

# Economy of switzerland essay



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Switzerland still is a prosperous country; yet it has been stuck in low-growth trap and is facing a growing fiscal policy problems (Organization for Economic Cooperation and Development, 2006, p. 1). Inflation rate in 2008 landed at 2.

4%; while in May 2009 it arrives at 1.0% (Economy of Switzerland, 2009, p. 1). In terms of GDP it ranks the 38th with a GDP of \$499.

7 billion, and \$332.1 billion purchasing power parity (Economy of Switzerland, 2009, p. 1). GDP growth rate is at 3.

9% nominal, 2.6% per capital nominal, 1.6% real, and 0.4% per capita real (Economy of Switzerland, 2009, p. 1).

With an account balance of \$45.5 billion, or 9.4% of GDP, the total public debt arrives at 40.89% of GDP, with budget balance arriving at +0.52% of GDP (Economy of Switzerland, 2009, p.

1). Revenue, as of 2008, is at 37.04% of GDP or \$184.1 billion; while expenses are at 35.

52% of GDP or \$177.5 billion (Economy of Switzerland, 2009, p. 1). Lastly, unemployment rate in 2008 is in 2.6%, and 3.

6% in June 2009—lower than the 3.9% of the first quarter of 2008 (Economy of Switzerland, 2009, p. 1). The main industries are dependent on the machinery, chemicals, watches, textiles, and precision instruments. Figure 2: GDP of Switzerland since 1980 is in steady growth (Economy of Switzerland, 2009, p.

1) On this side, the economy of Switzerland is, by far, one of the world's most stable economies. It is indicated, " Its policy of long-term monetary security and bank secrecy has made Switzerland a safe haven for investors, creating an economy that is increasingly dependent on a steady tide of foreign investment" (Economy of Switzerland, 2009, p. 1). • Political situation of Switzerland. Switzerland is perceived to be lacking interest in politics, as many say, since it is neither a member of the European Union or of the European Economic Area.

According to Tiersky (2001) and Husband (2000), what matters for Switzerland is " the rise of the extreme xenophobic right" (Church, 2003, p. 3); yet, Professor Clive Church (2003) argues that " even here Switzerland can often be overlooked or misconceived in ways which are all too common in English language political science" (p. 3). Euro-scepticism attached to Switzerland would relate therefore, that the effects of membership on Swiss institutions relay that " the real problem is the far, anti-foreigner right" (Church, 2003, p. 3).

There is dual neglect: both Euroscepticism and strong affinity to the European Union (Church, 2003, p. 3). Others call it ' soft Euroscepticism' although Church (2003) argues that the term appears to be quite too strong, for it is scepticism in the most " basic, semantic sense of genuine doubt and does not mean simply limited opposition" (p. 3). Nevertheless, the future appears to be a challenge, so that it is most often overlooked, especially that macroeconomic policy could positively strengthen the recovery of the economy, since in 2006 Switzerland's economy did not appear to be very promising; yet in 2007 there was an upswing. There are basically two

challenges identified by the Organization for the Economic Cooperation and Development (2006) that could make the upswing a more constant flow: first is raising growth performance, so that recovery is strengthened and nurtured, while raising the potential growth through improved labor utilization; second is restoring better control of public spending, since insufficient control over public spending has been dramatized since the 1990s (Organization for the Economic Cooperation and Development, 2006, p.

1). Macroeconomic policy helps in strengthening the economy. Swiss Monetary Policy