

Switzerland and the economic crisis

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SWITZERLAND AND THE ECONOMIC CRISIS

The general economic crisis is hitting Switzerland as hard as most other industrial countries. Psychologically, the effect has been probably stronger because the Swiss people had been used for so long to booming business. The habit of a high level of growth coupled with a national tradition for efficiency and satisfactory operation of everything they undertake has made the Swiss all the more vulnerable to any deterioration of the economic situation.

But this is really happening. Quite apart from the many figures showing decline in industrial production, others showing a rise in unemployment and all the talk about the recession in the Press and on the radio, one is struck by the phenomenal decline in job advertisements found in the papers. Some publications relying to a great extent on this kind of publicity have hardly any of it left and have reduced the number of their pages correspondingly. Such reductions are more striking than those already obvious in the British Press, particularly in the Sunday Press.

There were 8,500 registered persons out of work at the end of July and a great many more partially unemployed. That this should be a cause for national concern might appear ludicrous to the British, who are faced with 1.3 million unemployed and perhaps two million by next summer. But it should be remembered that, a little over a year ago, there were only 59 registered unemployed in the whole of Switzerland.

But it is surprising that the fall in employment has been kept so low because official statistics indicate an 18 per cent drop in industrial production during the first quarter of the year compared with the same period in 1974. This drop is dramatic in watch-making where it is greater than 34 per cent. It is considerable in other fields as well: paper (24 per cent), chemicals (20 per cent), textiles (20 per cent), housing (19 per cent), printing (17 per cent), leather industry (13 per cent), plastics (13 per cent). Production in food and clothing industries has declined by eight per cent, but the Swiss chocolate industry (so important to our reputation!) has

registered a 13 per cent fall in production during the first six months of the year and a 20 per cent drop in exports.

Here are some other figures reflecting the existence of a recession: the Federal Railways carried only 6.8 million tonnes of freight during the first six months of the year, 29 per cent less than during the same time last year. Swiss hoteliers catered for 10 per cent fewer guests in June than for the same month in 1974, where results were already quite bad. In fact, the number of nights booked had never been so low than in June 1961. It was as though 14 years of growth and prosperity had been lost. The West Germans were far and away the most frequent tourists. They spent three times more hotel nights than the French, four times more than the Americans, five and a half times more than the British and eight times more than the Italians.

Obviously important in the tourist sector, Switzerland's dependence on the outside world is even more dramatic in the vital machine tool and equipment sector. Of the 372,000 jobs in the industry, 270,000 are directly dependent on exports. This 73 per cent proportion tops 90 per cent in some specialised branches such as textile machines, packaging machines, paper manufacturing and printing machines. It is an indication

of the world-wide reputation and inherent strength of the industry that redundancies should have been kept so low. Many important companies are in fact not doing badly at all. Brown Boveri, Buehler, Escher Wyss, Oerlikon Buehrle have increased their order books. Maag, a Zurich firm that makes toothed wheels and machines, has seen its order book soar by 62 per cent over the same time last year.

Some other non-industrial sectors, banks in particular, continue to be doing very well. But despite these cases, the existence of a recession can't be denied. Dozens of factories are working on short time. Unemployment funds are giving out more money than ever before. People in business are sounding a continuous lament, and the gross national output is declining in real terms.

But as other countries are faced with the same problems on a much wider scale, the Swiss franc still stands firm. There is no sign of it descending from its giddy heights and easing the plight in which the world's faith in the Swiss currency has thrown our watch factories.

As a curious "psychosomatic" side-effect of the recession, absence from work, which caused a loss of nearly 10 per cent in output last year, is actually down to about two or three per cent!

LETTER FROM SWITZERLAND by Gotfried Keller

Haegendorf is a very small village about four miles west of the important railway junction of Olten in the German speaking part of Switzerland. Haegendorf houses an enormous flat-roofed building which covers some 16,000 square metres. It is the *Swiss Book Centre* which belongs to the Co-operative Society of some 220 Swiss booksellers. This society has been in existence for almost a 100 years and the new Book Centre which was opened in October 1974 — it cost 18 million francs to build, air conditioning and computer included — now has a stock of some two million volumes and, roughly, fifty thousand titles.

If a bookseller in the towns of Zurich, Basle, Lucerne and Winterthur is asked by a customer or prospective customer for a book which is not in his local stock, he telephones or telexes the Book Centre in Haegendorf. His order is then processed and the book, if in stock, will be sent to him by car. This means that booksellers in any one of these towns will be able to satisfy their customers' wishes within 36 hours. In the case of other towns and villages delivery is by post and takes a little longer.

All this applies to books printed in the German language. According to available figures some 30,000 new titles



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