

The Swiss Job Machine: An Ace for Switzerland – and for the USA!

Currently, the talk in all the media is about growing deficit and the sky-high unemployment. Worst issue is unemployment among the young people who in many cases completely miss their entry into the professional life through lack of opportunity and some measures by unions favoring the current employees at the cost of the next generation. These are economic defects that are difficult to correct and will need a long time to rebalance.

The Swiss Job Machine

Many Swiss like to complain about similar issues, but they are complaining on a very high level. In the two years, crisis years at its best, the Swiss government was able to present a budget surplus and lower the national debt, in spite of some measured stimulus initiatives. One of the main reasons might be the Swiss Job Machine, a not well-understood machine creating world-class results. In March 2011, unemployment stood at 3.4%, down from 4.2% in March 2010. And this result was achieved in spite of, or probably rather because of, some 60'000 foreigners entering Switzerland for work. Current unemployment stands at 22'000 open jobs, or roughly 4 months immigration of foreign workers. And to top the cake, unemployment among the 15 to 24 year old professional starters stands only slightly higher than the average at 3.5%. That shows promise for the future!

Keep feeding the machine!

As seen above, the Swiss economy is nearly at full employment. Growth requires feeding! And with the growing demographic dearth of new job entrants, economic growth in Switzerland will require additional highly qualified foreigners joining the Swiss work force. With a population with an already high 21.9% foreigners living in Switzerland, the need to explain the beneficial effect of additional migration of highly qualified people will grow. A populist and simplistic backlash would have a dire effect on the Swiss economy!

“Spill-over effect” in the USA

Much is being discussed about the balance of trade between two countries. I think in current times of high unemployment, a much more important economic factor should be the balance of jobs. The “jobs balance” results from jobs offered by companies of a foreign country in the USA reduced by the jobs offered by USA companies in that country. For Switzerland, the jobs balance with the USA computes as follows: According to OECD data, Swiss companies offer 395'000 jobs in the USA, while US companies offer 81'000 jobs in Switzerland. The jobs balance thus stands at 313'000 in favor of the USA and it makes Switzerland the country with the highest jobs balance of all European countries in the USA – by far. The USA only has a positive jobs balance with four other countries (Netherlands +143'000, Belgium +50'000, Luxembourg +22'000 and Finland +8'000). Probably, Switzerland even has the highest jobs balance of all countries worldwide.

Quite an achievement for this little land-locked country in the Alps and a great demonstration of the Swiss Job Machine!