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her protection. Our country would sacrifice her neutrality and independence on the day when, in order to place herself under the military protection of foreign powers or of an international organisation, she would renounce the defence of herself. In the field of international affairs, therefore, we shall continue to apply those proven principles, which hitherto have guided us in our policy, and Switzerland will continue to claim the recognition of her particular position as an independent, neutral state."

> Dr. Walter Schmid, Swiss Consul.

## SWITZERLAND AND THE ECONOMIC WAR.

In every war, belligerent states strive not only to overthrow the enemy's military power, but also to undermine its economic resistance. They are thus induced to adopt methods of economic warfare affecting even traditionally neutral states, such as Switzerland.

Now Switzerland is a small country, situated in the wory centre of the European continent. Its economic structure is such as not to allow it to be self-supplying and foreign trade is a vital necessity. Consequently, one can imagine what overincreasing difficulties Switzerland had to face as soon as the present war broke out, especially as it was not only a question of ensuring the life of a nation, but also of crediting a centuries-old policy of absolute neutrality.

On August 30th 1939, the Federal Parliament adopted a resolution conferring upon the Government "power and mandate to take all measures necessary to maintain the security, the independence and the neutrality of Switzerland, to safeguard the credit and economic interests of the country, and to secure public food supplies". On the basis of this important decree, the Government has ordained a great number of legislative enactments, especially of an economic nature, in view of ensuring Switzerland's subsistence. The task was not an easy one. Not only did it become more and more difficult to obtain commodities not over abundant in other States which were regular suppliers of Switzerland, but transport also began to be hampered by an increasing number of obstacles and, above all, methods of economic warfare were applied.

It is easy to understand how delicate Switzerland's present situation is, if one considers how this country is surrounded on all sides by a single belligerent Whether commodities shall enter er, on the contrary, leave Switzerland, Power. therefore depends on the will of that Power. Consequently, it is only natural that, since the outbreak of war, Switzerland should have concluded several economic agreements with Germany, and all the more so, since that country was, oven in peacetime, the most important buyer of Swiss industrial products and, besides, Switzerland's chief supplier. Nevertheless, this does not necessarily mean that Switzerland's foreign trade exchanges are thereby limited only to the countries under German influence. The Swiss Confederation has always maintained very active trade relations with Great Britain and her Dominions, as well as with other markets overseas, especially the U.S.A. and the Central and South American States. The maintaining of these relations as far as possible was for Switzerland not only a question of material interest. Switzerland was very desirous of doing so also because neutrality is an essential principle of her foreign policy. To keep contact with every nation is the only aim which can be pursued by a truly neutral State, whose active neutrality is, moreover, extremely beneficial to other countries. But this is no easy object to achieve. On the one hand, England and her allies fear that the commodities consigned to Switzerland should, in some way or other, be used to facilitate the supply situation of the IIIrd Reich, while on the other, Germany will not admit that cortain Swiss products should relieve enemy industry. Hence the blockading plan adopted by England and the counterblockade decreed by Germany, measures not directed especially against Switzerland, but which affect her also. Hence, the "navycorts" and "landcerts" without which no foreign commodity can pass the blockade; hence, also, the "declaration certificates" delivered by Germany which allow certain Swiss products to pass through the chain of the counter-blockade.

However, although Switzerland cannot avoid the control exercised by both belligerents outside her frontiers, since the outbreak of war she has, in her turn, as a neutral, independent and sovereign State, clearly and energetically declared her determination that she alone shall see that her engagements are respected. This procedure has been admitted both by the Government of the Reich and by Great Britain, and in particular on the occasion of the economic agreement concluded in the spring of 1940 between Switzerland and the latter Power. By a decree promulgated as early as September 22nd 1939, the Federal Government declared that "the importation and exportation of merchandise, together with the utilization of imported merchandise, are subject to the supervision of the State." The Federal Department of Public Economy has instituted, in conjunction with its Commercial Department, a special office whose particular object is precisely to ensure this supervision. On the basis of the above decree, this Department and its commercial section have issued a number of regulations regarding the organized control of imports and exports. Let us mention, for instance, Decree No. 5 of April 26th, 1940, by which the import licence for certain products, too numerous to specify here in detail, is only granted by the Swiss authorities on consideration of a "Guarantee of Utilization". Merchandise imported by virtue of such a guarantee can only be sold within the country if the purchaser endorses the obligations assumed by the importer towards the authorities. Similarly, the Guarantee of Utilization is the indispenable condition for the obtaining of the "Certificate of Guarantee".delivered by the Swiss authorities and without which the British "cert" cannot be granted.

Thus the Swiss Government is in a position to exercise strict control over all commodities entering or leaving the country. It can therefore guarantee that all agreements concluded with foreign powers will be scrupulously respected. Inversely, seeing that it has instituted a strict control and that it assumes all responsibility as regards the fulfilment of contracted engagements, the Swiss Government intends that foreign authorities shall treat directly with it, as recognized by international law, and not enter into direct contact with private firms to obtain from them certain engagements regarding their foreign consignments. Should the Swiss Government tolerate such procedure, it would compromise the nation's independence, its policy of neutrality and, at the same time, the whole of the excellent and reliable organization which has been instituted to obtain efficient control over the Confederation's foreign trade. It is for this reason that, in November 1943, the Swiss Government promulgated a decree extending the enactments already in force, and prohibiting private firms from contracting engagements of themselves with any foreign power whatsoever. The Swiss Government is, and remains, the only body competent to treat with these powers.

In point of fact, contacts between the Federal Government and foreign authorities are all the more frequent, owing to the rapid turn of events usual in wartime. It is true that negotiations are sometimes very lengthy. Thus, for more than half a year as from January 15th,1943, economic exchanges between Germany and Switzerland were not ruled by any agreement. It was not until September that the two delegations were able to come to an agreement and conclude a convention. The latter ensures the supply to Switzerland of certain raw materials extremely important to her industry, whereas it has been possible to reduce Swiss exports to Germany. In its turn, the German Government has granted a few facilities for the export of certain Swiss products consigned to England, the U.S.A. and their allies.

To resume: as a consequence of the economic war, Switzerland has certain extremely delicate and complicated problems to solve. The various belligerent states naturally differ greatly in their points of view. In the course of her negotiations with all foreign powers, Switzerland has adopted a clearly defined attitude: while conforming to the rules of international law and guaranteeing the non-violation of any engagement it may contract, the Confederation intends to remain an independent and sovereign State. Thus Switzerland is conscious of practising a policy which not only is consistent with her legitimate interests, but also fully respects those of other nations in both camps of belligerents. In this way, Switzerland can honourably pursue a policy of strict neutrality, backed and guaranteed by a well-disciplined, well-equipped and welltrained army which jealously guards the Alpine passes it has sworn to defend to the bitter end, against any aggressor whomsoever.