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HOME NEWS

The two Houses of the Swiss Parliament assembled last Monday for the 28th legislative period. The present is a short session, terminating on Dec. 23rd. Both Houses promoted their former Vice-president to the chair of President: the National Council is now presided over by Dr. H. Walther (Lucerne) and the States Council by Dr. Wettstein (Liberal, Zurich).

* * *

The voting on the "Kursaal" initiative (which demands a modification in our Constitution with a view of allowing in a restricted form the fashionable hazard games at hotels and casinos) took place over the last week-end and resulted in a small majority of about 20,000 in favour of the re-introduction. The figures for and against recorded in the different cantons are given in the following list, those of the 7½ rejecting cantons being printed in italics:

Canton	Yes	No
Zurich	51790	48020
Berne	44873	33085
Lucerne	16750	1922
Uri	1090	602
Schwyz	3355	1443
Obwalden	1250	370
Nidwalden	1063	249
Glarus	2304	2917
Zug	2276	476
Freiburg	4558	8767
Solothurn	10594	4090
Basel-Stadt	5968	7268
Baselland	6229	6634
Schaffhausen	5019	4933
Appenzell A.-Rh.	3475	4810
Appenzell I.-Rh.	1060	571
St. Gall	22183	28037
Graubünden	8173	6531
Aargau	26481	25494
Thurgau	11992	12249
Tessin	8673	2532
Vaud	30946	44153
Valais	9882	5860
Neuchâtel	3174	10998
Geneva	8412	8292
Total	291495	270286

Generally speaking, the proposal has not evoked very great interest, only about 52% of the electors recording their opinion. Geneva, perhaps, was in the forefront of the controversy where the leading Press staunchly insisted on a rejection, but the city of Calvin prefers the gaming tables, though the majority is only about 800 against about 4,000 in 1920. A surprise is afforded by the result in the canton Vaud, which turned a complete *volte face*; in 1920 a majority of 4,000 voted for the gaming tables, now a majority of 13,000 has turned them down. Though the churches—especially the Protestant—used their influence against the proposal there is little evidence that the people have followed their advice. Neuchâtel, the two Basles, St. Gall, Thurgau and Glaris have rejected but the Catholic inner cantons, which, after all, are scarcely affected one way or the other, have expressed a decided liking for gambling. Lucerne, Grisons, Berne and Zurich, which, apart from Geneva and Vaud, derive considerable benefit from the re-introduction of the gaming tables, have all accepted.

* * *

In the elections for the Grosse Stadtrat in Bienne, which consists of no less than 60 councillors, the Socialists captured three further seats at the expense of the Liberals and have thus increased their strength from 31 to 34.

* * *

A lawsuit for defamation of character arising out of the Press campaign during the recent general election was decided against the plaintiff, the Radical National Councillor Zgraggen, who sued his political opponent, the National Councillor Schneider, and the *Arbeiterzeitung*, edited by the latter, for damages.

* * *

It has now been definitely decided that the next Council meeting of the League of Nations—a week hence—will take place at Lugano. Climatic conditions at Geneva during the winter months would, it is stated, make the attendance of Sir Austen Chamberlain doubtful; the same consideration applies to the French and German delegates.

Slight landslides and cracks in the formation of the western slope of the Kilchenstock, in the Linthal (Glaris) district having become apparent, an official observation service has been instituted; it is stated, however, that the village is in no danger at present.

NOTES AND GLEANINGS.

A very instructive survey dealing with the characteristics and development of the principal banking institutions in Switzerland is published in *The Statist* (Nov. 17th). We reproduce that part dealing with the

Swiss National Bank.

It will be gathered that in the 20 years of its activity it has returned in dividends to the shareholders practically the whole of the paid-up capital of 25 million francs, whilst the Confederation and cantons have received about 80 million francs in surplus profits.

This institution, which functions as the central bank in Switzerland, was organised under Federal Law on October 6th, 1905, and commenced operations on June 20th, 1907. It has a monopoly of the note issue in Switzerland, its notes carrying full legal tender. This privilege, at present, extends until June 20, 1937, under Federal Law of June 19th, 1925. The legal metallic cover against the note issue at present consists of legal tender coin, gold bullion, foreign gold coin and silver crowns (5-franc pieces with full legal tender) of the other countries in the now defunct Latin Monetary Union. These latter are taken in at their bullion value. At present the Bank pays out Swiss gold coin on demand, though it is not legally obliged to do so. In addition to managing the currency, the Bank regulates the money and Exchange markets and exerts, together with the Finance Ministry, a certain surveillance on the export of capital. The success attained in the performance of these duties is conspicuously attested by the rapidity with which the Swiss currency was brought back to gold parity in the midst of the violent currency inflation of the post-war period on the Continent. The Swiss Federal Council appoints the President and Vice-President of the Bank and appoints, in all, 25 out of the 40 members of the Conseil de banque, the remaining 15 members being elected by the shareholders.

In recent years the Bank has had much difficulty in connection with the gravitation to Switzerland, during the post-war years of inflation, of the silver crown pieces minted by the countries of the Latin Monetary Union—France, Italy, Belgium and Greece, besides Switzerland. (The Latin Monetary Union, which was formed in 1865, was denounced by Belgium in 1925 and finally dissolved in 1926.) Under this monetary convention the silver 5-franc coins, carrying full legal tender, of the different nationalities, were given reciprocal legal tender, but the Swiss Government, owing to the depreciation of the currencies of other countries in the Union, had to declare their crown pieces to be non-legal tender in Switzerland. At the same time, the Banque Nationale Suisse was forbidden to hold such pieces as cover for the note issue except at the market value of their silver content, the margin between the nominal and the market value of the coins to constitute a credit for the State. The permission to hold these coins as cover for the note issue was to expire at the end of 1923, but under a convention signed in Paris on December 9, 1921, France, Italy and Belgium undertook to repatriate their crowns over a period of five years, commencing with January 15, 1927, subject to deduction of an amount of Frs.59,400,000, which is to be reminted into Swiss coins. On representations by the Banque Nationale Suisse the Swiss Federal Council then modified its previous decrees in order to extend the permission previously accorded to the institution to hold foreign crowns, valued at their silver content, beyond the end of 1923, the portion of such cover, however, not to exceed a fifth of the total metallic reserve. The law of September 27, 1923 (under which the above ruling was made), also allowed the Bank to hold Swiss crowns in the metallic reserve at their nominal value instead of at their silver content. A new convention between the Confederation and the Bank was ratified by the Federal Council on November 23, 1923, under which the Confederation engaged to take from the Bank on January 1, 1924, foreign 5-franc pieces at their nominal value up to a maximum of Frs. 59,400,000 (the amount which is to be transformed into Swiss coins). As in the previous convention also, the Confederation bound itself to hand over to the Bank non-interest bearing Treasury bonds for the balance of the foreign crowns remaining in its hands (Frs. 156,000,000) in so far as these cannot be included as cover for the note issue—*i.e.*, at that time to the amount of Frs. 78,000,000, or 50 per cent. According as the foreign States repatriate their crowns the Confederation is to hand over to the Bank the value received from them in exchange therefor. The amount of the non-interest bonds held in the portfolio of the National Bank on December 31st last was Frs. 71,706,000.

In addition to the silver crowns, the gold coins of the former Latin Union countries have been introduced into Switzerland in large quantities. This movement has been an unwelcome one for the Bank, as the coins were more or less worn. The coins could not be re-exported to the countries where they were minted, since it was the depreciation of the currencies concerned that had led to the export of the gold coins to Switzerland. The coins could not, on the other hand, be reissued in Switzerland, and the National Bank was, therefore, called upon to bear the cost of the loss in weight of the foreign coins, plus the cost of reminting the gold, if Swiss coins were desired by the tenderers of foreign coins. In February, 1927, foreign gold coins of the Latin Union were deprived of their legal tender attribute, and in consequence Frs. 111·3 million were brought to the National Bank. The public was given from February 8 to the end of March in order to exchange these coins at par; thereafter holders of foreign gold coins were only given 99 per cent. of the nominal value of their holdings. Of the total of Frs. 111·3 million brought to the Bank, Frs. 53 million was credited to the accounts of the holders, Frs. 26·5 million was exchanged for Bank notes, and as regards the remaining Frs. 31·8 million the holders demanded Swiss gold coins. The loss sustained by the Bank in respect of short weight and reminting amounted to Frs. 438,000. while the Government shouldered a loss of Frs. 670,000.

At the date of the latest report the Bank was operating through the chief offices at Berne and Zurich, 7 branches and 15 agencies. The Bank does not discount bills or accept drafts unless payable at *places bancables* or *places auxiliaires*. There are 310 points in Switzerland appointed *places bancables* and 158 *places auxiliaires*. At the *places bancables* the Bank is represented by a branch, an agency (which is conducted by another bank) or by a correspondent.

The paid-up capital of the Bank is Frs. 25,000,000 and the reserve funds amount to Frs. 8,441,000. The capital is held by approximately 9,000 shareholders. The net profits are divisible as follows: (1) in adding to the reserve funds an amount not less than 10 per cent. of the net profit in each year and not exceeding 2 per cent. on paid-up capital; (2) in paying a dividend of 5 per cent. on the paid-up capital; (3) of the balance remaining, if any, 10 per cent. may be used in payment of an additional dividend not exceeding 1 per cent., and the remainder is to be handed over to the Federal Treasury for distribution between the Confederation and the Cantons. Since 1921 inclusive the maximum dividend of 6 per cent. has been paid in each year. The net profit last year was Frs. 6,753,000, an increase of Frs. 5,000 on the preceding year. A total of Frs. 500,000 was added to reserve, as in each of the preceding eleven years, and Frs. 4,753,000 was paid to the Federal Treasury. Since the Bank commenced business in 1907 it has paid a total of Frs .24,300,000 in dividends, and about Frs. 82 million to the Federal Treasury.

The proportion of the metallic cover has always been a high one, having varied between an annual average of 57 per cent. (1919) and 78:71 per cent. (1922). Last year's average was 65:06 per cent., following 66·96 per cent. in 1926. The Bank's official discount rate has never been higher than 6 per cent., which was only in operation during the crisis of 1914, for 38 days. Since October 22, 1925, it has been fixed at 3½ per cent.

Last year the Banque Nationale Suisse participated with other central banks in the opening of credits in connection with the stabilisation of the Polish zloty and of the Italian lira. In the case of the latter, the Bank was entrusted with the function of agent.

During 1927 the Bank was able to maintain its official discount rate at the comparatively low figure of 3½ per cent.—a feat that brought a considerable volume of new international financing