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	1960: Hourly wage rates (1953 = 100)	Consumer prices
Switzerland	117	108
Italy	134	115
Austria	136	116
Belgium	138	110
United Kingdom	140	121
Germany	147	114
France	158 ¹	134

¹1959.

Whatever the real cause of this good result — large-scale use of foreign manpower, liberal import policies, moderate policy of trade unions, general compensatory economic policy on the part of the authorities or general attitude and behaviour of the main groups of the population towards rising wages and prices — it *should be preserved*, I would say, *at all costs and this especially at the present juncture*:

1. First of all, I must recall that Switzerland did not devalue her currency in 1949, as many other countries — U.K., France., etc. — did. So our price level was relatively high in the following years. This perhaps does account partially for our good performance in relation to price movements. From an external point of view, though, slower price rises in Switzerland have — probably — contributed to the lessening of the disparities due to devaluation in other countries without giving us a positive competitive lead.
2. Relative stability in wages and prices over a period, quasi non-existent unemployment and high productive activity have brought a higher standard of living, social peace, political stability, confidence — internal as well as external — in our currency, and the ability to compete on international markets, all things which are for the good of the entire population.
3. Furthermore, Switzerland is now faced with integration issues, the outcome of which is still uncertain. She must therefore be in a position to overcome possible difficulties. The Swiss price level was, and probably still is, rather higher than in many other countries. So if present disparities in prices were further enlarged, this would make it more difficult to resist increased competition, surmount new tariff barriers, to outweigh other advantages accruing to integrated competitors, in other words to solve any problems we might have to face.

There is no doubt that a danger exists. From September 1960 to September 1961, the circulation of notes has increased by more than 11%, bank overdrafts by 24%, bank credits by 25%. Wages have risen by 4% from October 1960 to October 1961, consumer prices by 2%; the increase in prices in November 1961 alone was 1.4%. These figures reflect our acceleration, which is ominous and requires careful handling. Whereas Switzerland had the best record for the post-war period up to 1960, there has been a progressive deterioration in her position since 1959;

Indices of consumer prices	
July 1959 — October 1961	December 1960 — October 1961.
1. Belgium	+0.9%
2. West Germany	+2.7%
3. U.S.A.	+2.8%
4. Canada	+2.8%
5. The Netherlands ¹	+4.2%
6. Italy	+5.4%
7. Switzerland	+6.2%
8. United Kingdom	+6.7%
9. Sweden	+6.7%
10. France	+8.6%
¹ September.	
² November.	

Under those conditions, one can understand why the Direction of the Swiss National Bank has felt it necessary to warn the population against the danger of inflation and why Members of the Government (Mr. Schaffner and Mr. Bourgnecht) have done the same in their most recent public speeches. What can be done about it? That is another matter, which I cannot deal with tonight. I would like, however, to add that mere admonitions and warnings may not, in my opinion, be sufficient to cope with the problem.

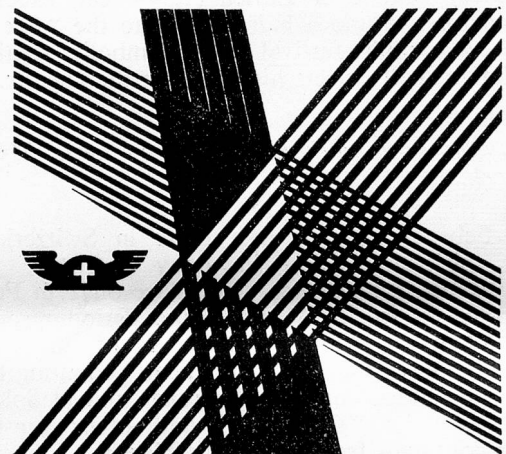
(To be continued.)

IN OUR NEXT ISSUE

THE INTEGRATION PROBLEM:

- EEC: its economic and political significance.
- The Stockholm Convention and the external activities of EFTA.
- Joining the Six, from a Swiss viewpoint.

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