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## COMMERCIAL NEWS

### The Financing of the Swiss Defence Programme.

When the war ended Switzerland was not entirely immune from the general yearning to cut down military expenditure. The lull in the political tension was, however, very short-lived, and it greatly redounds to Switzerland's credit that as early as 1947 a committee of experts assessed the yearly current expenses of the Swiss army at 300 million francs. This figure was regarded as a yearly average when the so-called reform of the finances of the Swiss Confederation was being debated in Parliament and in the country at large. The Military Department asked for 400 million, and credits nearing 500 million were actually voted at the end of 1949 for the 1950 budget. Besides the current requirements for maintaining and bringing the Swiss army up to date, a five-year defence programme was set up, and is now being debated in Parliament. The following table gives the relevant figures for the years 1951-55:

Normal annual budget, 1951 to 1955	Fr. 470m.
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Defence programme global expenses:	
Purchases of war material	Fr. 1,124m.
constructions	Fr. 340m.
<hr/>	
Total	Fr. 1,464m.

A short survey of the defence programme shows that 22 million is budgeted for a new machine gun, 38 million for mortars and their ammunitions, 470 million for anti-tank weapons, of which 400 million is earmarked for tank purchases. The artillery is to obtain 107m., anti-aircraft 159m., ammunitions 180m. Of the sum set aside for constructions, 25m. is to be devoted to hangars, 111m. to aerodromes, 96m. to ammunition dumps. It is of interest to note that the "Venom" aircraft, which may be constructed under licence, is to be financed within the "normal budget".

It does not appear that the annual expenditure for military purposes, will put too heavy a strain on Switzerland's finances, owing to the budget surpluses recorded with present taxation. An additional 100-120m. francs a year is to be levied. The Swiss Government have made up their minds not to choose the easier way of borrowing money through the emission of loans, but to resort to direct and indirect taxation: the defence tax at present in force is to be supplemented by a surtax, the yield of which is estimated at 63m.; taxation of alcoholic drinks should bring in 40m. francs, and the waiving by the Cantons of part of the military tax would yield another 6m., bringing the whole to 110m. francs.

For the time being, all these figures are estimates, and the final decisions have not yet been taken. In any case Switzerland is displaying her will to reinforce her army, an indispensable prerequisite for implementing the policy of perpetual neutrality and maintaining economic and monetary stability.

### How some Swiss Industries Fared in 1950.

#### (a) Cotton.

At the beginning of 1950 business prospects seemed rather unpromising for the cotton industry. Subsequently, however, stocks had gradually run down to

such an extent that replenishment became unavoidable, all the more so as fashion favoured cotton fabrics; Swiss organdies, in particular, were in brisk demand throughout the year. Since July, the steep increase in cotton prices undoubtedly helped to accelerate the flow of orders.

To maintain normal employment, manufacturers undertook during the first half of the year to supply the home market with the required quantities of cotton fabrics at fixed prices for a few months. These prices were appreciably lower than those which manufacturers would have had to charge for products made from raw materials bought at current prices. At present both the spinning and weaving mills are again working to capacity. Here and there a shortage of workers could not entirely be overcome.

More difficult to solve than the manpower problem are those arising from the supply of raw materials and the upward trend of cotton prices. On October 10th, our chief supplier, the United States, subjected cotton exports to stringent control. Material of other origin is hard to obtain, and the spot quotation for American cotton increased from about 30 cents per lb. to 44 cents during the course of the year. The rise in price of Egyptian cotton was still more drastic, with long stapled Karnak and medium stapled Upper Egyptian cotton fetching 400 Swiss francs in December as against 250 and 220 francs respectively twelve months before.

Nevertheless, the cotton supply of the Swiss spinning mills seems, with few exceptions, to be assured until next harvest, provided that the quantities already purchased in the United States are delivered, and that additional lots can be bought from other sources. Depending primarily on the result of the coming American crop, the supply possibilities for next season cannot be forecast at present. If, however, the industry succeeds in securing adequate quantities of raw cotton, it should be able to maintain employment at a satisfactory level throughout 1951.

#### (b) Watches.

In the first few months of the year, the industry passed through a critical period. Both orders on hand and exports shrank, the decrease from January to June being 50m. francs in comparison with the corresponding results in 1949.

By the middle of the year, however, the general stimulation of demand that followed the outbreak of the Korean conflict led to a marked improvement in business. The recovery was all the more pronounced since fears aroused by the demand of the United States for the inclusion of the so-called "escape clause" in the existing Swiss-American trade agreement prompted American watch importers to place larger orders during the summer than they would otherwise

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have done. In addition, some other markets, which had been almost closed to Swiss watches, opened again in the autumn, either because foreign authorities put watches on the free list or classified Switzerland as a soft currency country, or because import restrictions were relaxed in some other way. Thanks to the liberalisation of trade, orders were again received from Sweden, Turkey, Peru and Australia, although the first three of these countries still prohibit the import of gold watches.

Nevertheless, the loss of sales abroad experienced from January to June could not be entirely made good. While exports for the whole of 1950 aggregated 26.7m. pieces valued at 730.2m. francs as against 24.7m. pieces worth 703.2m. francs in 1949, the share of the watch industry in global Swiss exports slightly declined from 20.5% to 18.7%. More than a third of the watches exported, namely some 35%, went to the United States, which as hitherto are still by far the biggest buyer.

Unless further serious political complications occur, business prospects of the watch industry for the immediate future appear favourable.

**The Swiss Industries Fair in Basle.**

For the 35th time since its foundation in 1917 the Swiss Industries Fair is being held in Basle (7th-17th April, 1951). More than 2,000 exhibitors will participate in this event. Just as in previous years it will have the active support of commerce and industry, and will thus be able to claim to represent, within the national framework, every aspect of Swiss economic activities.

The Fair was a great success in 1950, and it is hoped that it will achieve not less in 1951. In the face of the present business trend the Swiss industry has been able to acquire an even more enviable position in foreign markets, and will make a great effort to maintain its reputation at the present high level. The Fair promises therefore to be of great interest from every point of view.

The goods offered by the Swiss industry can probably be seen nowhere else in such a compact and yet all-embracing display. The Fair has never ceased to emphasize its export character, and the number of exhibitors showing technical products is still on the increase.

The Swiss machinery manufacturers are presenting a display likely to satisfy the most exacting demands so far as the use of materials, harmony of

design and precision of execution are concerned. Not less interest will be aroused by the special group comprising industrial accessories, tools, precision mechanics, measuring instruments, surgical instruments, optical and photographic goods. The electrical industry is also there with a choice display representative of the many production processes involved. Finally, there is the watchmaking industry, which upholds its reputation of manufacturing with artistic perfection precision goods of the finest materials.

**Swiss Freight Locomotives for Abyssinia.**

Before the war some of the long-distance passenger traffic on the Franco-Ethiopian Railway was operated by means of diesel railcars. This company is now putting into operation twelve diesel-electric locomotives, eleven of which are geared for freight service and one for passenger trains; they will replace some of the coal burning steam locomotives.

Built by the Swiss Locomotive & Machine Works, Winterthur, these metre-gauge diesels are to operate over the whole 487 miles of route from the coast at Djibouti, in French Somaliland, to the Abyssinian capital, Addis Ababa, which lies at an altitude of 7,800 ft. above sea level. Temperatures variation is from 0° C. to 50° C. and even 60° C; sand and dust conditions, including frequent sandstorms, are serious along certain stretches. Freight-traffic performance required of the new machines is the haulage of 300 tons by two locomotives coupled in multiple unit, trailing up the steep slopes at not less than 9.35 m.p.h.; and a sustained speed of 40 m.p.h. on the level with the same load and power combination. In general mechanical, engine, and electrical design these Abyssinian locomotives are of more or less conventional type. Power is provided by one of the Swiss Locomotive Works new four-stroke pressure-charged six-cylinder vertical engines.

**A New Machine for Winding Automatic Watches.**

Perfecting the automatic wrist watch (selfwinding thanks to arm movements) set an important problem to makers of machine tools for the watch industry. A machine had to be created which could wind automatic watches initially.

In 1948, a Swiss firm designed an apparatus consisting in a tray on which the watches are fixed. Mounted on ball bearings, this tray moves the watches to and fro horizontally at a rate of 400 times a minute.

Some time ago, the same firm constructed a machine subjecting the watches to a movement of alternative rotation that ensures their being wound rationally. The upper part of the machine consists in a basket which revolves alternatively in one direction then in another, the angle of rotation being 145°. The basket completes 25 oscillations a minute. 100 watches can be wound simultaneously. This new apparatus ensures the perfect winding of automatic watches, and means yet another element that makes for reliability.

**Norwegian Liberalisation List.**

The first list of liberalised items has been amended, the percentage for manufactured goods having been raised from 29.4 to 37.9%. In certain cases, however, the liberalisation will take effect as from September 1st, 1951, or January 1st, 1952, only. The original and the amended lists can be consulted at the Legation.

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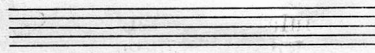
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