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EMERGENCY IN SWITZERLAND.*(The "Economist" 4.11.39.)*

The outbreak of the war found Switzerland ready to cope with all difficulties. The measures taken by the National Bank to prevent excitement and disorder on the financial market proved effective. As banking operations were not restricted there was no panic, and withdrawals, though higher than usual, were not exaggerated and were indeed more the consequence of economic necessity than of fear.

The position was very different at the beginning of September than in 1914. In 1939, exclusive of the special exchange fund, the Swiss national gold reserve amounted to 2,420 million francs, with another 288 millions in foreign currencies, that is, 2,707 millions against a banknote circulation of 2,066 millions. On October 7th the situation was about the same: the gold reserve was 2,697 million francs, and the banknote circulation had fallen to 2,043 millions. Switzerland has a gold reserve of nearly 2½ milliards of francs for a population of 4 millions, while the U.S.A., with a population of 130 millions, has a gold reserve of 70 milliards.

Such an enormous gold reserve might be a bait for some "ungilded" neighbours. The Swiss authorities have long ago been aware of that danger, and while about one-third of that gold has been kept in the country and hidden in secret vaults amid the mountains, the remainder has been deposited abroad in safe places, out of reach of would-be aggressors. At the same time as the army was mobilised and as part of the mobilisation plan, all gold and securities deposited in the private banks in the frontier districts were at once evacuated to the interior, mainly in the Alpine regions.

General mobilisation at first caused some havoc in trade and industry, principally owing to the sudden lack of labour. Now a number of workers have been temporarily demobilised and a number of unemployed absorbed. Things are progressively settling down in trade and industry, though conditions are far from being normal. The measures taken by the Government to prevent an undue rise in prices have proved satisfactory, though here and there some salesmen were heavily fined for having unduly raised their prices.

Foreign trade was deeply affected by the outbreak of war, as the September foreign trade returns show. During that month, imports were valued at roughly 98 million francs — a fall of 51 millions compared with August — and exports at 64 millions — 64 millions less than in August. The biggest drops were recorded in exports to Germany, Great Britain and France, while there was a rise in exports to the U.S.A., Spain and Russia.

Mobilisation resulted in a drop in the number of unemployed, which, owing to seasonal causes, is usually on the rise in September. At the end of the month there were 22,500 unemployed, a fall of 1,500 compared with August, and 13,900 compared with September 1938.

The issuing of ration cards for foodstuffs will begin at the end of October. November rations will be: 1,500 grammes of sugar per person per month (about three pounds); 250 grammes of rice; 750 grammes of macaroni; 250 grammes of dried vegetables (peas, beans, etc.), 750 grammes of barley and oatmeal, 2,500 grammes of flour, semolina and maize, and 750 grammes of oil and butter. At this rate existing stocks will last over one year. There will be no restriction for the present on the sale of bread, meat, potatoes, butter and cheese. The delivery of coal is not so far subjected to rationing, but it is somewhat reduced and subject to State authorisation. The provisional petrol measures taken a month ago will remain in force until more definite restrictions are set up. Meanwhile the price of petrol has risen from 1s. 8d. a gallon to 2s. 2d.; it will, it is said, rise to 2s. 7d. in November and to 3s. 3d. in December. The rise is partly due to increased transport rates, transport charges from Genoa by rail or from Marseilles being higher than by barge along the Rhine from Rotterdam to Basle.

SWITZERLAND DURING THE LAST WAR.*(Continued from the last issue.)*

Switzerland was, in fact, a manufacturer and exporter of war material, principally in the form of explosives. No doubt this traffic was not very noble and our pacifists were not alone in being ashamed of it. But it gave work to a large number during those years of unemployment. Our luxury industries, watch-making, embroidery, silk weaving, were cruelly affected by the war. There was no export market and the raw materials which were not produced at home could not be obtained abroad. The work of numerous factories was paralysed.

Innumerable Federal decrees were issued to control the food supply of the country, to restrict the consumption of meat and other essential foods, to reduce the use of coal and petrol, to curtail the train services, to compel the owners of the smallest gardens to sow wheat in their flower beds. Finally the State was intervening in all sorts of directions, either to secure the nation's food or to prevent any speculation in certain commodities. Thus, for example, a standard national shoe was instituted in order to regulate the price of leather. I cannot say definitely whether this Federal footwear was a success or not. One of our liveliest writers proclaimed that he would never submit

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to a decree the Government proposed to introduce, imposing restrictions on his diet. He forgot that the eggs indispensable to his mid-day omelette came to us from Italy who would only deliver them against the wood she needed to build military huts.

For even in Switzerland there was a body of opinion which badly misunderstood these economic dealings with the belligerents. This was natural in a happy people who had lived for a long time away from such anxieties and who could not accustom themselves to the dangers and uncertainties of this sort of existence.

The long period of peace, the regularity and stability of our relations with foreign countries, had not prepared us for the restrictions which were imposed on us. We found ourselves suddenly living in conditions more precarious than those of Germany and in rigid dependence on our four neighbours, who, for the merest trifle, would turn about, close their frontiers for weeks, and hold up the supply of indispensable products. The ruthless torpedoing of merchant shipping aggravated the position still further. Negotiations and agreements with different belligerents were often the cause of false and damaging interpretations in the other camp. Each in turn accused us of passing on to its enemy the produce exported to us. Switzerland and the other neutrals thus saw themselves being dragged into an economic war between the two groups of States as violent and passionate as the war of guns. The Government was thus constrained to base the economic life of the country on agreements with two warring groups in violation of the freedom of trade guaranteed by our constitution.

After long and painful negotiations with France, Britain and Italy, a Swiss purchasing body was formed which, up to the end of the war, took over the purchase of all imports from those countries. This

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body saw that the requirements of our industries were supplied and its activities were supervised by agents of the three Powers. It rendered great services, but could not put an end to our difficulties. Rationing imposed by the Government, meatless days, monopolies of all sorts, the raising of customs duties, postal rates and railway charges, various federal duties — all that had to follow.

When in Rome I discovered that in Italy, part of whose territory had been invaded by the enemy, living was on the whole easier than with us, and food was relatively abundant. For Italy possessed shipping, great ports and powerful allies.

Problems of Safeguarding Neutrality.

So much has been written on the subject of our neutrality that I felt reluctant to embark on it. If I have done so, it has been simply to recall the controversies it provoked and the commotion it caused in the public opinion of our country.

The term neutral applies in time of war to every country which does not take part. In 1914 Spain and Sweden were neutral just as the United States were. Neutrality can also be governed by treaty. That was the position of Belgium. Its neutrality was imposed by an international agreement.

There is a third form of neutrality which is historically and constitutionally ours. It was not imposed upon us. It is the principle of a traditional policy which the history of centuries has revealed as a condition necessary for the independence of our country, surrounded by powerful States and itself an amalgam of varied elements. This neutrality, to-day the basis of the Confederation's foreign policy, in the general interests of Europe, was solemnly recognised in 1815 by the Powers, while at the same time they guaranteed the perpetual inviolability of Swiss territory. The agreement was signed by Austria, France, Great Britain, Portugal, Prussia and Russia. Italy was to join the signatories a century later, before herself entering the World War.

"I undertake," says Switzerland, "not to ally myself with or against any of my neighbours; they on their side guarantee to respect my territory; I will defend it against all alike; he who violates it will have me for an enemy and in consequence an ally of his opponents."

But this principle does not solve the problem of neutrality completely. Recent history had taught us the worth of even the most solemn guarantees. To have her neutrality respected Switzerland must be able to count on her own strength, she must be always in a state of defence. And here, again, serious problems arise. It is very simple to say that Switzerland, with a war at her frontiers, will range herself against the first state that attempts to violate her territory. For she could be attacked simultaneously on two fronts. Should she fight on both? That would be a glorious suicide. It would be necessary then to take a side. Which?

Other possibilities may come to mind. M. de Planta, Swiss Minister, declared to an Italian journalist that an attempt to starve Switzerland would be a cause of war, which it would be our duty to take into account. That was so. The Confederation, sole judge of its own interests, might then decide that in certain cases an alliance is preferable to death by starvation.

Neutrality alone is therefore not sufficient to save us. The nation should understand very clearly what it wants and not imagine that neutrality guaranteed by all the treaties in the world meets every case.

Happily, thank God, none of these contingencies materialised during the course of the war. Switzerland was able to rely on her treaties, resolved to defend her territory and independence and ready in case of aggression, but in that case only, to ally herself with the adversary of her own aggressor.

For Switzerland, neutrality is also necessary for the sake of internal order. We are attached intellectually to one or other of our neighbours through our three different languages. The affinities which result are inevitable and divergent. The day our Government comes too close to one or other of these powers it risks provoking an internal crisis which would be fatal for the country. In the World War Switzerland should remain neutral as long as she was not herself threatened and to guard against this threat she mobilised to the last man.

But the sharp criticism which reached us from belligerents, the *faux pas* of a censorship sometimes unfortunate in its control of the Press were irritating and confusing. Compared with other neutrals we were nearer to the war. It surrounded our country on all its frontiers. And morally also we were nearer to the one or other of the belligerents whose language we spoke. Moreover, this war had begun with the violation of a little neutral country like Switzerland which stood between Germany and the road to Paris. Innumerable conferences were organised throughout the country not only by Swiss people, but also by excited belligerents at which the word neutral was used as a term of abuse. We were loaded with reproaches. M. Gustave Herve, editor of the "Victoire" in an article entitled "Neutral before Crime," accused the Swiss of practising the "neutrality of fear." M. William Cougnard replied to him from Geneva by recalling many occasions when France and the other liberal powers had allowed abominable political crimes to be committed without intervening and even without protest (the case of Denmark in 1864, of the Armenians and many others). France, wrote M. Cougnard, had not marched to the present war simply to honour her treaty with Russia. "The day will come, perhaps, when our existence will be at stake, then we will be no more cowardly than you." After all it is natural that belligerents should be annoyed with the neutrals. He who fights against a pitiless adversary, who risks all, his life, his possessions, how could he help feeling an aversion for those who look on? "Neutrals have nothing to say," wrote M. A. Suares in the "Opinion," "it is right that in the end the neutrals should be humiliated, that they should suffer. These neutrals have done more harm to justice than its attackers." And M. Paul Marguerite in the "Echo de Paris" set out different categories of neutrals; "neutrals by prudence, by selfishness, by greed, by calculation; there are also, he said, false neutrals who sell themselves to the highest bidder and stab their allies in the back." He forgot the neutrals by duty, by respect for the given word. Political and military neutrality should never be confused with moral neutrality. This latter is imposed on nobody. No man, no authority, can silence the conscience.

(To be continued.)

RAILWAY ELECTRIFICATION.

(*"Electrical Review"* 10.11.39.)

Considerable satisfaction is expressed in Switzerland at the operation of the railways, now largely electrified, since the beginning of the war. From 1914 to 1918, it is pointed out, the Swiss railways were able to maintain only a very uncertain service, on account of the dependence on coal supplies, imported entirely from abroad and through belligerent countries. The result was that many places were completely isolated from the rest of the country for days. Since 1918, however, the remarkable progress made in railway electrification, with power derived from hydro-electric stations, has practically overcome this difficulty. Those who have been complaining of the expenditure on electrification work are now admitting that it was a sound investment, since it will be possible to continue normal services on the majority of the lines. The last statistical information of the Swiss Federal Railways gives the total length of lines in the country as 2,982 kilometres, with 2,175 km. electrically operated.

PERSONAL.

Hearty good wishes to Mr. J. J. Boos (President S.M.S.) whose marriage to Miss Maud (Toni) Daley takes place to-day at Our Lady of Muswell, Colney Hatch Lane, Muswell Hill, N.10. Reception at 2.30 at the Glendower Hotel, South Kensington, S.W.6.

LETTER BOX.

- D. G.** — **St. Imier.** We have posted you the missing issues, and reciprocate your good wishes.
- S. S.** — The report enclosed is certainly not cheerful and we are afraid not an isolated case; the mobilisation has had disastrous effects on many households, and the "little man" is always the chief sufferer.
- A. G.** — Your name was removed from our mailing list as subscription was not renewed on due date. We are pleased that after all you are not a "casualty."

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