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# COMMERCIAL NEWS

## Survey of the Swiss Economy.

The year 1951 will enter the history of Swiss economics as one of unprecedented boom. Exports were 23% higher than in 1950, and represented in volume 150-200% of the 1938 figures. Dwellings were being built at the record rate of 28,000 a year, whereas the pre-war maximum had been 20,400 in 1932. New hydro-electric schemes were absorbing 200m. francs, and public services added their share to the already over-burdened building trade. No wonder then that Switzerland is recording a new peak of over-employment (in October, 1,841 unemployed and 4,690 vacancies), which necessitated the temporary employment of 200,000 foreign workers. No wonder either that the gross national income is rising at a fast rate, and may have swung between 20 and 21 billion francs in 1951, as compared with 19 billion in 1950 and 18.2 billion in 1949. Per capita Switzerland's national income amounts to some £330, which compares very favourably with the £200 and £220 in France and the United Kingdom respectively (USA: over £600). At the beginning of 1952 there are many signs that prosperity will continue for some time to come, even though the United Kingdom and France have had to introduce import restrictions. The Swiss industry is overloaded with orders from countries in the throes of rearmament, and the building trade is still working to full capacity.

Are there grounds in the circumstances to sound a warning? The present boom entails indeed very serious dangers: New dwellings are already exceeding demand by some 10,000, and a recession appears unavoidable within two or three years. High exports can only be warranted so long as they can secure a counterpart, whereas at present the State is extending increasing credits to EPU in order to balance the surplus run with member States. The importation of commodities may become more and more difficult, so that too much money may soon be chasing too few goods, all the more so since over-employment encourages wage increases. That an appreciable budget surplus cannot be achieved in times of economic prosperity is a further cause of concern.

To sum up, restraint in building, exports and credits should be exerted if Switzerland is to ward off the slump that used to follow in the wake of unnatural prosperity. We can trust that Swiss economic circles will meet the situation with sound judgment and adequate self-restraint.

## Intense Industrial Activity.

When examining Switzerland's economic situation

in 1951, one is struck particularly by the size of her foreign trade. The results obtained far exceed those of previous years and bear witness to the great industrial activity of the country from January to December. Imports reached a value of nearly 6,000m. francs (5,915.5m.) and exports exceeded 4.5m. francs (4,690.8m.). By way of comparison let us recall that in 1950 imports amounted to 4,500m. francs and exports to 3,900m.

As usual the "big four" of the Swiss export industries accounted for the bulk of Swiss sales abroad. Watches head the list with 1,010m. francs (22% of the total exports), followed by machinery ((963m.), chemical and pharmaceutical products (842m.), and textiles (763m.).

Switzerland's best clients were: The United States with purchases amounting to 597m. francs, Germany (422.), France (392m.), Italy (344m.), the Belgium-Luxemburg Union (275m.), Great Britain (224m.).

The most important supplier countries were the United States (with deliveries amounting to 942.7m. francs), closely followed by Germany (914m.), France (619m.), the Belgium-Luxemburg Union (427m.), Italy (397m.), Great Britain (394m.) and the Netherlands (203m.).

It is worth noting that at a time when the British economy is ailing from insufficient capital investments, Switzerland is in the happy position of being able to devote ever increasing amounts to industrial equipment. According to a survey made by a leading machinery concern there is for every single worker a corresponding investment of 25-30,000 francs. In other words an industrial concern intent on employing 100 workers has to raise some 3m. francs for equipment under present competition and production conditions.

## Belgian Congo Loan.

In order to finance part of the 10-year development plan the Belgian Congo is inviting subscription

## Nouvelle Société Helvétique

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### ANNUAL GENERAL MEETING

and

### ANNUAL DINNER

followed by a Recital by Swiss Artists,

on Friday, 29th February, 1952, at the  
Dorchester Hotel, Park Lane, W.1.

6.15 p.m. (sharp) Annual General Meeting, 7.15 p.m.  
Reception. 7.45 p.m. Dinner. 9.15 p.m. Recital.

Tickets 17/6 incl. coffee and gratuities, should be obtained in advance from the Hon. Secretary, Miss A. Gretener, 49, Putney Hill, London, S.W.15. Applications accompanied by remittance should reach her by February 26th.

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in Switzerland to a 60m. franc loan, bearing interests at 4% and redeemable either in Swiss francs or Congo francs as the bondholders choose. Foreign loans floated since the war by economically sound countries are finding a ready market in Switzerland because on the one hand investment capital is abundant, and on the other they bear higher interests than Swiss loans and are not subject to the 25% anticipated tax. It should be noted that the Belgian Congo will dispose of the funds so raised and service the loan outside the European Payments Union. Although no economic strings are attached to the loan, it can be expected that the development of the Belgian Congo will benefit Swiss industries, which are well placed to meet an increasing demand for capital and consumers goods.

#### South African Loan.

The Minister of Finance of the Union of South Africa has paid a brief visit to Switzerland, accompanied by a group of experts, in order to conclude the negotiations opened with three leading Swiss banks some time ago with the purpose of raising a loan in Switzerland. The three banking establishments have agreed to offer the South African Government a 4% loan of 60m. Swiss francs and to issue it shortly on par for public subscription. The loan is to fall due in 18 years at the latest. Here again no strings are attached, but though the funds will be used exclusively for productive purposes connected with the development of the South African economy, they will at once stimulate Swiss industry and contribute to the further expansion of trade between South Africa and Switzerland.

#### Impact of the Reduced Basic Travel Allowance on Air Travel between England and Switzerland.

Towards the end of the year air traffic was particularly intensive between England and Switzerland. From the 17th to the 31st December some 4,000 passengers were flown from London and Manchester to Switzerland. Swissair alone carried 2,500 of them, i.e. 59% more than during the same period of the previous year. It may be difficult at the present moment to judge how air travel will be affected by the travel allowance being halved: There might be less travellers to the Continent altogether, although bookings for next summer are heavier than last year, unexpected as it may sound. On the other hand the shortness of stays abroad may induce people to make the best of their £25 by using the fastest means of transport.

#### American Import Restrictions on Cheese, Oils and Fats.

It will be remembered that a few months ago American producers succeeded in having the Defence Production Act amended so as to limit imports of dairy products. Ever since then foreign countries hit by the restrictions have protested against this measure on the plea that it conflicts with GATT regulations.

The Senate has been asked to repeal the so-called Andresen amendment, on the ground that it is not consonant with GATT and gives rise to justified complaints by foreign countries that are much in need of dollar earnings. Nevertheless the Senate only referred the matter back to a special commission, so that no decision will be taken until the end of June.

Swiss cheese exports, which totalled in 1951 some 100m. francs (2/3 loaf cheese, 1/3 boxed processed cheese), are hampered by the present American restrictions, which are all the more unwarranted since Swiss hard cheese does not compete with American brands. It is therefore to be hoped that reason will prevail.

#### German External Debt Conference.

On 28th February will open in London a conference convened by the Tripartite Anglo-French-American Commission with a view to bringing about a final settlement of German external debts. Switzerland which ranks third among the creditor countries, has accepted the invitation to participate, and will be represented by a delegation headed by Mr. Walter Stucki, Minister Plenipotentiary, Mr. E. de Graffenried, former Counsellor of the Swiss Legation in London, will act as his deputy.



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