

# State intervention, past and present

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**STATE INTERVENTION, PAST AND PRESENT.**

By PIERRE BÉGUIN.

Switzerland is an essentially liberal country. Liberalism is written into her constitution as the chief principle of her economic policy, and she has always remained attached to that doctrine in spite of very considerable sacrifices to other doctrines, especially in order to come to the help of Swiss agriculture. In fact, Switzerland could not give up economic liberalism even if she wanted to. She is too much dependent on foreign countries and foreign trade for her ever to subscribe to the theory of autarchy or to limit the freedom of private enterprise which alone enables her to triumph over foreign competition.

Naturally, during the war and the immediate post-war years, the Swiss authorities followed a policy of planning, state intervention, almost of collectivism. They were obliged to do so, if only to ensure the fair distribution of small stocks of goods and to ensure full employment.

In spite of this Switzerland has tried to demobilise as quickly as possible the whole administrative set-up necessary to carry out this emergency policy. All the wartime restrictions have been gradually abolished. Rationing was done away with a long while ago. We again have a free economy, free, that is, insofar as the freedom of movement of private enterprise is not limited by social considerations. In fact, there is very little left of the wartime controls, except a number of price controls and above all, rent restrictions — and strenuous efforts are being made to do away with these too. The Swiss Confederation is still spending quite large sums so as to lower the price of certain essential foods such as bread, but these subsidies are being reduced each year and we confidently expect to abolish them altogether within a short time, if conditions allow. Of course, we still have a planned economy to some extent, insofar as government aid to agriculture is concerned. Agriculture will never be self-supporting in Switzerland because our soil is too barren, and production costs are too high, for us to stand up against foreign competition. But to avoid any confusion I think it should be said that state aid to agriculture

does not amount to a planned economy: its effect is not to tell the Swiss farmer what he may and may not do, but it is, more exactly, a measure of protection and financial aid, in other words a subsidy to certain activities.

In spite of all this the question arises whether this return to economic liberalism will not be followed very soon by a new period of State intervention in many domains. Neither the Swiss people nor the Swiss Government wants this to happen, but circumstances may be too much for our ideas and our wishes. We cannot shut our eyes to the international situation, and because of it we shall again be forced to adopt a number of precautionary measures which are contrary to pure and unadulterated liberalism.

For instance, a short time ago the Swiss authorities recommended every housewife to lay in a reserve of food. It would be very easy to make this recommendation compulsory, and from this to go on to food rationing. It has not happened yet: but one piece of State intervention always leads logically to another, and the final result may be very much more radical than had been foreseen at the beginning.

The situation is similar in respect of the stocks of raw material which industries and commercial undertakings are being advised to build up. It is easy to turn this advice into a compulsory requirement and from there to go on to a complete planned economy. This tendency must be recognised, for it is another thing which may have far-reaching results.

So far I have not taken into account in this talk that within quite a short time the international situation may lead to some degree of unemployment in Switzerland, and to remedy this we shall have to create employment artificially. This will be impossible without State planning and State intervention and in this way we should abandon pure liberalism to some slight extent, even though this might be only for a time. So far we are only at the beginning of the process, but we are powerless to stop it.

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