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First of all, it must be stated that Swiss importations of provisions from countries which have devalued, will be cheaper, also Swiss exports to those countries will be more expensive for them. These new features will, however, eventually become less acute; on the other hand a notable increase in Swiss purchases from those countries that have devalued is to be expected: such countries, therefore, will have large sums of Swiss francs available for their purchases. It is not to be contested that the difficulties that beset Swiss exports to soft currency countries arose as a result of a shortage of hard currency rather than of the prices asked for the products. It is further to be hoped that the exchange rate having been altered, the tension of the antagonism will give place to a substantial reduction and that the rigid systems of quotas based on bilateral agreements be replaced by a tolerant policy of international exchanges. Mr. Nobs, in view of the fact that the devaluation having for its target the suppression of the over-valuation of the soft currencies, insisted that it would be erroneous for hard currency countries like Switzerland to modify her parity, because the same problems would impose themselves afresh, although on a different basis. To maintain the present parities in the hard currency countries is, therefore, a constructive contribution towards rendering the world economic situation more normal. It is interesting to note that Swiss exports to those countries that have devalued and those that have not, are about the same; therefore half of the Swiss exports will not sustain any price increase. If it is taken into account that the expected increase of the import volume of Switzerland will modify her position in commercial transactions, it can be understood that Switzerland can anticipate the future with calmness. It is not to be forgotten that the present position of Switzerland in monetary matters is very solid. The financial reserves have never been so high, and the liquidity on the money market is very great.

Finally, Mr. Nobs stressed the considerable importance of a stable currency for Switzerland, which is considered as a primary condition in maintaining the purchasing power of the Swiss franc.

#### SWITZERLAND'S ECONOMIC LIFE :

##### The Importance of Foreign Trade for Switzerland:

Lack of raw materials and foodstuffs has always had a direct influence on the growth of population in Switzerland and shaped the structure of this country's foreign trade. In 1888, there were about 2.9 million inhabitants in Switzerland, or 236 per sq. mile of productive soil; 22% of the population was concentrated in towns. In 1941, there were some 4.26 million inhabitants, or 345 per sq. mile, 33% of whom lived in towns. Since then this evolution has become more marked. The many and varied needs of the population call for a considerable volume of imports, which has to be counterbalanced in one way or another. The export of manufactured products among other things is designed to meet this and, considered in comparison with the raw materials used, this is essentially an export of work. However, exports of goods are generally not sufficient to cover the cost of imports so that Switzerland's trade balance almost always shows a deficit. If the balance of payments has remained favourable in spite of this, it is thanks to the invisible exports which have made the necessary contribution, in other words the interest on investments abroad, the tourist trade and the provision of services. None the less exchanges of goods play the most important role. As a matter of fact Switzerland's foreign trade calculated per head of population is very great. In 1938, it held third place in world trade. But the need to export is unfortunately not always accompanied by the possibility of doing so. In many cases Swiss exporters find themselves up against obstacles which often prove insuperable. Customs tariffs have always presented one of the main obstacles and their adjustment has frequently been attempted by means of commercial negotiation. Since the war other difficulties have been added to these, the question of the settlement of payments, currency regulations, clearing agreements and agreements on payments, quotas, dumping, etc.

These factors have all given the state a greater hold on international trade, so that considerations of a political nature play a continually growing role on world markets. It must not be forgotten either that about 4/5ths of Switzerland's traditional exports are placed in the category of "non essential" goods by the principal importing countries. There is no longer anything left, as it were, of the previously free market, and healthy competition between business rivals has given place to a struggle between closed economies. It is obvious that Switzerland is suffering from this state of affairs, but it is to be hoped that it will succeed in overcoming these new difficulties.

N E W S:

**THE DEVALUATION OF THE £ STERLING AND SWISS ECONOMY.**

In the economic field, the most important event for a long time was the devaluation of the £ sterling. It is still too early to foresee the consequences of this operation on world economy in general, and to Switzerland in particular. It is, however, easy to imagine that there will be several repercussions and not all of them will be favourable. Like a great surgical intervention, a devaluation, if it is to bear fruit, involves a certain number of inevitable sacrifices, which it is hoped to keep at a minimum. A declaration of the Swiss Government could immediately be recorded to the effect that the gold parity of the Swiss franc is being maintained, and that the Swiss franc will not be devalued, there is in fact no reason monetary or technically for such a step. The link between Swiss prices and prices abroad to-day, is not the same as it was in 1936, when the Swiss franc was devalued; at that time the disparity of prices in Switzerland and abroad was far more considerable than it was during the last years.

The new situation should, in theory, be bearable for Switzerland. The facilitation of all imports on the basis of the new sterling value is forecast and, therefore, a reduction in the cost of living is expected; it is also believed that production costs can be lowered, which would permit Switzerland to defend her export industry on the world market without profound modification of the economic and social status of the country. However, in practice, difficulties could be encountered; in fact, Swiss industry will be exposed, more than previously, to competition in view of the fact that goods manufactured in countries where the devaluation of currency took place will be offered cheaper; this could eventually lead to some unemployment in certain sections. On the other hand, it is not certain that the lowering of living costs will be sufficient to have an automatic influence. A new alliance between prices and wages is intimated; in particular, a lowering of wages which could not take effect without the serious resistance of the employees and would hardly be favourable to the social peace, and also constitute a precarious remedy which would involve the risk of provoking a disequilibrium on the internal market. It appears probable, however, that in Switzerland the conjuncture will only be slightly influenced by the recent devaluation.

TRANSIT TRAFFIC THROUGH SWITZERLAND.

Transit traffic through Switzerland continues to rise. In July, 158,000 tons have passed through the country. Provisions in large quantities from Italy to Belgium and Great Britain entered the country in Chaisso and left it at Basle. Provisions were also forwarded from Italy to the hizone of Germany. Since August 15th, 800 wagons loaded with motor cars passed in transit to Czechoslovakia.