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## THE SWISS ECONOMY IN 1954

By A. H. SMITH

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Switzerland, a small inland state with much mountainous territory, a population of less than five million and few raw material resources if potential hydro-electric development is excluded, presents to the world a picture of prosperity coupled with financial and economic solvency.

Her trade returns show an aggregate turnover for the past year of 10,862 million francs, which surpassed the previous year's total by 628 million. Of this increase, 521 million was due to higher imports, and there was a trade deficit of 320 million francs. It must be borne in mind that in the previous year imports had been kept down to a low figure, and a surplus of exports of 94 million francs recorded. The present increase in the value of goods imported arises from the need to replenish stocks of staple commodities and raw materials required for the export industry. The fact that, by volume, imports in 1954 stood at 10,283,040 tons as compared with 8,835,000 tons in 1953 is in itself indication that the rise was not solely due to higher prices but to an actual increase in quantities.

The trade deficit has been amply offset by foreign exchange earnings of other types. The invisible revenue accruing from banking and insurance services, transit traffic by rail and, to an important degree, from the tourist trade constitutes a very substantial item.

Provisional figures for 1953 showed a balance of payments surplus of about 1,440 million francs. On the basis of this estimate it would appear that the 1954 trade deficit will have easily been covered and that as revenue from other sources can certainly not have diminished there should still be an overall surplus of about 1,000 million francs.

The most obvious, though not necessarily the most important, of the "invisibles" is the tourist trade. The bad climate conditions of the spring and summer of 1954 did not deter the visitor, though it is notable

that the number of Swiss patrons of the hotels fell off somewhat, while the number of guests from the United Kingdom and Germany showed an increase. This is partly explained by more generous exchange allowances being available to British and German travellers and also by the fact that the foreign tourist who has once booked a holiday and made his arrangements for travel and accommodation can seldom vary his plans by reason of the weather, while the Swiss holiday-maker could often postpone his visit to the near-by resort and even deflect his custom to more favourable weather conditions abroad. On balance it has been calculated that the number of overnight visitors to all hotels went up by two per cent.

The movement is substantiated by the traffic returns of the Swiss Federal Railways, which show passenger receipts of 307 million francs for 1954, against 304 million francs for the previous year. Goods traffic also increased from 687 million to 719 million and the gross operating surplus of the system from 209 million to 235 million.

While the railways play a very important part in the internal economy of the country and contribute heavily to the exchange earnings through their transit services, inland navigation is an ever-expanding asset to the economy. The turnover of goods in the several harbours of Basle, where France, Germany and Switzerland meet, amounted to 4.13 million tons in 1954, against 3.65 million tons a year before, in the upstream direction and 370,000 tons, against 279,330 tons, downstream. The year saw the fiftieth anni-

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versary of the arrival of the first string of barges with a commercial cargo in Basle. For a period in the 'forties railway competition was too much for the river traffic, which was worked in craft of small capacity, but the advent of the powerful diesel tug and the power-driven freighter of considerable displacement has caused a complete revolution and now approximately 40 per cent of Switzerland's goods arrives by water. The achievement of international legal agreement on the full freedom of navigation on the Rhine is a matter of extreme importance for Switzerland.

Another factor of vital importance for the future development of the Swiss economy, financial in its basis, but of the widest economic significance, is the growing need for Switzerland to lend abroad. The prosperity of her exporting industries, whether they are engaged in the physical export of their products or whether they earn their profits through the medium of subsidiaries abroad or other concerns operating under licence, produces large balances in Switzerland which seek investment.

Hence there arises for the financial houses the necessity of finding sound and profitable opportunity for the investment of funds abroad. Ten public issues of this description were made in 1954, absorbing a total of 395 million francs, which compares with a total of 224 million similarly placed in 1953. This represents the largest sum lent abroad in any year since the war. During this whole period of post-war lending the total amount of such issues has been 1,288 million francs.

This does not, however, represent the sum total of Switzerland's foreign lending. The Swiss National Bank in its annual report states that the aggregate amount of banker's credits accorded and duly reported to the bank was 230 million francs in 1954. From the end of the war up to the present the total amount of Swiss loans and credits abroad for which authority has been granted has been 2,700 million francs, though the bank is unable to report the extent of the repayments which have occurred in the same period and by which the total would be reduced.

The developing economy outlined above finds its reflection in the accounts of the banks. The liquidity of the money and capital markets, which reached its highest point (as shown by interim statements) at the end of March, is expressed in the case of most of the reporting banks by an increase in deposits. There

was also a notably growing need for credit on the part of trade and industry since stocks of commodities had been allowed to diminish in the months before, and increased imports were called for.

The total balance-sheet figures of the five principal banks: Swiss Bank Corporation, Crédit Suisse, Union Bank of Switzerland, Leu and Co.'s Bank and Banque Populaire, representing aggregate capital and reserves of 742 million francs, were 9,685 million at the end of 1954, against 9,272 million at the end of 1953. But though the increase is considerable the pace of advance is modest when compared with that of recent previous years, and the banks are maintaining their tradition of sound and conservative finance.

(Financial Times)  
29.4.1955.

### THE SWISS AIR FORCE.

The flying units and ground personnel of the Swiss Air Force are organized in air regiments and airfield regiments. The air regiments include between five and eight squadrons (*staffeln*), and the airfield regiments comprise several detachments, which, in their turn, include a number of companies, aircraft batteries and units for guard, defence and airfield maintenance. Strength, including the early-warning service, is about 20,000 men and 400 fighting aircraft, and operational tasks are those of a tactical air force. The Force is mainly equipped with D.H. Venoms and Vampires, but one or two squadrons are still operating with North American Mustangs. Future plans include the further extension of the infrastructure and the replacement of the Mustangs by jet aircraft. It is intended to equip certain units with P.16 attack bombers, two prototypes of which should shortly be flying. The P.16 (Sapphire) is laid out along Shooting Star lines and is designed to have an unusually good short-field performance. The company responsible is Flug- und Fahrzeugwerke A.G. (formerly Dornier-Werke A.G.), at Altenrhein.

Principal commanders of the Swiss Air Force are: Commander of the Air and Anti-Aircraft Troops, Oberstdivisionär Primault; Commander of the Air Force, Oberstbrigadier Bachofner; Commander of Airfields, Oberstbrigadier Burkhard; Commander of the Anti-Aircraft Arm, Oberstbrigadier Meyer.

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