

**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:** - (1982)

**Heft:** 1789

**Rubrik:** Economic world

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## Inventive minds that make tidy turnovers

THE Swiss are an inventive nation – and a practical one. More than 30 per cent of the inventions on show at the Geneva International Exhibition of Inventions are ultimately marketed, and the total turnover is valued at Sfr. 30 million.

Two inventions from last year's exhibition have just come on to the market. The first is a new instrument known as a Skimeter which measures in miles and kilometres the distance covered by a cross-country skier. The Skimeter, which won a Bronze Medal at the 10th Exhibition of Inventions in 1981, is very precise. The maximum error over a distance of five miles is only 175 yards.

It enables the skier to gauge his physical effort and should avoid accidents caused by being overtired.

The Skimeter will be of assistance to sports clubs when preparing runs for a competition or during orienteering ski trips in the mountains.

Another interesting new product is an alarm system which makes it possible to detect instantly when a door to an apart-

ment, a building or a room is opened.

The inventor realised that the simplest way for a thief to rob an apartment was for him to open the door quietly, pick up anything of value inside and make his getaway, closing the door quietly behind him.

Using the new system, doors can be opened only by lifting the handle instead of turning it down; anyone trying to open the door in the normal way would immediately set off the alarm.

The acoustic signal can also be replaced by a light signal on the control panel of a central security point.

A self-heating can likely to be of great interest to skiers, campers and military personnel in all countries was also presented by a Swiss at the exhibition.

It is a food can, fitted with a

built-in heating device, based on a gasless and odourless slow-burning chemical element. A pull on a small tab is all that is needed to set the chemical process in motion and the food in the can is hot in three minutes.

### Angina breakthrough

A BREAKTHROUGH in the treatment of angina pectoris has been announced by Basle-based Ciba-Geigy.

The treatment permits nitroglycerine to be administered through the skin by means of a "transdermal therapeutic system, enabling the release of an active substance to be so programmed as to guarantee a uniform effect over 24 hours."

Nitroglycerine has been used for more than a century in combating angina pectoris attacks – severe pains in the chest and left arm caused by a sudden drop in the supply of blood to the heart. But until now, said a Ciba-Geigy spokesman, doses have had to be taken several times daily.

The new medication, developed jointly with an American company, has been approved by both the US and Swiss health authorities and goes on sale this year.

## More foreign workers

AT the last count the number of foreigners gainfully employed in Switzerland was 738,000. Of this total 381,800 had a residence permit, 127,500 a temporary residence permit, 119,800 were seasonal workers and 109,000 frontier workers.

Since August 1977, the year when the total number of foreign workers dropped to 650,200, figures have increased a little more each year, the growth in 1981 being 4.5 per cent over the figure for 1980.

However the latest figure is lower by nearly 160,000 – or 18 per cent than the 1973 level, the previous recession period. That year the number of foreign workers in Switzerland totalled 897,400.

★ ★ ★

SWISSAIR has carried its 100 millionth passenger since its foundation in 1931.

The jubilee passenger was an American, Miss Florence Hollis, who boarded Swissair's B-747 New York flight to Zurich.

Within the same period of close to 51 years, Swissair has also transported nearly 2½ million tons of cargo and mail.

★ ★ ★

THE 10,000-member Audio Engineering Society awarded its 1982 gold medal to Swiss industrialist Willi Studer.

Studer, 69, father of the "Revox" recorder, received the award for his services to audio recording techniques.

## Credit Suisse shows healthy profit

THE 125th annual meeting of Credit Suisse, held in Zurich in March, was told that the 1981 balance sheet total showed a rise of Sfr. 10.1 billion (15.9 per cent) to a new record of Sfr. 73.6 billion.

Of that growth, Sfr. 4.7 billion was due to the inclusion of metal claim accounts which Credit Suisse, like other banks, had previously kept off the balance sheet.

Borrowed funds rose by Sfr. 9.4 billion which, although satisfactory in volume terms, left much to be desired in view of interest rate distortions at home and abroad.

Because of the amounts

coming from relatively high interest funds, the bank's financing basis has become considerably more expensive – a situation which has not been offset by any adjustments in interest rates, especially in Swiss mortgage rates.

Loans were somewhat fewer than in the previous year, and on the earnings side the development of the interest account was disappointing. By contrast, bills, securities and foreign exchange did considerably better.

However, the overall net profit of Sfr. 275.8 million was almost up to the good result of the previous year.

## ORDERS UP 24 PER CENT

BBC – the Swiss engineering company Brown, Boveri and Company of Baden – had a 24 per cent rise in orders in 1981, worth Sfr. 2691 million.

Turnover was down to Sfr. 2552 million – 7.5 per cent less than in 1980.

Gross profit of the parent company was Sfr. 168 million in 1981, compared with Sfr. 191

million the previous year.

The company's board is to propose at the annual meeting on June 3 that the previous dividend be maintained at Sfr. 50 for A shares and Sfr. 10 for B shares.

It also proposed that Sfr. 100 million be withdrawn from reserves for depreciation on investments abroad.

THE Swiss mortgage market has been in a deteriorating state of imbalance for approximately the past two years. Since the return on savings has lagged behind the market trend, the volume of these deposits had declined steadily, thus drastically reducing the financing basis for long-term credits, and for mortgages in particular.

Between the end of 1979 and November 1981, savings and deposits at the 71 largest banks dropped by Sfr. 10.4 billion or 10.7 per cent while mortgages went up at the same time by Sfr. 26.1 billion or 25.2 per cent.

This means that new mortgages granted in this period had to be financed by higher interest-bearing medium-term notes, bond issues and mortgage bonds or by short-term and even more expensive time deposits.

This situation could have been remedied with more generous increases in interest rates on savings, but the related mortgage rate rises regularly encounter stiff political opposition, so that these can be put into effect only with considerable delay and not to the full extent.

Even though the interest rate for new mortgages has for about a year been above that of existing mortgages, the banks have been forced to restrict the granting of mortgages for lack of suitable refinancing funds.

Several suggestions have recently been made to bring new life to the bogged down mortgage financing sector. A direct result of these reform proposals is the decision of the Union Bank of Switzerland to offer its customers, within certain limits, a fixed-rate mortgage as an alternative to the traditional mortgage loan.

Fixed-rate mortgages differ from the customary form of real estate financing in Switzerland in that the interest rate remains unchanged for a certain period of time, regardless of the current interest rate trend.

When a fixed-rate mortgage is granted, the borrower knows the interest rate over the entire running period agreed upon. The owner of a home is aware what part of his income he must reserve for the mortgage.

# Fixed-rate mortgage a viable alternative

In the case of rental objects, there are no interest rate-related changes in rent during the entire life of the mortgage.

No binding rules exist as regards an appropriate length of the fixed-interest period. In Switzerland, where fixed-rate mortgages have been granted only in rare exceptions, history provides few guidelines in this respect.

Other countries, where fixed-rate mortgages have been very common, also cannot supply many indications, since the fixed-interest periods applied range from as little as one year to as long as thirty years.

However, on the basis of the banks' negative experience with long-term interest guarantees, a tendency towards shorter periods has been discernible. A compromise between the extremes is likely to prove the most advantageous solution.

On the one hand, the fixed-rate mortgage should give the borrower a firm basis of calculation for some years. On the other hand the interest rate risk for the bank should remain within reasonable limits.

In view of the greater interest rate variability on the money and capital markets, the fixed-interest period of five years appears at present to be the upper limit.

From April 1 the UBS is offering its construction loan customers the option of converting this loan on completion of the building work to the extent of the first mortgage into a conventional mortgage with a variable interest rate or into a fixed-rate mortgage with guaranteed interest rate for five years. On expiry of the fixed-interest period, the credit relationship can be continued either as a normal mortgage or again as a fixed-rate mortgage at the then prevailing terms.

In principle, fixed-rate mortgages cannot be called. The bank can foreclose such a mortgage only if the customer defaults on his obligations arising out of the credit relationship.

The customer has the possibility of withdrawing from the contract at the earliest after three years by paying a supplement on the principal. Fixed-rate mortgages must be amortized after the second mortgage, if one exists, has been repaid.

The interest rate for the five-year fixed-rate mortgage is based on a calculation involving the entire range of refinancing rates and on expectations for the interest rate trend on the mortgage market during five years.

For this reason, the fixed rate will in high-interest periods be below the variable rate for new

mortgages and in low-interest periods it will be above the rate. The cyclical interest rate fluctuations can thus be bridged or "undercut" which meets, at least in part, the repeated demand for more stable mortgage rates.

For the time being the offer remains limited to customers whose construction loans must be consolidated and does not apply to holiday homes and apartments or to sport facilities. Conversions of variable mortgages into fixed-rate mortgages are not envisaged in the near future.

Even if the fixed-rate mortgage is well received by the market and other banks follow the UBS lead, the fixed-rate mortgage can for the present be applied only to a small part of the entire mortgage indebtedness in Switzerland, currently estimated at Sfr. 180 billion. Otherwise, the interest rate risks of the banks would be too great.

The stabilizing effect on rents should not be overestimated, since the mortgage rate is only one of the rent-determining factors.

The fixed-rate mortgage is an alternative for bank customers. But it is not a ready-made solution for a market which has in large measure lost the required flexibility under political constraints.

## Computer controls landings

THE last of 15 advanced version McDonnell Douglas DC-9-81 jets has been delivered to Swissair. The aircraft will be operated for the next two years by Swissair's associate charter company, Balair.

From October this year all Swissair DC-9-81s in service in Europe and to North Africa should be cleared for all-weather

operations at airports equipped with the necessary ground installations, such as London, Paris, Zurich and Basle.

This means that in conditions of poor visibility the aircraft can descend to a decision height of 15 metres above the runway, at which point the pilot has to decide whether to proceed with the landing or to overshoot. If at

that point the runway visual range is at least 200 metres, the landing is performed under computer control.

In practice, the all-weather capability results in increasing punctuality and regularity of flight operations.

Swissair's 12 DC-10-30s are already equipped for all-weather operations.