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# "THE STATE OF THE CONFEDERATION"

## THE FEDERAL COUNCIL REPORTS

### PART TWO

IN representing policy at home during 1964, the Federal Council refers to the growing influence of political and economic changes in the world. Questions of economic policy cannot be separated from policy of state. The unprecedented and unexpected technical development in all spheres and the difficulties connected with it make it hard for the Confederation in its present structure and with its limited means, to keep pace. It necessitates an examination of the performances and efficiency of our state institutions, though always without touching on the fundamental democratic and federalistic structure of the Confederation.

#### Economic Growth

For several years, the lively demand for investment goods (buildings and machinery) have allowed the influx of foreign capital and labour under an extremely liberal regime. The trade gap between imports and exports has been widening; the number of foreign nationals inside Switzerland has mounted, and a dangerous dependence on international capital has resulted. The more foreign labour we imported to satisfy the demand, the higher grew the demand for investments and consumer goods, which in turn again attracted more foreign labour and capital, and this led to yet more funds and an increased rise in demand. Instead of being able to cover these, the shortage of housing, hospitals, educational establishments and the bottlenecks in railway and road traffic became more and more evident. These tensions caused by a disturbed equilibrium resulted in the growing cost of living. An economic climate developed in which the tendency for rising prices threatened to turn into a veritable process of inflation.

By the end of 1963 — the year with the greatest loss of purchasing power of the Swiss franc — the dangerous situation was becoming evident also to the wider public. The measures based on voluntary acceptance of restrictions proved to be insufficient under pressure of economic growth. By the beginning of 1965, it became clear that the vicious circle could be broken by a reduction of foreign labour and foreign capital. The gradual release of foreign workmen should help economic development to grow in depth rather than in width. The aim should be to concentrate on the possibilities of a real increase in productivity and not in a mere extension of existing production establishments. The cutting down of foreign workers must, however, not lead to a loss of efficiency and competitive strength. It is of vital importance that the prices and income level should develop no more unfavourably as is the case in our industrial competitor nations which are at the same time our most important customers.

## **Housing**

In spite of considerable new building projects, a balance between demand and supply has yet not been arrived at. In towns there is a lack of housing, specially of cheaper flats. The Confederation, Cantons and Communes must face an increased responsibility also in the future to produce sufficient housing at reasonable rents. The housing problem is closely connected with endeavours to further new building techniques, with regional, town and country planning, as well as with the revision of the ground laws.

## **Agriculture**

The Federal Council's efforts were to the effect of getting for agriculture prices which cover cost and wages on a par with those in other occupations. Agriculture, even compared on an international basis, has in recent years been able to increase productivity, and will have to make every effort in future — with the support of the Confederation — to achieve a further increase in productivity from its manpower and invested capital in order to keep inflationary tendencies to a minimum.

To realise the aim of preserving a healthy farming community and an efficient agriculture, a long-term policy of improving production methods is needed in the Midlands. In the mountains, the level of rural income cannot be raised sufficiently to a larger degree by such means. A resolute incomes policy will have to consider the economically weaker members of Switzerland's agricultural community.

## **Infrastructure**

The development of Swiss infrastructure has not kept step with the general economic development in all spheres. Existing reserves of capacity were used up and bottlenecks appeared, not least due to an excessive influx of foreigners. Though, in Switzerland, the main burden of infrastructure falls on the Communes and Cantons, the Confederation has to look after the railways and postal and telecommunications, and has the responsibility for road construction, water utilisation and protection, just to mention a few provinces which were in the centre of interest during 1964.

The national road construction programme, its rate of progress and its financing have occupied the authorities and public to a large degree. Nevertheless, the railways will keep their importance, and their potentials will have to be utilised according to the growing demands of national economy. Further alpine tunnels to improve the North/South transversal have consequently been studied most carefully. The road network is to be developed extensively in order to cope with present and future needs, without, however, overloading the road construction industry nor the financial resources.



## Power Production

As the possibilities of extending hydro-electric production schemes will presently come to an end, the Swiss electricity producers are faced with the finding of new sources of energy from which to cover the constantly rising demand (by 5 to 6% annually) for electricity. A permanent dependence on imports should and can be evaded. Thermal power works on an oil basis could not satisfy the demand for any length of time should imports of oil fail. The use of atomic power seems to have several advantages, and large quantities of "fuel" can be stored for considerable time in a relatively small space. These considerations in case of war, coupled with the possibility for cleaner air indicate the use of atomic power once the hydro-electric sources have been exhausted.

## Science and Education

Scientific research and the training of the rising generation, the long term development of our country and the securing of beneficial growth cannot only be judged from the demands of the present economic boom. Nor should problems important for the future be delayed merely for reasons of economy. It is also essential that the temporary and limited measures taken to re-establish economic balance should not give development a wrong direction in the long run.

In order to utilise all potential forces available in our population, it is essential that scientific research be encouraged and higher educational establishments be supported, which in turn entails a certain co-ordination of research by the Confederation. Studies of the present state of university structure have shown that more means will have to be made available. Thus larger subsidies by the federal authorities to the Cantons are a real need. The Confederation has begun to study these questions and the necessary consequent financial provisions.

The Swiss National Fund will have to be allotted considerably larger amounts in order to extend the potential basic research. This Fund supports individual scientists and teams at universities, encourages enough candidates from the rising generation and subsidises various research bodies of national importance. A further branch of scientific activities which carries fruit under the aegis of the Confederation is the co-operation in scientific ventures of international organisations.

Whichever way one wants to apportion the share which the Confederation has to carry in education, training and research, its role will definitely be that of promoting cantonal efforts, to co-ordinate national and international research and to support the work of the ETH (Federal Institute of Technology) and other institutes financed by the National Fund. It will be essential to

harmonise industrial research and national undertakings with the federalistic character of the largely autonomous cantonal universities, and within the framework of limited means. This will be the task above all of the newly created Science Council.

To have enough young people available at all levels and in all professions and occupations is a problem which occupies Confederation and Cantons alike. The best possible way of assuring the maximum use of talented reserves seems to be the federalistic dividing up of the tasks, with the Confederation subsidising the cantonal efforts by the granting of scholarships.

(By courtesy Agence Telegraphique Suisse.)

(To be concluded)

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## **FORTHCOMING EVENTS**

### **Auckland Swiss Club**

The "MARDIGRAS IN THE SOUTH-SEA" will be held on the 18th September at 8 p.m. in the Edendale School Hall, Sandringham Road.

MOTTO: Everybody in swing!—Surprise supper. Big prize-giving of the masks! —M.M.

### **Hamilton Swiss Club**

A friendly get-together with cards and other games is going to be held on Sunday, 17th October, at 8.30 p.m. in Mr Fluhler's Swiss Chalet. As the capacity of the room is limited it is necessary to restrict the number that can attend.

Our Secretary, Mr John Villiger, R.D. 1, Morrinsville, telephone 721, Kiwitahi, is holding attendance tickets. Please contact him as soon as possible for your reservation or you might miss out. First in first served.

No function will be held in September.

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## **Laugh a little . . .**

"Do tell me, why does one call our language the mother tongue?"

"This is because father does not get half a chance to talk."

\* \* \*

"Dad, what is the difference between thrifty and mean?"

"Well, it is like this: If I wear my winter coat for one more season, then I am thrifty. But if I tell your mother that she should wear her coat for another season, then she says that I am mean."

—Nebelspalter.