



**Ten Years
After Rejecting the EEA Agreement**

A Current Assessment and Outlook

By Christoph Blocher, Herrliberg

Results of a Fateful Vote and
Conclusions for the Switzerland of Tomorrow

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Ten Years after Rejection of the EEA

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I. Introductory Resumé

1. "Switzerland cannot survive without the EEA."¹

(Kurt Illi, Director of Tourism, Lucerne)

On 6 December 2002 it will be exactly ten years since the voters and Cantonal Parliament rejected joining the European Economic Area (EEA). The people, with a 78% voter participation, elected to go their own way, **the Swiss way in Europe and the world**. This election campaign was the first big and intensely contested debate on the European question. Primarily economic reasons were argued in favour of joining the EEA. The industrial associations, together with the *classe politique*, mass-media, trades unions and university professors, warned vehemently against rejecting the EEA Agreement. Our country would no longer be competitive was the main reasoning of official Switzerland. The EEA protagonists forecast inflation, instability and unemployment. Higher interest rates, decreasing investment, lost exports would be the fatal consequences - this was the unanimous tenor of reasoning. In the meantime yesterday's future has become today's past. Ten years distance enables a sober assessment of the economic and political development to be made and confirms the results of the first assessment in 1997². **The apocalyptic forecasts of Switzerland outside the EEA have proved to be gigantic false prophecies.** We have survived outside the EEA. **Indeed, we have, thanks to the rejection of the EEA, survived very well!** Switzerland has been able to maintain in particular its prosperity outside the EEA and EU.

2. About-turn by industry

The hitherto EU enthusiastic industry has in its latest paper³ performed a remarkable **foreign economic-political volte face**. The industry's umbrella association, *Economiesuisse*, has in its "Current Assessment of Switzerland's Integration Policy" clearly and negatively condemned membership of the EU for Switzerland. Some economists and leaders of industry have in the meantime acquiesced to this analysis⁴. In all these analyses it is agreed that hopes are

¹ Cash, 27.11.1992.

² Christoph Blocher: The Situation Today, 5 years after the rejection of the Agreement concerning the European Economic Area (EEA) by the Swiss voters, December 1997.

³ Economiesuisse: Standortbestimmung zur schweizerischen Integrationspolitik (Assessment of the Swiss Integration Policy), October 2002:

- "Membership of the EU is not on the agenda in the foreseeable future, and membership of the EEA no longer makes sense."

- "The EEA Treaty forces those EFTA countries who are members to adopt regulations to such an extent and in areas which, according to Swiss industry, could have negative effects for Switzerland".

- "The question of Swiss membership can hardly be justified economically."

⁴ - "I do not regard myself as an opponent of Europe, but I am an economist and as such feel obliged to publish the results of our research and conclusions. This includes the painful realisation that the "bilateral agreements" and "EEA 2" could, with relatively favourable conditions, offer the desired economic advantages. Conversely membership of the European Union, at least in the medium term, would generate more costs than it would be capable of bringing additional benefits in market openings and efficiency." . Christoph Koellreuter, Head Economist of the BAK Konjunkturforschung Basel, Weltwoche, 10.12.1998

- "Economically Going it Alone is Feasible." Heinz Hauser, EU-protagonist and Professor of Economics in St. Gallen, Facts, 16.4.1998.

- "If there are going to be bilateral negotiations with the EU, then they would have to improve the Swiss economy overall" Gregor Kündig, Secretary, Economiesuisse, Facts, 7.2.2002.

pinned on domestic reforms⁵. The 1992 EEA rejection has indeed enabled this important re-assessment. The document submitted again deals with three main questions: firstly, How did the EEA protagonists argue in the run-up to the 1992 referendum? Secondly, what actually proved correct out of the scare propaganda made at the time? And lastly, what are the conclusions for **the future course for Switzerland outside the European Union?**

-
- "I think that the Swiss should try to go their own way and not become a member of the EU. Europe needs something like Switzerland. I do not share the view that the country should join for economic reasons. The bilateral agreements are sufficient. The parity of the Franc is certainly high, but so far that has not created any problems – on the contrary." Karl Otto Pöhl, 1980 until 1993 President of the Deutsche Bundesbank, SPD-Party member and also vehement protagonist of the political union in Europe, Bilanz 1.9.2002.
 - Luqman Arnold, then Head of UBS, also opined on 16.8.2001 in the Weltwoche: "If you conducted a survey in the EU area offering the choice of either approving the EU model or introducing the Swiss democratic system the latter would come up with an overwhelming majority. The fact is that in the EU the individual hardly has a vote any more, whereas in Switzerland the many referenda, also at Cantonal level, have an important influence on the whole process. The Swiss model has an extremely big attraction for many foreigners".
 - Marcel Ospel, President of the Board of Directors at the UBS, after the threat of sanctions by the EU concerning the bank customer secrecy, spoke of a "co-existence" between Switzerland and the EU." Financial Times, 8.10.2002.

⁵ Economiesuisse, Ausgabenkonzept, Diskussionsplattform der Wirtschaft zu den öffentlichen Finanzen, June 2002.

Analysis of the Principal Factors from the Industry Viewpoint:

The following is the analysis of the Industry umbrella organisation and not the author:

The indicator arrows reflect the emphasis in the individual dossiers.⁶

- ↗ In these cases Switzerland's entry to the EU would have positive consequences
- ↘ In these cases Switzerland's entry to the EU would have negative consequences
- In these cases Switzerland's entry to the EU would have no special consequences.

National Policy Questions / Structure of the State	↘
Direct democracy	↘
Federalism	↘
Institutional co-operation in the EU	→
Additional burden on the Federal Budget	↘↘
Movement of goods	↗
Service industry activity	↗
Movement of capital	→
Movement of persons	→
Competitiveness policies	→
Money and currency policies	↘↘↘
Finance and tax policies	↘↘↘
Social policies	↘↘↘
Environmental policies	→
Academic and research policies	→
Energy policies	→
I T Society	↗
Agricultural policies	↗
Land policies	→
Transport policies	→
Legal questions	→
Alien and asylum policies	→
Inner security, criminality	→
Foreign and security policies	↘

[Source: Economiesuisse, October 2002]

3. EEA rejection blocks EU membership

A summary retrospective shows that **an independent, but globally open Switzerland sets a successful example, so long as this successful example is not undermined or conceded.** Independence, neutrality and the will to self-responsibility form the basis of a **successful Switzerland enjoying prosperity**

⁶ The fields assessed positively are either of relatively little importance (e.g. "I T Society") or anticipated by international/worldwide trade guidelines.

and security. This is why in 1992 the EEA Agreement had to be rejected for political, and economic, but also for historical / cultural reasons:

- The EEA rejection prevented the already aimed for EU membership
- None of the economic horror scenarios of non-membership have happened
- Independence, federalism and neutrality ensure Switzerland's inner solidarity. A European Union which strives for its own security and foreign policies would destroy the very historical foundation of our small country.
- Membership of the EU, therefore, must also be prevented in the future for the benefit of Switzerland and the benefit of its citizens.

Officially Switzerland continues to pursue the goal of EU membership.

However, it cannot enforce it against the will of its citizens. That is impossible under our direct democratic system, above all the optional and obligatory referenda. For this reason it is understandable that **the politically elite endeavour to weaken our direct democratic system**, for instance by weakening the federal structure or by announced governmental reforms, which are thinly disguised as "adaptions"⁷ to Europe. The Swiss population has unequivocally committed those governing them to preserving our country's independence⁸. Despite this the Federal Council retains its commitment to EU membership, more recently described as "a project in progress"⁹.

This ambiguity causes immense harm to our country. It weakens our negotiating position with the EU in sectorial agreements¹⁰, and the Federal Council exacerbates the division of our country with its forked tongue attitude. As shown by relevant referenda¹¹, **at least half of the Swiss population feel that they are no longer represented** by the policies of the Federal Council and the parliamentary majority.

⁷ - "This is the time of reckoning for the Europe protagonists. It is up to us to show that we are ready and willing with far-sightedness to prepare the necessary adjustments in the interests of our country. For me at least the work has already started!" Federal Councillor Josef Deiss, Speech at the general assembly of the European Institute of Zurich University, 29.5.2000

- "EU membership still presupposes comprehensive domestic political preparation. I am thinking, for instance, of the reform in governmental practice and the debate concerning our direct democracy", Josef Deiss, Basler Zeitung, 22.5.2000.

- "This advantage stands opposed to the disadvantage that the positions represented by Switzerland in these questions can be out-voted and that parts of our precious institutional characteristics (individuals' rights, federal balance, tax system, numerically small cabinet) would be partially affected or restricted and would have to be adjusted to the altered circumstances." Integrationsbericht 1999, p. 398. It should be added that the bureaucratic expression "adjusted" can only mean "abolished".

⁸ The electorate overwhelmingly rejected the referendum "Yes to Europe" on 4.3.2001 with a 76.8% "no".

⁹ Federal Councillor Josef Deiss, Neue Zürcher Zeitung, 30.5.2000.

¹⁰ Even former State Secretary Franz Blankart, who led the negotiations with the EEA, is today of the opinion that you cannot be a candidate for the EU and at the same time negotiate on bilateral agreements. Either the Federal Council should commence negotiations for membership or withdraw the membership application." *'Tertium non datur'*, Blankart concludes' NZZ am Sonntag, 27.10.2002.

¹¹ Referendum about the "Blue Helmets" operational commitment of 12 June 1994.
Referendum about the Revision of the Military Law of 10 June 2001.
Referendum about UNO membership of 3 March 2002.

Despite this the EU continues to be acclaimed as a "Vision"¹². What is particularly "visionary" about stepping into line with the others and yearning for a condition of total uniformity is, with the best will in the world, not comprehensible. The Bâlois historian Jacob Burckhardt already warned in the 19th Century against an "enforced" European integration

"The saviour of Europe is above all whoever rescues it from the danger of the socio-politico-religious coercive unity and forced levelling which threatens its specific characteristic, namely the multiple richness of its intellectual spirit"¹³.

(Jacob Burckhardt)

Even if Switzerland does not need to vaunt itself as the saviour of Europe, she should continue to plough her proven independent furrow for the benefit of all. For to preserve political freedom means securing economic freedom and **the freedom of the individual**. This realisation is today anchored in the economy and in the overwhelming majority of the population. Only the Federal Council, parliament and most of the political parties remain imprisoned in their **rash membership hysteria**. The *classe politique* is caught in its own **European trap**.

Federal Council and *classe politique* ensnared in the **European trap**.

Against the will of the people and against every national political and economic objection the Federal Council and official Switzerland hold doggedly on to their objective of EU membership.

The **rush ahead** on the membership question has considerably weakened Switzerland's position in the bilateral negotiations.

This headlong **foreign policy rampage** has caused us to enter into **bad agreements** will also weaken our position in future negotiations.

Foreign policy activism is always a sign of inner-political failure. **Instead of delegating their incompetence to Brussels our political elite should be held responsible here and now for its failure.**

Therefore:

Swiss membership of the EU is out of the question.

The negotiations for bilateral agreements must under today's prevailing circumstances be curtailed.

The Federal Council must turn away from its ambiguous foreign political position and withdraw its application for membership.

Instead of frantic foreign political activity the serious domestic political shortcomings should at last be addressed:

- **Balancing the budget**
- **Reducing taxes**
- **Reducing debt**
- **Winding back the welfare state**

¹² The FDP foresees Switzerland as a member of the European Union in its "Vision 2007".

¹³ Jacob Burckhardt, Gesamtausgabe, Weltgeschichtliche Betrachtungen – Historische Fragmente aus dem Nachlass, Volume 7, published by Albert Oeri and Emil Dürr, Basel 1929, p. 370.

II. The EEA Agreement and its possible consequences

1. Why have a European Economic Area (EEA)?

The EEA (European Economic Area) was founded in order to bind the EFTA countries – which included Switzerland – closer to the EC, mainly in the area of justice and law.

The EEA Agreement would have committed Switzerland to adopt and introduce future EC/EU law **without the right of veto. The EEA Agreement thereby takes the form of a colonial agreement**, which creates “a legalised hegemony”¹⁴. The governments which signed the EEA Agreement then declared immediately after the document was signed that the EEA Agreement could not, in view of the absence of joint determination and veto rights, constitute a long-lasting solution. From the start, therefore the EEA Agreement constituted an interim solution pending EU membership¹⁵. Logically the Federal Council decided to submit the EU membership application in Brussels before the EEA referendum of 6 December 1992 and this was duly done on 20 May 1992. This revelation of the Federal Council’s objectives was from the point of view of the impending vote ill-advised, if nevertheless honest. **Conversely, today’s Federal Council policy is characterised by cunning dishonesty**¹⁶. Piecemeal tactics¹⁷, hiding their true intentions behind a smoke screen and misuse of tax money for a state-guided propaganda machine are the despicable side-effects of this new strategy. This duplicity in particular is the principal reason for the deep mistrust which the majority of the population in our country has *vis-à-vis* the government.

¹⁴ Prof. Daniel Thürer, Neue Zürcher Zeitung, 27.11.1992.

¹⁵ - "The Federal Council has the helm of integration policy firmly in hand. [...] The road leads to Europe, primarily into the EEA and in a few years into the EC".." CH-Euro Integration, information brochure of the Federal Council, 1992.

- "The Federal Council states in all bulletins and reports, in the bulletins on the EEA Agreement and in the report concerning Swiss membership of the EC that the EEA would only be an interim phase, a stepping stone on the way to complete integration. Therefore we also have to direct our attention to the EC if we now vote on this EEA, because this stepping stone predelicts something." FDP-National Councillor Ernst Cincera in the EEA-debate, 25.8.1992.

- "In my own personal opinion the EEA cannot be separated from the whole European integration process". SP-National Councillor Gret Haller in the EEA debate, 25.8.1992.

- "Ladies and Gentlemen protagonists, we should not smash the political contexts to smithereens! The EEA has something to do with the EC, the transit agreement with both and the NEAT with all three". Green National Councillor Peter Schmid in the EEA debate, 26.8.1992.

- "We decided to adopt the EC membership as the aim of our European integration policy and to consider the EEA as a particularly important domestic political phase towards this aim". Integrationsbericht des Bundesrates (Integration Report of the Federal Council (92.053), page IV/2, 1992. See also footnotes 17 and 19. .

¹⁶ An example of duplicity from the referendum about the Bilateral Agreements I: the official view of the Federal Council was: "The bilateral agreements are a self-determining and independent step and have nothing to do with EU membership.* (Federal Councillor Moritz Leuenberger, SF DRS, 13.5.2000). However, one day after the referendum Federal Councillor Deiss stated: "The bilateral agreements are an important step towards the EU." (Basler Zeitung, 22.5.2000).

¹⁷ FDP-Party Chairman Franz Steinegger in the SonntagsZeitung 1998:
Question from the SonntagsZeitung: "Do you stand by with the piecemeal tactics, bit by bit, step by step into the EU?"
Answer from Franz Steinegger: "Of course, in a direct democracy concrete steps are the only way to make progress." SonntagsZeitung, 25.10.1998.

2. The duplicity of the Federal Council

The EEA is a "training camp"¹⁸ for the EC (Federal Councillor Adolf Ogi)

The EEA Agreement is a "legalised hegemony"¹⁹ (Prof. Daniel Thürer)

The two above quotations from Federal Councillor Ogi and Professor of Law Thürer expose the real nature of the EEA Agreement. **The EEA Agreement was not a mere economic treaty, but a means to link Switzerland to the erstwhile European Community (EC) with serious legal, economic and political consequences.** European law would take preference over Swiss law and **EEA membership would have inevitably led to EC membership²⁰.** The Federal Council wrote in this context in its introductory message to the EEA Agreement:

"We (the Federal Councillors) do not consider our EEA membership as the final objective of our integration policy, but as an important stepping stone of that policy which should lead Switzerland to an unconditional (!) membership of the EC"²¹.

This two-lane policy has since then characterised the Federal Council's and therefore also Switzerland's foreign policy. **Those who strive for an "unconditional EU membership" can only reap unsatisfactory or bad rewards from bilateral negotiations.** Foreign policy has therefore finally dissociated itself from domestic political interests and provisions. For the political elite membership of the EU has in the meantime degenerated into an object of personal prestige. Instead of weighing up the economic and national political consequences the political, media and cultural ruling class are trying to beat Switzerland into submission to EU membership with a moral club. In order to meet membership criteria EU standards and laws are already today being adopted or Swiss laws adapted to suit "European acceptability", without previously thoroughly checking the quality and suitability of these new regulations

¹⁸ "I say yes to the EEA and yes to the EC. The EEA agreement is only a training camp." Federal Councillor Adolf Ogi, Schweizer Illustrierte, 28.10.1991.

And further examples::

- "Therefore the EEA can for us Social Democrats only be a step on the way to future membership in a larger EC of the future. Only thus will we ourselves again be able to participate directly in the decision process on the development of Europe, on whom we are in every respect dependent." SP Party Spokesman Peter Vollmer, Parliamentary debate, 24.8.1992.
- "The Federal Council firmly holds the political integration helm. [...] The way leads to Europe, priorly into the EEA and in a few years to the EC." Information Bulletin of the Federal Council "CH-Euro Integration", 1992.

¹⁹ Prof. Daniel Thürer, Neue Zürcher Zeitung, 27.11.1992.

²⁰ This was even confirmed by the German Vice President of the EC Commission of 1992, Martin Bangemann: "Weltwoche: You stated recently that you, as Swiss politician, would have reservations about voting for the EEA. You can't be serious?"

Bangemann: Yes. That emanates from the character of the EEA, or rather from the position which the EFTA countries have in this economic area. You would adopt by contract the whole *Acquis communautaire*, that is the whole jurisprudence which we have promulgated in the Community up to now. [...] However, it is also planned that the future legislation the EEA partners will have to accept what the EC decides. That means that the EFTA is not included in the legislation to a degree which is normal in democracy. [...] In this respect I find the initiative logical which the Federal Council originally drafted: first EEA, later EC." Weltwoche, 5.11.1992.

²¹ Declaration of the Federal Council on the approval of the Agreement on the European Economic Area, 18 Mai 1992, I/4.

for Switzerland. This procedure, too, utterly serves the dishonest double strategy of the Federal Council. This obsequious **adaptation** is intended to prepare Switzerland for the intended EU membership. Correspondingly Foreign Minister **Josef Deiss** also considers the bilateral agreements purely as a means of adaptation. "It might even be that sometime in the future we will have solved so many questions bilaterally and thereby come so nearly to EU membership that only a small step would be needed²². **Independence does not of course mean trotting unimaginatively behind the magic word "EU compatibility"**. Independence means finding other and better ways.

3. What would have been the consequences of the EEA Agreement?

Summary of the arguments against

Political consequences in the guise of loss of sovereignty

- The EEA Agreement was much more than a free trade treaty. It was a highly political treaty. **This treaty would have forced us to adopt over 80% of the EU law.**
- EEA membership was from the start planned as a stepping stone. The **ultimate objective of the Federal Council** was **"unconditional membership** of the EU. The **rejection of the EEA Agreement thwarted this automatic membership mechanism.**
- EU law conflicts with Swiss law. We would have largely forfeited our legal sovereignty. **Moreover, Switzerland would have been obliged to adopt future EU laws without recourse.**
- **The EEA Agreement was a colonial treaty.** Like every colonial treaty, foreign law would have taken preference over local law. As in every colony the people colonised have no say. The power of decision lies in the hands of a tiny local vassal government, which would naturally have to adhere to the marching orders of the Brussels technocrats.
- **Cutting back on national law** and the gradual, step-by-step **erosion of neutrality** would have been the logical consequences of EEA membership.

Economic Consequences

- The EEA membership would have meant **lower salaries, higher unemployment** and **a higher tax burden.**

²² Basler Zeitung, 22.5.2000.

- The official cost estimates for EEA or EU membership are political calculations. It can be safely assumed that the **ensuing costs** would have been **considerably higher than the budgeted billions**. In the case of EU membership the annual costs would actually have been about 5 to 6 billion, whereas the official estimate was a totally unrealistic 3 billion Francs.
- **EEA membership would have weakened the confidence in the Swiss Franc.** Our economy relies on a stable, strong and independent currency. Joining the EEA would have created uncertainty amongst investors. The consequences higher interest rates, rent and mortgage inflation, loss of competitiveness, relocation of companies and jobs abroad, more unemployment and lower salaries.
- Our quality standards are not always “Europe compatible”, because these standards are often higher than those of the European Union. This applies to the high value goods, in the scientific sector, in the service sector and in the infrastructure. But this also applies to the ecological standards. **EEA membership would have led to a levelling down of our strengths.** This would apply to an even greater extent in the case of EU membership.

The Swiss population **rejected** the EEA Agreement **for good reasons**. The population thereby voted in favour of **an independent course** for Switzerland **in security and prosperity**.

EEA or EU membership would therefore destroy the basis of our successful Switzerland.

EU membership means European conditions for Switzerland, too.

- Eurocracy instead of direct democracy with *vox populi* and referendum
- foreign regulations by political functionaries instead of vigilant self determination
- centralism instead of federal diversity
- prescribed partiality instead of foreign policy restraint
- reglementation obsession instead of freedom of action
- higher unemployment
- political Euro instead of stable Franc
- reduced salary – less purchasing power
- higher loan and mortgage rates
- 30% higher rents
- additional taxes, premiums and duties
- loss of attraction for Switzerland as an industrial base
- no more border controls
- increased illegal immigration and criminality

Summary:

The 1992 rejection of the EEA Agreement prevented joining the European Union.

The rejection of the EEA Agreement prevented entering into a colonial treaty, which would have endangered Swiss independence and freedom.

The rejection of the EEA Agreement defended Swiss prosperity.

III. Where does Switzerland stand ten years after the EEA rejection?

1. A Survey

"After five years alone we would plead with the EC on bended knee to accept us as a member at any cost for economic reasons. Is that worthy of an independent country?"²³

(State Secretary Franz Blankart, 1992)

In 1997 the first assessment entitled "5 Years after Switzerland's Rejection of the EEA Agreement" was published. Already after five years it was clear: neither did Switzerland plead for membership of the European Union nor, did the forecast economic catastrophe happen. After five years it dawned on the industrial representatives as well: that possible industrial location difficulties in Switzerland were home made: bad management, which reflected on the companies themselves, debt and rapidly increasing tax and state dues, which were politically motivated.

Swiss prosperity asserted itself in a difficult environment of recessive years and increased pressure due to globalisation. **It became clear that the prevailing economic and state order also offers the best precondition for international competition.** The gloomy forecasts of the panic-makers and the EEA protagonists did not happen. **These monstrous false forecasts of the political and economic elites are significant – for future decisions as well.**

Contrary to all forecasts the Swiss financial and industrial base today presents more favourable statistics in comparison with the EU²⁴.

- Amongst European states Switzerland occupies a leading economic position.
- Competitiveness is worldwide advantageous and much higher than the EU countries.²⁵
- Of all the European countries Switzerland performs best where interest rates, inflation, salaries and level of prosperity are concerned.
- The confidence in the Swiss Franc remains undiminished.
- Despite the high percentage of foreigners unemployment is lower than in the EU.
- Since 1992 the balance of payments has improved despite the recession.
- The Swiss Gross Domestic Product (GDP) per capita still remains worldwide in the lead. Whilst the EU average in 2000 was US\$.23.730, the Swiss

²³ Franz Blankart, Weltwoche, 26.11.1992.

²⁴ cf. Appendices 1-14.

²⁵ According to the Index of Competitive Strength calculated by the World Economic Forum (WEF), Switzerland now ranks 5th. compared to 15th. the previous year. Neue Zürcher Zeitung, 13.11.2002.

Gross Domestic Product was US\$ 45.400 per capita (by comparison in 1993: US\$ 35.760).²⁶

2. The economic arguments of the EEA protagonists.

Since even the most militant EEA protagonists could not deny the political disadvantages of EEA membership, the arguments in favour concentrated on economic reasons.²⁷ In EEA membership they saw **an indispensable necessity for Switzerland's survival.**²⁸ For that they were prepared to accept forfeitures in the area of self-determination. Under the leadership of industry associations and professors serious disadvantages were forecast for our country in the event of a possible EEA rejection. Managers of numerous international concerns and politico-economic advisers of large banks also concurred with this opinion. The mass-media, trades unions and politicians broadcast this panic-charged message to the general public and produced a unified information front. In the event of an EEA rejection there would be a **threat of:**

- A massive drift of Swiss companies to the EC
- No further investment in Switzerland
- Dwindling Swiss competitiveness in the export field
- Fall in the value of the Swiss Franc following lack of confidence
- Lack of confidence in Switzerland and dwindling company competitiveness

²⁶ cf. Appendix 9: Gross National Product (GNP) of *per capita* income.

²⁷ A selection of quotations from industrial associations, enterprises, politicians and economists:

- "Switzerland's rejection to the EEA would have disadvantages for our industry, which could not be made good under our own steam." Peter Borgeaud, Vorort, Hans-Rudolf Früh, Schweizerischer Gewerbeverein, Guido Richterich, Arbeitgeber-Organisationen, advertisement in the Berner-Zeitung, 23.11.1992.
- "[...] whereby the incentive to transfer production into the EEA could grow." Abridged version of the EEA Bulletin, published by the Integrationsbüro EDA/EVD, 1992.
- "A rejection could cause strong economical, social and political tremors and weaken the political economy, with negative consequences for employment and investment." Advertisement of the Swiss Chamber of Commerce, Vorort, 1992.
- "Summing up: I maintain that a rejection of the EEA Agreements is a significant risk for our entire political economy." Vreni Spoerry (FDP), Parliamentary debate, 26.8.1992.
- "After five years of going it alone for economic reasons we would beg the EC on our knees to accept us as a member at any price. Is this worthy of an independent country?" State Secretary Franz Blankart, Weltwoche, 26.11.1992.
- "I believe that a rejection of the EEA Agreement would cause an ongoing and fundamental crisis in our political system. In Switzerland it would become similar to the former Sowjet Union. There the economic planning functioned rather well during the Stalin era.. [...] Since the population always has the last word, it cannot in the end take over any political responsibility." Prof. Silvio Borner, Cash, 27.11.1992.
- "Going it alone, ladies and gentlemen and Messrs .EEA protagonists, consequently also has no future from an economic point of view." Silvio Bircher (SP), Parliamentary debate, 25.8.1992.

²⁸ "[...]Switzerland cannot survive without the EEA." Kurt Illi, Director of Tourismn, Lucerne, Cash, 27.11.1992.

- Sharply rising loan interest rates, which the lacking confidence in the Swiss politico-economy would cause to rise even above the European level.

3. An Assessment of the Swiss Economy without EEA / EU Membership

"But it is obvious that today's European Community is an absurd structure. No reasonable entrepreneur would seek out this of all special geographical areas and thereby define the limits of his area of his operation. That would just be silly. I have never met an entrepreneur who said: "I wouldn't dream of doing business with Switzerland, after all I have to trade with Portugal". Not like that ."²⁹ "

(Prof. Ralf Dahrendorf, former member of the EC-Commission for Germany)

It should be emphasised that this submitted Assessment of the Swiss Economy represents not only an **assessment without EEA membership**, but **also without bilateral agreements**. The bilateral agreements I have only been in operation since the middle of this year. They also had no influence on Switzerland's development. We shall also see to what extent the forecasts of the political leadership concerning the benefits of these agreements are **erroneous**.

3.1 Swiss competitiveness -

The exodus of Swiss companies to the EU?

The EEA protagonists forecast:

Massive drift of Swiss companies to the EC area³⁰

²⁹ Ralf Dahrendorf: Wohin steuert Europa? Ein Streitgespräch. Ralf Dahrendorf, François Furet, Bronislaw Geremek, published by Lucio Caracciolo, Frankfurt a. M.; New York 1993, p. 72.

³⁰ - "Switzerland as an industrial location would be less attractive without equally entitled access to the European market. This could precipitate many companies to relocate in other parts of Europe." Brochure "Europa mit der Schweiz – Die Schweiz ohne Europa", published by the Integrationsbüro EVD/EDA, 1992.

- "If Switzerland does not participate in this economic area, the export industry will – more than now – leave Switzerland.." Brochure "Europa mit der Schweiz - Die Schweiz ohne Europa", published by Integrationsbüro EVD/EDA, 1992.

- "Employment belongs here. And not abroad". CH-Aktionskomitee "Ja zum EWR." Advertisement in the Berner Zeitung, 14.11.1992.

- "Work place Switzerland: Closed before long due to EEA rejection of the EEA? Yes to the EEA." Arbeitskreis Schweiz-Europa, advertisement in the Berner Zeitung, 24.11.1992.

- "An increasing number of enterprises would under these circumstances look for expansion in the EC area, as many surveys of the Swiss industry impressively show." Brochure "Argumente zum EWR", published by the Schweizerischen Bankiervereinigung, 1992.

- "In future we could not match the competition like with like. And if our goods and services were treated disadvantageously, then a number of our companies could – indeed would have to – relocate their production in the EEA. In future they would then, instead of exporting goods, be exporting employment." Silvio Bircher (SP), Nationalratsdebatte, 25.8.1992.

In fact:

Contrary to the forecasts **direct foreign investment** in Switzerland has **increased considerably** since the EEA rejection.³¹ There is no question of an exodus by companies to neighbouring countries. The indigenous firms have remained largely loyal to Switzerland. In addition there are thousands of newly founded young enterprises.

This does not exclude the fact that some companies have transferred their production abroad. However, in most cases these are manufacturers of mass-produced products that mostly relocated outside the EU/EEA area. As scrutiny of Swiss companies' direct investment reveals, capital flowed mainly outside Europe, **namely to the United States**, because there the freedom for research in the bio- and gene technology sectors is much greater and the enterprises are **subject to less official chicanery** than in the EU or Switzerland.

3.2 Investment in Switzerland

The EEA protagonists forecast:

No more investment in Switzerland.³²

In fact:

Foreign as well as indigenous companies invested in Switzerland. Between 1992 and 2001 there were **US\$ 62.6 billion direct investments** in Switzerland³³. Switzerland thus comes before Italy (60.6 billion), Korea (38.5 billion), Austria (35.9 billion) or oil-booming Norway (34.0 billion).

³¹ "In recent years Switzerland has again proved to be extraordinarily competitive, not only in its presence on foreign markets, but also especially in its attractiveness for foreign capital. Significant increases by more than 10% in goods exported, a dynamic development in tourism (10.2%) as well as in other service sectors and especially a massive increase in capital earnings from direct Swiss investments abroad (+ 39%) have, despite concomitantly rising figures in the other direction, led to a record balance of payments surplus of 53 billion Francs last year, and that was hugely exceeded again, not only in absolute terms. In relation to the Gross Domestic Product (GDP) as well, is the highest level since relevant records were started, a figure of 13 (revised to 11) was achieved." Neue Zürcher Zeitung, 3.4.2001.

³² - "We need the EEA. Otherwise Switzerland is no longer competitive as an industrial location." Leonardo E. Vannotti, President of the board of Ascom AG, Bern, advertisement in the Aargauer Zeitung, 28.11.1992.

- "Should Switzerland stand on the sidelines, the attractiveness of Switzerland as an economic/industrial location would be so impaired that there would be less investment and employment would have to be transferred abroad. The consequences would be lower labour productivity." Advertisement of the UBS, 1992.

- "In the case of a rejection, many enterprises would invest abroad." Die Zeitung in der Zeitung, Migros, Berner Zeitung, 21.11.1992.

³³ OECD International Direct Investment Database.

3.3 Competitiveness

The EEA protagonists forecast:

Failing Swiss export competitiveness.³⁴

The fact is:

In 2001 alone Switzerland exported goods and services to a value of **108 billion Dollars** and thereby ranks 17th before Russia amongst the biggest export nations. The Swiss balance of payments surplus was able to increase, sometimes markedly, in the years since 1992. In the index calculated by the World Economic Forum (WEF) Switzerland, now occupies 6th place, as opposed to 15th place last year³⁵.

3.4 Faith in the Swiss currency

The EEA protagonists forecast::

Collapse of the Swiss Franc.³⁶

The fact is:

The Swiss financial market has been able to retain its position for the very reason that it is independent and its currency is stable. The EU attacks on bank customer secrecy only serve to confirm the advantages of an autonomous financial policy. **We prefer a stable currency to a politically motivated single currency**³⁷. Significantly it is "Federal Bernese" circles³⁸,

³⁴ - "Without the EEA the Swiss export industry, and with it thousands of small suppliers, would be placed at a considerable disadvantage on the vitally important European market. An insidious reduction in jobs, caused by relocation abroad, would be the consequence." Albrecht Rychen (SVP), Nationalratsdebatte, 24.8.1992.

- "On 1 January 1993 the export situation in Switzerland will change. We need the EEA. Otherwise Switzerland as an industrial location is no longer competitive." Leonardo E. Vannotti, President of Board of Directors, Ascom AG, Bern, Advertisement in the Luzerner Zeitung, 19.11.1992.

- "Isolation would seriously damage Switzerland as an industrial location, and its competitiveness. Moreover, and more seriously, by going it alone there is a bigger danger of inflation than there is in integration, as the Franc would become weaker through isolation." Basler Arbeitsgruppe für Konjunkturforschung BAK, Basler Zeitung, 26.6.1992.

- "Surely no one maintains that such an export-orientated industry as Switzerland has would be better off by not participating in the European common market." Hugo Fasel (CSP) in the parliamentary debate, 24.8.1992.

³⁵ Neue Zürcher Zeitung, 13.11.2002.

³⁶ - "It is a delusion to believe that in the event of going it alone our interest rates would automatically remain lower. It is more likely that in this case inflation would show a higher tendency, due to less competition, and a higher inflation premium would be included in the capital market interest rate." Alois Bischofberger, Leiter Volkswirtschaft der SKA im Bulletin SKA, 11-12/1992.

- "The probable initial reactions would be movement away from the Franc and an additional risk premium on Swiss interest rates." John Noorlander, Currency Analyst Abteilung Volkswirtschaft of the Schweizerischen Bankvereins, Der Monat, 11/92, published by Schweizerischen Bankverein, p. 17.

- "Higher inflation rate, as well as a weaker Franc, would inevitably lead to considerably higher interest rates." Basler Arbeitsgruppe für Konjunkturforschung BAK shortly before the EEA referendum.

- "Do you believe, you who are discussing the interest problems, that by rejecting the EEA we would cause Switzerland to be considered an island of stability in Europe and that the people know what is happening in Switzerland? The opposite will be the case, of that I am convinced. Switzerland's stability will be endangered and that will effectively be the cause of rising interest rates if we say no." National Councillor Eugen (CVP) in the parliamentary debate, 26.8.1992.

³⁷ "Whoever is not bound by propaganda knows that this (the Monetary Union) will cause persistently high regional unemployment." Beat Kappeler, Der Bund, 27.3.1997.

flanked by the socialist Ringier press³⁹, which have now ceased to support the Swiss financial market with its vital bank customer secrecy. Contrary to the forecasts made by official Switzerland⁴⁰.

The problem Switzerland had following the rejection of the EEA Agreement was not its weakness, but its strength. This was a **result of confidence** in the Swiss economy outside the EU and in particular outside the European currency and economic union⁴¹. The definitive introduction of the Euro again led to a powerful **drift of capital to the stable Swiss Franc**.

3.5 Switzerland as an island for interest rates

The EEA protagonists forecast
Steeply rising loan interest rates.⁴²

In fact:

In 2001 the average long term interest rates in Switzerland were 3.38 percent⁴³. The same year the average interest rates in the Euro zone were 5.03%.. Short term interest rates were 2.80% in Switzerland and 4.26% for the Euro zone.

The loan rates continue to be **much lower than the most favourable normal interest rates in other European countries**. This is not only of

³⁸ "An argument in favour of joining [the EU] is that by adopting the Euro single currency (after a transitional period to be negotiated) the costs of (monetary) transactions would sink and the risk of damaging speculation in the Swiss Franc would be avoided." Integrationsbericht des Bundesrat von 1999, p. 398.

³⁹ Frank A. Meyer, SonntagsBlick, 28.4.2002.

⁴⁰ "On 7 December 1998 the Swiss Franc lost value. The German Mark now costs one Franc. A higher inflation rate and a lower Franc lead to higher interest rates. This forecast is based on the latest calculations of several market research institutes." Advertisement in SonntagsBlick, by Advico, Young & Rubicam, 29.11.1992.

⁴¹ "The EEA rejection last December does not appear to have made much impression abroad. On the contrary [...]. After the negative EEA referendum on 6th December there was a second influx of capital. Apparently the consideration was that the Swiss rejection of the EEA would preclude the "danger" that the Franc would be absorbed in the planned EU Monetary Union and could thereby lose its special historical significance." Tages-Anzeiger, 18.5.1993.

⁴² - "Economic scientists [...]: Should the electorate and the States Council impart a refusal to the Europeans on 6th December 92 the consequences on the money markets would be catastrophic. The interest rates would increase even faster." Weltwoche, 29.4.1993.

- "Interest rates also increase without the EEA. The European interest harmonisation is taking place with or without the EEA." Anton Schütz, Chefinspektor of the Swiss Volksbank, Berner Zeitung, 17.11.1992.

- "In the event of a "no" (to the EEA Treaty) further development prospects for our country could be judged negatively by the international finance world, which would further erode the interest bonus and would precipitate higher interest rates for Switzerland." Cash, 27.11.1992.

- "We already consulted representatives of the Swiss National Bank in an earlier phase of the debate. At that time the statement that approval of the EEA would increase the interest rates was clearly refuted. The interest rates change independently of membership of the EEA. It would be different if we were enclosed in a monetary union." Albrecht Rychen (SVP), parliamentary debate, 24.8.1992.

- "Foreign investors would assess our competitive strength more sceptically and tend to invest less in Swiss Francs. Maybe the National Bank would be obliged to support the national currency with more attractive money market rates. All this means equally high or perhaps even higher interest rates than those following membership of the EEA". Alois Bischofberger, Leiter Volkswirtschaft in the SKA, Bulletin SKA, 11-12/1992.

- "Switzerland's position outside the EEA would weaken the Swiss stability and competitiveness, resulting in reduction of the interest rate difference to foreign markets." Brochure "Warum die Schweiz den EWR braucht", published by the Wf, Gesellschaft zur Förderung der schweizerischen Wirtschaft, 1992.

⁴³ Source: OECD.

crucial importance for investments by industry, but also for house owners, tenants, farmers etc.⁴⁴. Joining the EU would have meant bringing interest rates upwards into line. According to the prevailing legal regulations a 2% higher mortgage rate would have meant 30% higher rents. Recession, unemployment, a property and bank crisis would have been the unavoidable consequences.

3.6 Inflation

The EEA protagonists forecast:

increasing inflation.⁴⁵

In fact:

Contrary to the forecast by official Switzerland the cost of living in Switzerland is lowest in comparison to all EU countries⁴⁶.

3.7 Exports and Gross Domestic Product (GDP)

- Switzerland's exports (without precious metals and precious stones) **increased** from 1992 to 2001 **from 86.1 to 131.7 billion Francs**⁴⁷, that represents an increase of 53% - this despite strong recession and stagnation in our most important export markets and despite the strong increase in the external value of the Franc.
- The Swiss **Gross Domestic Product (GDP)** increased from 1992 to 2001 from **342,364 to 414,882 billion Francs**, i.e. terms 21.2%.
- The nominal Gross Domestic Product *per capita* is at US\$ 36.100 60% above the EU average, 41% higher than in Germany and Austria. The **added value** per employee in Switzerland is the second highest of all countries⁴⁸.

⁴⁴ Two economists as well, Peter Buomberger and Andreas Höfert of UBS, shared the view that an independent monetary policy by the Swiss National Bank has a positive effect on the interest bonus. "About 100 points in today's interest rate difference thereby reflect Switzerland's real comparative advantages. An efficient financial market, advantageous tax framework conditions and stable money value." Neue Zürcher Zeitung, 22.4.2000.

⁴⁵ "On 7 December 1998 the Swiss Franc lost value. The German Mark now costs one Franc. A higher inflation rate and a lower Franc lead to higher interest rates. This forecast is based on the latest calculation of several market research institutes." Advertisement in SonntagsBlick, von Advico, Young & Rubicam, 29.11.1992.

- "It is a delusion to believe that in the event of going it alone our interest rates would automatically remain lower. It is more likely that in this case inflation would show a higher tendency due to less competition and a higher inflation premium would be included in the capital market interest rate." Alois Bischofberger, Leiter Volkswirtschaft der SKA im Bulletin SKA, 11-12/1992.

- "Higher inflation rates as well as a weaker Franc would inevitably lead to considerably higher interest rates." Basler Arbeitsgruppe für Konjunkturforschung BAK shortly before the EEA referendum.

⁴⁶ Cf. Appendix 8 on inflation.

⁴⁷ Annual Statistics 2001 of the Federal Customs Office

⁴⁸ Source: seco, Handbuch für Investoren, Unternehmensansiedlung in der Schweiz, März 2001.

- Exports to EU/EEA countries **increased** from 56,4 billion (1992) to 81.0 billion Francs (2001)⁴⁹.

3.8 Salary levels in Switzerland

Thanks to the EEA rejection and non-membership of the EU, Switzerland retained its top position in salary levels. According to a new study⁵⁰ Switzerland **leads** all European countries in the cost of living index⁵¹.

3.9 Unemployment in the EU and Switzerland

The EEA protagonists forecast

Higher unemployment⁵². One Federal Councillor even spoke of an unemployment rate of about 20% in the year 2000⁵³!

In fact:

During the late 1990s, which were marked by strong growth, the unemployment rate in the EU remained high in comparison. Germany in particular was plagued by its high unemployment rate. Switzerland succeeded, outside the EEA, without bilateral agreements and without EU membership in decreasing its unemployment figures from 5.9% (1997) to 1.9% (2001). Thus the unemployment rate is lower than in 1992 (2.5%), the year of the EEA referendum.

The unemployment figures therefore continue to be considerably **under the European average**. In 2001 1.9% unemployed compares favourably to 8.0% unemployed in the countries of the EU area. And this although in absolute terms nearly half (43,1%⁵⁴) of all registered unemployed are foreigners – the result of a **misguided Federal immigration policy**.

⁴⁹ Statistical Monthly, SNB, August 2002.

⁵⁰ Salary and price levels in European comparison. From: "Preise und Löhne rund um die Welt" der UBS, edition 2000.

⁵¹ cf. Appendix 14 on salary levels.

⁵² - "Quite right, our going it alone means that we Swiss are free. Perhaps also free of work. Yes to the EEA*", Arbeitskreis Schweiz-Europa, advertisement in the Berner Zeitung, 23.11.1992.
 - "Should Switzerland stand on the sidelines, the attractiveness of Switzerland as an economic/industrial location would be so impaired that there would be less investment and employment would have to be transferred abroad. The consequence would be lower labour productivity." Advertisement of the UBS, 1992.

⁵³ "I cannot accept Federal Councillor Delamuraz' remark that rejection of the EEA would mean 20% unemployment up to the year 2000. It is simply not serious". Jean-Pierre Bonny (FDP) in the parliamentary debate, 26.8.1992.

⁵⁴ Source seco. Labour Market Statistics for September 2002.

Standardised unemployment rates in percent, 2001

[Source: OECD, Eurostat]

Switzerland	1,9	EU-15	7,8
Belgium	6,6	OECD total	6,9
Denmark	4,3		
Germany	7,9		
Greece	10,2		
Spain	13		
France	8,6		
Ireland	3,8		
Italy	9,5		
Luxembourg	2,4		
The Netherlands	2,4		
Portugal	4,1		
Great Britain	5		
Austria	3,6		
Sweden	5,1		
Finland	9,1		

3.10. Positive Swiss results

Despite global competition, difficult recession years, a property market crisis with a strong negative effect on the domestic economy, Switzerland's economy⁵⁵ achieved, thanks to **increasing exports**, surpluses over the last ten years.

- The **balance of payments surplus** between 1993 and 2001 was at an average of 34.7 billion Francs some 63% higher than 1992.
- The traditional balance of payments surplus in Switzerland in 2000 achieved the **record figure** of 52.2 billion Francs⁵⁶. In the same year foreign direct investments accounted for 32.7 billion.

⁵⁵ - "Most Swiss companies have done their homework and adapted themselves to the current situation.", Prof. Heinz Hauser, Sonntagszeitung 9.11.1997. By: "current situation" the situation without the bilateral agreements is meant.

⁵⁶ - "From the economic point of view going it alone is possible." Prof. Heinz Hauser, Facts, 16.4.1998. Neue Zürcher Zeitung, 24.8.2001.

Swiss prosperity has been further retained compared to the EU

Notwithstanding every caution towards such statistics, the following table shows the development of the Gross National Product (GNP) of *per capita* income (standardised in US\$).

[Source: World Bank, Eurostat, Federal German Office for Foreign Trade Information]

EU Countries	1993 US\$	Rank	2000 US\$	Rank	Change absolute in US\$	absolute in %
Switzerland	35'760	2	45'400	1	+ 9'640	+ 27,0
Luxembourg ⁵⁷	37'320	1	42'060	2	+ 4'740	+ 12,7
Denmark	26'730	3	32'280	3	+ 5'550	+ 20,8
Sweden	24'740	4	27'140	4	+ 2'400	+ 9,7
Austria	23'510	6	25'220	5	+ 1'690	+ 7,2
Finland	19'300	11	25'130	6	+ 5'830	+ 30,3
Germany	23'560	5	25'120	7	+ 1'560	+ 6,6
The Netherlands	20'950	9	24'970	8	+ 4'020	+ 19,2
Belgium	21'650	8	24'540	9	+ 2'890	+ 13,3
Great Britain	18'060	12	24'430	10	+ 6'370	+ 35,3
France	22'490	7	24'090	11	+ 1'600	+ 7,1
Ireland	13'000	14	22'660	12	+ 9'660	+ 74,3
Italy	19'840	10	20'160	13	+ 320	+ 1,6
Spain	13'590	13	15'080	14	+ 1'490	+11,0
Portugal	9'130	15	11'120	15	+ 1'990	+ 21,8
EU average	20'080		23'730		+ 3'650	+ 18,2

3.11 Weak economic growth in Switzerland

The annual growth in Switzerland was **weak** in comparison to other EU countries⁵⁸. It should, however, be remembered that the Swiss Gross Domestic Product still remains at a very high initial level. Nonetheless, the actual reason for this low growth is not to be found in the absence of a link to the European Union. The reason for the decrease in growth is the **sharply increased tax burden**.⁵⁹ During the last ten years the tax rate in Switzerland rose more than in any other OECD country. **Domestic political reasons**, mainly to be found in an over-zealous Federal expenditure policy, are responsible for this,

3.12. The big BUT – domestic political failure

It should not be glossed over. The **Swiss economy** compares favourably with the EU, but despite, not because of the official policy. Switzerland can still produce impressive figures, but is steadily **losing** ground. Those parties are responsible for this forfeiture which have taken the easy way out and submitted to the temptations of

⁵⁷ Luxembourg is not comparable to Switzerland due to its size, social and economic structure.

⁵⁸ cf. Appendix 10: International Comparison – Annual Growth (GDP).

⁵⁹ cf. Appendix 3.

the left. Switzerland today is ruled by an irresponsible “**coalition of squanderers**”. Balancing the budget, reducing taxes, limiting state interference do not readily lend themselves effectively to be solved by this political party constellation. Switzerland can only effectively assert itself abroad as long as it has the courage and the will to acknowledge its **positive special case (Sonderfall)**.

Swiss trump cards are weakened by domestic politics:

1. Low state and tax expenditure: Switzerland has since 1990 shown the **steepest increase in state expenditure** of all OECD countries.
2. North-South axis: the Gotthard transit and the **28-ton limit** were **frittered away** through feebly conducted negotiating by the Federal Council.
3. Education: education has for decades been the domain of the left. Result: Schools **are continually costing more** and **schoolchildren are steadily becoming more stupid**.
4. High productivity: trades unions, the left (35-hour week), nationalisation tendencies, energy taxes, electricity prices, overt and covert expenditure, increasing taxation etc. **spoil** the competitive edge of our companies.
5. Tax competition: weakening the Federal system by misguided incentives in the budget **endanger Switzerland’s position as a low tax country**.

The government leaders have failed in the most important domestic political tasks:

- **Balancing the Federal budget**
- **Reducing the debt burden**
- **Reducing the state and tax expenditure**
- **Cutting the welfare state**
- **Controlling immigration**

A sick spendthrift state is the biggest danger for Switzerland as an industrial location

**Once more strict, conservative-liberal politics are needed.
This is the only way to preserve Switzerland’s prosperity.**

IV. The European Union since 6 December 1992

"In EC Europe it is the Brussels bureaucracy which has the say. Anonymous paragraph zombies will bay down regulations [...] In the Maastricht Treaty national parliaments surrender their rights. The Swiss population has rejected this self-sacrifice."⁶⁰

(Thomas Hürlimann on Switzerland's rejection of the EEA)

1. From the European Community (EC) to the European Union (EU)

Although it was stated in the EEA debate that political union was in the distant future, on 1 November 1993 the European Union Treaty (**Maastricht Treaty**) became law. The previous European Community (EC) gave way to the European Union (EU). This Maastricht Treaty laid the foundation for a **joint foreign and security policy** (JFSP) and a **joint home and justice policy**. In addition the agreement introduced the economic and currency union (ECU) and drafted the plans for future expansion to the East.

2. Increasing power concentration and centralisation

Amsterdam (1999): The powerful Maastricht political objectives called for **concentration of the powers of decision**. The Treaty of Amsterdam (1 May 1999) introduced this concentration. In Amsterdam the central organs – EU Commission, European Council and EU Council of Ministers – were strengthened. The European governments and parliaments thereby (n.b. without referenda) ceded comprehensive powers to the Union. Previous to Maastricht and Amsterdam no member state could be outvoted against its will. Since the Maastricht Treaty and above all Amsterdam the quasi veto right of every member state was abolished. What was already *de facto* practice, namely that the big three (Germany, France and to a lesser extent the UK) determined the direction to be taken⁶¹, was now granted a legal basis.

Schengen (2001): The creation of an “Area of freedom, security and rights” came about through the Treaty of Schengen on 25 March 2001. This Treaty provides, *inter alia*, for the **abolition of border controls** between the ten countries.

Nice (2001): On 26 February 2001 the EU foreign ministers signed the Treaty of Nice. The “reforms” prescribed therein should grant the EU authorities responsible much freedom of action for expansion to the East. The truth is that it hides a further concentration of power handed to the administration centres in Brussels. The newly introduced evaluation of voting rights in the EU agencies has been made **at the cost**

⁶⁰ Cash, 20.8.1993.

⁶¹ Latest example is the level and duration of future agricultural subsidies, which Germany and France practically decided on their own beforehand, which above all aroused the displeasure of the British government.

of the smaller countries. Moreover, some 30 out of 70 regulations in the Agreement no longer have to conform to the unanimous voting principle.

When the expansion to the East is completed not every EU member will be represented on the EU Commission – the real source of power. The **veto right** of the individual countries is due to **expire** within the context of EC law⁶². This also applies particularly to matters relating to police and justice co-operation in penal prosecution.

3. The Monetary Union

- In 1993 the European Monetary Union (EMU) – the forerunner of a common currency - collapsed
- The compliance with the convergency criteria for the Euro reveals itself on a broad basis as a **cunning numbers game** and is leading to social unrest.
- 1999: The Euro was introduced in eleven EU states⁶³ In 2001 Greece joined as a twelfth country. The members of the Monetary Union undertake to adhere to the regulations of the stability pact. Thus the countries have to show a balanced budget and new debts may not exceed 3% of the Gross Domestic Product.
- Since its introduction, the **Euro has steadily lost** its value.
- The Euro is precipitating higher consumer prices. In May this year the German government had to admit that the introduction of the Euro was more expensive for its citizens than previously assumed. Thus the **inflation rate** in Euroland was 2.1% at the end of August 2002. The warning limit of 2 per cent, which is written into the convergency criteria⁶⁴, has thus been exceeded.
- 2002: The introduction of the stability pact in Portugal (new debts of 4.1 per cent instead of maximum 3%), Germany (forecasts for 2002 new debts of at least 3.8 per cent of the GDP) and France (expects a balanced budget at the earliest from 2007 onwards), is according to the Spiegel Almanack criteria questionable. The total debt of Italy, Belgium, Austria and Greece are to some extent far in excess of the maximum 60% of the GDP limit allowed. In mid-October 2002 EU Commission President Roman Prodi described the **stability pact** as **inflexible and stupid**⁶⁵, which was gratefully taken up by the left-wing Schröder government. These **emollient tendencies** are signs of a development whereby EU countries increasingly follow national interests, because they sense the pressure of their discontent citizens.

⁶² The polictics of the European Community EC as Legal Person, Movement of People and Goods, Services and Capital, Agriculture, Transport, Visa, Asylum, Immigration, Competition and Tax Questions, Assimilation of Legal Regulations, Economic and Monetary Policy, Employment, Trade Policy, Customs, Social Policy, Education, Culture, Health Care, Consumer Protection, Industry, Trans-European Networks (TEN), Economic and Social Solidarity, Research, Technological Development, Environmental and Third World Development Policy.

⁶³ Belgium, Germany, Finland, France, Italy, Ireland, Luxembourg, The Netherlands, Austria, Portugal and Spain.

⁶⁴ www.swisspolitics.org, Communiqué of 30.8.2002.

⁶⁵ "Le pacte de stabilité est imparfait, c'est vrai, parce qu'il faut avoir un outil plus intelligent, et plus de flexibilité." Roman Prodi, Le Monde, 18.10.2002.

4. Where is the European Union going?

4.1 Centralisation

The ultimate aim is a political union with strong central powers. The EU authorities endeavour to assimilate much competence and power wherever possible. This **centralisation leads to incapacitation of the individual citizen**, who cannot articulate himself any longer. Conversely the power of decision is transferred to a technocratic leadership elite. A certain amount of political integration was necessary, in order to eliminate national trade and financial services barriers and to ensure international property rights. Everything which exceeds this only extends the possibilities of infringement by the state at the expense of the freedom of action of its citizens.

The authorities in Brussels discharge thousands of new laws⁶⁶ every year. Wild norm and regulation madness enchain the economy. The indigenous *classe politique* trots demurely behind every new EU guideline⁶⁷. This premature **model child obedience** achieves nothing. Switzerland should pass its own, if possible better laws and not degenerate into a subordinate recipient of orders from distant squires. Switzerland has proved long enough that it can draw up economical, political and ecological standards which have no peers worldwide.

4.2 Questionable understanding of Democracy

Austria: After the Austrian Liberal Party (FPÖ) formed a new coalition government together with the Austrian Peoples Party (ÖVP) in 1999 there was a downright **punitive expedition** against the democratically elected government. On 4 February 2000 fourteen EU countries imposed sanctions against Austria. The European Union dispatched three "wise men" who had to investigate whether Austria was adhering to "European values". This monstrous act against a democratic state **should for us Swiss be sufficient warning**.

Ireland: Ireland was the only EU country permitted to hold a referendum on the Nice Treaty. The Irish voters rejected the Treaty on 7th June 2001 by a majority of 54%. The EU foreign ministers, however, refused further negotiations and referred to a political "accident". On 20. October 2002 they voted again on the same treaty. Following massive propaganda and intimidation by the protagonists the Treaty was finally approved. Democracy is thereby degraded into **pure nodding assent**.

EU Commission: The real power organ of the European Union is the EU Commission. However, the competences of this Commission **contradict** the principles of **power distribution**. The Commission is at the same time executive power, has a key position on legislation and even claims quasi-judicial tasks for

⁶⁶ As shown by a study made by the Europa Institut of the University of Basle, some 21, 000 legal acts were published between 1 January 1992 and 30 June 1998.

⁶⁷ "Compatibility with Europe has become the watchword of Swiss legislation." Prof. Thomas Cottier, Facts, 3.7.1997. The bureaucracy calls this euphemistically "autonomous duplication".

itself⁶⁸. This power mass also brought in its wake the resignation of the EU Commission in 1998 due to **maladministration and corruption**.

4.3 Size at all costs

Today the European Union occupies itself first and foremost with its expansion. Whoever constantly dreams of a magnificent future **does not want to face** current difficulties. The resultant consequences: the stability pact is being watered down; the convergence criteria are being **manipulated**; political centralisation is being enforced without any democratic re-insurance; Brussels will be strengthened at the expense of federalism and at the expense of self-determination by the people. The EU expansion to the East conceals additional unforeseeable risks. To want to press for EU membership now would be absolutely foolish and careless. **Size alone counts for nothing**. Neither in companies nor in political structures. The period after 1989 is characterised by the collapse of artificial mammoth structures. A look at Europe alone shows that the desire for national sovereignty is bigger than that of “visionary” peoples’ alliances such as those created by socialism. The aim of a **Europe united under duress** has enough other inglorious historical examples.

V. Switzerland and Europe – Europe and Switzerland

1. The bilateral agreements I are bad agreements

*"What, then, is so wonderful for Switzerland about these seven agreements? She pays annually 900 million Francs net to have more lorries passing through and puts her own citizens under pressure on the labour market."*⁶⁹

After the rejection of the EEA Switzerland tried to find her way via bilateral negotiations. She could have achieved this without being under pressure, for the files – above all for the Transport Agreements – were of much more interest for the European Union than for our country. All the same the Federal Council **frittered away** the north-south axis for a laughable **325 Francs**. The same Federal Council caved in unnecessarily and against all previous assurances on the question of the **28 ton limit**.⁷⁰

As in the run-up to the EEA, the Federal Council also argued **as ambiguously as usual** in the debate on the bilateral agreements. So as not to endanger the completion of the agreement, Federal Councillor Moritz Leuenberger emphasised: "The bilateral agreements are a self-reliant and independent step and have nothing to do with EU membership."⁷¹ Conversely, exactly one day after the referendum [!],

⁶⁸ Roland Vaubel: Europa-Chauvinismus, München 2001, p. 173.

⁶⁹ Weltwoche, 17.12.1998. Already, against all earlier assurances and in view of the impending EU expansion to the East 2004, the personal freedom of movement is to be extended to the new member states.

⁷⁰ "The Federal Council does not intend to diverge from its position on the 28 ton question. Maintaining this weight limit is one of the cornerstones of our transport policy." Federal Councillor Arnold Koller in the National Assembly, 7.3.1994.

⁷¹ TV-Statement by Federal Councillor Moritz Leuenberger, Schweizer Fernsehen DRS, 13.5.2000.

his Federal Council colleague Josef Deiss stated: "The bilaterals are an important step towards the EU."⁷² This Federal Council is no longer credible. It lies to the people to achieve its prime aim, membership of the EU, by devious means.

2. Switzerland has to solve its own problems

The European Union has been unable to solve any of the urgent problems which our powerless political elite is apparently only in a position to overcome with the help of this self-same Union⁷³. Debt mismanagement, crime, streams of asylum seekers, education misery, unemployment were and are the hallmarks of the EU. Country-specific differences show that it remains a **national responsibility** to deal with this deplorable state of affairs- That is why the Treaties of Schengen/Dublin and the Bilateral II as a whole do not represent a political added value, and particularly not in comparison to the concessions which our country would have to make for them. It is clear that the *classe politique* would like nothing better than to pass on their unsolved problems to the incomprehensible administration machine in Brussels. Then absolutely nobody would have to answer for **their own incapability** and **self-made failure** any more.

⁷² Basler Zeitung, 22.5.2000.

⁷³ - "The SP Switzerland also regards EU membership as urgent because in this way Switzerland can coordinate its asylum policy with other EU countries and participate in creating a more humane Europe-wide refugee policy." SP election platform 1999.
- "An asylum policy for our country, divorced from the developments in our European neighbour states, is an illusion. [...] Since in determining the asylum policy it is to be assumed that Swiss membership of the EU is not foreseeable in the near future, for the time being only the bilateral option remains. For this reason I consider the Schengen / Dublin dossier to be of paramount importance." CVP Federal Councillor Ruth Metzler, speech to the European Council conference in Lucerne, 27.5.2002.

3. The Federal Council is splitting the country asunder

The Federal Council maintains its membership aim against the overwhelming will of the people⁷⁴. Foreign Minister Deiss proclaims in his whole professoral high-handedness: "Nothing prevents us from working towards EU membership."⁷⁵ The government divides the people and ignores the democratic rules with this attitude. The Federal Council knows that it is supported and elected by a Europe-friendly parliament. The Federal Council risks nothing by **disregarding the will of the people**. This must be changed. In future the Federal Council has to reflect on its real task: government has to execute the laws and fulfil the mandate of the voters. It is, however, certainly not the task of the Federal Council to weaken the independence of the country. According to our **Federal Constitution** the government is duty-bound to guarantee the **sovereignty** of the country. **Every Federal Councillor has taken the oath on this.**

4. The political parties and their genuflection to the EU

The parties in the government, **SP, FDP and CVP** have in their manifestos **committed themselves to a speedy EU membership**. The FDP, in its "vision", already foresees Switzerland as a member of the European Union in 2007. Along with the SP, the CVP delegates' assembly also voted for the initiative "Yes to Europe". However, the grass roots back home crushed the referendum by a majority of well over 80%. Meanwhile CVP Federal Councillor Metzler proclaimed unperturbed: "We politicise with the people and not over their heads."⁷⁶ **Ambition and pusillanimity** drove the political elite into this Europe trap. Instead of weighing up the economic and national political advantages and disadvantages, the Europe question has been pronounced as a **confession of faith**. Whoever does not submit to this creed is expelled by the watchers of like-mindedness. Industry has turned away, the people have clearly declared their preference for an independent Switzerland. Only the politicians fear for their "credibility", which they have already long lost and precisely because of the Europe question. Since at present there are no votes to be gained in the discussion on Europe, a **Europe debate is carefully avoided**. However, behind the scenes the terrain for EU membership is being eagerly prepared. This duplicity of the Federal Council, Parliament and political parties must be terminated.

⁷⁴ On 4. March 2001 the initiative "Yes to Europe" was rejected by 76,8%.

⁷⁵ Facts, 31.5.2000.

⁷⁶ CVP-Election Platform 1999.

5. Switzerland can only lose by joining the EU

A liberal middle-class society with the will to self-responsibility can pursue a special policy, suited to Switzerland, and with it achieve greater economic prosperity than within a regulation-dominated mass structure with its pressure to harmonise downwards. **An independent and sovereign Switzerland offers the opportunity to play her part more innovatively, economically more efficiently and more competitively than a centralistically organised EU.** Admittedly, an independent and liberal state is not in itself sufficient to guarantee a successful future for Switzerland. Freedom and independence are not the sole solutions to all problems. But they are the precondition for it., membership of the EU would, however, just destroy these foundations for our success. **Membership of the European Union would mean:**

- the end of direct democracy in all relevant domains
- complete surrender of political power to the governments in Berne and Brussels
- less freedom
- renunciation of an independent foreign and security policy
- giving up neutrality
- payments of billions to the EU
- exacerbated unemployment
- reduction of prosperity
- diminished salary
- higher loan and mortgage rates
- additional and higher taxes, duties and premiums
- increase of Value-Added-Tax from 7,6 to at least 15 percent
- renunciation of the Swiss Franc and the concomitant loss of national assets
- threat to Switzerland as a financial market
- gold reserves would be assigned to the European Central Bank
- lifting of border controls and rescinding national immigration policy
- less security for citizens
- threat to standards of research
- education standards no longer sustainable due to uncontrolled immigration
- increase in crime

6. Joining the EU must be prevented

Already in 1993 the Federal Council and the parliamentary majority declared - in flagrant violation of the will of the people – membership of the European Union as the strategic objective of Swiss foreign policy.

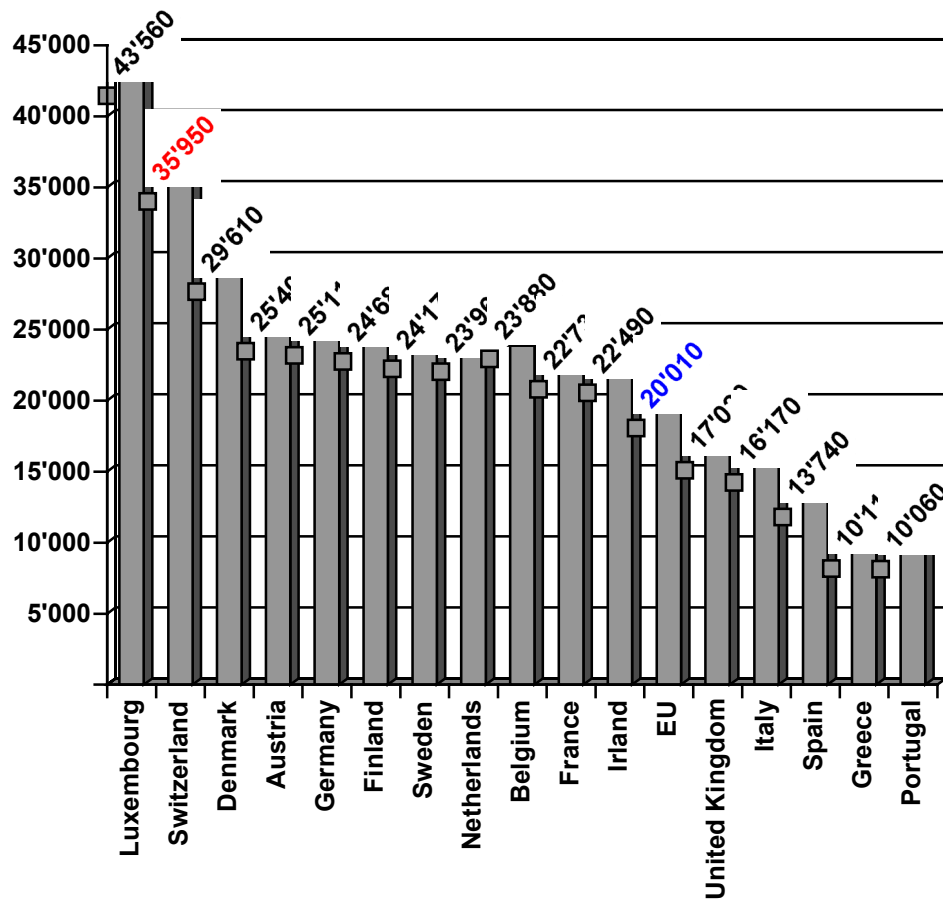
Despite a clear “no” to the EEA and to EU membership they still persist with it. Following enormous nationwide propaganda the Swiss population and the State Council unfortunately ratified membership of the UNO. The Federal Council and the parliamentary majority will obstinately continue to pursue membership of the EU. The current foreign policy has to be **judged** by this state of affairs. This foreign policy has proved contradictory, **pusillanimous** and is beset by the megalomania of wanting to have a say with the great powers. Such a foreign policy does not represent the interests of the Swiss population and works to Switzerland's disadvantage. **Membership of the European Union will not solve the problems of the future and the coming Swiss generations.**

VI. Appendices

Appendix 1: Gross Domestic Product *per capita* 2001 (in Euro)

Gross Domestic Product *per capita* 2001 (in Euro)

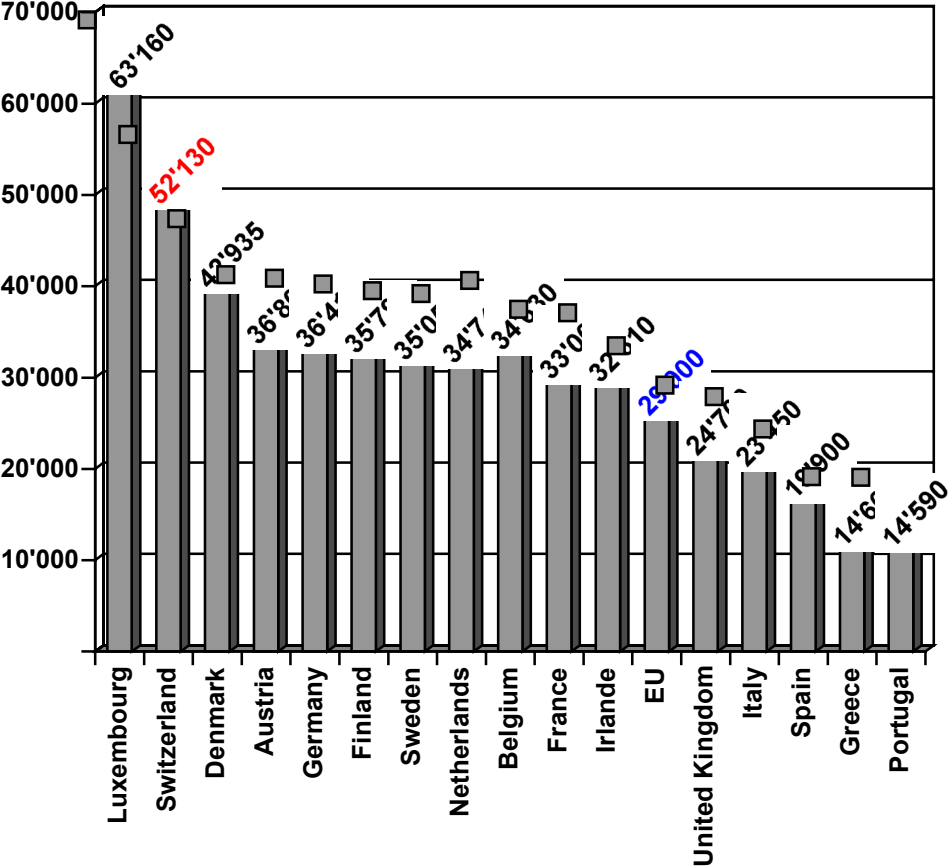
[Source: Eurostat]



Appendix 2: Gross Domestic Product per capita 2001 in comparison in SFr.

Gross Domestic Product per capita 2001 (in Swiss Francs)

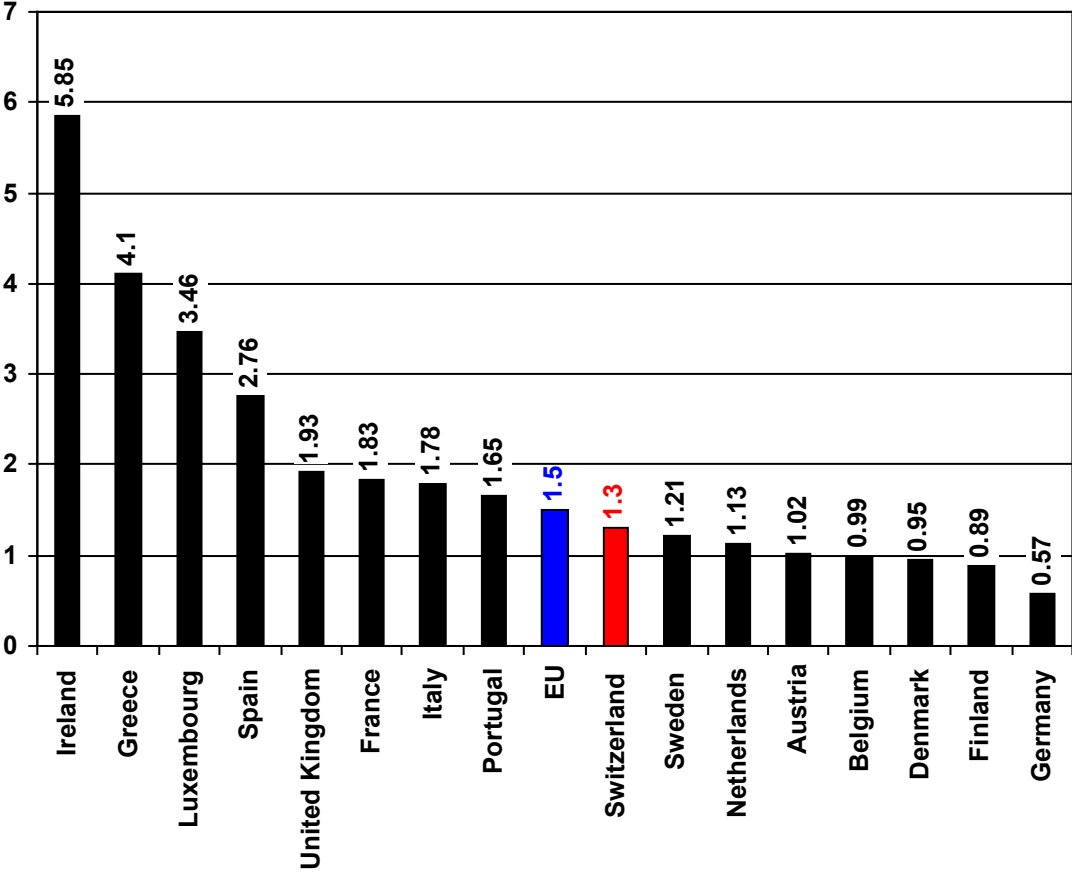
[Source: Eurostat, exchange rate EUR of 27.11.02]



Appendix 3: Economic Growth 2001 in Comparison

Economic Growth 2001 (in percentage)

[Source: Eurostat, OECD]



Appendix 4: Exports to Europe 1990-2000

Exports to Europe

In million Francs

	1990	1995	1996	1997	1998	1999	2000
Total	88'256.9	96'236.4	98'588.8	110'417.4	114'054.5	120'724.5	136'014.9
Europe	60'810.5	64'370.4	64'828.5	72'006.5	77'265.6	79'595.1	86'951.7
Total EU	56'601.3	59'980.0	59'866.3	65'946.6	71'069.4	73'795.7	80'033.9
Total EFTA	490.7	512.4	584.8	564.9	724.8	526.4	553.6
Of which Norway	466.0	494.9	556.1	539.0	661.6	500.7	525.1
Rest of Europa	3'718.5	3'878.0	4'377.4	5'495.0	5'471.4	5'273.0	6'364.2

[Source:
Federal Swiss Customs Authority]

Appendix 5: Analysis of the EU-Membership Option by the Economiesuisse

Analysis of the Essential Factors:

The indicator arrows reflect the emphasis in the individual dossiers⁷⁷

- ↗ In these cases Switzerland's entry to the EU would have positive consequences
- ↘ In these cases Switzerland's entry to the EU would have negative consequences
- In these cases Switzerland's entry to the EU would have no special consequences.

National Policy Questions/Structure of the State	↘
Direct democracy	↘
Federalism	↘
Institutional co-operation in the EU	→
Additional burden on the Federal Budget	↘↘
Movement of goods	↗
Service industry activity	↗
Movement of capital	→
Movement of persons	→
Competitiveness policies	→
Money and currency policies	↘↘↘
Finance and tax policies	↘↘↘
Social policies	↘↘↘
Environmental policies	→
Academic and research policies	→
Energy policies	→
IT Society	↗
Agricultural policies	↗
Land policies	→
Transport policies	→
Legal questions	→
Alien and asylum policies	→
Inner security, criminality	→
Foreign and security policies	↘

[Source: Economiesuisse, October 2002]

"EU membership is currently not of interest from an economic point of view. Following the adoption of Bilaterals I Swiss membership of the European Union (EU) is for economic reasons even less urgent than previously. On the contrary, according to our own clarifications the adoption of the *Acquis communautaire* in some areas would have negative consequences for economy. The possibilities of participating as a member to shape the EU are largely overestimated in Switzerland, the possibility of standing institutionally off-side largely underestimated. In the final analysis membership is a question of political, not economic desirability." [Point 2] ..

⁷⁷ The areas indicated positively are either of relative importance (keyword: "IT Society") or anticipated by international/worldwide trade guidelines.

Appendix 6: Balance of Payments

Components of the Balance of Payments

In million Francs, at current prices

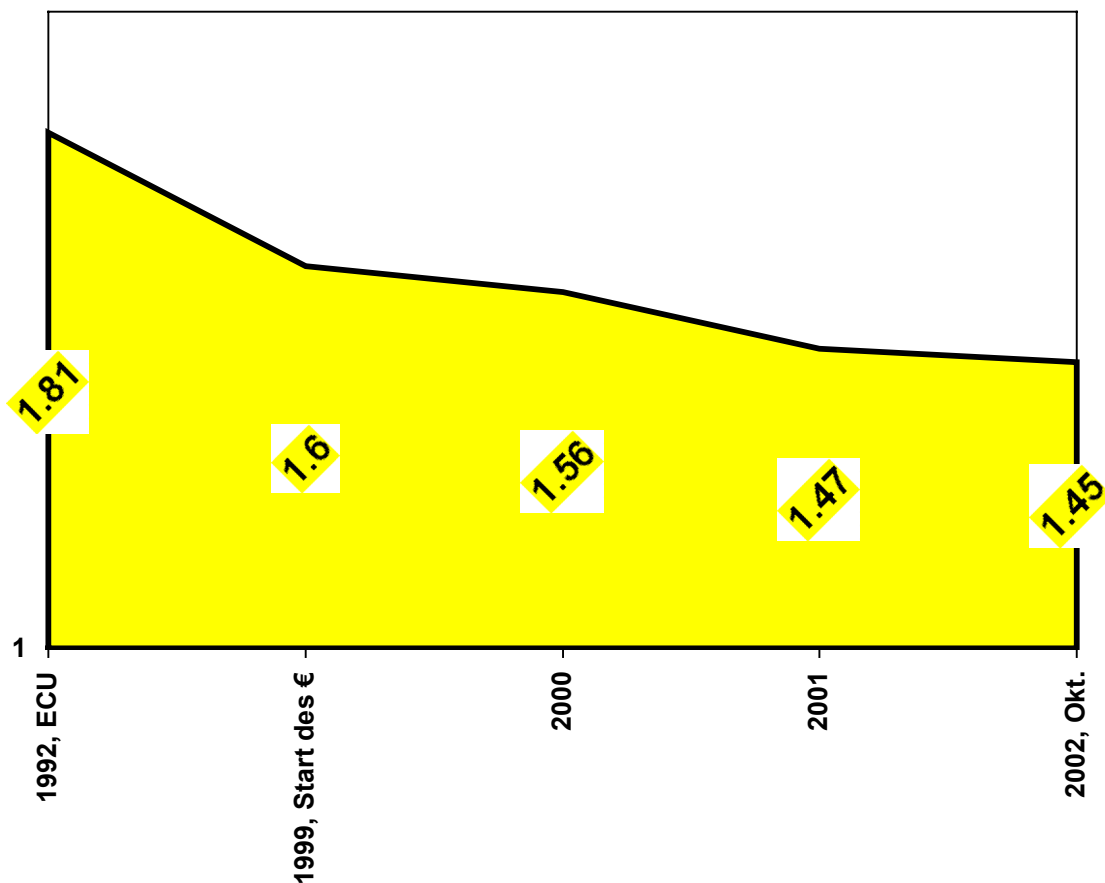
	1994	1995	1996	1997	1998	1999 r	2000 p
BoP Earnings, Balance	23'878	25'184	27'169	36'970	37'827	43'532	53'220
Goods							
Export	99'387	99'847	102'171	114'215	118'350	125'166	143'546
Import	97'151	98'807	101'024	114'669	120'679	125'442	147'762
Balance	2'236	1'040	1'147	-454	-2'329	-276	-4'216
Services							
Earnings	30'936	30'776	32'445	36'719	38'755	40'868	46'358
Expenditure	15'300	15'565	17'084	17'786	19'181	20'882	23'010
Balance	15'635	15'211	15'361	18'933	19'574	19'986	23'348
Labour and Capital Earnings							
Earnings	36'582	37'336	40'784	50'891	66'585	75'448	104'172
Expenditure	25'893	23'387	25'194	27'464	40'667	44'083	63'641
Balance	10'689	13'949	15'591	23'428	25'918	31'365	40'531
Current Transfers							
Earnings	3'455	3'542	3'659	3'810	4'039	10'157	10'195
Expenditure	8'137	8'558	8'589	8'748	9'376	17'701	16'639
Balance	-4'682	-5'016	-4'930	-4'937	-5'336	-7'544	-6'444
Movements of Capital (without the National Bank), Balance	-23'572	-14'295	-38'323	-37'280	-45'314	-54'118	-42'499
Direct Investments, Balance Saldo	-10'157	-11'810	-16'159	-16'104	-14'247	-36'895	-40'594
Swiss Direct Investments abroad	-14'762	-14'438	-19'964	-25'735	-27'209	-54'005	-69'776
Participation Capital	-11'244	-9'638	-13'106	-13'515	-16'949	-27'648	-53'690
Re-invested Earnings	-3'457	-3'711	-6'465	-9'889	-7'203	-18'474	-16'959
Credits	-61	-1'089	-786	-2'331	-3'058	-7'883	872
Foreign Direct Investments in Switzerland	4'605	2'628	3'805	9'631	12'962	17'110	29'182
Participation Capital	249	2'464	1'502	5'966	5'093	7'435	17'928
Re-Invested Earnings	3'780	825	2'930	1'245	6'501	9'028	8'481
Credits	576	-661	-627	2'420	1'368	647	2'773
Portfolio Investments, Balance	-24'894	-4'640	-12'158	-15'537	-6'720	-61'507	-19'863
Swiss							
Portfolio Investments abroad	-26'140	-10'505	-28'096	-28'647	-21'576	-70'360	-37'676
Foreign							
Portfolio Investments in Switzerland	1'246	5'865	15'938	13'110	14'856	8'853	17'813
Other Investments, Balance	12'780	2'004	-6'611	-2'492	-23'240	41'460	11'299
Banks, Balance	15'176	-9'238	-13'340	-1'191	-16'658	27'501	11'036
Enterprises, Balance	-2'039	5'201	2'698	260	-5'442	3'108	-1'517
Public Sector, Balance	-41	297	87	461	289	218	-38
Others, Balance Saldo	-316	5'744	3'944	-2'022	-1'429	10'633	1'818
Change in net status abroad of the SNB	1'038	3'682	-7'807	-4'912	-236	-1'312	6'659

(Source: Swiss National Bank)
Swiss National Bank

Appendix 7: Euro Exchange Rate against the Swiss Franc

Euro Exchange Rate in Swiss Francs (mid-Year)

[Source: SNB]



Appendix 8: Inflation rates in international comparison

Inflation rates in international comparison

Change in % to previous year	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Switzerland	4.0	3.3	0.9	1.8	0.8	0.5	0.0	0.8	1.6	1
Germany	5.1	4.4	2.8	1.7	1.4	1.9	0.9	0.6	1.9	2.5
France	2.4	2.1	1.7	1.7	2.0	1.2	0.8	0.5	1.7	1.6
Great Britain	3.7	1.6	2.5	3.4	2.4	3.1	3.4	1.6	2.9	1.8
Italy	5.3	4.6	4.1	5.2	4.0	2.0	2.0	1.7	2.5	2.8
EU Total	4.5	3.6	3.1	3.1	2.5	2.1	1.8	1.3	2.5	2.5
USA	3.0	3.0	2.6	2.8	2.9	2.3	1.5	2.2	3.4	2.8

[Source: SNB, Statistisches Monatsheft August 2002]

Appendix 9: Gross National Product (GNP) of income *per capita* in comparison

Gross National Product (GNP) of income *per capita* (standardised on US-Dollar)

EU Countries	1993 US\$	Rank	2000 US\$	Rank	Change absolute in US\$	Absolute in %
Luxembourg	37'320	1	42'060	2	+ 4'740	+ 12,7
Switzerland	35'760	2	45'400	1	+ 9'640	+ 27,0
Denmark	26'730	3	32'280	3	+ 5'550	+ 20,8
Germany	23'560	5	25'120	7	+ 1'560	+ 6,6
Austria	23'510	6	25'220	5	+ 1'690	+ 7,2
France	22'490	7	24'090	11	+ 1'600	+ 7,1
Belgium	21'650	8	24'540	9	+ 2'890	+ 13,3
Netherlands	20'950	9	24'970	8	+ 4'020	+ 19,2
Sweden	24'740	4	27'140	4	+ 2'400	+ 9,7
Finland	19'300	11	25'130	6	+ 5'830	+ 30,3
Italy	19'840	10	20'160	13	+ 320	+ 1,6
Great Britain	18'060	12	24'430	10	+ 6'370	+ 35,3
Ireland	13'000	14	22'660	12	+ 9'660	+ 74,3
Spain	13'590	13	15'080	14	+ 1'490	+11,0
Portugal	9'130	15	11'120	15	+ 1'990	+ 21,8
EU-average	20'080		23'730		+ 3'650	+ 18,2

(Source: "Jahrbuch Aktuell 2003"/ World Bank / Eurostat)

Appendix 10: Annual GDP Growth in comparison

International Comparison – Annual Growth GDP

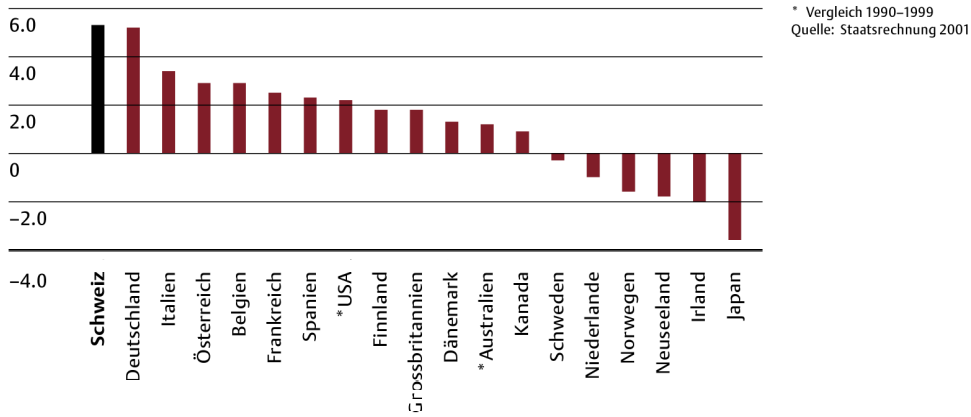
	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	Average 1990-2000
Switzerland	-0.1	-0.5	0.5	0.5	0.3	1.7	2.4	1.6	3	1.7	1.1	1.1
Austria	2.3	0.4	2.6	1.6	2.0	1.6	3.5	2.8	3	1.2	1.5	2.5
Belgium	1.6	-1.5	2.8	2.6	1.2	3.6	2.2	3	4	1.1	1.4	2.2
Denmark	0.6	0.0	5.5	2.8	2.5	3	2.8	2.1	3.2	1.3	1.3	2.2
Finland	-3.3	-1.1	4.0	3.8	4.0	6.3	5.3	4	5.7	0.4	1.2	2.0
France	1.3	-0.9	1.8	1.9	1.1	1.9	3.5	3	3.4	2	1.6	1.9
Germany	2.2	-1.1	2.3	1.7	0.8	1.4	2	1.8	3	0.7	1	2.3
Greece	0.7	-1.6	2.0	2.1	2.4	3.6	3.4	3.4	4.3	3.9	4	2.1
Island	-3.3	0.6	4.5	0.1	5.2	4.8	4.6	4	5	1.5	-0.6	2.5
Ireland	3.3	2.7	5.8	10.0	7.8	10.8	8.6	10.8	11.5	5.6	3.7	7.4
Italy	0.8	-0.9	2.2	2.9	1.1	2	1.8	1.6	2.9	1.8	1.2	1.6
Luxembourg	4.5	8.7	4.2	3.8	3.6	9	5.8	6	7.5	4	3.4	5.6
Netherlands	2.0	0.8	3.2	2.3	3.0	3.8	4.3	3.7	3.5	1.4	1.6	3.0
Norway	3.3	3.1	5.5	3.8	4.9	4.7	2.4	1.1	2.3	1.7	2.1	3.3
Portugal	2.5	-1.1	2.2	2.9	3.7	3.8	3.8	3.3	3.3	1.9	1.8	2.8
Spain	0.9	-1.0	2.4	2.8	2.4	4	4.3	4.1	4.1	2.7	2	2.8
Sweden	-1.7	-1.8	4.1	3.7	1.1	2.1	3.6	4.1	3.6	1.4	1.6	1.7
Great Britain	0.2	2.5	4.7	2.9	2.6	3.4	3	2.1	2.9	2.3	1.7	2.2
Europa	1.4	-0.8	2.3	2.2	1.4	2.3	2.9	2.7	3.5	1.6	1.4	2.2
EU	1.2	-0.3	2.8	2.4	1.7	2.6	2.9	2.6	3.3	1.7	1.5	2.2
Total OECD	2.1	1.4	3.2	2.5	3.1	3.5	2.7	3.1	3.7	1	1	2.7

[Source: www.oecd.org]

Appendix 11: Taxes and Development of Public Spending Ratio in Switzerland

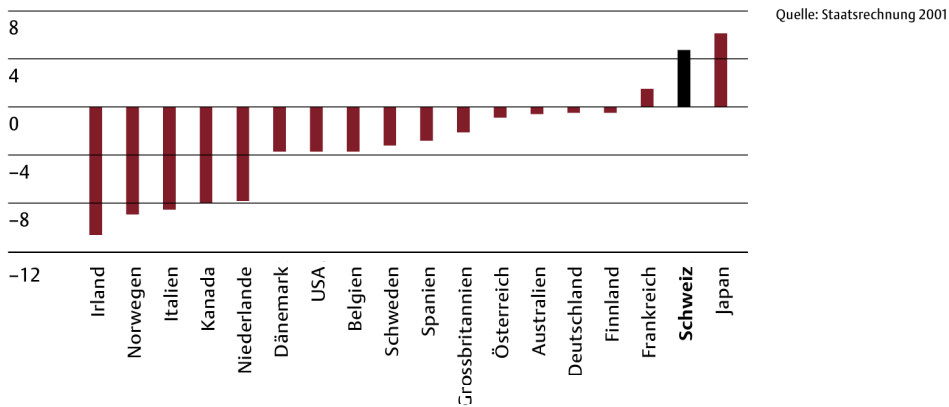
Development of the fiscal ratio in international comparison (1990-2000, in percentage of GDP)

Entwicklung der Fiskalquote im internationalen Vergleich (1990–2000, in Prozentpunkten des BIP)



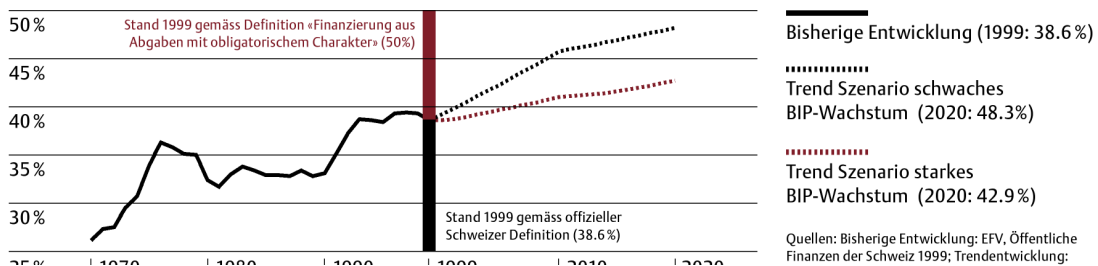
Development of public spending ratio in international comparison (1990 – 2000 in percentage of GDP)

Entwicklung der Staatsquote im internationalen Vergleich (1990–2000, in Prozentpunkten des BIP)



Development of public expenditure ratio 1970-1999 with forecasts until 2020

Entwicklung der Staatsquote 1970–1999 mit Prognosen bis 2020



Appendix 12: Federal Indicators Figures

Entwicklung der Kennzahlen des Bundes

Die Kennzahlen des Bundes enthalten weder Zahlen der obligatorischen Sozialversicherung noch der Regiebetriebe

Jahr	Staats- quote	Steuer- quote	Einnahmen- quote	Verschuldungsquote brutto	Verschuldungsquote netto
1980	9,9	8,2	9,3	17,6	11,0
1985	9,9	8,8	9,6	16,5	11,6
1986	9,7	9,5	10,5	15,6	10,8
1987	9,5	9,2	10,0	15,0	10,2
1988	10,1	9,6	10,5	14,4	9,4
1989	9,7	9,0	10,0	13,1	8,8
1990	10,0	9,2	10,3	12,1	7,9
1991	10,6	8,8	10,0	13,2	8,8
1992	11,0	9,0	10,2	16,2	10,5
1993	11,6	8,3	9,4	19,3	12,2
1994	11,6	8,9	10,1	21,2	13,8
1995	11,1	8,9	10,3	22,6	13,5
1996	12,0	9,5	10,8	24,2	16,1
1997	11,9	9,4	10,5	26,2	17,4
1998	12,3	10,6	12,4	28,8	18,0
1999	11,7	10,1	11,1	26,3	21,1
2000	11,7	11,6	12,8	26,7	21,2
2001	12,0	10,4	11,7	25,6	22,7

Kennzahlen in % BIP

[Source: Eidgenössische Finanzverwaltung EFV] (Federal Finance Department)

Appendix 13: Federal, Cantonal and Communities Debt

Federal, Cantonal and Communities Debt

in Million Francs.

Year	Federal	Cantonal	Communities	Total
1992	55 296	40 759	33 750	129 805
1993	65 970	46 971	35 000	147 941
1994	73 269	51 649	36 000	160 918
1995	79 936	53 436	37 000	170 372
1996	86 011	56 817	37 500	180 328
1997	93 109	60 151	38 000	191 260
1998	105 278	63 197	38 600	207 075
1999	98 404	62 763	38 600	199 767
2000	105 332	64 262	37 900	207 494
2001	105 650	64 900	38 000	208 550

Appendix 14 Salary and Price Levels in European comparison (2000)

[Source: Brochure "Prices and Salaries around the World" of the UBS, Edition 2000]

Car mechanic		Primary Schoolteacher		Department Manager	
Passed apprenticeship and with 5 years job experience, 25 years old, single		About 10 years professional experience in the state school system, 35 years old, married, two children		Technical factory manager in a large company, many years experience, married, two children	
Town	Net salary in Fr.	Town	Net salary in Fr.	Town	Net salary in Fr.
Zurich	41200.--	Zurich	73'900.--	Zurich	113'200.--
Amsterdam	20'800.--	Amsterdam	29'300.--	Amsterdam	61'700.--
Frankfurt	23'500.--	Frankfurt	35'800.--	Frankfurt	50'500
London	32'000.--	London	44'000.--	London	56'200.--
Milan	16'900.--	Milan	20'900.--	Milan	26'400.--
Paris	19'400.--	Paris	25'300.--	Paris	62'800.--
Vienna	24'400.--	Vienna	29'700.--	Vienna	57'000.--
Stockholm	26'700.--	Stockholm	29'800.--	Stockholm	48'700.--
Brussels	17'800.--	Brussels	23'500.--	Brussels	51'700.--
Madrid	18'200.--	Madrid	23'900.--	Madrid	33'100.--
Athens	13'100.--	Athens	18'200.--	Athens	39'300.--
Helsinki	19'400.--	Helsinki	27'100.--	Helsinki	45'600.--
Dublin	24'700.--	Dublin	37'300.--	Dublin	51'500.--
Lisbon	11'400.--	Lisbon	20'800.--	Lisbon	29'300.--

Building worker		Sales Assistant (female)		Engineer	
Skilled or unskilled worker, 25 years old, single		Apprenticed, ladies' department in a large department store, some years professional experience, 20-25 years old, single		Polytechnical university degree, working for an industrial company, 5-years experience, 35 years old, married, two children	
Town	Net salary in Francs	Town	Net salary in Francs	Town	Net salary in Francs
Zurich	34'900.--	Zurich	35'200.--	Zurich	78'400.--
Amsterdam	24'200.--	Amsterdam	18'400.--	Amsterdam	42'300.--
Frankfurt	22'200.--	Frankfurt	21'800.--	Frankfurt	45'500.--
London	22'700.--	London	23'200.--	London	45'900.--
Milan	14'300.--	Milan	15'300.--	Milan	33'000.--
Paris	17'000.--	Paris	19'900.--	Paris	52'500.--
Vienna	21'200.--	Vienna	20'800.--	Vienna	48'100.--
Stockholm	28'400.--	Stockholm	24'300.--	Stockholm	41'500.--
Brussels	20'500.--	Brussels	17'900.--	Brussels	40'900.--
Madrid	14'500.--	Madrid	13'600.--	Madrid	34'500.--
Athens	13'700.--	Athens	10'100.--	Athens	25'700.--
Helsinki	20'500.--	Helsinki	18'000.--	Helsinki	36'400.--
Dublin	22'800.--	Dublin	23'400.--	Dublin	44'700.--
Lisbon	8'700.--	Lisbon	9'400.--	Lisbon	35'200.--

Skilled worker		Credit Clerk		Secretary	
10 years experience in a large company in the metalworking industry, 25 years old, married, two children ,		Bank apprenticeship, 10-years professional experience, 35 years old, married, two children-		Secretary to a department manager, 5 years experience, one foreign language, 25 years old, single-	
Town	Net salary in Francs	Town	Net salary in Francs	Town	Net salary in Francs
Zurich	57'300.--	Zurich	83'000.--	Zurich	47'300.--
Amsterdam	29'800.--	Amsterdam	28'300.--	Amsterdam	23'600.--
Frankfurt	28'000.--	Frankfurt	40'500.--	Frankfurt	27'000.--
London	36'500.--	London	45'000.--	London	34'400.--
Milan	18'600.--	Milan	27'600.--	Milan	15'900.--
Paris	23'300.--	Paris	50'400.--	Paris	24'400.--
Vienna	32'100.--	Vienna	36'700.--	Vienna	26'900.--
Stockholm	31'300.--	Stockholm	30'100.--	Stockholm	25'900.--
Brussels	28'600.--	Brussels	32'600.--	Brussels	23'800.--
Madrid	17'700.--	Madrid	22'500.--	Madrid	19'100.--
Athens	17'300.--	Athens	18'800.--	Athens	14'500.--
Helsinki	27'200.--	Helsinki	23'800.--	Helsinki	21'100.--
Dublin	31'200.--	Dublin	34'700.--	Dublin	25'900.--
Lisbon	14'600.--	Lisbon	33'400.--	Lisbon	12'100.--

Rents				Price levels	
3-room flat, unfurnished, incl. supplementary charges with normal comfort for locality, near main town, monthly				Shopping basket with 111 purchases and services as well as 3 months rent, Zurich = 100 percent	
Town	expensive	Medium	cheap	Town	
Zurich	2'700.--	1'900.--	1'400.--	Zurich	100
Amsterdam	2920.--	1'880.--	1'200.--	Amsterdam	77
Frankfurt	1'760.--	1360.--	1'260.--	Frankfurt	78
London	6'110.--	4'070.--	2'040.--	London	110
Milan	2'090.--	1'340.--	1'020.--	Milan	72
Paris	2'340.--	1'620.--	1'280.--	Paris	85
Vienna	1'700.--	1'360.--	1'140.--	Vienna	82
Stockholm	1'430.--	1'000.--	780.--	Stockholm	97
Brussels	1'160.--	970.--	770.--	Brussels	72
Madrid	1'880.--	1'220.--	850.--	Madrid	74
Athens	1'110.--	880.--	600.--	Athens	63
Helsinki	1'420.--	1'100.--	960.--	Helsinki	82
Dublin	1'690.--	1'450.--	1'290.--	Dublin	75
Lisbon	1'170.--	940.--	780.--	Lisbon	56

Appendix 15: Glossary

Gross Domestic Product (GDP):

The sum of all goods and services produced by inhabitants and domiciled foreigners within an economy.

The GDP comprises the monetary value of all goods and services produced in a year. Only statistically measurable data are included; unpaid housework, illicit employment or environmental damage are not registered in the GDP.

The GDP embraces all income which originated indigenously and the income paid to foreigners, but not corresponding income which the indigenous people earn from abroad.

Gross National Product (GNP):

Annual total economic performance produced indigenously. It comprises the GDP as well as the income earned by its citizens abroad from work and capital, minus the income earned by foreigners in the indigenous country.

Economiesuisse:

Umbrella association of Swiss industry.

EFTA:

European Free Trade Area. Members: Iceland, Liechtenstein, Norway and Switzerland.

EC:

The European Community has until now represented the legal entity of the EU.

EU:

Since the Treaty of the European Union was ratified on 1.11.1993 the term European Union is used.

OECD:

Organisation for Economic Cooperation and Development.

Tax Expenditure Ratio:

Tax and quasi-tax duties expressed as a percentage of the Gross Domestic Product of the same year. .

Public Spending Ratio:

The Public Spending Ratio refers to expenditure in the public budget sector which comprises the combined financial outlay of the Federal Council, the Cantons and the Communities. In addition there are those financial payments like AHV, IV, EO, SUVA and unemployment insurance, as well as family allowances in the agricultural sector.