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# MONEY AND FINANCE

Those of us who live in the UK are all uncomfortably aware that the average Swiss worker earns a lot more than his counterpart here, whatever the job happens to be. Moreover, even taking higher prices into account, he is still on average a lot better off than his equivalent in the UK in terms of disposable income. We may often wonder why this is so? Is it because the more disciplined Swiss work force works harder in order to justify higher returns and is more "productive" — or are there other reasons? There has to be some explanation and not unnaturally the British worker (or even the Swiss national living here working for a British salary) is not entirely satisfied with the smug and easy answer that British workers are lazy and therefore produce less than Swiss, German or Japanese workers. One can understand that a Briton might produce, say half the number of cars as a Japanese worker, in a given period, but not one-fifth as many or any of the other shameful comparisons which we have grown accustomed to seeing. Unless one happens to have had builders in recently, the productivity gap seems to exceed even the British capacity for swinging the lead. Probably the answer lies in the relatively glib use made nowadays of the term "productive" which tends to blanket out other evils in the British system such as overmanning which automatically lead to "low productivity".

As Bertrand Russell said it is a question of "defining one's terms": which might not lead to getting the right answers but at least leads to an understanding of the question.

That does not seem to get anyone very far, but, coming down to brass tacks, it might be said with justification that whatever else is wrong with Britain it does not seem to be wage inflation. This may be judged by the tables of comparative wage levels which are included on this page and which appeared in a recent edition of Union Bank of Switzerland's 'Business Facts and Figures'.

The first one compares the gross hourly labour cost in terms of wages and supplementary benefits in 14 major industrial countries at the end of 1978. Naturally Switzerland ranks fairly high on the list with a total labour cost of Sw.Fr. 17.71 per hour putting it fifth after Belgium, The Netherlands, Sweden and West Germany. In hourly wage rate terms Switzerland is higher on the list, but

**Gross Hourly Wages, Supplementary Benefits and Labour Costs in Various Countries at the end of 1978**

Country <sup>1</sup>	Gross Hourly Wage	Supplementary Benefits	Total Labour Costs	Share of Supplementary Benefits
	Fr. <sup>2</sup>	Fr. <sup>2</sup>	Fr. <sup>2</sup>	%
Belgium	10.67	7.78	18.45	42.2
The Netherlands	10.43	7.80	18.23	42.8
Sweden	11.21	6.70	17.91	37.4
Fed. Rep. of Germany	10.58	7.30	17.88	40.8
Switzerland	12.30	5.41	17.71	30.5
Denmark	13.58	2.99	16.57	18.0
USA	10.97	4.17	15.14	27.5
Canada	10.93	3.07	14.00	21.9
France	7.01	5.53	12.54	44.1
Italy	5.91	6.32	12.23	51.7
Austria	6.45	5.76	12.21	47.2
Japan	9.26	1.57	10.83	14.5
United Kingdom	6.04	1.82	7.86	23.2
Spain	4.86	2.86	7.72	37.0

\* Hourly labour costs consist of the gross hourly wages plus a proportional share of supplementary personnel costs such as contributions to company-operated pension funds, meal allowances and allowances for children. The supplementary personnel costs have in some cases been estimated. (Source: German Institute for Economics, Cologne.)

<sup>1</sup> Ranking based on total labour cost per hour.

<sup>2</sup> Converted into Swiss francs at average exchange rates for December 1978.

**Development of Average Gross Hourly Wages in Industry: 1974 to 1978**

Country <sup>1</sup>	Gross Hourly Wages		Change between 1974 and 1978	
	End of 1974	End of 1978	In Swiss francs	In Local Currency
	Fr. <sup>2</sup>	Fr. <sup>2</sup>	%	%
Denmark	12.56	13.58	+ 8.1	+ 63.4
Switzerland	10.58	12.30	+16.8	+ 16.8
Sweden	11.41	11.21	- 1.8	+ 60.3
USA	12.58	10.97	-12.8	+ 36.1
Canada	12.44	10.93	-12.1	+ 64.4
Belgium	8.46	10.67	+26.1	+ 58.7
Fed. Rep. of Germany	9.68	10.58	+ 9.3	+ 30.7
The Netherlands	8.81	10.43	+18.4	+ 48.0
Japan	7.20	9.26	+28.6	+ 31.0
France	5.78	7.01	+21.3	+ 80.4
Austria	5.43	6.45	+18.8	+ 46.2
United Kingdom	6.65	6.04	- 9.2	+ 66.2
Italy	5.24	5.91	+12.8	+124.4
Spain	5.14	4.86	- 5.4	+ 85.6

<sup>1</sup> Ranking based on gross hourly wages in 1978.

<sup>2</sup> Converted into Swiss francs at average exchange rates for December 1974 and December 1978. (Sources: German Institute for Economics, Cologne, and Swedish Employers Association, Stockholm.)

has a lower percentage of supplementary benefits than others on the list.

The unfortunate Briton weighs in below even Italy in overall terms and is just nosing ahead of Spain with a total of Sw. Fr. 7.86 per hour. This means that labour costs are less than half those in Switzerland and that it should surprise no one if

Britain soon sees a vast influx of Spanish waiters in search of cheap holidays.

The second table of comparison is even more interesting because it shows the development of average gross hourly wages in industry in those same 14 countries between 1974 and 1978. This comparison is not only in terms of Swiss Francs but

also in terms of local currencies. In this context, whereas Switzerland has jumped from fifth to second place over the period judged in terms of Swiss francs with a rise of 16.8 per cent, its climb was mainly due to the relative strength of the Swiss Franc. By comparison, in Italy, whereas the increase in wages was 124 per cent (seven times the rise in Swiss wages) in Swiss franc terms it was only 12.8 per cent (less than the increase in Switzerland).

Once again Britain is near the bottom of the international list. Whereas its gross hourly wage cost increased by 66.2 per cent in terms of sterling, in terms of Swiss Francs it actually dropped by 9.2 per cent.

All this is meant to convey is that during the period of Britain's greatest crisis, her wage costs actually dropped in an international context and the only other countries which also managed this were the United States, Canada, Sweden and Spain.

It is also interesting to note that despite the rise in the value of the Swiss Franc, Swiss competitiveness did not suffer quite as much as its leaders of industry like to make out. For example, competitor countries whose average gross hourly wage rates increased faster than those of Switzerland in Swiss Franc terms over the period included Japan, France, Belgium, The Netherlands and Austria.

### **MORTGAGES**

Swiss people watching the British preoccupation with the mortgage rate and house prices must sometimes wonder whether Britain is indeed "mad". The latest instalment in this long playing drama was Friday, 13th July when the building society chiefs ensured that it was not "black Friday". But the Government's popularity hung on the three-quarters of a point between 11½ and 12½ per cent. Fortunately the evil day for the introduction of the

new rate was postponed leaving everyone happy.

Of course, despite low wages and a poor level of benefits, the British are still relatively well housed compared with their Swiss counterparts and one wonders how long the average Swiss young couple will put living in a well-appointed rented flat before the penurious slavery of home ownership. In fact it probably makes sense to buy residential property in Switzerland now while interest rates are still low and inflation is only just beginning to creep up.

But perhaps the problem is that the Swiss make everything so difficult by being so secretive about quoting a price for anything in advertisements. This trend even extends to job adverts which talk about everything but the salary which might be expected. Can anybody explain why this should be so?

*by Christopher Hill*

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## **SWISS ECONOMIC NEWS**

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### **SWISS CIVIL AVIATION IN 1978**

While movements of traffic at Zurich-Kloten International Airport indicated a growth of 3.7 per cent during 1978, those at Geneva-Cointrin followed a less favourable evolution: the considerable drop in charter flight business (-6.8 per cent) and non-commercial traffic (-4.8 per cent) led to a decrease of 0.2 per cent in the movements of planes. In the two above airports, there is however an increase in the number of regular flights (Zurich +2 per cent, Geneva +5 per cent) and that of passengers (Zurich +3 per cent, Geneva +4 per cent). In the freight sector, satisfactory results have also been recorded (Zurich +10 per cent, Geneva +4 per cent). As for the Basle-Mulhouse airport, run jointly by France and Switzerland, the increase in passenger traffic (+4 per cent) compensated somewhat for the drop in freight traffic (-8 per cent). Forty-nine per cent of all regular flights from Switzerland to other countries and vice versa were flown by the national airline company Swissair, which has a fleet of 48 aircraft including two Boeing 747Bs. Its passenger occupancy rate rose from 60.7 per cent to 62.5 per cent. At the end of the year 1978, 59 foreign companies flew services to Switzerland, including the national airline company of the People's Republic of China, CAAC, which inaugurated the new Peking-Urumchi-Belgrade-Zurich line on 4th May, 1978.

### **NUMBER OF COMPUTERS IN SWITZERLAND: THE UPWARD TREND CONTINUES**

The big increase in the number of computers in operation in Switzerland continued during the year 1977/78: 2,627 units installed (+7 per cent compared with the 1977 census) representing a value of 3.3 billion Swiss francs (+2.8 per cent), i.e. about 89 computers for every 100,000 members of the working population are the results of a survey carried out in the middle of 1978 by the Institute for Automation and Operational Research at the University of Fribourg (the figures quoted do not include the computers belonging to CERN in Geneva). Switzerland therefore remains the second "Eldorado of computers" after the United States.

While the general trend is mainly towards computers with large storage capacities, one is particularly struck by the very big growth in models with a capacity of 64 to 128 k-Bytes, their share of the market having risen from 8.9 per cent in 1977 to 17.4 per cent in 1978. Among the manufacturers, IBM keeps its leading position with 35.6 per cent of the overall total for the Swiss market (60.6 per cent of the total memory volume) although increased competition made it lose part of its lead (share of the market -3 per cent compared with 1977).

### **THE SWISS TOURIST YEAR 1978 UNDER THE MAGNIFYING GLASS**

"Better than expected but not so good as hoped" is the feeling prevailing after the analysis of the particulars relating to the tourist year 1978, which do not however take into account the growing decline in the profitability of the hotel and restaurant trade. In spite of the bad weather at the beginning of the summer season, the lack of snow in December and the rise in the value of the Swiss franc, some 68.5 million overnight stays were recorded, which represents a slight drop of 0.9 per cent compared with the record figures obtained in 1977. In hotels and spas which totalled nearly half of the nights mentioned, the drop compared with 1977 was 2.7 per cent whereas parahotelkeeping (chalets, camping sites, etc) showed an increase of 0.8 per cent. In terms of visitors' countries of origin and their proportion of the overall result, the main countries are as follows: Switzerland and the Principality of Liechtenstein 52.6 per cent (-1.1 per cent), West Germany 20.4 per cent (+3.7 per cent), The Netherlands 5.2 per cent (+12.2 per cent), Belgium 4.3 per cent (-1.1 per cent), France 3.9 per cent (-13 per cent), USA 3.1 per cent (-23.5 per cent). The overnight stays of visitors from Asia totalled 1.7 per cent (+2.7 per cent) and those of African visitors 0.6 per cent (-6.1 per cent) of the total nights recorded.