

This change of idea, however, is only the result of a temporary change of circumstances, poverty and economy having taken the place of abundance and extravagance. When trade revives and the old habits return, we shall consume more of both domestic and foreign products, and shall therefore have relatively less for export and shall need to import the more; and when that change comes, as it probably may soon, the balance of trade that now so much delights our skin-deep philosophers will disappear.

3. Again, the President is represented as saying that "not only is the foreign demand for American productions largely in our favor, but the capitalists of the Old World are seeking investments in the United States, and that, too, at a period of uncertainty in our own country." The official advices already received from European money centres furnish sufficient evidence of the investments of "foreign surplus capital. Already \$70,000,000 of four and a half per cent. bonds have been placed, and the indications are that the \$230,000,000 remaining will be subscribed for as rapidly as the bonds can be handled by the syndicate." It is to be regretted that the President had not taken the advice of some one that knows the facts before venturing opinions of this sort. The truth is that, in lieu of taking some \$100,000,000 a year of our securities, as was their former wont, European investors have almost entirely ceased subscriptions for American bonds, so much have they taken to heart the lessons of 1873. As above stated, they are sending them back in very large amounts; and, from the best information we can obtain from bankers engaged in these operations, we should take it to be a safe estimate that the amount of securities sent home, during 1876, exceeded the sum exported by about \$50,000,000. And even the exchange of the Five-Twenties for the 4½ per cents, to which the President alludes with a very just satisfaction, has in no small measure contributed to this reflux, the amount of the new bonds placed in Europe having been materially disproportioned to that of "called" bonds withdrawn from there.

4. In order to turn to account these suppositional advantages of the commercial situation, so as to resume within thirty-six days, the President, it is reported, suggests "the passage of an act granting authority to the Secretary of the Treasury to provide for the redemption of legal tender notes on and after the date, providing for the re-issuance by the accumulation of an adequate amount of gold to meet the volume of upwards of \$300,000,000 of legal tenders outstanding by the sale of United States bonds, and also authorizing him to sell from time to time \$100,000,000 in bonds bearing a rate of interest of not more than 4 per cent., with not less than thirty years to run; to be used in funding legal tender notes "as they come in." The President apparently deems it feasible to accumulate, within thirty-six days, gold enough to enable the Government to commence retiring its notes without limitation after that period. It is not generally supposed that the Treasury could safely resume with less than \$100,000,000 of gold in its vaults; and as it has now but a little over \$40,000,000 properly its own, it was surely worth while for the President to give us some hint as to how the somewhat important deficiency could be made good. His Excellency appears to imagine it can be easily done by selling the necessary amount of bonds. But if his financial advisers, whoever they may be, have not told him that to sell a hundred millions of bonds and then lock up the gold proceeds in the Treasury vaults is a wholly impracticable operation, they have kept him in the dark on the most essential element in this problem.

We forbear discussing this proposal further. We hope it may turn out that the whole matter is merely a financial hoax; for no one can desire to see the reputation of the President so belittled as it would be should he really commit himself in the form of a message to such a tissue of ludicrous absurdities as the Washington correspondents have attributed to him.

WATCHMAKING IN AMERICA.

Speech Delivered in the Amphitheatre of the Primary College of La Chaux-de-Fonds, Tuesday, the 11th of November, by M. Edouard Favre-Perret, Member of the International Jury on Watches at the Exhibition at Philadelphia, and one of the Swiss Commissioners to the United States.

Mr. Arnold Grosjean, President of the Board of Commerce, announced that M. Edouard Favre-Perret, member of the International Jury on Watches at the Exhibition at Philadelphia has kindly consented to repeat, at La Chaux-de-Fonds, the speech already delivered by him at Le Locle and Neuchâtel, on the situation of the Industry of Watchmaking in the United States.

THE ADDRESS.

"Gentlemen: I must, to start with, announce to you that you have not an orator before you, but a manufacturer, and as such I ask your indulgence. I shall give you information which, unlikely, is not cheerful, on the condition of Swiss watchmaking compared with the American competition. I shall tell you of facts simply, such as I have seen them, such as I have understood them. Frankness is here more necessary than anything else, for it is not by palliating the bad sides of a difficult situation that we can succeed in improving it.

"For a long time we have heard here of an American competition, without believing it. The sceptics—and there were many of them—denied the possibility of a competition at once so rapid and so important. To-day we are forced to believe the proofs of it, and to acknowledge the existence of a formidable manufacture.

"We have had the proofs of it under our eyes; we have seen the American factories, and we have been able to satisfy ourselves exactly as to their power. We have treated the American manufacture as we have treated the neighboring manufactures—in the future of which we did not wish to believe at first, and which form to-day a most serious competition. I refer to Besançon, Bienne, St. Imier, Morat and Schaffhausen.

"For a long time America has been the principal market for our watches—our milk-cow, so to speak. To-day we must earnestly prepare to struggle with the Americans on the fields where hitherto we have been the masters. Some of you have known Mr. Dennison, who was, we may say, the father of American watchmaking. Mr. Dennison travelled through the Canton of Neuchâtel, studying our mode of manufacturing, seeking to inform himself of everything, and carefully noting the weak parts in our industry. After his return to the United States, he founded a factory at Boston—the Boston Watch Company. This was in 1851. The capital—scarcely \$100,000 was subscribed by capitalists more than by practical business men. In the beginning the company turned out only the rough skeleton movement, and attended to the finishing; all other parts, such as trains, balances, jewels, &c., &c., were imported from Switzerland. Little by little, however, the factory extended its operations, and produced other parts. Notwithstanding all this progress, this mode of doing things not suiting the American character, so little inclined to let capital remain almost unproductive, the capitalists abandoned the factory, and it failed in 1856.

"Another American, Mr. Robbins, whom you have also known, gentlemen, when he had business relations with us, scented a good speculation, and bought in the entire factory, tools included, for \$75,000. A new company—the American Watch Company—was afterwards formed, with a capital of \$200,000. Soon this capital became insufficient, and it was increased to \$300,000 before the war of secession. This war, which seemed calculated to destroy such an enterprise, was, on the contrary, the cause of its prosperity. America put on foot a million of soldiers, and, as every one wanted his watch, there was great animation in the watch business. At this juncture, which might have been a lucky one for our industry, we failed to comprehend our real interests. Instead of sending

good watches to the Americans, the worst trash was sent. Had mere skeleton movements been sent in cases they would have been thought good enough! The Americans, however, went to work on an entirely different plan. The company increased their plant, and turned out a better ordinary watch than the Swiss watch. At the end of several years, and with the aid of patriotism, the American watch enjoyed a good reputation, while our own was discredited everywhere. In 1865 the capital was increased to \$750,000, and the operations of the new company grew to immense proportions. During the following years business went on so well that everywhere new factories sprung up. Every one wanted to make watches. To-day you can count about eleven factories. The most important, after the Waltham Company, is the one in Elgin, which turns out about 300 movements a day. The Waltham Company give employment to 900 workmen, and make about 125 movements per day. The company again increased their capital in 1872; it amounts to-day to \$1,500,000, besides \$300,000 as reserve fund, or a capital of 1,800,000 francs. This watch factory is a real power; there is not one like it in Europe. We have seen it in all its details, and we have admired its splendid organization. Last May, on the eve of the Exhibition, we still seemed masters of the situation. One event, however, dealt us a mortal blow. Be it through the effect of the crisis, or from any other motive, the Elgin Company made, all of a sudden, a reduction on the price of their movements of 49 per cent. to 50 per cent. so that all stocks of Swiss watches were seriously affected. Lever movements, with visible pallets, were sold at 15 francs. How can we meet this? Under such circumstances, how can we maintain competition? It will be necessary to turn out our movements at 13 or 14 francs to pay the custom duties and to leave a little margin of profit. The Waltham Company, however, would not be outdone by the Elgin Company; they even proposed to do better. They announced a reduction of price from 40 to 50 per cent. on prices already lower than their rivals, but, at the same time, they made known that this reduction would go back as far as January 1, 1876. So that a dealer in watches had simply to indicate the stock of his Waltham goods on hand to receive the rebate of 40 to 50 per cent. This coup de commerce has cost the company \$10,000.

It is unnecessary, gentlemen, to tell you how very detrimental this was to the Swiss watch. Still another and more important reason explains the growing prosperity of the American Company. Their tools work so regularly that all parts of the watch may be interchanged, by a simple order on a postal card, without necessitating the forwarding of the adjoining piece. The question has often been asked whether the Americans can sufficiently supply the demands of their markets. Yes, they can; we are driven out of the American market! I herein exclude, however, complicated watches, in which we are now, and I hope we shall always remain, masters.

"In 1860 the American Companies produced only 15,000 watches; in 1863, 100,000. To-day they produce 250,000, and this figure can be easily doubled in case the crisis, which so severely prevails there as well as here, should come to an end. For we must not forget that, if several factories have been closed during the crisis, the tools as well as the workmen are still there, all ready to resume work again. We must leave out of sight the exorbitant customs duties and freight, which amount to about 25 or 30 per cent., which take away from us every possibility of being able to stand the fight. And now that we know the figures of production in the United States, we can easily, with the aid of official reports, give an account of what is that country's consumption of watches. We have sent to the United States during the past twelve years, viz.: 1864 to 1875, inclusive, 2,842,000 watches, being an average of 236,833 per annum.

"In 1876 we shall barely send there 75,000 watches, or, since 1872, a deficit of 300,000