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2
Interview with Federal Councillor Otto Stich : "Work more efficiently with less resources"
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Interview with Federal Councillor Otto Stich

## "Work more efficiently with less resources"

Swiss Review: Federal Councillor, the head of the Finance Administration, Ulrich Gygi, seems optimistic that in view of the present good economic prospects the federal finances could be put back in order in as little as five years. Do you share this optimism?

Otto Stich: When you say could be put in order, of course I agree. But if this will actually be done is another matter, since it implies strong political will. After the votes in parliament on Reform Programme '94 I permit myself to doubt whether this exists, I regret that autumn's federal elections have clouded the instinct of the parliamentary majority for the realities of financial policy. I am particularly disappointed that the our moderate proposals for cuts. Quite apart from that, with the exception of the straight-line cuts no additional decisions on financial reform were reached.

### Is the Federal Council's aim to bring the budget into balance at all realistic in view of the high investment needed, particularly in transport?

I think the question is not so much whether it is realistic. We have no choice if we do not want to get on to the same dangerous ground as other countries which borrow money to pay interest. That is very, very unhealthy and would be a disaster for the Swiss economy, since it would mean that we would have to expect much higher interest rates and would lose a competitive



#### Federal Councillor Otto Stich talking to Pierre-André Tschanz (left) and René Lenzin.

centre-right parties criticised the Federal Council's austerity proposals as completely inadequate but at the same time were not in a position to support advantage which we have had for decades.

# What do you consider to be the medium-term and longer term prospects for putting the federal finances in order?

This year we shall start by examining subsidies. We are not laying down a target here, but together with the federal



Otto Stich: "We must take care not to demand too much from this country, so that it will also be able to perform in the future". (Photos: Michael Stahl)

offices we would like to see where certain things might be done more simply and where we might be able to limit expenditure. This will be done without any preconceived opinions, without saying we want to reach this or that point. Then we shall examine the financial equalisation system between the cantons, which is inefficient and basically fails to reach its objective. We would like to abolish subsidy rates graduated according to funding power. There should be uniform rates only regardless of the canton. At the same time we shall provide the cantons with more direct funds so that they can set their own priorities, decide how the money will be used. This would also have the advantage that we would probably end up with less red tape, since the cantons would not have to send all projects to Berne for examination, authorisation and spending control. Finally, we are also studying institutional obstacles so that it will be possible to keep the budget in balance over a longer period regardless of economic cycles.

### Swiss Abroad are affected by austerity measures both directly and indirectly. In which fields will they be particularly hit?

I do not really think that individually they will be much affected. But it is possible that we shall close some diplomatic posts of lesser importance. On the other hand, it will probably be possible to introduce certain simplifications, for example Swiss Abroad liable for military service no longer have to pay taxes every year. I think it would be possible to simplify a little more here.

Institutions such as Pro Helvetia, Swiss schools abroad, the Swiss

### FORUM

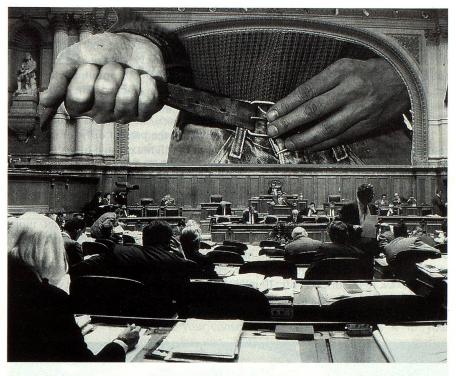
Office for Trade Promotion and the Swiss National Tourist Office, which are important for Switzerland's image abroad, are under austerity pressure. Is it not the case that Switzerland's presence abroad ought to be strengthened at present rather than reduced?

One simply has to be aware that the government has many tasks and we have to try everywhere to do with that little bit less. This is basically valid for all. But it does not mean that performance must be reduced. Perhaps we can work more efficiently with less resources. And it is also thinkable that there should be a little more imagination, a little more creativity, and a little less grumbling. I do not believe that it will only be good for Switzerland if we spend more money to promote certain things. The question is how we Swiss appear to others and what we have to offer in Switzerland. That is much more important for Switzerland's image. Switzerland must above all believe in itself.

### You keep saying that it is basically possible to save everywhere. Is it acceptable to you as a Social Democrat to save in the social security field, particularly at a time of high unemployment?

When we ask the questions: "Can we save money on social security, on public transport, on the army, on agriculture?" naturally there is immediately and everywhere enormous counter-pressure. People say No, that is not possible. But when you look at the details, in social security, at the universities, in agriculture, in the army, you always come across small things which could in fact be done better, more simply and more appropriately. We must consider things carefully and also be conscious of the fact that no one wants to reduce social benefits. But at the same time we must take care not to demand too much from this country, so that it will also be able to perform in the future. It is precisely those who depend on the benefits of the state and have claims upon it who actually have the greatest interest in seeing that we succeed in balancing the budget. This means that there are indeed certain benefits which have to be reexamined - at least temporarily. But as I have said it is also a question of the most appropriate use of resources, and for this everything must be looked at.

Interview: René Lenzin and Pierre-André Tschanz



In election year parliament is having trouble deciding who should tighten the belt. (Photo cluster: Keystone)

Reducing the federal budget deficit and Switzerland's presence abroad

# Squeezing the orange dry?

Together with the Fifth Switzerland, a number of institutions contribute to Switzerland's presence abroad. How are they affected by the present austerity drive?

ast year two out of the 16 Swiss schools abroad recognised and subsidised by the federal government – Milan and Barcelona – celebrated their 75<sup>th</sup> birthdays. The celebrations showed that they remain of substantial import-

### René Lenzin

ance to the Swiss communities in each city and that they are among the bestregarded private schools in their respective countries. Swiss schools abroad rightly consider themselves as meeting places and centres of Swiss culture and thought – so that they claim a prominent role in promoting Switzerland's presence abroad. In spite of this, their subsidies are under threat – particularly those for the six schools in Europe. The Federal Department of Home Affairs – which is responsible – justifies this by the need to integrate Swiss children in European countries, which has never caused problems anyway. But the fact that the matter is being discussed in conjunction with the federal budget implies that the real reasons are indeed financial.

### **Painful losses**

This is only one example of cutbacks resulting from the federal budget deficit. Other institutions have already suffered painful losses. One of these is the cultural foundation, Pro Helvetia, which gets all its funds from the federal government. In the 1992–1995 financial plan

7

Swiss R E V I E W 2/95