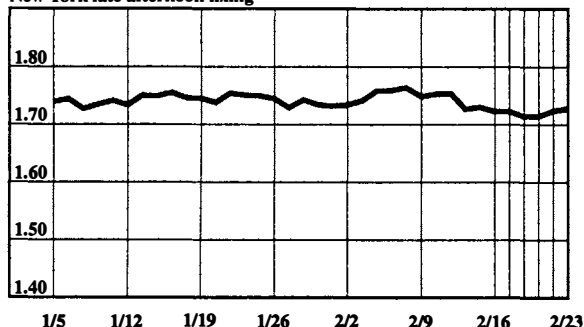


## Currency Rates

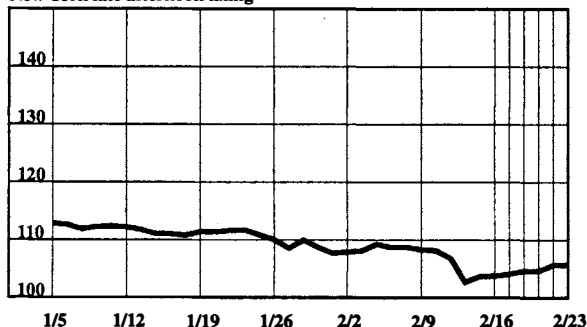
**The dollar in deutschmarks**

New York late afternoon fixing



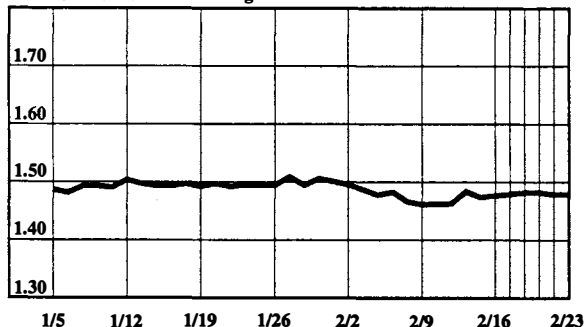
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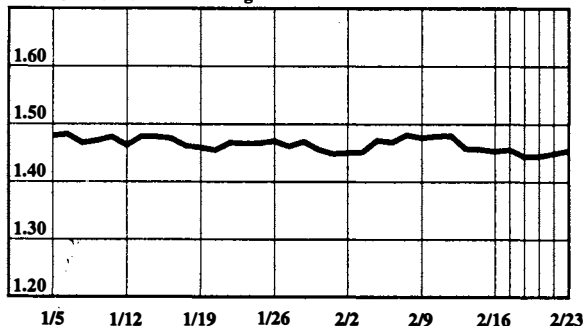
**The British pound in dollars**

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**The dollar in Swiss francs**

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## Swiss voters cut Italy off from Europe

by Alexander Hartmann

Only a few weeks ago, a report issued by the traffic commission of the Council of Europe praised Swiss voters for their decision to build two new major rail connections, with tunnels of 49.3 and 23 kilometers at Mt. St. Gotthard and Mt. Lotschberg, respectively. Now, the same Swiss voters have taken decisions that will be less appreciated by European authorities, and will have repercussions that will force the question of trans-Alpine traffic onto the agenda with much more urgency.

On Feb. 20, Swiss voters decided five legal initiatives concerning traffic issues. Four of the propositions were supported by the Swiss government, and concerned an increase of road tolls, trucking taxes, and new air traffic regulations that will reduce investments in air traffic infrastructure and impose "ecological" criteria for flight taxes. These propositions passed with comfortable majorities of between 61% and 72% of the vote.

But even if these decisions will increase the costs of truck transport through Switzerland, they were not the hot issue. Much more contested was the fifth proposition on the ballot. Against the explicit advice of the government, the Parliament, and most of the business groups and political parties, 51.9% of the voters approved of the Alp Initiative, which mandates that after Jan. 22, 2005, all transit truck traffic through Switzerland will have to go by piggyback on rail. There will be no transit truck traffic on roads, period.

It's a good idea, of course, to use rails for long-distance freight transport wherever this is possible and economical. For traffic across Switzerland, this is especially the case, with more than 200 miles and steep grades in the Alps that make trucking even less economical. Therefore, it's no surprise that 90% of trucks already use rails for transit.

That does not mean the new law will have no major effects. There is hardly any unused rail capacity left, and traffic experts expect international traffic to increase massively over the next decade. While new rail tunnels at Mt. St. Gotthard and Mt. Lotschberg have been approved, they will not be completed before the year 2008.

This means that the law will indeed massively affect goods transport across the Alps after 2004, since most of the current transit truck traffic crossing Switzerland and any growth of the transport volume until then will have to be rerouted around Switzerland, either by way of France, or

through Austria, which has its own problems with truck traffic crossing the Tyrol. When the results of the Swiss vote became known, Austrian Foreign Minister Alois Mock and Austrian Transportation Minister Viktor Klima voiced concern that Austrian citizens might follow the Swiss with a similar referendum. Worst affected by the decision will be Italy, whose geographical situation on the south side of the Alps is already a handicap for its economic competitiveness. The distance will become longer, while traffic experts have demanded better traffic relations for a long time. Essentially, Swiss voters have cut Italy off from Europe.

Another part of the law prohibits any construction that increases the capacity of transit highways. But what is a transit highway? The opponents of the legislation argued that there is no clear definition of the term, and essentially every major road in Switzerland is used for transit traffic. These roads cannot be upgraded from now on, even if local traffic requires it. How can one prove that increased capacities will only help local traffic, but not transit?

The vote followed strictly regional interests, and ignored European repercussions. Cantons situated along the Gotthard highway, such as Lucerne, Nidwalden, and Ticino, and Uri with a record 87%, voted in favor of the law. Obviously they felt there was no other way to stop noise and pollution from trucks. In canton Wallis, which is still waiting for an urgently needed highway to develop the upper Rhône River valley, more than 60% were opposed.

Observers pointed out that the vote again reflected the ethnic division of Switzerland, following a pattern seen in the plebiscites on the European Common Market and on the future of the Swiss Army and Air Force. Cantons less affected by the law voted in solidarity with the speakers of their language: The French-speaking cantons followed Wallis in opposing the legislation, while all of the German-speaking cantons except Aargau voted in favor.

But the majority, 60.2%, stayed at home. While this might seem normal to American voters, it is rare in Europe. In the end, the difference was only 70,000 votes.

### Rail connections needed

The Swiss government is afraid that the vote will have a negative impact on relations between Switzerland and the European Union. Formally, the traffic accord signed last year is not affected by the law, but any economic negotiations will be tougher, and retaliatory measures by the EU cannot be excluded.

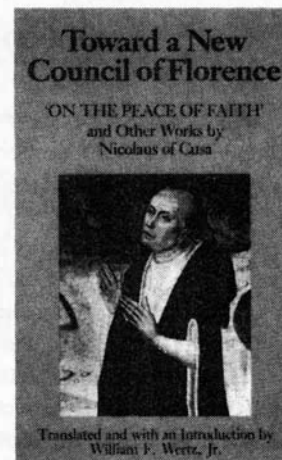
One positive result the vote might have would be to increase political pressure to build additional rail connections across the Alps. Projects such as a new high-speed rail tunnel at the Brenner Pass, which is under negotiation among the German, Austrian, and Italian governments, are more necessary now than ever before. And someone will have to talk to the Swiss about additional rail links under their mountains, too.

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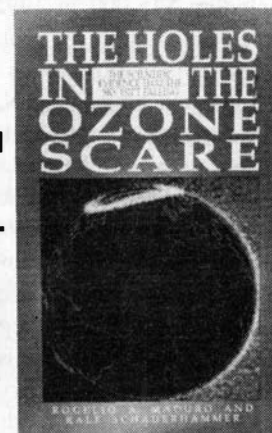
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