

Zeitschrift: The Swiss observer : the journal of the Federation of Swiss Societies in the UK

Herausgeber: Federation of Swiss Societies in the United Kingdom

Band: - (1920)

Heft: 1

Artikel: The economic position of Switzerland

Autor: [s.n.]

DOI: <https://doi.org/10.5169/seals-685978>

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The Textile Mercury (6-11) quoting from Dr. C. A. Schmid, draws attention to the ever increasing peril of Switzerland's economic penetration by Germany: "In eastern Switzerland, notably in Zurich, the number of German workers employed in cotton spinning rose 92.4 per cent. in six years from 1905 to 1911, while during the same period the number of Swiss in the same occupation diminished by 19.6 per cent. At Zurich foreign trade unionists are at present so numerous that they can, of their own accord, cause the Swiss organisations to declare strikes, even in the public services."

The Manchester Guardian Commercial (11-11) publishes in full the report of the Swiss Delegation to the Brussels Economic Conference, which we reproduce in another place.

The new Geneva Correspondent of the *Westminster Gazette* (11-11) after throwing ridicule on a large number of English tourists, is now engaged in a crusade against the houses of ill-fame in Calvin's city and against the gaming tables at the Kursaal. Really, if he stays long enough, Geneva will see wonders: "nearly half the city ought to be pulled down and rebuilt, for hardly a town in Europe has so many slums or so many doubtful odours. These slums, the uncleanly habits of large numbers of the population, and the imperfect cleansing of the streets, are probably the main causes of Geneva's being reputed not a very healthy city."

J. A. R. Marriott in an article on *Swiss Democracy*, contributed to *The Edinburgh Review* (November) and in another contributed to the *Fortnightly Review* of the same month, compares the Swiss Federal Institutions with those of America and his idea of a constitution for the British Empire. He admits that Swiss democracy is the most direct one and theoretically perfect, but he does not think that: "it can exist elsewhere than in a small State, itself the federal aggregate of still smaller States; peculiarly situated, alike as regards geography and also international relations."

THE ECONOMIC POSITION OF SWITZERLAND.

Statement of the Swiss Delegation to the Brussels Conference—English Version contributed by Monsieur Henri Martin, Commercial Attaché to the Swiss Legation.

The economic life of Switzerland is very closely bound up with the economic life of the rest of the world. As a matter of fact, Switzerland has to import a large proportion of essential foodstuffs and fodder; she lacks the more important raw materials and subsidiary and semi-manufactured goods (coal, chemical manures, ores, cotton, silk, wool, hemp, flax, cacao-beans, etc.), and yet she possesses industries which are relatively very highly developed. Moreover, Switzerland was destined to be very severely tried, even though she herself was not directly involved, by a world-war, extending over several years, and the more so because, having no direct access to the sea, she found herself entirely dependant on the belligerent countries which, in numerous cases, compelled her to pay unfair prices for their goods.

The Swiss population, according to the latest census in 1910, finds employment to the extent of 60 per cent. in industry, trade and transport, and of 30 per cent. in agriculture. Since then the proportion has been further modified in favour of industrial occupations.

During the course of the last five years, the economic life of Switzerland has been subject to great disturbances which have taken place in industry, commerce, public and private finance, and in the movement of prices.

RISE OF PRICES.—The purchasing power of money has greatly decreased in Switzerland. According to the index-numbers, the cost of living is at present about two and a half times what it was in 1914 (in June 1914, 100; in December 1919, 243).

The result is the same as in other countries, an increase in wages and salaries. As these have to be paid in Swiss money which is standing at a high rate of exchange, they entail a heavy charge on

the Swiss export industry; on the other hand, this rise in wages and salaries has the effect of still further increasing the high cost of living.

TRADE AND INDUSTRY.—The Trade Balance in Switzerland before the war showed a debit balance of more than half a milliard francs (in 1913, 550 million francs), which was compensated, in the inter-national balancing of accounts, by the receipts derived from the tourist traffic, from transport and from investments abroad. During the war the situation altered to such an extent that the trade balance in 1916 showed an export surplus of 70 millions. Since then more or less normal conditions have been restored, and the trade balance has reverted to its former position, with a debit balance of 240 million francs in 1919, but without any compensation, on the international balance of accounts, in the form of receipts mentioned above.

Industrial output in Switzerland has been seriously compromised by the War. In addition, the increasingly deplorable state of the exchange has further aggravated the difficulties arising from the lack of raw materials and their excessive dearness. Contrary to general expectations, the currencies of the belligerent States, far from recovering after the conclusion of peace, have undergone a continual depreciation, a phenomenon which created fresh difficulties for Swiss industry. In fact, Switzerland has been flooded with cheap foreign products, which have created in her own market a formidable competition against indigenous products, which are naturally dearer. Switzerland derives only a limited benefit from the advantages which her favourable rate of exchange would appear to give her in the purchase of raw materials from countries with a depreciated currency. On the other hand, she suffers from all the disadvantages of having to compete with cheap goods.

For instance, Switzerland has to pay higher prices for coal and iron than are paid by foreign industries, and to these prices must be added high costs of transport, for the sources of supply nearest to Switzerland are hardly in a position to deliver anything.

As Switzerland has no raw materials, her export industry has had to develop in those branches in which labour represents an important proportion of the total value of the goods (clocks and watches, embroidery, silk goods, machinery, etc.). Already during the War there were great difficulties to be encountered in the export of Swiss goods; since the conclusion of peace this state of things has become still worse, for the Swiss export trade is to some extent checked by embargoes on importation, sometimes in violation of commercial conventions, and which deprive it of its natural outlets.

FINANCIAL SITUATION.—The financial situation in Switzerland has been entirely thrown out of balance by the War. Surrounded by belligerent countries, Switzerland had to mobilise over a considerable period the whole of her military forces and further large bodies of troops. Expenses of mobilisation amounted to a sum of $1\frac{1}{4}$ milliards of francs at the end of the year 1919; and to this expense has to be added that resulting from direct or indirect effects of the War. Whereas in 1913 the revenue and expenditure of the Confederation nearly balanced each other, in 1919 there was a deficit of about 400 millions. To this sum must be added the deficits of 25 Cantons, which are autonomous in respect of financial matters. For 1919 these amount as a whole to a deficit of 80 million francs.

The National Debt of the Confederation, which was only $1\frac{3}{4}$ milliards of francs in 1913, amounted at the end of 1919 to a sum of $3\frac{3}{4}$ milliards of francs. Moreover, the debt of the Cantons must be taken into account, and this, at the end of 1919, was $1\frac{1}{4}$ milliards as against about 800 millions at the end of 1913. Consequently, the total combined debt of the Confederation and Cantons amounted to 5 milliards of francs at the end of the year 1919.^o To this sum the debt of the Communes has also to be added, and this is considerably in excess of that of the Cantons.

With regard to taxation, it should be noted that the Confederation does not impose any direct taxes other than the army tax, the war tax, and the war profits tax. The war tax has so far yielded 100 million francs and the war profits tax half a milliard.

In normal times a great proportion of the expenditure of the Confederation is met by customs duties, which during the War yielded only a reduced amount, owing to the enforced slackening of trade. These dues in 1918 amounted to only half the sum obtained in 1913.

Direct taxation, on the other hand, is very high in the Cantons and Communes. It amounted already in 1919 to from 20 to 30 per cent. of the yield of average incomes. These rates will need to be raised considerably during the next few years, for the Cantons and Communes have not yet been able to make their budgets balance. Therefore, we must reckon in the future upon rates amounting to from 30 to 40 per cent., if not more, of the yield of average or even larger incomes.†

The rise in the price of goods and the necessity of facing financial requirements brought about by the War have also led to an increase of the paper currency in Switzerland: from an average of 272 millions in 1913 it has risen to an average of 909 millions in 1919; but it has been possible to maintain the legal gold reserve of 40 per cent.

The Swiss money market during the War has had great demands made upon it: the Confederation, Cantons and Communes have had to have recourse to loans to meet their current financial needs; industry has been obliged, by increases of capital and the issue of debentures, to reinforce its working capital so as to be able to finance its stocks and provide against the stagnation of capital resulting from the necessity of allowing foreign purchasers extensions of time for payment. Moreover, the Swiss money market has had to absorb Swiss (Confederation, Canton, Town) debentures sold in bulk for foreign account and which, by reason of the high rate of exchange of the Swiss franc, could be realised by their foreign holders without loss of capital. It is estimated that these sales amounted to more than half a milliard of francs.

Mention must also be made of credits in Swiss francs allowed to foreign countries. The necessity of providing the country with raw material and of securing the export of Swiss goods to the different belligerent countries has forced Switzerland to carry out these financial operations through Banks and Financial Companies in which the Confederation was bound to have an interest. These advances abroad, which are largely responsible for the absorption of capital, still amount at the present time to about 300 million francs.

The need for capital is urgently felt at the present day; during the current year the Confederation and the Cantons will have to find some hundreds of millions, to which must be added the requirements of the Communes, of industry and of mortgage associations.

Personal property in Switzerland has suffered heavy losses during the war, not only owing to the enormous fall in value of all securities, amounting on an average of 40 per cent. as compared with 1914 in respect of debentures, but also owing to further actual losses in certain businesses. Hotel-keeping and transport business in particular have suffered, and their prospects for the future are not at all favourable.

In addition to all this we have the losses suffered by Switzerland on Capital invested abroad. Before the War, Switzerland was an exporter of capital; she holds foreign securities in the form of shares, debentures and government stocks, of Swiss industrial interests in foreign undertakings, of loans on mortgages effected in other countries, and of debit current accounts.

According to carefully considered estimates, the losses which have been incurred by the Swiss national wealth largely exceed the amount of the capital which has been newly created since the outbreak of the War.

In short, the financial and economic situation in Switzerland, may be summed up as follows:—

The Confederation, Cantons and Communes have contracted during the last five years such heavy debts and their expenditure is so great that, in order to maintain a financial balance and liquidate their debts, it will inevitably be necessary to impose taxation on such a scale that it will be impossible to increase it.

The provision of new Capital has dwindled and no longer corresponds to the financial requirements. The result is a state of extreme tension in the money market, which will find it difficult during the next few years to supply the necessary funds for public and private requirements. Loans abroad, from countries that are rolling in capital, have moreover become a necessity for Switzerland, and can only be effected at the cost of great sacrifices.

This weakening of the financial situation is further aggravated by a serious economic danger, which consists in Switzerland being

forced to purchase abroad, at almost impossible prices, in excess even of those ruling in other countries, all the raw material required for her industries. To the high prices charged for such goods heavy transport charges have to be added, so that the Swiss producer, even though he be satisfied with a moderate profit, can only place his output abroad with great difficulty, owing to the high rate of the Swiss exchange. In addition to these difficulties, sufficiently great in themselves, we have embargoes on importation or the fixing of import rations. It is certain, therefore, that the Swiss export industries, under such unfavourable conditions, will no longer be able to carry on at full capacity. Hence, seeing that industry is the chief economic factor in Switzerland, it is evident that the situation is exceptionally serious.

*The debts of the Confederation and the Cantons amount to 1,320 francs per head of the population: the sum of Fr. 907.98 mentioned in report IV., page 22, refers only to the debt of the Confederation.

†The Federal and Cantonal taxes for 1920 represent, per head of the population,

In direct taxes, about	Fr. 52
In indirect taxes, about	„ 35
Total, about	„ 87

The sum Fr. 24.5 and 21.2 mentioned in report IV., page 12, refer only to federal taxes. To meet fully the present financial requirements, the total amount of the above taxation, say Fr. 86 per head of the population, would have to be nearly doubled.

EIN ENGLISCH-SCHWEIZERISCHES BUNDNIS IM JAHRE 1514.

Wir geben nachstehend in den Worten des berühmten Berner Chronisten, Valerius Anshelm, eine Darstellung der ersten schweizerischen Gesandtschaft nach England und deren Erwiderung.

Zur Orientierung erinnern wir daran, dass zu jener Zeit die Schweizer auf der Höhe ihrer Macht standen. Als Verbündete des Papstes und "Beschützer" des Herzogs von Mailand waren sie das grösste Hindernis auf dem Wege der französischen Expansion in Italien. Trotz der Siege von Pavia und Novarra mussten die Eidgenossen mit neuen französischen Angriffen auf die Lombardei rechnen. Während die Diplomatie Ludwigs XII sie in Italien zu isolieren suchte, beschloss die Tagsatzung sich für den neuen Waffengang die Hilfe König Heinrichs VIII von England zu sichern, der schon zwei Jahre früher selber mit den Eidgenossen zu verhandeln versucht hatte.

"*Handlung des Engelschen küngs und gmeiner Eidgnossen mitenandren, widern Franzesischen küng gehalten:*" In oberzählten sachen, als sich der frid zwischen Frankreich und einer Eidgnoshaft nit wolt lassen machen und aber der krieg den Eidgnossen gnuog schwer wolt sin, wurden zuo rat, spat zesuochen, das si, bi guoter Zit an si gebracht, hattend ussgeschlagen, nemlich mit dem Engelschen küng wider gmeinen viend gmeinen verstand (Vertrag) zemachen und zehaben; beschlussend alda zuo Zürich uf den 4. tag April, dass Zürich und Basel in gmeiner Eidgnossen nammen söltid unverzogentlich ir botschaft (Gesandtschaft) zuon Engelschen vertigen, um gemelten verstand zehandeln. Also schickt Zürich Mauritzien Hurus, iren burger von Stein, und Basel Hans Stoltzen, des rats, mit gmeiner Eidgnossen briefen und bevelch in Engenland zuom küng. Wurden erlich (ehrenvoll) und wol enpfangen, gehalten, begabt (beschenkt) und nach verhör mit künglicher majestät erlichen botschaft (Ehrengesandtschaft), nemlich einer rät, die edlen her Wilhelm Ringt (W. Rink), beder Rechten doctor, und her Richarden Patz (Rich. Pace), secretarien, latinscher und kriechischer sprachen wol beredten, wider heime abgevertiget; kamend uf den 12. Juny gon Zürich, dahin, si zuo verhören, wurden gmeiner Eidgnossen anwalt beschrieben (Tagsatzungsboten aufgeboten).

Und also uf den 20. tag égenants monats ward von Eidgnossen von ersten (als einer der ersten) verhört des Engelschen küngs brief an gmein Eidgnossen wie hievolgt gestelt (abgefasst):

Missif des Engelschen küngs an gmein Eidgnossen. "Heinrich, von Gots gnaden küng zu Engenland und Frankreich, her zuo Hibernia, sagt den grossmächtigen und strengen herren, den Eidgnossen des grossen punds Obertütscher landen, unsfern sunders