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had been writing all day in the Swiss chalet with his St. Bernard, Linda, for company. The next evening, dropping from his chair at the dinner-table, Charles Dickens died, in his fifty-eighth year. Together with the fact that he had long ago began burning the candle at both ends, one should consider that there have been few men with so great and glorious a candle to burn and although the love for his wife had withered a long time before, his passion for England and Switzerland burned on brightly right to the end.

COMMENT

SHOULD CITIZENS VOTE ON "TECHNICAL" ISSUES

The way the people voted on the 8th December Referendum highlighted the difficulties involved in giving extensive legislative powers to the people, particularly in tax matters. The most important issues at stake on that Sunday were those involving a proposed increase in direct Federal taxation and a demand to put a brake on public expenditure. There were other non-Cantonal issues, but the "Chevallaz Package", as the two main questions were called, carried the most weight because of the heavy deficit incurred by the State.

In a show of apparent bad mood reflecting these inflationary times, the Swiss said "no" to more taxes and "yes" to a cut in public expenditure. The second vote turned out to be a useless exercise in view of the response to the first question. The possibility of envisaging more expenditure could only arise if the State were given more means.

Several conclusions can be drawn from the result of the vote. One immediate comment is that it is remarkable that the whole population of a country should be given the opportunity to decide on the level of their taxes. How more democratic can one be? The Constitutional article that provides for a vote on the limits of federal taxation inherently respects the judgement of the people even in technical matters. Mr. Georges-Andre Chevallaz, Head of the Department of Finance, will naturally respect this judgement and try to find some way out of his problems.

The question that should be asked, though, is whether the soundness of popular judgement obtains in matters where people's pockets are concerned. Did the Swiss refuse to give more means to the State because they genuinely and rationally believed that the State was getting over-committed? Or did they vote the way they did because they were fed up with price rises and their stagnating standard of living?

It is quite possible that many voters decided to withhold tax revenue from the State because the latter's importance was becoming overwhelming. Such an attitude would be in keeping with federalism, provided the Cantons were given more income. The tendency these past years has been to increase the financial weight of the Confederation and its support to Cantons. But the Confederation still only administers a third of total public expenditure in Switzerland. Moreover, this expenditure is, proportionally, still the lowest in Europe.

It seems, however, more likely that the people's primary concern was to protect their buying power. In which case the vote was guided by immediate self-interest and not enlightened at all. It pointed to a lack of awareness of what the Federal State is doing for the lives of every citizen. People expect Old Age Insurance to be doubled and schools of technology to be built without paying for it. It's a traditional case of wanting to have one's cake and eat it.

No wonder, then, that Mr. Chevallaz expressed some disappointment at the outcome of the 8th December vote. The only way out is to cut the Federal Budget drastically to avoid the 1.5 billion franc loss generally predicted. The 1975 Budget is giving him extraordinary problems because of the straight-jacket situation which has resulted from the 8th December vote, and the prospect of the people rejecting plans to increase petrol tax. The 1975 budget will probably be discussed during a special session of Parliament.

There is little scope for compressing this budget. It is well-nigh impossible to reduce federal contribution to Old Age Insurance, or to reduce administrative and military expenditure. Some of the chapters that could be hit might be foreign aid and scientific research. These

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are the "softer" parts of the budget which could be tampered with without coming under fire from economic interests.

Allowing the people to vote on technical issues like taxation supposes that voters are informed of these matters and know the consequences of their decisions. In the present case, their 8th December verdict might mean exchanging short-lived advantages – i.e. a freeze on taxes – for likely disadvantages in the future. Owing to the possible deterioration of business in Switzerland, public contracts paid for by the tax-payer, might play an increasing role in keeping the economy going and in securing jobs. The majority of Swiss voters obviously seemed to be unaware of this possibility.

The same problem arises in cantonal and communal issues where the people are asked to vote on, say, fiscal or public works projects. How can the people of a large city knowledgably decide on whether to allocate two million francs to extending a secondary school, if they do not have a clear vision of the city's planning policy and needs?

The technicalities of decisions have greatly increased since the Constitution was drafted and this may be one cause of abstention. The feeling is that there should be some delegation on technical issues. This falls short of the ideals of direct democracy, but may be preferable if the people are not prepared to accomplish the necessary "homework" to arrive at the right decision. In this case, some decisions might better be left to the specialists.

P.M.B.

SWISS EVENTS

SWITZERLAND CUTS SUPPORT TO UNESCO

Switzerland fell under heavy attack in the Arab Press for its attitude to Israel's virtual expulsion from the United Nations Educational, Scientific and Cultural Organisation (UNESCO). Although other countries, like France, have reacted in a similar way, Switzerland appeared to bear the brunt of virulent articles in the Arab Press, some of which were reproduced in Swiss newspapers.

The Swiss delegation had abstained from voting on two controversial issues at the November general conference of UNESCO in Paris. One issue related to the admission of Israel to the European grouping of the organisation, a second resolution condemned Israel for carrying out excavations in the occupied part of Jerusalem. Eager to show that Switzerland could remain neutral on what should theoretically be a non-political platform, the Political Department had instructed the delegation not to take sides in any debate touching on the Israeli-Arab confrontation.

As a result, the Swiss delegation abstained, although it was generally in favour of Israel. Its leader, former Councillor of States Olivier Reverdin, an authority on ancient history, claimed afterwards that the excavations undertaken in the Arab sector of Jerusalem were both vital in the light of UNESCO's purpose, and of no harm to the residents in the areas concerned. The Arab press was angry at Switzerland's abstention, which was apparently considered as more damnable than taking sides with one or the other of the warring parties.

But its reactions took on an even more hostile turn when Parliament finally decided to cut Switzerland's contribution to UNESCO by 10 per cent to show its displeasure at the heavy-handed methods increasingly used by some members of the organisation. Algerian and other Arab attacks on Swiss "hypocrisy" and "equivocation" moved the Federal Council in issuing a note stressing that neutrality had not been violated. It also stressed that Swiss institutions were free, so that both Parliament and the Press were entitled to hold to their opinion.

Parliament's vote on the UNESCO contribution issue, which arose during a routine National Council debate on government expenditure, reflected a growing current of hostile opinion towards some Middle-East countries. Switzerland's guiding political philosophy may well be called permanent neutrality, but the attitudes of the Swiss people are far from neutral in major international issues – such as the Middle-East. The Swiss would have to be robots for the situation to be different. Neutrality is a theoretical concept screening off the feelings of people said to be "neutral". It is undeniable that Swiss public opinions on the Middle-East shows in the Press, and this, too, is resented by the Arabs. Any explanation by the Federal Council would fall on deaf ears under the circumstances. Arab newspapers in fact reacted to the Federal Council's explanatory note by saying that they didn't require to be "lectured" by legalistic arguments.

Neutrality as exercised by Switzerland has not always been understood by other nations. It is a concept particular to the Swiss mind, so that for people used to political expediency or a state of permanent political mobilisation, it means nothing more than a legal gimmick. Certainly, the Arabs are the people who show the least patience with Swiss neutrality at the moment.

The fact that the Swiss delegation to the UNESCO conference was asked to abstain in a controversial vote was criticised by a member of the delegation, Professor Jeanne Hersch from Geneva. She said, during a public debate called to discuss the consequences of the Conference, that Switzerland was failing to contribute to the life of an important world body. She claimed that abstentionism and passivity were no better for the international community than taking sides politically. Referring to moves under way to get Switzerland inside the United Nations, she asked whether we were joining the world body "just to abstain".

THE UBS REVEALS ITS APRIL LOSS

The Union Bank of Switzerland recently revealed the amount it had lost in foreign exchange dealings last April. The loss was at the time reported in a brief announcement. Mr. Philippe de Weck, the Bank's General Manager, at a Press conference, said that the total loss incurred on dealings in futures amounted to 142 million francs. This sum has been entirely covered by monetary and metallic reserves.

Mr. de Weck explained that it had been necessary to remain discreet on the exact amount as long as the balances involved in forward buying with one client had not been cleared. The Bank feared that any announcement on the actual loss figure at a time when its exchange position was still strong would have unleashed speculative pressures against the UBS.

The Bank had not recorded any further losses since then. In particular, it had no claims on the failed Herstatt and Bruxelles Bank, and none either on the International Credit Bank of Geneva, with which the UBS had cut relations "several years ago."

Mr. de Weck stressed that since the April mishap the Bank had strengthened its control on foreign exchange dealings and that the organisation of this department had been overhauled following the resignation of a senior executive.

Another executive, Mr. R. Holzach, referred to a contract which the UBS had recently rescinded with Control Data Corporation. He recalled that in 1971, UBS had asked the American computer firm to develop a new system that would encompass the operation of all the bank's branches and activities. But the systems gradually developed by Control Data produced unsatisfactory results, well below the Bank's expectation, so that the UBS decided to break the contract and to return the hardware for which it had already spent about fifty million francs. Instead, the Bank will continue to develop its present Univac system. The failed deal with Control Data Corporation has resulted in losses that can only be estimated and which are included in the Bank's profit and loss account. According to sources in the computer world, Control Data lost far more than the UBS. The American firm is believed to have