

Zeitschrift: Helvetia : magazine of the Swiss Society of New Zealand
Herausgeber: Swiss Society of New Zealand
Band: 3 (1937-1938)
Heft: 6

Artikel: Economic recovery in Switzerland
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DOI: <https://doi.org/10.5169/seals-943116>

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AUCKLAND, N.Z.

1st. MARCH, 1938.

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3rd. Year Vol. 6.



Monthly Publication of the
SWISS BENEVOLENT SOCIETY in New Zealand

Groupe New Zealand of the N.H.C.

ECONOMIC RECOVERY IN SWITZERLAND.

The following article issued by the Federal Counsellor, Mr. Herman Obrecht, will no doubt prove of interest to our members:

Although the general economic situation of Switzerland during the long crisis years was seriously shaken, today she is on the road to an indubitable improvement in conditions.

Although it is true that the statistics, as published by the Federal Department of Public Economy and the Customs, still lag far behind those for the years 1928-29, yet they do show clearly that during the first half of 1937 marked progress has been attained.

In almost all branches of Swiss economic activity the trend of affairs is plainly upward, in spite of the existing unsettledness of the international political and economic situation.

Comparison of some of the recent data provided by foreign trade and gold and capital markets - all of which are of special importance for Switzerland - and by employment figures, gives the impression that Switzerland is in process of overcoming the crisis and that the impetus received from the currency devaluation in September, 1936, continues to make itself felt.

AFTER DEVALUATION:

Foreign Trade.

Since devaluation of the Swiss franc, the country's foreign trade has improved in marked fashion; at the same time, imports have risen more than have exports.

Compared with results for the corresponding period of the preceding year, imports for the first half of 1937 have risen by 387.8 million francs to a value of 929.7 millions, whereas exports have risen by 182 million francs to a total value of 579 millions for the first six months of 1937.

In consequence, the balance of trade is a markedly higher passive one. This, though, is only natural, seeing that Swiss industry, as result of the to be expected increased restriction of orders and heightened prices on the world market, was compelled to cover immediately and heavily raw material requirements, while only gradually can export figures show an increased activity.

Further, the prices of imports immediately showed the effect of the currency devaluation in Switzerland, whereas Swiss exporters have been doing all they can in order to keep their prices down so that they could thereby compete on the world market.

PASSIVE BALANCE:

Based on Value.

In any case, it should be noted that the increased passive balance derives from the value of imports and not from their quantity. And, although foreign trade plays a greater part in the total Swiss economic balance than it used to do, because a great number of States place obstacles against currency transactions, yet the fact that imports are greater than exports should not be judged as an unfavourable sign.

As a matter of fact, the Swiss trade balance deficit always is higher when trade in general has an upward trend, whereas, when business is slack the difference between figures for exports and imports becomes smaller.

Tourist traffic has been a fruitful economic source ever since devaluation took place. So far it has not been possible to review the present summer season, but it is fairly certain that all tourist centres will show a good balance-sheet. For instance, during June, 1937, the amount of sleeping accommodation booked by foreigners was 55 per cent. higher than in June, 1936.

Consecutively with the increased activity of tourist traffic and industrial activity, railway operation results have improved. Whereas for several years business stagnancy had created havoc in the financial situation of the transport organisations, now-a-days increased revenue permits of better hopes.

The Swiss gold and capital market also finds itself enjoying easier conditions. The present spirit is due to some extent to the influx of foreign capital into the country, thanks to restored economic and political confidence in Switzerland at a time when economic and social conditions in many countries do not seem to offer enough security.

The governing abundance of means on the capital market is reflected in the firmness of share quotations and in the successful issues of various loans made on favourable terms.

Improvement in the individual Swiss industrial branches continues, in general, to be strong. In the case of the machinery and metal industries, one particularly satisfactory sign is the friendly settlement which has been come to regarding salaries and working conditions. This settlement will hold good for a long period.

Especially encouraging is the picture presented by the trend of business in the watch-making industry. Slightly less pleasing in outlook is that of the textile industry, especially wool spinning and weaving.

The footwear industry, like the straw-plaiting industry for hats, enjoy no unfavourable prospects.

The chocolate industry can look back on increased business, and even the condensed milk industry was able to show increased exports.

On the other hand, the building industry had only little business, though even in its case there are signs to be observed which point to improvement. For instance, whereas the number of new houses erected during the first half-year of 1937 showed no important increase, the number of buildings for which plans were passed was almost double that for the first half of 1936, when 1,552 plans were passed, as against 2,945 for the first six months of 1937.

Thanks to general increased activity, unemployment has continually decreased since devaluation of the currency. At the end of July there were some 30,000 less unemployed than on the same date of the preceding year - that is, a decrease of about 38 per cent. This improvement covers all trade groups, as the following table shows :-

Unemployment—end July.

Group.	Seeking work.	Percentage decrease on preceding year.
Building trades	19,172	36
Metal and machines	5,290	52
Clocks and watches	3,615	50
Textiles	2,017	53
Timber and glass	2,728	41
Helpers and daily workers	3,949	20
Traders and agents	4,289	18

On an estimation of about 49,000 persons still seeking work in Switzerland, it should not be overlooked that some 11,000 of them are actually working on emergency employment schemes. Further, it should be remembered that even during the peak year of 1929 some 10,000 names were on the books of the Swiss Labour Exchanges. At the moment, unemployment is much worse in many cases in countries where economic improvement set in a long time ago than it is in Switzerland.

BUSINESS OPINION:

Home Prices.

Responsible Swiss business chiefs give it as their considered opinion that the future prosperity of the tourist traffic and of the export trade, and, in consequence, of the general economic situation of the country, is dependent in the main on the trend of prices within Switzerland. It is a known fact that devaluation of the franc has made Switzerland able to compete, as far as prices are concerned, once more on the world markets. It is the economic policy of the Government to maintain this improved position.

In other words, the Government will do all it can to reduce the level of prices.

The increase in cost of Swiss imports as a result of the franc's devaluation and of increased prices on the world market, sooner or later could not help having effect on prices within Switzerland. In consequence, the strict enactments governing prices, and made in connection with devaluation, had to be lightened in the interests of domestic consumers once stocks obtained at cheap rates became exhausted and new ones had to be obtained from abroad.

WORLD MARKETS:

Cost of Living.

This alteration in order to meet the changed position has now been successfully carried through, and without the restored connection obtained by the devaluation of the franc with world markets having to suffer.

The observable increase in wholesale prices in Switzerland is only partly attributable to changes in the currency rate. It is much more due to the general upward trend on the world market which has been observable since the middle of last year.

Cost of living, which ultimately plays the main part in production costs in so intensively industrial a land as Switzerland, has so far increased by about 5 per cent. since devaluation of the franc.

That the increase has been able to be kept within so low a limit has worked until now in Switzerland's favour. Her position on the world market shows a distinct improvement, and that improvement, to be candid, was badly needed.

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HOLIDAYS IN SWITZERLAND.

From the health point of view, winter holidays are undoubtedly of double value, particularly for the city-dweller, for, after a few months of rain, fog and cold, physical resistance is at its lowest ebb.

Most of the Swiss Alpine resorts lie at an altitude of over 4,000 ft. above sea-level; thus a stay in these regions is