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## THE ECONOMIC AND FINANCIAL EVOLUTION OF SWITZERLAND DURING THE LAST FIFTEEN YEARS.

By Prof. WILLIAM RAPPARD, Geneva.

To consider within the narrow limits of a brief article, the economic evolution of any European country during the last fifteen years is necessarily to contrast pre-war, war and post-war conditions. This is particularly true of Switzerland. Not so much, as we shall see, because Switzerland was politically neutral and geographically surrounded on all sides by belligerents, as on account of her peculiar economic structure, which renders her exceptionally sensitive to all international disturbances. Our narrative will, therefore, very naturally fall into three parts.

### I.—The Pre-War Period (1911-1913).

The last years before the war were perhaps the most prosperous in the annals of the Swiss Confederation. The population had been growing since 1850 at an ever increasing rate. Although in the point of density it had not yet reached that of the most populous parts of the world, it had between 1900 and 1910 increased faster than at any preceding decennial period and faster than that of any other European State, except Germany. This was due, not so much to a high birth-rate—the Swiss birth-rate had in fact fallen below that of all the other European countries, except France and Belgium,—nor to an unusually low death-rate nor to the lack of emigration, but primarily to a disproportionately large immigration. The influx of foreigners, mainly Germans, French and Italians, which was both the result and the cause of material prosperity, had increased so rapidly that it had aroused the apprehensions of the more nationally-minded of the Swiss. The census of 1910 showed that foreigners in Switzerland, having more than doubled in numbers in the course of twenty years, had come to represent nearly 15% of the total population. This proportion, more than four times greater than that of Belgium, was by far the highest in Europe, if we disregard Luxembourg.

The census also showed that the rapidly increasing population was almost entirely absorbed by the cities. Although the rural population, living in towns of less than 10,000 inhabitants, had slightly increased also, the proportion of the agricultural to the total population, having decreased faster than ever before in the course of the last decennial period, had fallen to about a quarter of the whole.

The foreign trade of Switzerland had never been more active than just before the war. Having doubled in the course of a quarter of a century, it had by 1913 reached a "per capita" figure of 850 francs, which is more than 25% higher than in the United Kingdom. The import and export figures, which are particularly significant for a country as dependent on its foreign trade as Switzerland, very clearly reflect the peculiarities of her economic structure.

The imports were in 1911 to 1913 divided almost equally into food-stuffs, raw materials and manufactured products. Switzerland, which is after Great Britain the least self-sustaining country of Europe, imported her grain from Russia, the United States, Argentina, Rumania and Germany, in the order named, her meat chiefly from France and Italy, her sugar from Germany, her malt and her hops from Austria-Hungary, and her wine from Spain and Italy.

For her raw materials, which also made up about a third of her imports, Switzerland was dependent mainly upon Germany (coal and iron), France (silk and iron), the United States and Egypt (in about equal proportions for cotton), Great Britain (iron), and Japan (silk).

As for the Swiss exports, although they also had advanced rapidly since the beginning of the century and had reached their highest figure in 1913, they had relatively been losing ground when compared to the imports. Nearly three-fourths of the export trade was in manufactured goods, raw materials representing little more than 10% and food-stuffs less than 15% of the total exports. The following table shows the relative values, in millions of francs, of the nine chief Swiss exports in 1913, together with their most important markets:

Exports	Values	Markets
Embroideries	194	United States (56), Great Britain (45), Germany (15).
Watches	183	Germany (36), Great Britain (32), Russia (17), Austria-Hungary (15).
Silk stuffs	107	Great Britain (45), Canada (13), France (9), Austria-Hungary (9).
Machinery	98	France (18), Germany (16), Russia (15).
Cheese	70	United States (17), France (14), Germany (13).
Chemicals	67	Germany (22), United States (7), Great Britain (6).
Chocolate	58	Great Britain (17), Italy (7), Germany (7).
Condensed milk	42	Great Britain (21).
Silk ribbons	42	Great Britain (24).

As these figures indicate and as is more fully and more exactly shown in Table 3 below, the German Empire was before the war by far Switzerland's most important customer and, to a still greater extent, her most important supplier. Great Britain, which before 1914 usually occupied the fifth place among the exporters to Switzerland, coming immediately after her four continental neighbours, was second as customer and the only important customer whose purchases regularly exceeded her sales.

From 1885 until 1913 Switzerland's balance of trade, which had always been unfavourable, was becoming ever more so. Her increasing exports of manufactured goods failed to cover her more rapidly increasing total imports. However, this was more than neutralized by the returns from her invisible exports and by the profits of the ever more prosperous tourist traffic. Thanks to this latter factor, which was estimated at about 250 millions of francs annually, thanks also to the surplus of receipts over expenditure on account of international transportation, insurance, and investments, it was held that before the war Switzerland's wealth was increasing, not only in consequence of internal accumulation, but also as a result of her economic relations with the outside world.

The public finances of the country were on the whole on a very sound basis, and public indebtedness was not high. The revenue of the federal government was derived, to the disquieting proportion of 85% from the customs, whereas the cantons and the municipalities relied mainly for their revenue on property and income taxes. This general division of indirect and direct taxation between the national government and the local administrations was well adapted to the needs of peace, but, as we shall see presently, proved untenable in time of war.

### II.—The War Period (1914-1918).

The very summary indications just given as to the economic structure of Switzerland will have sufficed to explain why no other neutral country, and why even few belligerent States were so deeply affected by the war. Switzerland was peculiarly exposed to its repercussions, not only on account of her geographical position, but also by reason of the composition of her population, the nature of her foreign trade and her system of public finance.

The main demographical results of the war became apparent if we compare the results of the censuses of 1910 to 1920. The annual rate of increase, which had been 12.5 per thousand inhabitants between 1900 and 1910, fell to 3.3 per thousand in the succeeding decennial period. The number of foreigners decreased by about 150,000 in absolute figures and dropped from nearly 15% to about 10% of the total population. Besides, the processes of "urbanisation," of "industrialisation," and "commercialisation," which had characterised the preceding period, were notably retarded and in some respects absolutely checked by the action of the war. The interference with the importation of food-stuffs and raw materials which it occasioned obliged the Swiss people to increase their agricultural output, and thereby arrested the flight from the land. In all these respects, the effects of the war were distinctly reactionary, in as much as they counteracted what had appeared to be a natural evolution.

It is impossible to describe in a few lines the influence of the war on the economic life of Switzerland, as reflected in its foreign trade. Her position from 1914 to 1918 may be defined as that of a State politically neutral and economically dependent upon the good will of her warring neighbours. The latter were willing to help her only in so far as it was consonant with their own interest and in so far as they did not thereby indirectly assist their enemies. Now the Allies, from whom alone Switzerland could receive the raw materials and the food-stuffs without which her population would have been condemned to complete unemployment and starvation, consented to their entrance only on condition that they should not in any shape be re-exported to the Central Powers. Germany, on the other hand, whose coal and iron Switzerland could no more forego than the Allies' grain and cotton, was not prepared to supply these commodities, except in exchange for those she needed most, which were naturally food-stuffs. Under the pressure of these circumstances Switzerland sought to increase her own production of wheat and fuel, while limiting to the utmost her internal consumption.

The foreign trade statistics do not clearly show the results. This is due to the fact that they relate solely to values and that the enormous rise in prices more than offset the decline in bulk and weight of the imports. As a matter of fact, from 1914 to 1918 Switzerland's imports of raw materials fell from 4.6 millions of metric tons to 2.8 millions, and of food-stuffs from 1.3 millions to 0.7. The following figures, relating to the two fundamental commodities of grain and coal, show both the decline in quantity and the increase in value of Swiss imports during the war:

	1913	1914	1915	1916	1917	1918
Grain, in millions of metric quintals	9	7	7	8	4	3
Frances	181	163	248	404	257	202

	Coal, in millions of metric quintals
Frances	34

	107	100	125	151	159	312
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While Switzerland's imports were thus declining very appreciably, her exports were on the whole rather increasing, so that in 1915 it occurred that her trade balance was, for the first and only time since accurate statistics are kept, slightly favourable. The increase in exports was due in a certain measure to raw materials (notably wood and cement for structural military purposes), but mainly to manufactured goods, which rose from about three-quarters to nearly nine-tenths of total exports. The following table shows some of the commodities whose exports (in millions of francs) were most stimulated by the war:

	1914	1915	1916	1917	1918
Embroideries	145	172	218	218	268
Machinery	74	88	153	149	147
Chemicals	68	91	138	175	187
Silk yarn	28	64	113	140	—
Wrought copper	3	27	136	214	99
Iron forgings	18	44	73	85	64
Aluminium	15	37	49	56	63

The Swiss manufacturers of certain of these products profited mainly by the weakening of foreign competition under the stress of war conditions. Other commodities, notably the last three, were clearly produced for war consumption. Of the remaining principal Swiss exports some, such as silks, watches, condensed milk and chocolate remained stationary in value, while declining in quantity. Others, and in particular cheese, the great Swiss agricultural staple, almost disappeared from the list of exports, on account of domestic shortage of food-stuffs.

(To be concluded.)

### "RIFLESSONI."

Si, lo sport femminile entra in campo dovunque, anche in quello fin'ora reputato puramente maschile . . . sembra quasi che prenda il primo posto nella vita della donna!

E riflettevo, col giornale in mano, cogli occhi chiusi . . . riflettevo sugli anni che passano, e che, in questo caso, non si può dire: "Plus ça change et plus c'est la même chose!" . . . ma sulla gran diversità tra l'educazione della fanciulla del dopo guerra, da quella dei miei tempi! . . .

La donna d'adesso, ha certamente un valore sociale, molto più vasto, gode di un'importanza incalcolabile come amica e compagna dell'uomo in "quasi" ogni divertimento sportivo e come rivale sua, nella lotta per l'esistenza!

Riflettevo . . . "ma, e la casa? . . . e la famiglia? . . ." Sarà un giorno questa fanciulla moderna, meglio adatta di noi "old fashion ones" nell'arte di governare la famiglia, avendo quest'arte, i suoi più saldi fondamenti nella conoscenza dell'uomo, dell'igiene, nella scienza dell'educazione e del Vangelo? . . .

A noi, insegnavano a rammendare le calze, ad andare in cucina ad ammucchiare una qualche pietanza . . . a correre a casa di scuola ancora in tempo ad aiutare la mamma nell'apparecchiare la mensa . . . così, per tempo perso, fra le lezioni ed i compiti! . . .

A noi, insegnavano a governare la casa . . . inculcavano nella mente nostra che una casa ben diretta, che gode della pace fra i suoi membri, dell'ordine, della pulizia e del buon gusto, è un'ideale che l'uomo sogna fino dalla prima sua gioventù; e pur di conseguirlo si sottopone spesso a sacrifici e privazioni d'ogni genere. . . .

Ma! . . . chissà? . . . forse ogni metodo di educazione, quantunque differisca nella forma, conduce alla felicità domestica. . . . Chissà? . . . forse con armonia, equilibrio, misura in tutto . . . ah, ecco il tesoro vero, cara donna d'ogni tempo! sii tu una povera vecchia piegata sotto il fascio della legna, discendente dalla montagna al piano, operaia curva intenta al lavoro, donna casalinga e semplice educata all'antica scuola, o squisita fanciulla moderna. . . .

E vero che le tradizioni si sono trasformate col passare di tutti questi anni, ma hanno conservato la loro essenza vibrante femminile; la donna di tutti i tempi, di qualsiasi ceto, ha sentito squisitamente tutto il movimento del pensiero e degli eventi, ha notato tutte le nuove correnti della vita. . . .

Ma appunto, armonia, equilibrio e misura in tutto . . . di forze mentali, di sentimenti, di cuore! educazione domestica alternata a giochi sportivi per lo sviluppo fisico e morale . . . fusione perfetta, mai esagerata, e sarai sempre venerata, o donna, in colei che fu nostra madre, in colei che è nostra figlia, nell'umile lavoratrice, nella bella fanciulla sportiva. . . .

T. LUNGHY-REZZONICO.