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## SWISS ECONOMIC POLICY DURING THE PRESENT BOOM

*Address given by DR. F. W. HUMMLER, Commercial Director of Ateliers de Constructions Mécaniques S.A., Vevey, to members of the City Swiss Club, on Monday, June 11th, 1956, at the Dorchester Hotel, in presence of the Swiss Minister, Dr. A. Dacnikér.*

Mr. President and Gentlemen,

It is a great pleasure for me to address this gathering of British and Swiss friends on the problems of economic policy in boom times. It is a very topical subject for just now they claim the attention not only of the Swiss authorities and economic experts but also of large sections of the population. Moreover, the same or very similar problems preoccupy the public in other countries, for instance our immediate neighbours in Britain as well.

Nowadays when one speaks of economic policy in boom times one refers chiefly to the control of inflationary pressure. However, in my opinion, if we want to obtain a correct and objective view of the problems involved we must first of all form a clear idea of what the term means and of its general character.

The concept of "economic policy in boom times" is relatively new. Before it could be envisaged at all people had to realize that the ups and downs of business activity were not governed exclusively, and perhaps not even predominantly, by a mysterious, inscrutable mechanism of arbitrary ruling forces. They had to note the existence of certain laws and observe that the impact of those laws could be influenced by conscious action both collective and individual.

It is only quite recently that this had been realized. On the other hand, the ups and downs of business activity and the alternation of good and bad years have been observed and experienced for a very long time. The phenomenon is even mentioned in the Bible: while Joseph was living in Egypt he did not belie his nation's instinct for economic trends. Whether the economic cycle follows the classical pattern of seven fat and seven lean years, or not, is less important than the fact that, particularly in the 19th and early 20th centuries, the rotation of boom and slump has followed a strikingly regular pattern. These alternatives have been attributed variously to political causes, to good or bad harvests, to the opening up of new territories, to the discovery of new forms of energy and the methods for their mechanical and economical exploitation.

There were times when people believed that the ebb and flow of business activity was a thing of the past. This occurred, for instance, during the speculative period that followed the Franco-Prussian War, especially in Germany's economic orbit. It was repeated during the boom of the later 1920's, particularly in the vast economic orbit of the United States. On both occasions the awakening from the dream of everlasting prosperity was all the more painful because people had been cradled in the very rosiest illusions.

What made the depression of the 19th century particularly painful and depressing, and even more so that which followed the "Black Friday", October 24th, 1929, was the absolute inability of most political economists, both practical and theoretical, of nearly all private and public administrators and in particular of politicians to cope with the slump and the mass unemployment it entailed. We are still so aware of the dreadful personal and political tragedies this helplessness caused people in Europe and many other parts of the world that we look back with a shudder on the 1930's and strain all our efforts to prevent the repetition of such an economic collapse and the political catastrophes that followed.

It created a sensation in my country when in 1940 our President, on behalf of the Federal Council, promised the people of Switzerland and in particular the men who had been drafted for military service that there would be employment for all "whatever the cost". Formulas like "whatever the cost" or "at any price" are in direct opposition to the policy of the 1930s when it was stated that it was cheaper to pay unemployment benefits than to create employment.

The passive economic policy adopted during the 1930s was dangerous and can hardly be conceived by the economists and politicians of today. But to judge it serenely we must go back in imagination to the time when people were as if stunned by the severity and duration of the slump. Not only did they lack experience in the field of economic policy, but they brought very little imagination to bear and — discouraged as they were by the depression — could hardly show much boldness or enterprise.

Perhaps it was dangerous to say that, even in 1940, employment would be provided "whatever the cost", or today that a new depression and unemployment must be prevented "at any price". If economic depressions and the consequent unemployment could only be prevented by renouncing personal and political freedom, as in Russia and her satellites, the price would be far too high. Therefore we must choose our words rather cautiously when discussing the possibilities of public and private economic policy and avoid making statements in too absolute terms.

As a matter of fact, we should not be too severe in our criticisms of the procedures and measures adopted or omitted during the 1930s. In Switzerland that period witnessed some gratifying initiatives aimed at mitigating the consequences of the depression and the great severity of the cyclical pattern of economic trends. I refer to the numerous private efforts to set up new industries and openings for craftsmen, to conquer new markets, to increase research and broaden its scope. I also refer to the steps taken by the Federal Government and local authorities to create employment. Those years saw the establishment of the so-called "productive unemployment relief", which helped private undertakings to overcome the obstacles that over-high prices placed in the way of exports. By its very nature this measure was not a particularly happy one, for it could be looked upon as dumping and led to counter-measures in other countries. It did, however, derive from the right idea, namely that it is better to create jobs than to pay dole. Another institution that later proved extremely beneficial was debated and tested during the early years of the decade. This was the federal export risk guarantee whose structure was more or less clearly defined by a Federal Decree of 1934 and was improved and given its definite form by the law of 1939 which is still in force. Even if the export risk guarantee had done little to alleviate the slump and the consequent unemployment of 1936, nonetheless it must be acknowledged today that responsible circles in the private sector and influential members of the federal administration gave their attention at an early date to what I consider an extremely important means of overcoming a depression and thus levelling the business activity curve.

### II

Theoretical and practical considerations have led us to recognize that the business activity curve follows a cyclical course. In other words, past experience has shown that slump follows boom and vice versa, and the greater the material and spiritual exaggeration of a boom, the more severe is the impact of the slump that ensues. For this reason leading economists and responsible politicians in Switzerland — among them my esteemed predecessor, Mr. Zipfel — snatched at every opportunity to hammer into the heads of the public that the best guarantee against too painful fluctuations of the business activity curve lay in an anticyclical action by private enterprise and public authorities consisting in curbing expenditure and investments in boom times and boldly staking during a depression the resources that had been kept in reserve. If such an anti-cyclical action was one hundred per cent successful, it could make the business activity curve lose its cyclical character altogether, or nearly so, with the result that the advocates of such anticyclical action could only cite a negative proof of the correctness of their thesis. They would, so to say, win their case by default.

With a view to steadying business activity by anticyclical precautions the former Delegate for the Creation of Work induced the competent Swiss authorities to pass the Federal Law of 3/10/1951 on the Setting Up of Reserves for Creating Employment in the Private Sector of the Economy which was followed by the Federal Law of 30/9/1954 on the Preparations for Combating Depressions and Creating Employment. In innumerable articles, lectures, appeals and entreaties he begged, urged and warned public authorities and private enterprise to defer non-urgent building operations and investments in boom times in order to have an adequate reserve of jobs ready for a slump.

These efforts were crowned with a certain success. Nevertheless, in my country too, many problems which had started by not being urgent became urgent in the course of time, and many

operations that we should have gladly saved up for a depression had to be carried out during the boom. In spite of this the report by the Delegate for the Creation of Work on the long-term programme of public works and orders to industry and trade showed that, although certain operations had to be carried out already, the list of jobs kept in hand for the future has not been shortened and that in summer 1955 the authorities held a reserve of public works valued at almost £900 million. This figure is split up between civil engineering and buildings in the ratio of about 3 to 1. The possibilities of building operations have special importance because they employ the maximum number of workers in their customary trades.

The long-term programme established in the summer of 1955 was substantially more extensive than its predecessor of 1952 although important public works had been undertaken and terminated in the interval. The programme of orders to industry and trade not included in the public works programme is also interesting and satisfactory. And it is gratifying to note that the value of the orders in question now totals £225 million, an increase of 34 per cent, since 1952. These orders involve jobs practically all of which will offer employment to Swiss workers in their customary trades.

At the present time public authorities and private undertakings are faced with the necessity of carrying out urgent works in spite of the boom. I refer to the renovation of railway installations and rolling stock, the extension of the highway system and in particular the increase in the production and productivity of private concerns. Under these circumstances it is essential that, in spite of the many works completed, there should be a sufficiently large reserve of projects still awaiting execution. These projects must not be vague castles in the air but complete studies ready for implementation. Wherever possible the necessary finance should also be assured and, in the case of public works, consideration should be given in good time to legal questions, the purchase or expropriation of property and so on.

In Switzerland the boom has brought to a head a phenomenon to which little or no attention was previously paid. There is a natural obstacle to the extreme exaggerations of the boom and the excessive anticipation of works that might perhaps be welcome at a later date. This obstacle is not only — and, in fact, less and less — a shortage of manual labour but rather the limited availability of those qualified planners, engineers, technicians and draughtsmen without whom a project considered of top priority cannot be given its final and definite form. This is one of the facts that show up the importance of producing a new generation of qualified technical and scientific personnel. Investments cannot be made nor farseeing research work or structural operations undertaken unless the men are available for the preliminary studies.

The situation at present is that, although many important investments have been made and urgent works carried out in both the public and private sectors of the economy, new tasks are continually cropping up which cannot be tackled immediately but must be taken in hand within the next few years. For this reason I should say that there is more danger of the boom hotting up than of a slump occurring in the foreseeable future. It is therefore our duty to examine carefully what for many of us is a novel situation and define the most urgent task that face public and private policy makers under these conditions. We should bear in mind, however, that the cyclical comportment of the business activity curve and its causes show no sign of having been eliminated.

### III

**A.** It is a strange fact and one that offers food for serious thought that so many people nowadays are convinced that a rational economic policy in boom times does not consist exclusively or predominantly in saving up opportunities of employment for future bad times. This applies not only to incorrigible optimists who after three days' sunshine cannot admit the possibility of rain, let alone hail, but to serious theoretical and practical economists as well.

The Delegate for Employment, like his predecessor, believes that during the present boom Swiss economic policy, both public and private, must aim at ironing out excessive fluctuations of the business activity curve. This formula obviously covers the reserving of employment openings that can actually be saved up in view of the possibility of a future slump. It is, however, equally essential and of more immediate importance just now to endeavour as far as possible to prevent the hotting up of the boom. For an exaggerated boom always involves the danger of acute or at least subdulous inflation. It is very difficult indeed to maintain a high degree of employment without incurring the risk of conjuring up inflationary forces. It is like walking

along a narrow ridge with the abyss of inflation gaping wide on one hand and the chasm of unemployment on the other.

Actually, the prevention of inflation is a far-sighted full-employment policy. A country unable to check an inflationary rise in prices is exposed to the danger of losing its competitive position on the world market. In practice the reversal of an inflationary trend already under way by means of systematic deflation is hardly feasible. A consistent deflationary policy, involving as it must the painful renunciation of price and wage advantages and the possibility of unemployment, presents such great political difficulties that hardly a single country, not even Switzerland, could choose such a course. The only other way to correct inflation that had already set in is to devalue the national currency. In the past this method has been adopted repeatedly by many countries and once by Switzerland. In my opinion, however, it defrauds the thrifty and all those sections of the population that are not in a position to offset their losses by larger profits before or after the devaluation.

It can be demonstrated that the measures for preventing inflation are largely identical with those for preventing or obstructing overemployment during a boom while saving up jobs for hard times. On this point there are really no differences of opinion among either theoretical or practical economists. There is less unanimity, however, when it comes to deciding which practical tasks have the highest priority today and must be tackled at once and what are the best means for ensuring the participation of a given national economy — in our case, the Swiss — in the general upward trend. Weighty arguments and proofs are adduced to show that a cessation of productive investment would entail these risk of missing the bandwagon of a boom that looks like continuing for a long time. And therefore even during the present phase of full employment the private sector of the economy should increase its investments in order to be ready for the tasks that the future will set. The necessity is also stressed of finding sufficient capital willing to take a risk in order to finance those investments which, in view of technological developments, actually involve considerable risk. And the urgent need for a public and private economic policy which should encourage investments calculated to ensure future prosperity and particularly the availability of the capital for such investments.

Another argument employed to bolster up the necessity of such a policy is that exhaustive investigations of population trends in the United States, in Switzerland and in other important industrial countries have shown that in the next ten to fifteen years the number of people of working age will be fewer in proportion to those who are not yet or no longer capable of work. Consequently, during that period the able-bodied will run little risk of not finding jobs. It is essential, on the other hand, to give the world, and therefore Switzerland as well, a productive system able to satisfy our ever increasing demands. And no time must be lost before productivity per unit of manpower is very substantially increased by far-reaching and far-seeing investment.

Another argument heard in support of this attitude is the following. The important thing for every national economy, including the Swiss, is not merely the indiscriminate provision of employment, but such employment must be of the type that ensures the highest possible revenue for the workers and for the capital invested in the productive process. Under present conditions it is relatively easy to ensure some sort of employment for all able-bodied men. But the major problem facing a long-term economic policy during a boom — which is thus a far-sighted full employment policy — is to utilize the skill of every worker in the best possible way and so achieve and maintain the standard of living we desire for our country. This can only be done by combining capital placed in promising investments and trained workers properly employed.

We all know that we are living in an age of turbulent technological progress and development. I only have to mention that popular catch-word atomic energy and its exploitation, electronic devices and their applications and automation. Experience proves, it is often said, that in times like this the general economic trend is predominantly upwards and setbacks are always shorter and less severe than when there are no such positive factors as technological progress or the discovery and opening up of new territories or natural resources. This consideration should also convince us that it would be more reasonable to prepare for the boom to continue or even to soar still higher than for a depression to set in. Consequently we should make ready, in respect of capital and labour, to reap the maximum benefit of the general rising trend.

**B.** No doubt all these considerations are fundamentally correct and should be taken to heart. Nonetheless, they must be con-

fronted with ideas and experiences of a different order. And the comparison will provide a directive as to the attitude and the economic policy, both public and private, Switzerland should adopt during the present boom.

I must start by mentioning that as a matter of fact the economy has for decades shown a generally rising trend. Whatever type of curve one draws to indicate the long-term development of the economy, it is always, with greater or lesser regularity, directed upwards. But the expression "greater or lesser regularity" reflects those very phases that for millions of individuals, whole generations and a great many countries represent terrible catastrophes. In the general upward course of the curve the years 1930-1936 constituted a brief interruption and here and there perhaps a small dip. But what does this apparently unexciting picture cover? The ruin of millions of lives, the creation of a moral and political situation that helped Communism to conquer vast regions of the world, the development of Fascism and National-Socialism in ancient seats of Western European culture which were thus nearly lost to Western European civilization, and the emasculation of many national economies which once took pride in a free liberal activity and an open market and today seek refuge in a protectionistic social and economic policy directed by the State.

There is also food for thought in the fact that unfortunately the great prosperity we enjoy at present is to a certain extent an armament boom. Since 1936 war and rumours of war have exerted a very strong influence on the economic situation. First in the form of a pre-war armament boom; then in the shape of a genuine wartime economy in which every sort of goods and every available worker was in demand; then again as a typical postwar reconstruction boom, and finally, I am sorry to say, in the shape of a new wave of rearmament, at least to a certain extent. For that matter, just how far is rearmament responsible for the present boom? There are certainly other positive factors; for instance, the technological advances I have already mentioned, the reconstruction of war-damaged regions, the development of backward countries and so on. Nonetheless, the influence of the renewed demand for armaments can be neither denied nor underestimated.

Finally, there is one more critical consideration to be made concerning the necessity of investment; it cannot be questioned that in Switzerland a great deal of capital must be invested, immediately and during the next few years, in order to raise productivity throughout the economy and especially in industry. This means more investment per unit of manpower. Serious studies have demonstrated, however, that when the number of new workers entering the productive process is relatively lower than the increase of the population the need for capital goods and investment capital is smaller than when the proportion is higher. Relatively fewer new jobs have to be provided than in the years when classes with high birth rates start looking for jobs. This consideration is not to be rejected out of hand because experience has shown that an increase in the demand for consumer goods cannot make up for this shortfall.

An objective investigation of the course of events to be coped with today and during the next few years reveals that positive and negative factors are at work and must be taken into account. It looks as if at present — and probably for sometime to come — the positive factors predominate. This means that the people responsible for public and private economic policy can and must count on increased demands and requirements. The practical result is a need for long-term plans and investments that appear rational from this point of view. At the same time, however, it must be borne in mind that one cannot do everything at once and that within the general upward trend there is always the possibility of setbacks for which one can and must be prepared.

Let us now examine how this can be done by public authorities and private enterprise within the framework of Switzerland's present economic policy.

#### IV

The principal weapons at the disposal of the Federal Government are those provided by the "Law on the Preparations for Combating Depressions and Creating Employment" and the "Law on the Setting Up of Reserves for Creating Employment in the Private Sector of the Economy". Others can be derived from a provident financial and fiscal policy and by implementing the Export Risk Guarantee Law in the manner best suited to the economic conditions of the moment. Furthermore, the Federal Government disposes of a very large share of the national revenue and is therefore a major independent economic factor as customer, employer and purveyor of services. For all these reasons it holds, within the framework of Switzerland's free market system, many efficient means of enforcing an independent and effective economic policy in boom times. Another weapon in the

Government's arsenal is the subsidy, and contributions from the State can be very largely distributed with an eye to affecting business activity.

In the sphere of financial and fiscal policy means for curbing the boom must be still further applied during the present period of full employment and inflationary pressure. But a rise in the official discount rate, as adopted by certain other countries, is not one of them, for it is too rigid to be practical and effective in Switzerland. Instead, the sterilization of Federal funds should be continued. And both the Government and the National Bank should keep pressure on the private banking houses by means of gentlemen's agreements to exert restraint in their credit policy and in accepting foreign capital. On the whole it is well to adhere to the principle of achieving balance-sheet surpluses during a boom, allocating only a part of those sums to amortization, using part for establishing crisis funds and sterilizing the rest. Large-scale tax cuts should be held in reserve as a stimulant for an eventual recession. Such a procedure on the part of the Government and the banks is all the more appropriate as it also serves to create a situation in which means for boosting the economy are ready to hand if there is a setback in business activity or the danger of an employment crisis. The German Minister for Economy, Dr. Ehrhard, was quite right when he recently declared in Zurich that the ideal was not to smash the boom but to perpetuate it by preventing excesses.

As regards the public works that devolve on the Federal Government through the operation of its own services — in particular, the Federal Railways and the Postal, Telephone and Telegraph Services — and to the cantonal and municipal authorities, a distinction must continue to be drawn between extremely urgent and less urgent tasks. All those that promote the efficiency of public bodies should be considered urgent, whereas those that serve merely for the prestige or the convenience of the administration should be placed at the bottom of the priority list. Special attention must be paid to the times of completion and delivery allowed for building operations and other commissions from the Federal and local authorities. An excessive compression of these times should be avoided and, whenever possible, well-founded requests for extensions should be granted. Too short delivery times not only require a greater employment of foreign labour but also lead — owing to the manpower shortage — to excessive investments in mechanical devices. This releases undesirable additional work, the outcome of which may well signify idle capital at some later date. In any case the capital spent on such forced or "extorted" investments during a boom is like iron rations consumed in advance; it is no longer available in the time of need.

The formation of reserves for the creation of employment in the private sector of the economy should be further facilitated and encouraged by the fiscal policy of the Federal and cantonal governments. But in their longterm plans and economic reflections managements must be left free to decide what investments they consider urgent and indispensable today, what reserves they allocate for absolutely free utilization at what ever time and for whatever purpose they may desire, and what sums they wish to set aside as reserves for the creation of future employment, these becoming entitled to the fiscal privileges granted such sums.

When granting an export risk guarantee the Federal Government must bear in mind, even during the present period of full employment, that transactions which are avoided today as too risky are probably done by exporters in other countries. Transactions of this kind cannot be kept on ice for a depression but are definitely lost for Switzerland if they are not effected immediately. Though that is not a serious matter in boom times, it can involve the loss — either temporary or permanent — of a certain market, from which we would remain excluded in the event of a recession. Another result is the loss of subsequent orders and supplies of spare parts, which might be extremely interesting at some later date.

That was a summary sketch of some of the weapons the Federal Government can employ to control the boom. The cantonal and municipal authorities are not in a position to adopt a real economic policy of their own, particularly in the field of foreign trade. But both are extremely important as independent economic factors, as customers of the private sector and as holders of the fiscal power. The rules that apply to the Federal Government in this sphere are also valid, of course, for the cantonal and municipal authorities.

In their efforts to control the boom the Federal Government and the cantonal and municipal authorities must bear in mind an essential peculiarity of Switzerland and the Swiss economy. Namely that in political, human and economic matters the Swiss Confederation grew up as a federalistic, decentralized organism. There is little danger of the disappearance of political federalism, but there is a great danger that an economic centralization might

undermine the federalistic foundations of the nation. For this reason in their economic policy the public authorities must take into account the necessity of maintaining the federalistic and decentralized structure of the country. This applies to assigning orders, granting subsidies, adopting a fiscal or economic policy, organizing communications and many other occasions. The same chapter embraces solicitude for the preservation of the economic health of the mountain regions just as much as a proper consideration for the needs of eccentrically situated districts which reap fewer benefits from the boom than certain economic centres. It is also in the interests of the diversity of Switzerland's political and economic life when industries less favoured than others by the present situation receive greater encouragement specially in the matter of foreign trade.

In a liberal State the means at the disposal of an economic policy are not necessarily so forceful as to produce direct, immediate effects. It would indeed be regrettable if the commanding use of such means were to give the central authorities too great an influence on the economy. On the other hand the enumeration of the economic weapons at the disposal of the authorities may well have demonstrated that a rational combination of proper measures and the conscious omission of inadequate interventions puts those responsible for our economic policy in a position to apply a long-term system of stabilizing business activity. Such a policy is applicable not only to the general ups and downs of economic trends but also to the balance between the various branches of the productive system and the different parts of the country.

#### V

The public economic policy would be meaningless and largely ineffectual without the support of a responsible comportment on the part of the management of private concerns — in other words by a private economic policy — such policy cannot but differ from the public policy in various typical ways. For the management of a private concern must aim at ensuring work for their own business always and in any event — even regardless of others — at putting this concern in a position to pay adequate wages to a growing, or at least constant, number of employees, and at distributing to the invested capital dividends corresponding to the risks incurred. Nowadays, however, no private enterprise can live an isolated life of its own, and each and every one is inseparably bound up with the others and therefore shares the general state of the national economy. Consequently, no private undertakings can consider itself excluded from the observations we made regarding the general economic situation, the long-term business outlook and public policy in relation thereto.

In practice the main preoccupations that face the management of a private concern at the present time are how much capital should be invested just now to increase productivity, how far resources should be pledged in long-term research and development and to what extent the future should be insured by reserves set aside freely or under legal compulsion.

In view of the very numerous urgent tasks that face private firms at the present time of full employment, so-called anti-cyclical action can no longer be recommended in every case. A cyclical comportment might be a better term, by which I mean the establishment, for all investments which after mature thought appear necessary or urgent at this moment, of as long-term a programme as possible to be maintained even in the event of altered conditions or critical perturbations. By adopting such a comportment private undertakings, and not only the very large concerns but even medium-sized and small firms, can greatly assist the State, which must also make long-term plans, to

counterbalance or at least mitigate undesirable fluctuations of business activity. In our demands on the management of private firms we are far less exacting today than when we urged them some time ago to postpone nearly all important works till the crisis which then loomed dark on the horizon should actually occur. What we now ask is long-term thought, long-term planning, long-term execution and a steadfast adherence to whatever decision was recognized as right and proper. The latter, in view of the lability of economic conditions, requires solid nerves and a strong character. In this age of limited companies, it must be added that further prerequisites are an open-minded management, intelligent directors and loyal shareholders. If the productive sector of the economy adheres methodically and steadily to long-term investment plans it should be just as possible to prevent the occurrence of severe crises as by strict anti-cyclical action.

Finally, the consumers — that is to say, the customers of the private producers — must help the latter to carry out a correct boom-time policy and not demand very brief delivery times during a period of full employment or insist on receiving exaggeratedly large supplies. On the other hand, it is desirable that in times of declining employment the private customer's will and ability to buy should not be too severely penalized. In this sense it is regrettable that in periods of great economic prosperity many private consumers too carelessly yield to the temptations of the hire purchase system for their purchases of so-called durable consumer goods. By so doing they contribute to a momentary over-employment but will be forced to cut their consumption in less favourable times because they postponed payment of goods bought during the boom. It can be of advantage to the public and private economy to encourage hire purchase when business is slow, but during a boom it should be restrained. This is taken into account by countries where hire purchase is governed by special legislation by prescribing, or directing the financing banks to insist on, higher initial payments during a boom than during a slump. In Switzerland the spontaneous caution of consumers living in a free economy should act as automatic control. The firms that finance hire purchase business could promote this automatic control by using greater restraint in boom times. This example proves that not only private producers, but private consumers too, can carry on a rational boom-time policy if they have the will to do so and receive the right lead.

In conclusion I should like to say that an anonymous collectivity cannot be expected to possess the qualities required for a well-directed economic policy in boom times. Methodical action and strong nerves are characteristics of individuals fully conscious of their duties, managers of private enterprises and their trusted representatives in politics and in the public administration. An objective examination of the present economic situation shows that foresight in thought, plan and action and the intelligence and strength of character that requires will probably be well worth while.

I am convinced that the Swiss people, their political leaders and those engaged in private business will succeed on the whole in coping with the dangers of the present boom. As foreign observers and Swiss living abroad you should share my confidence.

On the other hand, I hope that Switzerland's chief European partners, and Britain in particular, will be able, by a rational economic policy geared to their different circumstances, to steer the economic and political events in those countries to good effect. United by the common bond of rational thought and action and the respect of human and political freedom, we follow such mutual efforts with the greatest interest and sympathy.

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