

## **Jean-Pierre Roth: More growth a must**

Summary of a speech by Mr Jean-Pierre Roth, Chairman of the Governing Board of the Swiss National Bank, at the Swiss Economic Forum, Thun, 27 May 2005.

*The complete speech can be found in German on the Swiss National Bank's website ([www.snb.ch](http://www.snb.ch)).*

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Since the mid-1970s now, economic growth in Switzerland has been significantly lower than that of other industrialised nations. In terms of per capita GDP among OECD countries, Switzerland lost its leading position during this time, falling back into the main field. Economic growth is vital, however, for the sustainability of our social security institutions. Demographic shifts will cause the ratio of pensioners to contributors to double in the next 30 years, with the result that tomorrow's generation will be faced with a heavy burden – one that could be considerably lightened by higher growth rates.

The soft growth in Switzerland is primarily attributable to the lack of competition in the domestic market. There are numerous known ways to boost growth which have proven successful in many other countries. So far, however, Switzerland unfortunately has neither grasped the importance of implementing these measures, nor does it have the political will to do so. Stronger economic growth can only be achieved by opening our domestic market to competition, contributing to the attractiveness of Switzerland as a business centre and strengthening our human capital. The necessary reforms will call for short-term sacrifices from all walks of life, such as the relinquishment of protection and privileges. However, the long-term gains in wealth for the country at large will more than compensate for these short-term difficulties.