

As the capital resources of these special houses are generally limited, they rely on the funds of the banks to which they are affiliated and on the issue of bonds and *bons de caisse*. Their rôle is restricted to the actual negotiations with their clients in respect of medium-term loans, all administrative work being done by the respective deposit banks. They have often acquired important industrial participations. The scope of the operations of these institutions has, however, been limited, particularly for the reasons described above.

Immediately after the war, the Government established the *Crédit national pour faciliter la réparation des dommages causés par la guerre*, one object of which was to assist the entrepreneurs in the devastated areas to finance the reconstruction of their businesses. In the course of the past years, its activity has been extended to cover all types of industrial and commercial enterprise. The *Crédit national* is a private company, constituted by banks and leading industrial groups, but with the management appointed by the Government and the administration controlled by the Minister of Finance. This mixed character assures the bank of considerable resources; on the one hand, advances from the State and issue of bonds guaranteed by it; on the other hand, issue of non-guaranteed bonds which can be readily placed on account of the semi-public character of the institution.

The bank extends loans for a period not exceeding ten years and the aggregate of credits granted to any one undertaking may not exceed 10 million francs (15 millions under a proposal recently introduced in Parliament). Loans are granted, at present, at the rate of 7.15 per cent¹ on the basis of specified security up to a maximum amount of 50 per cent of the security. The volume of loans outstanding at the end of 1938 was 1,500 million francs, of which 400 millions consisted of export credits based on State credit insurance.

To meet the needs particularly of small commerce and industry constituting the clientele of the *banques populaires*, the scope of activities of the *Crédit national hôtelier*, previously restricted to the hotel industry, was extended in 1938 to other types of enterprise under the name of *Caisse centrale de crédit hôtelier, commercial et industriel*; the *Caisse* devotes part of its resources (about 30 million francs at the present time) to medium-term loans of small individual amounts.

The *Caisse des dépôts et consignations*, an organization which administers the resources of the savings banks and social insurance funds, and the most important unit of the French money and capital market, has since 1931 played a rôle of increasing importance in making available resources for medium-term credit to industry. In that year, it was authorized to accept, *en pension*, bills created by the commercial banks to represent advances—ranging from six months to five years—granted to their industrial clients. In 1938, the rate of interest for such bills accepted *en pension* varied from 4 per cent for six-month bills to 5½ per cent for bills payable in four or five years. The total volume of such medium-term credit under rediscount at the *Caisse* amounted at the end of 1938 to 488 million francs.

(d) Switzerland.

There are no institutions specializing in the provision of medium-term credit to industry in Switzerland. Such credit facilities are granted by the big commercial banks, by local banks and—to a certain extent—by the cantonal banks, transacting more particularly business which is not normally undertaken by commercial banks. In Switzerland, the greater part of the long-term funds at the disposal of the banks is raised through the issue of cash bonds (*obligationen*) bearing fixed interest and issued for periods varying from three to ten years.

¹ The effective burden of interest to the borrower may be reduced by grants from the State, within the limits of a sum provided for in the budget, when the loan is used for certain specified improvements or extensions of capital equipment.