the Swiss market might easily create difficulty, it is not improbable that, as reported, a consortium of banks is taking measures to support prices. As regards inflation, there is no evidence to show that it has occurred. The Swiss price-index has kept remarkably close to that of other countries, and has followed for some time almost precisely the same course as that of Sweden. But the strongest argument against any general distrust of the Swiss banking position is to be found in the remarkable strength and liquidity of the Central Bank. The proportion of its gold holding to its note circulation is nearly 100 per cent. The proportion of gold and devisen together is 140 per cent. In a word, the conclusion to be drawn is that, while the world depression and the recent financial crises have created difficulties for Swiss commercial banks, as for banks elsewhere, the general banking situation in Switzerland is one of great strength and liquidity.

Financial Times.

AT THE LEGATION.

The numerous friends of Dr. Cl. Rezzonico, First Secretary of Legation, in charge of commercial affairs, will learn with regret that he has been appointed to a similar position at the Legation in Rome. His place will be taken by Dr. Rüfenacht from the political department in Berne.

Dr. Isler, who previous to his present appointment as Swiss Consul General in Shanghai, was for some years a colleague of the Swiss Minister in London, has been granted leave of absence on account of illness.

TO OUR READERS.

The holiday season coming shortly to an end, we intend publishing a few articles giving the experiences of some of our readers who spent their holiday either here or abroad. We therefore invite any of our subscribers, especially those who were lucky enough to visit the "old country," to send us an account of their experiences. The articles can be written in English, French, Italian or German.

A "PICNIC" BY CAR.

On account of the date, which was fixed for the "Picnic" by car, by members of the City Swiss Club, coinciding with the "Jeune Federal, Eidgenössischer Betsag" it has been decided to postpone this outing to Sunday September 27th. A further announcement will appear in a subsequent number.

ERRATA.

Referring to our Obituary note in the last number of the Swiss Observer, we regret that owing to a misunderstanding M. Otto Grossholzer was reported to have been accidentally killed; it should have read that M. Hermann Elmiger was killed, and we tender herewith our apology to Mr. Grossholzer for this unfortunate mistake.

DOCTOR HANS KLOETZLI †

Editor in Chief
of the *Neue Zürcher Zeitung*.

We deeply regret to inform our readers of the death of Dr. Hans Kloetzli, Editor in Chief of the "*Neue Zürcher Zeitung*" which occurred last Sunday at Zurich.

The deceased has on numerous occasions shown a great interest in our paper, and on our 10th birthday anniversary, which we celebrated last year, he sent us the following encouraging message:

An die Leitung des Swiss Observer.

Sehr geehrte Herren,—Die "Neue Zürcher Zeitung" hat von Anfang an dem offiziellen Organ der Schweizer Kolonie in Grossbritannien ihr lebhaftestes Interesse entgegengebracht und nimmt heute an der freudigen Feier des zehnjährigen Bestandes des Swiss Observer einen ebenso lebhaften und sympathischen Anteil. Wir sind überzeugt, dass der Swiss Observer die geistigen Bande zwischen den Schweizern, die auf dem britischen Inselreich eine zweite Heimat gefunden haben, und der alten Heimat immer enger knüpfen und die Anhänglichkeit unserer Mitbürger in der Ferne an das gemeinsame Vaterland stärken und fördern wird.

Mit vaterländischem Gruss!

*Neue Zürcher Zeitung Chefredaktion,
Dr. H. KLOETZLI.*

The writer had the good fortune to meet Dr. Kloetzli only last year, quite accidentally at a social function in Zurich, where he could convince himself with what great interest he followed the efforts of the various Swiss papers abroad, and what a sympathetic understanding he showed for the manifold difficulties under which these undertakings carry on their not always easy task.

Hans Kloetzli was born in 1891 at Burgdorf, and was the youngest son of a numerous family. He visited the schools of his native town, and in 1910 matriculated at the University in Berne where he studied History and Languages, and where he finished his studies in 1918 taking his doctor's degree.

Before he finally decided to take the career of a Journalist he spent a few "Semesters" at the University in Florence, and at the Sorbonne in Paris, at which latter place he followed the lectures of Professor Aulard.

He started in his profession with the "*Burgdorfer Tagblatt*" writing several leaders which, through their masterful handling of the subject and their youthful enthusiasm created a great impression in journalistic circles. In 1919 he joined the Editorial Staff of the "*Neue Zürcher Zeitung*," one of the leading papers in German speaking Switzerland, and perhaps the most widely read Swiss paper abroad. His "*Ressort*" was foreign affairs, an office to which he was ideally fitted, as the splendidly written articles about the League of Nations Sessions proved. We can not do better than to quote a few lines which appeared in one of the obituary notices about his splendid work in Geneva:

"Er huldigte nicht einem schwärmerischen Pazifismus. Er blieb auf dem Boden der Realitäten; aber diese realistische Politik durchwob er mit warmen Sympathien und durchtränkte sie mit der eisenfesten Hoffnung auf eine schliessliche Ordnung der Dinge, aufgebaut auf mählig wieder stärker werdendem internationalem Recht und Rechtsgefühl."

In 1930 the post of Editor in chief became vacant, on account of the former occupant, Dr. A. Meyer becoming a Federal Councillor, and Dr. Kloetzli was appointed to this responsible position which alas came to such an untimely end.

A splendid career has been cut short, and not only the profession, of which he was in the real sense of the word a shining light, but also our country has become poorer through the passing away of this lovable young man, and we tender our great contemporary as well as to his family our most sincere sympathy in their great loss.

ST.

DIE BLAUE ROSE.

VON MAX GEILINGER.

Der Tageslärm, der uns verendende,
Ebbt selbst zur Erde und verkrümelt sacht.
Geheimnisvoll wie alles werdende
Blüht eine blaue Rose auf, die Nacht.
Genährt von tausend Tränen, tausend Lächeln,
Rankt sie vom Himmelrande himmelwärts.
Schon steigen Sterne falterhaft und fächeln.
Dir wird, die Rose ranke dir im Herz.
Denn wir sind voll von Sonnenuntergängen,
Randvoll von Trümmern grossen Lichts, von
Sternen.
O kühle Nacht, du rankst an Traumgesängen.
O kühle Nacht, du rankst an Traumgesängen,
Wie wohl ein Mensch an seinen Träumen reift,
Bis ihre Blüten sich zu Tränen kernen.