

# Switzerland in 1998 : the State of the Nation

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will be held mainly in the three northern linguistic regions. For this reason, it seems appropriate to mandate Ticino and the Italian-speaking valleys of the Grisons with the task of organising a national exhibition”.

## From 1998 to 2001

As the years have gone by, it has turned out necessary to postpone the date of the national exhibition yet again, and this time it is to be Expo 2001.

Will the 150th anniversary of the federal state succeed in enabling Switzerland finally to recover its cohesion and national unity? Nothing seems less certain. More problems have been piling up since the middle of the decade with the present controversy about the role of Switzerland and its political and economic leaders during and after the Second World War. The economic climate does seem to have started improving, however, and if all goes well the Swiss people ought to have got back their confidence at least by 2001, the year now proposed for the Expo.

This is assuming that by then they will have succeeded in bringing joblessness down, getting the federal budget back into balance and reaching some sort of broad agreement on the question of European integration – and of course always providing that the creation of the single European currency does not send the Swiss franc skyrocketing anew! ■



1848–1998

150 years  
federal state

## 1998 – the logo

*A minus sign and a plus sign against a dark-blue and a red background. The plus sign can also be seen as a Swiss cross. What is it meant to signify?*

*Lausanne graphic artist Sandra Binder, who is responsible for the logo, says: The aim is to recall for the 1998 jubilee that new and better times began with the founding of the federal state. The old, negative period was left behind. The white Swiss cross against the red background is made into a positive sign. But it can be recognised as such only if we include the dark passages of the past. For its part the negative sign stands for a Switzerland which was imperfect, not yet complete – I mean the pre-1848 Switzerland.”*

AB

Switzerland in 1998

# The State of the Nation

## Where does Switzerland stand at the end of the 1990s in international comparison? Here are some key data.

**T**he nineties will probably go down in the annals as a mainly morose decade in Switzerland, principally because of a seven-year period of economic stagnation, not to say recession. After the unprecedented economic

*Peter Haller\**

boom of the post-war period, which had only been briefly interrupted by the oil crisis of the early 70s, Switzerland tumbled into stubborn economic doldrums which have brought the highest unemployment figures ever recorded in this country. While never reaching six percent nationally, the phenomenon's resistance to countermeasures caused surprise and consternation in a country where unemployment had been a relatively brief episode in the 1930s.

## Positive indicators

Since late 1996 there have been indications of recovery, but most economic pundits did not want to risk disappointment by putting too much faith in these signs. Now, however, there is unanimity amongst the banking and economic experts that recovery is indeed on the way. Renewed growth in Switzerland, as in Germany, is export-led. The boom cycle in the United States and Britain is springing over to the continent, and for instance Credit Suisse forecasts real growth in Swiss gross national product of about 1.6% in 1998, as opposed to this year's rate of around one-third of a percent. Inflation is expected to stay below the one percent mark, ensuring low interest rates.

An unknown factor for next year is the true timetable of Economic and Monetary Union. The Swiss franc clearly will not be part of monetary union, but this is not seen as a disadvan-

tage. On the contrary, Swiss banks are ready with new products which take monetary union into account.

Despite positive economic indicators there is unlikely to be any rapid improvement in the unemployment situation. In September it dipped below the 5% mark, but one reason for the problem's persistence is the lack of construction activity in this country. The building industry and gastronomy trade are two structurally weak sectors kept alive by the import of unskilled labour which experience shows is always the first to be hit by job-shedding.

## Large budget deficits

But one can also say the rosy export prospects for Swiss industry are due to radical rationalisation measures with jobs being pruned to the absolute minimum. This has resulted in impressive increases in already high productivity figures and shows that global challenges need not be feared. There are however also voices which maintain things have gone too far and that work should be shared amongst a larger workforce.

Unemployment and economic stagnation have brought large federal budget deficits. High costs for the unemployment scheme and falling tax



## MY SWITZERLAND:

*Our government wastes taxpayers' money because it builds much too expensively. And it is abusing the three-lakes landscape for Expo 2001; the planned speedboats are really bad. I think it is a good thing that Switzerland is democratic and that it offers so many opportunities for tourists. We are also quite rich and have relatively low unemployment.*

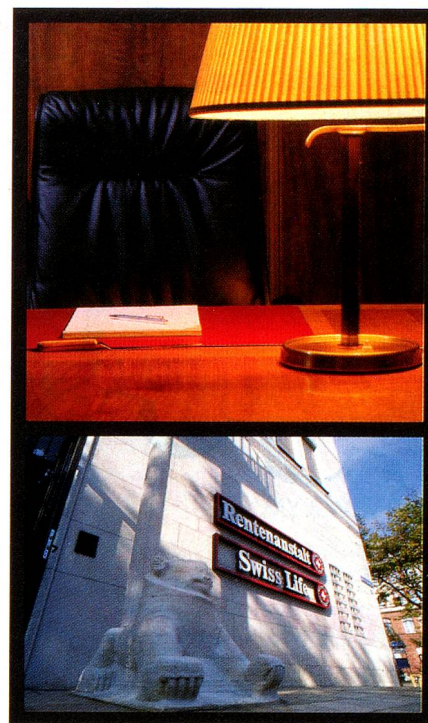
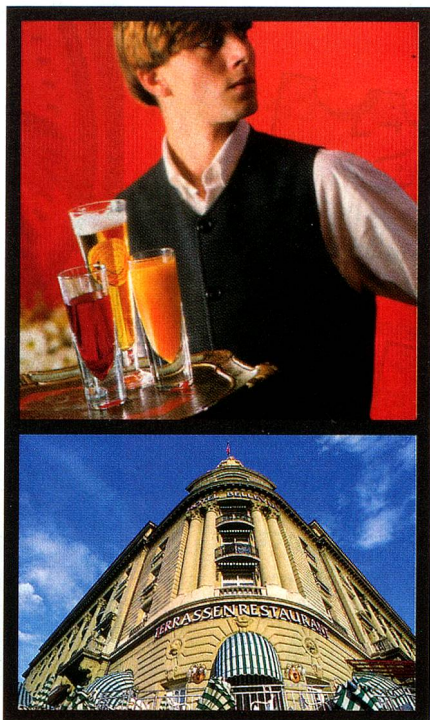
LORENZ (11)



revenue are forcing Finance Minister Kaspar Villiger to make cuts across the board, but with little support from parliament so far. While many pay lip-service to Mr. Villiger's valiant efforts to achieve a balanced budget by early in the next century, others point to the fact

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that even with the budget deficit and accumulated debts of some Sfr. 90 billion, Switzerland would still easily fulfil the stability criteria for monetary union that the EU's Maastricht Treaty demands of its members.

The reality in this case as in many others is less gloomy than many Swiss see it. The authorities are hoping that improving consumer confidence will take Swiss minds off economic problems and leave them free to tackle political issues which have been on the back-burner for a few years. A recent newspaper poll showed that a clear majority of Swiss were in favour of joining the European Union. While membership remains a long-term government aim, there are many indications that after the first priority of a bilateral Swiss agreement with the EU, the next goal will be Swiss membership of the United Nations, and

only then will the EU question be formally raised.

## Joining the UN?

The government recently accepted two parliamentary motions calling for a re-examination of the UN issue which had been roundly turned down in a nationwide referendum in 1986. One argument the government could use this time to convince citizens is that in money terms Switzerland is all but a UN member already. The foreign ministry has published figures showing that Switzerland pays into the regular UN budget 30% of the amount it would

have to pay as a member. In 1996 it also made a voluntary contribution of Sfr. 159 million to UN bodies. Besides this, as member of the UN specialised agencies such as the WHO and UNICEF Switzerland pays its normal budgetary share and also contributes to special programmes launched by the agencies.

Since the referendum in 1986 there has been a subtle shift in perceptions of Swiss neutrality so that this country joining in UN sanctions against Iraq after the Gulf War did not cause any internal political problems. UN entry is probably more a public relations than a political issue. Many observers feel the resounding failure of the 1986 referendum was largely due to poor selling on the government's part. ■

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