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## COMMERCIAL NEWS

### The Farmer and the Swiss Economy.

Switzerland rightly prides herself on her liberal economy. An "open door" policy has been pursued since the war, the importation of nearly all goods being free. When O.E.E.C. decided to liberalise first 60%, and later 75%, of all imports, Switzerland was able to point out that of her own free will she had already liberalised 85%. Bearing these facts in mind, one might be surprised that farming in Switzerland is strictly protected: import restrictions, surtax on customs rates, centralised imports and exports, a State monopoly for spirits, are the measures devised for the protection of Swiss agricultural products. The resulting high prices conflict with the general interest of an exporting country in keeping production costs as low as possible, the more so as wages are the chief cost factor in manufacturing quality goods. No wonder in these circumstances that no easy solution can be found in order to maintain on the one hand a sound farming community and on the other to expand still further our foreign trade relations. At present a bill designed to codify the measures of protection and to increase efficiency has just been tabled. In order to understand the often heated discussions that have ensued, it might be of use to know more about the problem.

Swiss farmers represent an important economic, political and military element. Economic because of the great quality of many specialties, political because of the stability of all farming communities, military because the yield of our soil may have to be our chief source of food supplies. Although only one quarter of the land is arable, 72% of the calories used by the Swiss people were by the end of the war provided by the national production thanks to a superhuman effort. Switzerland is self-sufficient so far as dairy products and potatoes are concerned. The home production of wheat and edible fats account, however, for 40 and 35% respectively of her need.

As in the rest of the world, the farming population is in steady regression. In 1900, out of a total of 3.3m. inhabitants, 1.07m. were engaged in agriculture. The respective figures were 3.88m. and 1.01m. in 1920, and 4.26m. and 0.94m. in 1941. For all the reasons mentioned above this trend must be checked, and some State planning however, inconsistent with the views of the majority, proves unavoidable: between 600,000 and 750,000 acres should be cultivated to produce wheat, fodder, potatoes, beet, vegetables, oil seeds, etc; grassland must be kept within reasonable limits if over-production is to be avoided.

It is to the credit of the non-farming population that they realise on the whole the peculiarities of the Swiss agricultural production, and are ready to bear the burden imposed by its maintenance. Nevertheless, wide disagreement exists where the means to reach this goal are concerned: For instance, the farmers ask for quantitative import restrictions not only on the goods directly involved but also on similar goods which may not even be produced in Switzerland. Planned consumption is for many liberal-minded Swiss a far reaching step on the way to a general planned economy,

so that the debate is being lifted to the higher level of fundamental principles.

### Swiss Banks.

The 1950 statement of accounts of the five big Swiss banks showed higher balance sheet totals. During the first half of 1950, when prices were falling, and imports were on a reduced scale, the flow of money to the banks was great. In the second half of the year, however, the situation changed completely. Stock replenishment and expanded business activities led to greatly increased demand for credit, and the great commercial banks thus saw their earning possibilities augment.

Taken together, the balance sheet totals of the five big banks increased in 1950 by 633m. francs to 7,977m. Among the liabilities, bank creditors increased by 238m. francs to 1,004m., chiefly because of the stimulation of commercial credits. Cheque accounts and sight creditors increased to a lesser degree than in the previous year, and so did savings and deposits. Among the assets, the most noteworthy item was the augmentation of bank debtors by 255m. francs to 1,004m., and current account debtors by 318m. to 1,995m. The cash in hand and the securities portfolio decreased. From the net profits, which showed for the five big



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banks an increase of 1½% over those of 1949, the same dividends were declared as in the year before.

#### Factories and Industrial Workers.

Despite the favourable business trend that became noticeable during the second quarter of 1950, the number of plants in Switzerland subject to the Factory Law decreased from 11,332 at the end of 1949 to 11,155 at the end of 1950. By comparison with 1948, when the peak was reached at 11,459, the decrease over the two-year period was 304 plants.

The number of factory workers also declined, namely from the peak at 531,303 in September, 1948, to 496,573 in September, 1949, and 492,563 in September, 1950. The decline chiefly affected foreign factory workers who had found employment in Switzerland in large numbers during the period of over-employment. Although no statistical evidence is yet available, it is clear from industrial reports that since September, 1950, there has again been an increase in the number of factory workers in employment. Applications for the allocation of foreign workers are being received on an increasing scale.

#### West-East Trade.

The Anglo-American controversy on the alleged trade with China through Hong Kong shows how strategic views, even between allies, can be at variance. It is hardly surprising therefore that Switzerland's policy of neutrality can conflict with the views of the Great Powers. In that connection it may be interesting to know what our trade with Eastern States is like:

Our exports to the Soviet Union, Poland, Czechoslovakia, Eastern Germany, Hungary, Roumania, Bulgaria and China amounted in 1950 to 338m. francs only, that is 8.6% of global exports totalling 3,981m. in 1938, the share of these same countries had been 10.4%. Swiss imports from the East in 1950 were worth 263m. francs (5.8%). A break-down of the most important items shows that if we sell some goods classified as essentials, we also import commodities such as coal, finished and semi-finished iron and steel products, dynamo sheet metals, crude electrodes.

Neutrality as a concept of international law gets its full significance in wars only. Belligerents, however, will only trust the sincerity of our will to stay neutral by the policy followed in time of peace; that is why Switzerland can but hope that the duties and responsibilities derived from her neutrality will be understood by all. Commercial profits are not to be drawn from the present world situation, trade with foreign countries shall not exceed normal proportions, but Switzerland claims the sovereign right to shape her trade policy.

#### State Receipts in the First Quarter of 1951.

The comparative figures for 1950 and 1951 show a slight decline of 11m. francs, which must be attributed to a smaller return of the defence tax; its levy covers a two-year period, and more payments are made during the first year. On the other hand, customs duties yielded 37,000,000 more francs, owing to the very large imports still being made since war began in Korea.

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