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MEASURES TAKEN TO COMBAT THE CRISIS IN SWISS AGRICULTURE

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SWISS agriculture has not been spared by the economic crisis. In the pre-War years (1906-13) capital invested in agriculture yielded on an average 3.6 per cent., in the war years (1914-19) this net yield rose to 8.5 per cent., and sank in the post-War period (1920-22) to 1.9 per cent. Under the influence of measures carried out by the state and the agricultural organizations the yield gradually rose again. In the period 1923-7 it was 2.6 per cent., and 1926-30, 3.2 per cent. In the year 1929 it again reached the same level, 3.6 per cent., as before the War, although in calculating this figure a higher estimate of the wage demands of the farmers' families was made, corresponding to the change in the employees' wages. Then the reaction began. In the year 1931 the net yield was only 1.5 per cent., in the year 1932 it was as low as 0 per cent. In 1933 it is likely once more to be above 1.5 per cent. The agricultural income from work and capital per man-work day was, before the War, 5.4 fr., during the War, 13 fr., and sank after the War to 8 fr. In 1932 it had sunk to 2.50 fr., and in 1933 will probably have reached 5 fr. again. But since the cost of living index has risen, the 5.50 fr. of to-day mean a good deal less than before the War.

The following figures show that the Swiss peasant must to-day sell more milk than before the War to buy the same amount of other goods, with the exception of a very few products, as for instance, sugar. The values of certain commodities reckoned in quantities of milk are shown in the following table:

Value of Certain Products measured in Quantities of Milk

	Pre-war kg. of milk	May 1934 kg. of milk
1 Kilo Coffee	12	12.6
1 Kilo Sugar	2.5	1.6
1 Pair Working Shoes	65	97
1 Metre half-linen material (peasant's cloth)	38	49
100 kg. Oil Cake	108	93
100 kg. Basic Slag	34	35
1 Reaping Machine	1757	2162
Cash Weekly Wages of a milkman	68	119
Mason's hourly wage-rate	3.2	9.7
Cost of Erecting Cowshed per head of cattle	3514	8378

The pre-War equilibrium between the prices of agricultural products on the one hand, and wages and the prices of industrial products on the other, has not nearly been reached in Switzerland.

During the War it was the aim of Swiss agrarian policy to assure the consumer's supplies and to prevent excessive prices. The farmers at first willingly accepted these measures, but towards the end of the War resistance on the part of the peasants grew.

After the War the task was to prevent a too rapid and too great fall in prices. The attempt was also made to increase production and improve the quality of products.

Under the influence of the growing world economic crisis it was realized that the increase of production was no longer the proper means to raise incomes. It became increasingly necessary to restrict production in order to retard the fall in prices. But at the same time the efforts made to improve the quality of products were continued.

It is not possible, in the time at my disposal, to give you a complete account of the measures which have been taken in Switzerland to combat the crisis in agriculture. I must restrict myself to a few main points and a skeleton survey.

Even before the crisis started Switzerland possessed the following foundation stones for the preservation of our peasant class.

First: The *Swiss Peasants' Union*. This is the federation of Swiss agricultural organizations, whose aim it is to represent the agricultural interests in public life. To it belong all the agricultural organizations of Switzerland without distinction of language, politics, or religion.

Second: The *Federal Law for the Promotion of Agriculture*. With the help of this law the Confederation and the cantons have promoted the agricultural-school system, the technical side of agriculture, especially the breeding of animals and the improvement of the soil, as well as science and insurance.

Third: The *Co-operative System* for the purchase and sale of agricultural requisites and products. The co-operative system has also taken over certain branches of production, e.g. cheese factories, wine-pressing factories, wine cellars, the maintenance of male animals for breeding, &c.

Fourth: The *Central Union of Swiss Milk Producers* and the *Swiss Cheese Union*. Their chief importance lies in the utilization of milk, and in the guaranteeing of cheese prices which then form the general basis for the purchase of milk.

Fifth: The *Commission of Swiss Cattle-breeding Unions*, which is concerned chiefly with negotiating the export of cattle.

Sixth: The *Cereals Legislation*, which guarantees to-day a wheat price of 36 fr. per 100 kg. The state is obliged to take over all cereals which can be used in baking, and which are offered to the state, provided the peasant has fulfilled his duty to keep enough for his own demands.

Seventh: The *Policy of Tariffs and Trade Agreements*, which has to take into consideration agricultural conditions and wishes.

Eighth: The *Cattle Disease Inspectors*, who, by restricting import and by measures at home, have succeeded in completely wiping out foot-and-mouth disease.

Ninth: The *Food Law*.

Tenth: The *Swiss Civil Code*, which, by the law of inheritance, assures to the peasant's son the right to take over the farm at the capitalized value of the annual net return. In contrast to the German law for the promotion of hereditary farms (*Erbhofgesetz*), the provision made for the co-heirs is based on the assessment of returns.

Of all the measures taken those connected with price policy are the most important. To-day, Swiss agriculture derives its cash income from the following items:

About 33 per cent. from milk.

„	25	„	„	fat cattle and veal calves.
„	10	„	„	breeding cattle.
„	10	„	„	pigs.
„	5	„	„	cereals.
„	2	„	„	potatoes.
„	6	„	„	fruit.
„	2	„	„	wine.
„	2	„	„	woods.
„	5	„	„	various sources.

These figures explain why the most important of all the measures taken is the maintenance of milk prices. Even before the War, there was an organization of milk producers, which was at first attacked by the cheese trade. When the War broke out agriculture made peace with the cheese trade. The Swiss Cheese Union was founded, and to this the milk associations, as well as the cheese trade, belong. The whole of the cheese trade, including the export business, is thus concentrated under one control. The Cheese Union each spring and autumn, when the cheese producers bought the milk, guaranteed the price of the cheese made from it. Then, in the period after the War, came the sudden fall in prices. The losses thereby incurred were so great that the state had to assist the organization. From then on the milk associations took over the guaranteeing of cheese prices. They

buy the cheese and then resell it to the Cheese Union. During the crisis this organization was extended in various directions. The directors of the milk associations were given the right to determine in what way the milk was to be utilized. On the strength of this, the production of butter was vastly extended. A butter centre was set up to regulate butter prices, and the state and the milk associations subsidized butter prices in order to guarantee the sellers of milk used for the production of butter the same prices as those obtained by the sellers of milk for the production of cheese. The equalization levy collected from the members of the association was declared by the state to be obligatory for the 'unorganized' producers as well. The state itself also began to pay large contributions to the milk associations in order to maintain the price of milk. At the request of the agricultural organizations, imported feeds and green fodders were submitted to a heavy charge, the revenues of which were given by the state to the milk associations in order to help the prices of milk. By imposing quotas on and raising the price of feeding stuffs, the attempt was also made to restrict the production of milk and pigs. When these measures proved inadequate the milk associations resolved to grade milk prices so that all milk sold above a definite quota would not obtain the full guaranteed price. By working out stricter milk regulations the quality of milk and dairy produce is to be improved. The result of these measures is that for the last three years the basic price of milk has been maintained at 18 centimes per kg. On an average there is added to this basic price a local rate of 1 centime, so that Swiss agriculture receives 19 centimes per kg. of milk.

In order to influence the market for *fat cattle* the following measures were taken:

First and foremost the cattle-disease inspectors took rigorous action. It is well known that foot-and-mouth disease can remain virulent for more than a year in the urine of apparently healthy, but really diseased, cattle. Therefore, all imported cattle represent a danger to the native stock. In Switzerland itself all cattle on a farm are slaughtered as soon as the disease breaks out. Thus in Switzerland all diseased herds have been destroyed. We only have foot-and-mouth disease now when it is introduced from abroad. As a consequence of the legislation for the prevention of epidemic diseases, Switzerland has the right to close her frontiers entirely. In spite of the danger of disease, the frontier was, before the crisis, opened from time to time, but now, for economic reasons as well, the Disease Law has to be rigorously applied.

Further, a central department was set up within the Swiss Peasants' Union to deal with the utilization of beef cattle. The Union instituted all over Switzerland periodical markets for live cattle, by means of which a better control over the supply and the movement of prices was made possible. The state also placed part of the yield from the feed duties at the disposal of the central department, so that the latter could have a regulating influence on the market by purchasing cattle. As a result, a fairly large number of cows for slaughter were bought up and handed over to the canning factories. For fat calves a price guarantee was granted. All calves which could not be sold at this price were taken over by the central department and utilized, partly, it is true, at a great loss.

In addition, the central department, if the necessity arises, takes over at the live-stock markets animals of first quality which find no buyer. The department can then usually dispose of these animals to Swiss butchers at current prices. As a result of these measures, the price of first-quality beef-cattle could be kept at 1.20 fr. per kg. live weight for a fairly long time. The old sausage-cows fetched a price of 1.15-1.20 fr. per kg. butchers' weight or 55-7 centimes per kg. live weight. The guaranteed price for fat calves, first quality, was 1.60 fr. per kg. live weight. In the past few weeks, on account of drought and a fall in pig prices, the cattle market has been subjected to considerable pressure. But we hope that, thanks to the intervention of the authorities and the organizations, a serious reaction will be avoided.

There is no lack of attempts to win back the export of breeding cattle lost in the War. But the difficulty lies above all in the price difference. The foreign breeders frequently lack the means to pay the prices which our farmers would need to get. The state pays contributions towards the transport of cattle from the breeding districts to the plain, and premiums for breeding-cattle intended for export. With its help, breeding stations were also set up abroad, from which the cattle are to be sold. This has, however, until now met with but little success. Nevertheless, by means of these measures it was possible to stimulate export to a certain extent, but to-day conditions in cattle-breeding are more unfavourable than in any other branch of Swiss agriculture. Our foreign guests, coming to see our mountains and to admire the beauty of the Alpine world, mostly do not realize how heavy are the economic difficulties reigning to-day in many Alpine villages.

In the *pig* market fewer direct measures have been taken. But the state has forbidden the import of pigs. Owing to the rise in the price

of feeds, industrial fattening particularly has been made difficult, and the associations have systematically, in the agricultural press, called on the peasants to limit the breeding and fattening of pigs. At first the warnings had an obvious effect, but when prices had risen to 1.60 fr. per kg. live weight, with the price of concentrated feeds at 18 to 22 fr. per 100 kg., it was no longer possible to restrain the increase in production. In the spring of 1934, prices sank to 1.10 to 1.20 fr. There is a danger that these low pig prices will pull down prices for cattle and calves as well. Here, too, it was proved that those who demanded a compulsory quota system for pig breeding and fattening were right. But there is a great unwillingness to interfere with the measures chosen by the farmers, and so no decision could be reached to impose this quota system, by means of which one could obtain complete control of prices.

I have already mentioned that the state is obliged to buy *cereals* at guaranteed prices. The law states, however, that the guaranteed price may not be more than twice the price of foreign wheat, including duties and carriage paid to the storehouse. But since, in the past year, this latter price would only have been 28 fr., the national assembly, on the strength of an emergency clause of the law, resolved to impose again a standard price of 36 fr. per kg. for wheat. Apart from this, the state pays to farmers who use corn to bake bread for their own consumption, a milling premium of 7.50-14 fr. per 100 kg., depending on the altitude of the farm. On the basis of these prices and as the result of a good harvest, cereal farming yielded large profits in 1933, in spite of our generally very high costs of production. This year, too, we hope for good results.

Internal prices for *potatoes* can, in general, be regulated by means of our variable potato duty, which is from 2 fr. to 6 fr. per 100 kg. Last year, owing to the low prices of foreign potatoes, the duty had to be raised to 6 fr. and the import subjected at the same time to a quota. In addition, the alcohol administration pays contributions towards the transport of home-grown potatoes, becoming thereby free of the obligation to distil potatoes. It also intervenes from time to time by means of purchases in the market. In the last few years the price of potatoes has been, in general, 10-12 fr. But in the year 1933 it sank to 8-9 fr. the double centner (220 lb.).

The new alcohol legislation has imposed an obligation on the farmers to hand over to the administration all *spirit made from stone fruit*. The administration, on the other hand, is obliged to accept the spirit. The guaranteed minimum price means a minimum price for fruits used for the making of wine, of 4 to 5 fr. per 100 kg.

The alcohol administration converts the greater part of this spirit into highly concentrated alcohol, and loses thereby at least 150 fr. per hl. of 100 per cent. spirit. The loss is covered by a large extra charge on the sale of spirit for drinking purposes. The utilization of *dessert fruit* has been improved, particularly by the introduction of export control and by improving the quality of the fruit sold.

Vine culture is protected by a fairly high tariff. Nevertheless, a great part of the wine trade prefer foreign wines. This led to the institution of co-operative cellars which buy up all the wine from their members in the autumn. The Peasants' Union has proposed that the purchasers of foreign wines should be compelled to take over the surplus of home-grown wine at guaranteed prices. That is all the more possible in that home supplies cover only about a quarter to a third of the consumption.

Swiss timber has also suffered severely from increasing imports from foreign countries and from falling prices. It has therefore become necessary to set up import quotas. It was possible to make arrangements with the paper mills to take over the home production. Through these measures the fall in prices has been checked. Prices in the last few years have even recovered a little, but they are still too low.

A quota had to be imposed on the import of *eggs* in order to protect home poultry farms. At the same time, importers are obliged to take over any surplus from Swiss egg organizations at prices fixed by the state. The Co-operative Societies for egg utilization, undertake the task of collection. A quota has been imposed on the import of poultry. It would take too long to enumerate all the other measures that have been taken.

To judge the effect of all these measures to combat the crisis in agriculture, we may best use the price indices for agricultural products calculated at regular intervals by the Peasants' Office. Calculating on 100 as the pre-War figure, the index was: 1930, 154; 1932, 120; 1933, 118. The figures show that the price fall could not indeed be prevented, but could be slowed down. Without these measures Swiss agriculture would have been lost. The Swiss peasant has to reckon with very high production costs. Before the War these were 800 fr. per hectare, but to-day they are 1,400 fr. In farms where the books are controlled by the Swiss Peasants' Office, the land and buildings of the farms are valued at 6,400 fr. per hectare and, in addition, 1,900 fr. of tenant's capital, so that there is a total capital of 8,300 fr. per hectare. The cash wage of a farm labourer is on the average 90 fr. a month,

and the cost of food supplied 2 fr. a day, according to the book-keeping entries. Any expert will understand when I say that, with such costs of production, Swiss agriculture would have been lost without protection. I estimate that, without the measures taken by the state and the organizations of Swiss peasants, the prices to-day would be: for milk, instead of 19 fr., barely 12 fr. per 100 kg.; for pigs, instead of 1.30 to 1.60 fr., perhaps 1.25 fr. (and without the customs duty 0.60 fr.) per kg.; for wheat, instead of 36 fr., barely 12 fr. per 100 kg.; for 100 eggs, instead of 12 fr., barely 7 fr.

The price policy was, therefore, a necessity for the state, if it wished to avoid the collapse of the peasant class, which would have vastly intensified the economic crisis.

But it must be observed that the low prices and excessive costs are not alone in influencing the situation of the peasants in Switzerland. The purchase of farms at too high a price and the excessive debts have also intensified the crisis. Particularly those peasants who took over their farms in post-war years find themselves in a difficult position. They have often debts of 6,000-7,000 fr., and even more, per hectare. It was not uncommon for farms to change hands at a price of 10,000-12,000 fr. per hectare. Such cases were usually those of young peasants.

The reason for the excessive price paid was partly a false idea of the future development of prices. We have indeed continually given warnings, but without any decisive success. Unemployment among industrial workers and artisans, the reduction in the number of government employees and officials in public offices, and the closing of the frontiers of foreign countries to immigrants, have removed from many peasants' sons the possibility of taking up another profession. The peasants' law of inheritance has greatly diminished the number of farms which come up for sale in the open market. Whenever a farm is to be disposed of, there are numerous competitors for it. When calculating the price, they do not think only of the possible profit. They struggle to become a peasant, to start a family, and to remain in their native country. The man who possessed capital often consciously sacrificed it in order not to have to emigrate. At the same time workers and capitalists have begun more and more to purchase land and farms. These latter also often paid too high a price. The young peasants are, therefore, not alone to blame if they have got into such a difficult position to-day. These peasants, over-burdened with debt, can no longer be helped by the price policy. We cannot ask the consumers to pay prices for products high enough to enable such peasants to continue. The attempt is, therefore, made to help

these people by removing the debts. In all cantons, therefore, Peasants' Assistance Banks have arisen, which, with the help of the state, seek to put such farms on a sound financial footing. Creditors can also help by reductions in their claims. Apart from that a general removal of debt is at present aimed at, in that all debts which exceed the value of the yield should be paid off by public means. The creditors are to receive state bonds yielding an interest of 3 per cent. At the same time new indebtedness is to be avoided. There are, it is true, great difficulties in the way of a general limit to indebtedness. One can, therefore, at present prevent only the farms which have been cleared of debt from taking on new debts. The paid-off debts are to remain as a frozen mortgage. No interest is to be paid on them, but they come to life again when the farm is sold or has been divided by inheritance. The application of the peasants' law of inheritance is to become obligatory.

The efforts made to win over agriculture to currency experiments, such as the devaluation of the franc and 'free money', have been without any practical success. The agricultural organizations reject these proposals, though there are supporters, particularly among the young peasants.

Herewith I have given you a broad survey of Swiss agrarian policy in the crisis. If you remember that the peasants are now only 25-30 per cent. of the population, and that we are a democracy in which the laws are subject to a referendum, and that the constitutional initiative is possible, then you will agree with me that the helpful attitude of the authorities and the majority of the Swiss people is deserving of our admiration. In Switzerland too the powers of the Government had to be strengthened in the crisis, and many measures were carried through by giving authorization to the Bundesrat. The Swiss Confederation has at the same time received many and large new sources of income. This year our budget will be balanced again. We may hope that the Swiss people will succeed in carrying on until better times arrive for our country, and for all mankind. May the first signs of revival, which we observe in Swiss agriculture as well as in world trade, not be deceptive, and may right soon the warming sun of a new and better age cast its rays over humanity.

My remarks have probably left you with the impression that we in Switzerland have to a large extent gone in for economic planning in the agricultural sphere. We did this under the pressure of the crisis, driven on by circumstances and the problems of the day.

Fundamentally Swiss agriculture still stands to-day on the basis of free private enterprise. The word 'freedom' has in Switzerland,

through a history of many centuries, a sacred sound. The Swiss peasant has never forgotten that peasants were the founders of the country's freedom. But he is also conscious that freedom does not mean anarchy. The way must be open for what is good, but closed to what is harmful and bad. The great development of the co-operative system has paved the way for the most recent developments. We possess in Switzerland over 12,000 local agricultural associations in 3,000 communes. It is generally realized that the purchase of articles needed in agriculture, and the sale of agricultural products must not be left to free competition. In the sphere of production co-operative association has made great strides, for instance, cattle-breeding co-operative associations, milk and cheese associations, co-operative wine presses and wine cellars. The local associations have come together to form unions. The Swiss peasant was, therefore, not only prepared for organizational measures, but the state could also construct its measures on the basis of existing organizations.

The limit to state interference we have considered to be the farm. The state may well regulate trade, but it should leave the peasant in his farm full freedom. Unfortunately this limit could not always be respected. The quota regulations particularly interfere a great deal with the management and organization of the farms. They have on that account called forth most opposition. That was also the reason why some regulations came too late and why others have not been issued up to now.

The interference of the state and the organizations with the free development of the market and of prices has, however, been necessary. The success attained shows that the measures were right. If it had been decided to apply a quota to pig production, and, by means of higher state contributions, to keep the price of milk 1-2 centimes higher, we would by now have normal conditions in Swiss agriculture without the wages of Swiss industrial workers having on that account to be raised. The wage index in industry and trade is still 180-200, as compared to a cost of living index of 130, and an index of gross farm receipts of 113.

The peasant, who cannot judge what would have happened without the measures carried through by the state and the organizations, only sees that his income has decreased and that many owners who bought too dear in the years after the war, are faced with bankruptcy in spite of the price policy, and must appeal for the help of the Peasants' Assistance Fund. Many feel the pressure of the regulations which were necessary to keep up the prices more than the benefits

of the measures, and so in wide circles there is growing discontent, criticism, and opposition. And this becomes stronger the more the free management of the farms is interfered with through decrees.

In the shadow of the organizations, the unorganized producers flourish and reap where they have not sown, and answer all attempts at compulsion with passionate opposition.

In the time of the free market the man who had been shipwrecked could put the blame for his misfortune on individuals with whom he had had business connexions. But finally he had to admit that circumstances were stronger than himself: he passed away and another took his place. But in as much as the state and the organizations influence prices, and the direction of production, the peasant looks for the cause of his economic difficulties to the state and the organizations. Thus economic advantages must be dearly paid for with a great increase in discontent, criticism, and resistance. Only a state well founded, a strong central authority, and great leaders whose personality inspires confidence can master the difficulties. It is absolutely necessary that the state should show a wise restraint in carrying out the measures, and that the organizations, which have to have a democratic basis, should co-operate to the greatest extent. But the state must give these organizations the necessary powers, so that finally every one will have to bear the same responsibilities. For still more dangerous than the resistance to compulsion is the feeling of inequality and injustice, and the impression that the 'pirates' are better off than the members of the organizations.

In Switzerland, too, there can hardly be any question of returning to the economic conditions and freedom of before the War. But the new, permanent form has not yet been found. It must be prepared for by educating the peasant class to think in terms of common economic welfare. More must be done than hitherto in the way of enlightenment. Not only in the assemblies of delegates, but also in every local co-operative meeting, people must be shown how things hang together and they must be given the opportunity for a free expression of opinion and for the discussion in an efficient manner of complaints, criticism, and objections. This is doubly necessary in a country like Switzerland, where democracy has existed for many hundred years, and where, in the cantons of the country communes, those who have the right to vote step into the ring and elect the officials with raised hand in the old Germanic way and arrange state affairs.

I hope my remarks will have given you the impression that Swiss

democracy has succeeded in solving to a large extent the great political and economic problems in the sphere of agriculture. Where there is light, there is also shade. If we extinguish the light, the shade vanishes too, but in place of the warm, glowing flame, there comes darkness, and night. But all of us, peasant, organization, and state, in a common determination, wish to strive towards the light.