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## The Swiss Economy in 1965

ALTHOUGH the upward trend of the Swiss economy continued in 1965, it nevertheless showed signs of slowing up, particularly as a result of the government measures designed to put an end to the excessive inflationary conditions. The reduction in the number of foreign workers imposed by the government, as well as the tightening up of credit regulations, cut down the excess demand in the investment sector. Requirements in investment goods and consumer goods decreased, leading to a striking change in the evolution of foreign trade. While imports increased only 2.5 per cent in 1965 compared with 1954, the increase in exports for the same period amounted to 11.2 per cent. This led to a considerable drop in the deficit in the balance of trade. From over 4 billion francs in 1954, it fell to 3.1 billion in 1965. The coefficient of trade, i.e. the proportion of imports covered by exports, rose therefore from 73.8 to 80.8 per cent. The improvement in the balance of trade, combined with other factors, led to big reductions in the unfavourable balance of revenues, which probably did not exceed a few hundred million francs in 1965 compared with 1.8 billion the previous year.

The nominal gross income, which amounted to S. Fr. 55,565 million in 1954, rose to S. Fr. 60,200 million in 1965; nevertheless the increase, which had been 10.3 per cent for the period 1963 to 1964, was only 8.3 per cent. In 1965, for the first time since 1959, the total investments made in the country did not increase, which is a very clear sign of the change of climate in the economy. It is the investments of private enterprise which are on the decline, those of the public sector having experienced a slight increase.

In industry, the figure for employment dropped slightly and the growth in industrial production definitely slowed up. The increased output is due almost entirely to progress in productivity; the slower increase in the turnover of the retail trade makes it possible to conclude that the growth in consumer demand has fallen off slightly.

The general slowing up of economic activity has however had no effect on the cost of living. Consumer prices have even risen more steeply, especially owing to the increased price of many foodstuffs, due to bad weather and rising prices in agriculture. The index of consumer prices (end of August 1939 equals 100) reached 220.1 at the end of December 1965, thus exceeding the level for December 1964 by 4.9 per cent.

The index of wholesale prices, which is for the most part determined by the prices of imported goods, has on the other hand remained stable for a long time. But since the summer, it

has also shown an appreciable increase, so that with 242.8 points at the end of 1965, the increase amounted to 2.7 per cent in 12 months.

The construction of medium-price housing and subsidized housing was not slowed up by recent legislation or by the limitation of credit: in fact more housing was built in 1965 than the previous year. The number of building projects however decreased.

In order to encourage the building of medium rent apartments the Federal Chambers passed a law providing for direct aid on the part of the Confederation for the reduction of rents, the obtaining of capital and the necessary guarantees.

According to an index published in 1965 for the first time, the increase in industrial production has slowed up since the middle of 1964. In fact, the rate of increase, which was 5 per cent for the three previous years, did not exceed 3 per cent in 1965. Output has been increased by the rationalization of firms. Production however did not evolve in the same way in all branches; it fell off, for example, in textiles and chemicals. Furthermore, the lull that occurred in building led to a decrease in the demand for the goods produced by the industries which work for this sector. The production of machinery, instruments, apparatuses and watches, on the other hand, continued to increase. At the end of September 1964 the figure for employment was 1.2 per cent lower than the previous year. From September 1964 to September 1965, the number of workers and employees decreased by 2.1 per cent in industry, 2.2 per cent in building and 0.2 per cent in craftwork, trade and transport. The decrease in the total number of persons employed was mainly a result of the measures taken to restrict the number of foreign workers. These measures called for a great effort on the part of the economy, but had the desired effect. The reduction in the number of foreign workers certainly eased the situation in the housing market and slowed up the expansion of private consumption. In addition, it contributed to improving the balance of revenues.

The real increase in the revenue of the country, i.e. after making allowances for the rise in the cost of living amounted to 4.3 per cent in 1965 as opposed to 5 per cent in 1964. If it is taken into consideration that the influx of foreign workers has been stopped and that the population has increased to a lesser extent, it can be seen that there is a higher rate of increase per head of the population than during the previous years; this confirms the fact that the limitation of the number of foreign workers has somewhat reduced the expansion while the effective national revenue per head of the population has increased more rapidly, which signifies an increase in prosperity.

The evolution of the Confederation's financial situation was not very encouraging. With an expenditure of S. Fr. 5,978 million

the budget for 1965 was exceeded by 1,141 million or 23.6 per cent. Taxation however brought in S. Fr. 4,403 million, a figure 78.47 million higher than expected.

To sum up, in spite of the criticisms raised in certain liberal circles against the steps taken by the Government to put an end to the excessive expansion of the economy, it may be said that generally speaking the Swiss economy made remarkable progress in 1965 towards a return to a more normal, more healthy situation.



News of the Colony

Auckland Swiss Club

**WE HAVE MADE IT!**

April 17th was the big day for the Auckland Swiss Club shooters. For the first time the official Swiss Army Programme and Field Shoot was held with Swiss Karabiners. The weather was very kind and made the day a most pleasant occasion.

At 8 a.m. the first shooters arrived at the Deerstalkers' Association range at Riverhead and prepared the range and installations plus telephone, etc., which was made ready beforehand by a few enthusiastic Auckland members. At 9.45 everything was ready and a start was made with the official programme. The day proved that the further the shoot progressed, the better the results became. I would like to mention specially our guests who came out of it with flying colours.

All in all it can be said that the first such occasion was a complete success and we Aucklanders hope that in the future more participants would turn up. A special thank you to our rifle-master who organized and patiently guided the school over the initial difficulties. Best results were:

**Bundesprogram:**

H. Fitzi .....	90
S. Hartmann .....	87
H. Enzler .....	86
M. Bachmann .....	84
F. Bartschi .....	84
W. Zust .....	84
A. Bunter .....	83
F. Reichmuth .....	80
Ch. Rickenbacher .....	79
H. Hess .....	75

**Feldschiessen:**

H. Fitzi .....	81
F. Laubli .....	81
F. Bartschi .....	78
A. Bunter .....	77
W. Zust .....	77
M. Bachmann .....	76
T. Sidler .....	75
H. Enzler .....	74
S. Hartmann .....	74
Ch. Rickenbacher .....	74

**Guests:**

B. Bolli .....	92	D. Semmens .....	81
W. Unternahrer .....	69	B. Fluhler .....	55
B. Fluhler .....	59	W. Unternahrer .....	54
B. Bolli .....	84		