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PRESENT DAY AGRICULTURAL PROBLEMS IN SWITZERLAND

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All the highly industrialized countries are faced with the problem of how to maintain their agriculture on a safe economic basis. In Switzerland, where a hundred years ago half the population was engaged in agriculture, the proportion is now less than one fifth for agriculture and all the rest for industry, where development has been astonishing. This industry, moreover, depends chiefly on the export of its high-class products. Whilst the U.S.A. exports less than 5 % of its total production, the corresponding proportion for Switzerland is about 40 %, and there is — contrary to what we see in America — very little work connected with the winning or working of raw materials, since Switzerland has practically no raw materials. No less unfavourable is the position of Swiss agriculture. A large part of the territory is unproductive from the point of view of agriculture, being covered with mountains, glaciers, and lakes, and therefore quite unfit for cultivation. The rest is mainly hilly country at considerable heights above sea and consisting of a soil which requires hard work and is nowhere of extraordinary fertility. For these reasons the most modern and scientific methods of agricultural exploitation are simply out of question. They won't pay. In view of the high costs of production, which cannot be reduced by any form of rationalization, Swiss agricultural goods are expensive and have no great chance in the competitive markets of Europe or overseas.

Switzerland has to choose between two alternatives only. She can either let her agriculture deteriorate, or she must defend it by means of highly protective legislation. The first choice, simply to sacrifice agriculture, was of course, never seriously considered. Governments and

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people were always agreed that the maintainance of a healthy agriculture was at all times the primary basis of a sound economic and social policy. Even the political independence of a country is largely dependent on its possibility of producing a large part of the nation's foodstuffs. During World War Two it was possible to produce in the country about 2/3 of our food supplies, thanks to the application of very intensive scientific methods of cultivation. It was greatly due to this fact that Switzerland was able to keep up her traditional policy of neutrality and to carry on a relatively independent commercial policy. The Swiss people are unanimous in believing that the agricultural population represents one of the most important elements in the political and economic structure of the nation and that it is a precious reserve of racial energies and an uncomparable well of rejuvenation for the population of the cities.

There is, of course, a good deal of controversy between the two principles of policy at issue, the one wanting to protect agriculture, and the other to promote the exportation of industrial products in order to keep up the highest possible standard of living of the majority of the country's inhabitants. It is necessary to keep down the importation of such agricultural products as can be produced in the country. But such measures will at once increase the difficulties of the Swiss delegates who have to negotiate commercial treaties with foreign countries, especially with agricultural states. Those diplomats have really to do some hard thinking and bargaining, and we are pleased to say that so far they have usually succeeded in concluding reasonable compromises. But there is a constant danger of conflicts of interests between the two camps, which for brevity's sake, we might simply call industry and agriculture. The Federal Department of Public Economy, which has to weigh and balance the contradicting interests, has not an easy task.

Measures of agricultural protection have been systematically developed during these last twenty years. They have a solid constitutional basis in the so-called «New Economy Articles», by which the Government are obliged to maintain a healthy peasantry. For their sake the principle of freedom of trade had to make various concessions to the interests of agriculture. New laws are being enacted which will help to save agricultural land for the peasants. They will also lay down certain principles to insure reasonably profitable exploitation of agricultural property. There are, moreover, numerous special acts dealing with the cultivation, protection, sale, etc., of certain goods and products. They are all inspired by the same principles. For products of prime necessity,

for milk, for instance, there are not only legally fixed prices but also guarantees for the sale of the whole production. The drawback of this far-reaching protection is the limited freedom of disposition of the milk producers. There is very strict control of the quality of the milk, which has to be delivered at certain places. On the whole it can be said that the existence of the milk producers seems reasonably assured.

Many agricultural products are by law protected against foreign imports. In some cases the quantity is limited, and imports are allowed only if the home production is not sufficient. If the foreign products are cheaper than the costs of production of Swiss goods, a special duty is levied on the foreign goods, so as to make up the differences of prices. Another interesting method of protection is applied in the case of wines. Every importer of foreign wines has to buy a certain percentage of Swiss wines, too! All these measures have helped to give a certain amount of security to the Swiss farmer, for which, however, he has to pay a price in the form of certain limitations of his freedom of action. Similar systems of control are in force also for the production of cereals and of meat and meat products.

Over and above these direct measures of protection there are numerous other ways of promoting the interests of agriculture. Schools of agriculture are generously subsidized, and agricultural problems are scientifically and objectively studied by scientists. A good deal of public attention followed, some years ago, a series of investigations made by the Swiss Institute for Foreign Trade and Market Research at St. Gall concerning the relations between the country's agricultural policy and its foreign trade. The result was a pleasant surprise for all. Figures proved that the charges due to the policy of agricultural protection were considerably less than had generally been believed before the investigations were made.

In contrast to what we see in other countries, the profits of middlemen and dealers in agricultural products are relatively small. There exists a very successful organization which secures the farmer a relatively large percentage of the price paid by the consumer. It also seems to it that in spite of the high costs of production selling prices are kept at a fair level.

In spite of the numerous legal measures for the protection of farmers their existence is by no means free of worries. They have no great chances of further increasing production. Whilst wages of agricultural labourers are still rising, the farmer's income grows smaller in proportion. And greater becomes the temptation to give up work on the land in favour of easier jobs in industry. This is another reason for making

more detailed investigations concerning the best and most profitable kind of exploitation of the soil under cultivation. Formerly cattle raising and milk production were of first importance. During the Wargre-atest efforts were made to grow cereals for bread. To-day a certain balance between the two main types is considered most desirable. Another almost desperately difficult problem in Swiss agriculture is the shortage of suitable farm land. The shortage is becoming more acute every year as the building industry spreads its tentacles round every town and village. This has induced many farmers near rapidly growing centers to pay too high prices for their land in secret or open contravention to price-regulating prescriptions. Later they may have to suffer loss in the form of reduced profits.

In summing up the case we may say that under very difficult conditions Switzerland is making great efforts to protect her farming and agricultural community in general. So far these efforts have proved successful. But there is no security of economic existence if we cannot at the same time keep up our export trade and industrial production at the highest pitch of their possibilities. The whole structure of the country's economy depends otherwise on the greatest possible liberality in international exchange. To obtain fair agreements with all other countries is therefore, the constant care of the men responsible for the country's commercial policy. Customs are relatively low. They can hardly be called protective (they are levied on the weight basis, not on the value of goods), and we are on principle against contingents and discrimination of certain types of goods. To maintain this fundamentally liberal policy in the presence of new American protectionism is not easy. America's ability to supply practically all her wants inside the country – to judge from a European point of view – seems hardly to justify American protectionism. No wonder there is some grumbling against it abroad. In Switzerland protective legislation is strictly limited to agricultural goods. It was imposed on us as a purely defensive measure and is contrary to the general commercial policy of Switzerland, which, otherwise is all in favour of freedom of trade in the word's fullest meaning.

