

# Current Concerns

The international journal for independent thought, ethical standards, moral responsibility,  
and for the promotion and respect of public international law, human rights and humanitarian law

English Edition of *Zeit-Fragen*

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Press Conference 24 June 2015

## Bilateral negotiations Switzerland-EU A lot of fog and little information about the plans of the Federal Council

by Dr. iur. Marianne Wüthrich

*On 24 June 2015, Federal Councillor Didi Burkhalter heralded to the media a “new stage» in the relations of Switzerland and the European Union. The Federal Council had decided that from now on the discussions and negotiations with the EU were under full control of Burkhalter’s Department FDFA (Federal Department of Foreign Affairs). A “Chief Negotiator” had been employed for this purpose. An innovation that is actually not so new, as one of the journalists noted in the question-and-answer session. Despite of the journalists’ persistent attempts to learn anything substantial, Federal Councillor Burkhalter remained equally persistent in his style of delivering many detailed explanations about trivialities in a serious voice and when it came down to doing business, either sliding into a Sibylline language or directly refusing to answer. Anyway, the attentive listeners learned little concrete, but much between the lines which deserves attention.*

Actually, the facts are crystal clear: By the referendum of 9 February 2014 the sovereign mandated the Federal Council to independently control the immigration again that is extremely high compared to other European countries, while observing the “general economic interests of Switzerland” and giving preference to Swiss job applicants and foreigners living in Switzerland (Federal Constitution article 121a). This mandate of the Swiss voters seems to be less clear to the Federal Council: “[...] even if the result of voting is 50-50, even in this case” it is the target, “to find a solution that strengthens the cohesion of our country, the functioning of democracy and the institutions and at the same time strengthens the way of bilateral agreements with the EU.”<sup>1</sup>

Shall a voting result of 50.3% in favor be valid only a little? So that the Federal Council will have virtually free rein, whether are willing to implement the decision or not?

### The mysterious options concerning the free movement of persons

Mrs *Simonetta Sommaruga* this year’s President of the Swiss Confederation and EU Commission President *Juncker* are

busy among other things to discuss “options” with regard to the free movement of persons and even extend it. As to the content of the EDA Chief’s speech at the press conference one couldn’t draw any information out of it. However he asserted that in the Fall the two of them would “assess” their findings concerning the undisclosed options.

What are the representatives of the media, what are we, the citizens, supposed to do with an “information” that the two of them want to discuss and assess an issue which only they and probably half of the Swiss Federal administration are familiar with, but not the voters? The Federal Council likes “to follow up the options and to extend them; but it would even be better to involve those affected”. Those affected are not the Swiss people, but our neighboring countries “which have an obvious interest to see a solution within reasonable time.” However, we, the citizens do have this obvious interest, as well!

### Maintaining the Bilateral Treaties I: In whose interest?

Nevertheless the gentle audience learns quite a lot in the media conference about the intentions of the Federal Council: they seem to welcome the adaptation of the free movement of persons agreement to revive all frozen dossiers with the EU: It is the “general strategy of Switzerland”, to “[...] control immigration by taking the country’s economic interests into account and simultaneously preserving and updating the Bilateral Treaties.”

Well, this “general strategy” of the Federal Council does not conform to the mandate of the sovereign. It is true that the Federal Council must control the immigration in a better way by a draft law. They should start working on that business soon, in particular since the Council has announced a “stage of increased speed”; for the law is to be put into operation<sup>2</sup> within three years after 9 February 2014, a period of time almost of which half has already passed!

There is no provision in the Federal Constitution that the Federal Coun-

cil should maintain the existing Bilateral Agreements with the EU at any cost, however. The provisional regulations with respect to Article 121a state: “International treaties contradicting articles 121a, are to be renegotiated and adapted three years after their acceptance by the people and the cantons.” So the Federal Council must renegotiate the free movement of persons agreement and the execution act with Brussels based on the adapted version, approved by the Parliament and by the people – in case of a referendum, if the Swiss scheme does not suit the folks in Brussels. Undoubtedly, this will be the case, as we have been constantly told since 9 February 2014!

It’s indeed a question whether the EU would go that far as to terminate the seven agreements of the Bilateral I. Because in spite of all allegations that the Swiss wanted to close the borders and let no foreigner in, that was never discussed. Of course, people from our neighboring countries and the other EU Member States – also from non-EU countries – are welcome in Switzerland. However, we want to decide on our own, as a sovereign state how many foreigners we can take on board. The EU States in turn have a vital interest that their citizens can continue to migrate to our country or work here in Switzerland while commuting across the border.

Moreover, there are further agreements included in the Bilateral Agreements I, that the EU would hardly like to quit, such as the land transport agreement, on the basis of which far more trucks are struggling with far heavier cargoes passing through the Swiss Middle Lands and the narrow Swiss Alpine valleys (and not by rail!) as the then Federal Council wanted to make us believe before the referendum of 21 May 2000. While simply and easily it ignored the requirements of the Alpine Protection Article (BV article 84), knowing that the NEAT wouldn’t be operational by 2004 (10 years since the referendum on the Alpine protection article) and the planned maximum of no more than

**"Bilateral negotiations ..."**

continued from page 1

650,000 truck trips per year could not be met.

**"Updating" the Bilateral Treaties:  
Do the Swiss people really want that?**

The Federal Council wants "to revive the pending discussions in all the dossiers", said Didier Burkhalter. In doing so, he mentioned the nationwide highly controversially discussed negotiations with the EU about an agreement on the electricity market. Swiss voters rejected the planned first stage of the electricity market liberalization in the interior at the ballot box as early as on 22 September 2002; it was the Swiss Federation of Trade Unions that had taken the referendum then. Not only Trade Unions and EU-skeptics spoke out against the integration of Switzerland into a boundless liberalised EU electricity market, but for example also the Social Democratic Party SP, even though it has had Switzerland's accession to the EU an objective in its party program for a long time: "The SP is not very enthusiastic about the intention to liberalise the electricity market completely. It is not clear what benefits consumers and the employees of the electricity industry would have from a market opening. On the contrary: the working conditions would come under pressure and investment would be delayed because a full liberalisation in view of today's low market

prices would further exacerbate the crisis of the industry." (Press release of 8 October 2014) This clear statement is worthy of a workers' party!

It is beyond debate that an electricity market agreement that would deliver our well-functioning power supply to the EU energy multinationals would have no chance in a further referendum. Above all Switzerland must keep firmly in hand its valuable hydroelectric power, which covers 60 percent of Swiss electricity.

Such considerations do not keep the Federal Council – which obviously would have actually to represent the Swiss people in negotiations with other countries – from plunging into another adventure and resuming the preliminary talks on financial services. The Federal Council considers it "logical to resume the negotiations on all dossiers at once", because "they are all linked". Or in good French: "On veut marier tout ça."

**Who does the Federal Council represent – Switzerland or the EU?**

The EU demands a solution to the free movement of persons as a prerequisite for at least three more issues, as it can be heard in the Media Conference: "[...] It is quite clear that a solution for the free movement of persons is prerequisite for a framework agreement and the latter is a condition if some day we want to conclude more agreements".

According to the homepage of the FDFA the framework agreement concerns the "institutional questions" "which are intended to ensure a more consistent and effective application of existing and future contracts in the area of market access.<sup>3</sup> This means that Switzerland is to be subjected under EU law and its development, not only in relation to future agreements, but also to the existing ones, so to the Bilateral Agreements I and II, as well as to about 100 other treaties with the EU. Foreign judges, namely the European Court of Justice (ECJ) would decide on the application and interpretation of EU law in Switzerland, not the Swiss Federal Court.

It is not very likely that the Swiss population would accept to be subjected to a unknown body of foreign laws and foreign judges. It would be best to discard the framework agreement as useless, because who wants to have more contracts with the EU such as the agreement on electricity market?

Secondly, the free movement of persons is "condition for full participation in future research: Horizon 2020", Burkhalter says. You surely noticed that direct subsidies of Swiss research projects with federal tax money would be far cheaper than the deposit in a pot in Brussels, from which only a part is coming back, because after all the EU bureaucracy must be paid? Sounds logical, doesn't it?

"Third and last example: A solution to the free movement of persons is also connected with the discussion about a new financial contribution to the EU's enlargement." It is quite enough now!! If we do diligently pay the EU – may be! – will make a small concession in passenger traffic. We citizens expect that the Federal Council has a clear answer ready to such impositions.

**Package or not package  
that is the question**

A journalist at the press conference asked: "Can we conclude that the Federal Council has agreed to a package of dossiers?"

Reply Burkhalter: "No, you cannot say that, we have not agreed on discussing a package, but it could be a package in the end."

Question: "Did I understand this correctly: You do not primarily want a solution only for the free movement of persons, but you explicitly want a package solution. With institutional issues, with..."

Burkhalter (interrupts): "No, you did not ..."

**Plea for an EFTA 2.0**

Rolf Weder  
(picture ma)

*mw.* Prof. Rolf Weder, professor of International Economics and European Integration, University of Basel, suggests a free trade agreement, comparable to the EFTA, as an alternative to the EU. He considers the EU's internal market

as "opening to the extreme", which does not take into account the peculiarities of the individual states and their independence. In an EFTA 2.0, markets would be only as open, as far as the individual States wanted them to be without forcing them into standardisation.<sup>1</sup>

Here some remarkable statements by Professor Weder:

"[...] The whole European policy and negotiations in Switzerland [are] too much focused on the EU."

"In negotiations with the EU [it is] an advantage [...] if you have an alternative, and if you are therefore not too dependent on your counterpart."

"National borders have a significance. This means that not everything should be subordinated to the goal of the freest possible exchange – on the contrary, a country should only open as far as to not giving up too much autonomy."

"In my opinion, great efforts should now be made to build up an institution that goes in the direction of EFTA 2.0."

"The harmonisations enforced by Brussels taking place in the EU, would be less important in the EFTA 2.0. Harmonisations would no longer be implemented top down, but if at all, from bottom up, in case governments find that certain standards make sense and when their countries are ready to adopt them. "

<sup>1</sup> Prof. Dr. Rolf Weder, Professor of international economics and European integration at the University of Basel, in "Zu stark auf die EU konzentriert" (Too much focused on the EU), in *Weltwoche* No. 28/15

**"Bilateral negotiations ..."**

continued from page 2

*Continuation of the question: "... or does that go too far, as well?"*

Burkhalter: "No, you can't say that, it's just a little more oil in the engine. You can not exactly say how it will go on. The Federal Council has even discussed different options for the next opportunities, but you don't know whether there will be the package – a small or a big one, or none at all, or whether this opening, this overall vision probably allows a series of decisions. Everything is possible. We are leaving these questions open. [...]"

I won't trouble the readers with more nebulous responses to clear questions.

The critical listener cannot help asking more questions: If the Federal Councilor does not want to reveal anything, why is he holding a media conference anyway? Or is there nothing to disclose at all? Maybe he is not willing at all to confront the EU negotiating partners on an equal footing and care for Switzerland's interests?

**New stage under FDFA's sole leadership "at increased speed"**

While previously both the Department of Justice and Police under Simonetta Som-

maruga and the Department of Economic Affairs (now EAER Department of Economic Affairs, Education and Research) under *Johann Schneider-Ammann* in addition to the EDA led the negotiations with the EU bodies, on 24 June 2015 the head of the Department of Foreign Affairs addressed the media for the first time. The Federal Council had decided that the EDA should take the lead and determine a Chief negotiator, so that all negotiations could go on on under one hat (sous un chapeau). (To the person of the negotiator: see box)

The "stage at increased speed" should proceed as follows: In summer: Instruction of the Chief negotiator. In autumn: Result of the options' intensification about the free movement of persons, at the same time the result of the consultation process on the law on the implementation of article 121 BV, at the same time survey of all dossiers. Also in Autumn: Decision of the Federal Council on the future message to the Parliament. The message is intended at the beginning of 2016. "Throughout the year 2016 the Parliament will deal with the dossier and the people are informed about the best solution."

We are indeed surprised at that development! With truly breathtaking speed the Federal Council wants to tackle the task: In summer, that means right now – the

**Searching for the value of the Bilaterals**

"Perhaps a growth that amounts to a quarter of one percent point higher per capita: This is a possible reading of the KOF study for the benefit of the Bilaterals. The overall growth is estimated at 1% per year. Thus, the Bilaterals essentially bring a growth without benefits." *Neue Zürcher Zeitung*, 4 February 2015, p.23. The study can be found on the website [www.kof.ethz.ch/publikationen/p/kof-studien/3571](http://www.kof.ethz.ch/publikationen/p/kof-studien/3571) (Abberger, K., et al. "Der bilaterale Weg – eine ökonomische Bestandsaufnahme [The bilateral approach – an economic inventory], KOF studies, 58, Zurich, February 2015)

Source: *Europe magazine*, 1/2015.

still unknown – Chief negotiator will be instructed. Until Autumn Mrs Sommaruga and Mr Juncker should have deepened their enigmatic options concerning the free movement of persons (a thing that failed to come about in the one and a half years since 9 February 2014). Also in Fall, the result of the consultation process on the implementation of the law on the free movement of persons should emerge. By

continued on page 4

**The mysterious chief negotiator**

*mw.* At the press conference of 24 June the name of the future chief negotiator gave cause to veritable guessing games. For example, the following (no joke, but literal quotation): "Can you tell me in which department the chief negotiator will be placed?" – Burkhalter: "In Switzerland" – "That was not the question." – "Yes, of course, I know. But that was the answer." While performing a skilful balancing act around the person to be elected, he simultaneously intimated that it was not so important who came into office, but that "the structure worked well" and "the chemistry was right".

In plain language: It should be someone who is willing to nod to all the requirements of the EU, because he is to – and is willing to – pave the way for Switzerland's EU membership. In this respect, "the chemistry must be right": The majority of the Federal Council (an estimated 5 of 7 members) has been aiming at the membership for years, so they only want a Swiss negotiator who pursues the same objective.

Of course, the representative of the entire Federal Council may not say that openly at the press conference – because annoyingly he deals with an electorate whose majority does not want to join the EU. One can certainly say without exaggeration: If we did not have direct democracy, Switzerland would have joined the EU long ago.

**Why not Mario Gattiker?**

Two questions at the press conference on June 24, 2015 related to *Mario Gattiker*, State Secretary of the Federal Office for Migration FOM (since 1 January 2015 promoted to Parliamentary Secretary). In November 2014 he had received the Federal Council's mandate to renegotiate the Free Movement of Persons Agreement with the EU. Why should he now, after only half a year in office, be replaced by an unknown "chief negotiator"?

Significantly, Burkhalter's only remark concerning the future negotiator's name was a negative remark: "It could be Mr Gattiker, but it is not Mr Gattiker". Then he issued the following opinion on Gattiker's work: "It is nothing against Mr Gattiker or against anyone. We even thanked him, he has done a good job in the last few months, it has been difficult and he has done a good job, he has coped well. We are satisfied with his work. But again: There is a lot of work to do, and now we need a new stage and a new speed."

In the private sector this would be a miserable job reference: An employee whose references said that he "coped well" with a difficult task, whose employer attested him to be "satisfied" with his work and to have "even (!) thanked" him, would appeal against

these references in court. However, if the State Secretary of the Federal Migration Office is only able to induce so little enthusiasm with the Federal Council and its pro-EU candidate clique, we, the citizens, are getting curious.

Mario Gattiker in a newspaper interview: "Switzerland has an extraordinarily high immigration rate. Among the OECD countries, apart from Luxembourg, it has the highest rate of immigration in terms of population. [...] A majority of the people have now agreed that Switzerland should take migration back into its own hands" ("*Neue Zürcher Zeitung*" of 6 December 2014).

Showing so much objectivity and understanding for the concerns of yes-voters – that would be the proper negotiating partner for Switzerland! Somebody who would be able to confront the people in Brussels on equal terms and introduce them to the concerns of the Swiss, because he himself has understood those concerns. Whether the EU negotiation partners understood a glimmer of it and whether they wanted to understand at all, that is a different matter. However, Mario Gattiker would be a person who obviously does not want to force Switzerland into the EU at any price, but sees himself as a servant of the people.

(Translation *Current Concerns*)

## Austria

## When will the referendum on Austria's EU exit take place?

Between 24 June and 1 July 261,159 Austrians signed the petition for an Austrian EU exit in the presence of the municipal authorities with their names, dates of birth and passports – despite extremely difficult general conditions: the media's almost complete hushing-up in spite of twelve press conferences in the months before the registration week, to which all journalists

### "Bilateral negotiations ..."

continued from page 4

the way, there is no public consultation! Neither under the completed nor under the current nor under the planned consultations the ominous Act can be found. How does the Federal Council get the result of a consultation in Autumn that does not exist at the end of June? Also in Autumn: Inventory of all the dossiers – of which Mr Burkhalter in this summer still doesn't know "whether there is the package – small, great – or not". Also in Autumn, the Federal Council decides on the content of the message to the Parliament on the basis of the results of a public consultation which does not exist. In the beginning of 2016 nevertheless the so-called dispatch will be ready and the Parliament will have time for debate throughout the year – however, the three-year period for the implementation of the free movement of persons ends on 9 February 2017. A little short, isn't it?

And now the highlight: The whole year 2016 it also meant "to orient the people on the best solution." Right on, Mr Federal Councillor?

<sup>1</sup> quotes from the video recording of the press conference [www.admin.ch/gov/de/start/Dokumentation/medienkonferenzen/2015/6/24\\_06\\_2015\\_1084.html](http://www.admin.ch/gov/de/start/Dokumentation/medienkonferenzen/2015/6/24_06_2015_1084.html)

<sup>2</sup> Transitional provision to BV 2 see article 121a

<sup>3</sup> [www.EDA.admin.ch/DEA/de/home/verhandlungen-Offene-themen/verhandlungen/institutionelle-Fragen.html](http://www.EDA.admin.ch/DEA/de/home/verhandlungen-Offene-themen/verhandlungen/institutionelle-Fragen.html)

had been invited; the scheduling of the registration week by the Home Secretary on the last week of June, when many families with pre-school children and many pensioners are already on holiday, or, for instance, missing fact sheets in Viennese houses with information about registration offices and their opening times, etc..

The EU exit referendum was neither financed nor supported by any parliamentary party's or other public funding nor by any big private sponsors, but only by thousands of "common" citizens, who had handed out about 900,000 information sheets in total and other documents in voluntary personal contribution of many working days, weeks and months. With all these activities and our activities on the internet and via social media we were of course not able to reach the total of 6.4 million eligible voters in Austria, so that at least one third, if not half of them did not even know about the existence of the referendum, let alone when and where it could be signed. The biggest scandal in this respect was that this citizens' movement was completely ignored by the Austrian Press Agency APA. In the months before and during the so-called educational referendum of industrial magnate *Hannes Androsch*, APA had sent almost 70 detailed press releases to all media, before and during the independent EU exit referendum a total of six! However, the bun was taken by the ORF (Austrian Broadcasting corporation): The referendum was dealt with on television for exactly 1.2 hours? No: 1.2 minutes!

Against this background, it is clear that the EU exit referendum as a pure citizens' petition has been a great success and a clear mandate for parliamentary parties to decide in autumn – when the referendum will have to be officially dealt with in parliament – for what a quarter of a million of Austrian citizens have already demand-

ed in their petition, a binding governmental referendum on the withdrawal from the EU, worded in accordance with the text of the citizens' referendum.

*Renate Zittmayr, Hofkirchen im Traunkreis, (member of the Independent Committee for an EU Exit Referendum)*

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The international journal for independent thought, ethical standards, moral responsibility, and for the promotion and respect of public international law, human rights and humanitarian law

*Publisher:* Zeit-Fragen Cooperative

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*Subscription details:*

published regularly electronically as PDF file

Annual subscription rate of  
SFr. 40,-, € 30,-, £ 25,-, \$ 40,-

for the following countries:

Australia, Austria, Belgium, Brunei, Canada, Cyprus, Denmark, Finland, France, Germany, Greece, Hongkong, Iceland, Ireland, Israel, Italy, Japan, Kuwait, Liechtenstein, Luxembourg, Netherlands, New Zealand, Norway, Qatar, Singapore, Spain, Sweden, Switzerland, United Arab Emirates, United Kingdom, USA

Annual subscription rate of  
SFr. 20,-, € 15,-, £ 12,50, \$ 20,-  
for all other countries.

*Account:* Postcheck-Konto: PC 87-644472-4

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From a German perspective

## Europe needs peace – no new US troops

by Willy Wimmer



Willy Wimmer  
(picture ma)

It is unbelievable what you hear from Washington these days. First a completely unknown civilian executive from the US Air Force is allowed to blare about. A little later, you can hear the designated Chief of

Staff of the US Armed Forces with his testimony before the US Congress. According to his opinion, the Russian Federation is the worst possible opponent for the United States. You must really rub your eyes, but wild times seem to approach or it seems that we are stuck deeper in the alliance mess than we have suspected.

Washington is gearing up for a fight, and more than that. By now we in Europe have had our respective experience with the leading power of the alliance to which we after all belong. It is true that we once took up the task of common defense; but today, we do nothing but waging war and bringing misery to many parts of the world. And now we wonder why the desperate people in their plight are fleeing the very war zones that we created and are coming over to us. They come to us and realise that in the very place, in which this unfortunate policy was instigated, in the United States, the gates remain hermetically sealed.

Russia can speak for itself when it is fired at by such tirades in the US Congress. But we have had our own experience of more than twenty years with our great eastern neighbor. This experience is by no means determined by what is now publicly said in Washington. During talks in our country, high American officials are reported to have called for "allegiance" referring to our relations with the Russian Federation. This is carrying things too far, indeed. The Pope warned against the next World War during his trip to the Balkans, only a few weeks ago. About the same time, our German Mr President was celebrated on a big event, although he propagates military operations in a way that none of his predecessors ever did. The methods prove effective.

These statements in America will carry us away like a flood, because those who would actually have to contribute to an in-

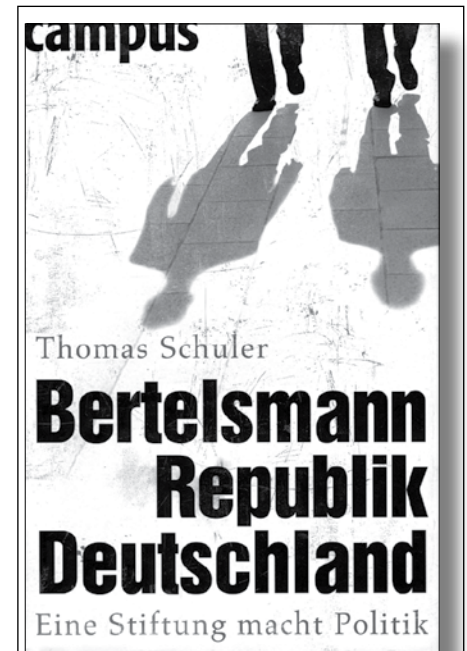
dependent opinion in our country and determine our national interests in their true sense, have not fulfilled this central national task for a long time. Government and Parliament have become rather toothless in this area; instead the overt and covert bodies that have no legitimacy by the voters, are ruling by interfering with state politics. To a large extent, the German policy evokes the impression that under the eyes of all of us, the epicenter of German politics has moved from Berlin to an East Westphalian major city. For the media, which in the times of Bonn fought fierce battles over the best way, the question is merely, who will play the role of the "cheerleader" for the "mainstream". What is said in Washington on a fairly high state level unfolds such an incredibly binding effect through the alliance and its contractual mechanisms that we can only call it a mailstream. This is true precisely for what this General voices publicly, because he is used as a mouthpiece by his President.

Who in Berlin wants to oppose the General's statements with an own assessment of the situation? At the end of the first Cold War one could look on admiringly, how the assessment of the alleged Soviet threat was quickly subjected to appropriateness in Washington. While all of Western Europe feared an attack from the East, German visitors in Washington were presented a brand new worldview. In total abandonment of what had been preached for decades, the Red Army with its shock wedges into Central Europe had suddenly become a purely defensive organisation that pursued the goal of drawing the logical military consequences from *Napoleon* and *Hitler*: Mother Russia's defense against the constant threat of evil and infinite devastation coming from the West.

In case that this had been nothing but tactical manoeuvre in Washington we must begin to consider the idea – in the 25<sup>th</sup> jubilee year of reunification and given the actual economic situation of the vast country – that the United States with their closest allies for some reason have sunk their fangs into Russia since the First World War and that they now want to defeat it once and for all. We would also have become familiar with the idea that Moscow with its approval of the reunification had thrown off ballast, which in Washington and especially in London and Paris initially no one really could believe, not to mention Tel Aviv. Dr. *Frank Elb*, one of the closest collaborators of the last important German Foreign Minister *Hans-Dietrich Genscher*, pointed out

in an extensive interview with the Russian media company *sputnik* a few weeks ago, that the Washington operators of the anti-Russia policy all had a family background in Russia that was reaching back into the times of the World War. What are the old accounts that are to be squared now, and

continued on page 6



ISBN 978-3-593-39097-0

km. The most reliable study on the influence of the *Bertelsmann-Foundation* with headquarters in the East-Westphalian town Gütersloh has been presented by *Thomas Schuler* in 2010.

*Hermann Ploppa* in his book "Die Macher hinter den Kulissen. Wie transatlantische Netzwerke heimlich die Demokratie unterwandern", (ISBN 978-3-93816-22-5) (The secret actors behind the scenery. How transatlantic networks are undermining democracy), described the workings of that foundation in the transatlantic context. He writes: "In the nineties of the last century a foundation pushed itself to the fore which surpassed all known foundations as to its size and significance; The Bertelsmann-Foundation from the East-Westphalian town Gütersloh. This foundation presents itself more American than the Americans themselves. As early as in 1992 *Reinhard Mohn* took some effort to integrate his foundation into the transatlantic network. (...) The foundation has been doing politics for some time and has transformed some democratically elected politicians into mere supernumeraries."

# The July 12 declaration of the Euro summit is a document of failure

It is about time to consider a socially responsible liquidation of the euro zone

by Karl Müller

*Much has been said and written in the week following the resolution of the 12 July Euro summit. The resolution itself and the route towards it have been criticised massively. It is remarkable, however, that there was nearly any voice daring to question the system as a whole.*

Rather left-wing critics of the Euro summit see the resolution as a step towards the destruction of the sacred euro area and the European integration towards a federal state EU. Mainly the German government is a target of this criticism. Critics are speaking of an attack on democracy, of a debasement, humiliation and disenfranchisement of Greece. In the same breath they demand more EU. Does that make sense?

Other critics are arrogantly attacking the Greece government and its previous policies up to now. Greek should be excluded from the euro area; they say, the euro area could not be a transfer union with economically highly heterogeneous states. There is talk of that instead the EU needed more discipline and leadership, possibly German discipline and German leadership. Is this a just perspective?

Why is hardly anyone saying the obvious, i.e. it is now evident what some people like professor *Karl Albrecht Schachtschneider* and his colleagues have been stating for more than 15 years: The artificial construction, imposed top-down, of a uniform currency for very diverse

states with very diverse traditions and ways of living, with very diverse economic structures and power, with very diverse political mentalities can only be held together at the cost of severe contortions or a self-cementing dictatorship where the doings of the states and their citizens are decreed top-down. This implies an end of all freedom and democratic sovereignty.

Yes, the July 12 declaration of the Euro summit is a document of shame. 19 heads of states and governments of European states have signed a declaration which can only be understood as a diktat for Greece and an insistence on its complete self-abandonment and surrender.

The current Greek government has to take the full blame for the country's situation. The government is made to renounce itself because – as the declaration stipulates in Orwellian diction – “The Euro summit stresses the crucial need to rebuild trust with the Greek authorities”. *This is grotesque!* The measures demanded from the government are all continuing the path that has led Greece into its current run-down situation. The 19 heads of states and governments even take the liberty to claim that “the Euro summit recalls that the euro area member states have, throughout the last few years, adopted a remarkable set of measures supporting Greece's debt sustainability, which have smoothed Greece's debt servicing path and reduced costs significantly.” It was only “the easing of policies during the last twelve months [by the

Greek government] which resulted in the recent deterioration in the domestic macroeconomic and financial environment.”

Since the Greek government cannot be trusted and neither the Greek parliament nor the Greek people – which have proven quite insubordinate on 5 July – should be allowed to decide freely, there are “quasi-automatic spending cuts” in the Greek budget, “in case of deviations from ambitious primary surplus targets”, of course only “after prior approval of the institutions [i.e. the IMF, the ECB and the EU Commission]”. Since the Greek cannot be trusted, all further measures have to be taken “in full prior agreement with the institutions”. The national assets of Greece are to be subjected to a fund so that they can be sold to the private sector, most probably foreign investors. And because the Greek cannot be trusted here as well, the “supervision of relevant European institutions” is stipulated. Even the “modernisation” of the Greek administration which will mean mass dismissals in the public service, is put “under the auspices of the European Commission”.

The following is to be conceived for Greece: “The government needs to consult and agree with the institutions on all draft legislation in relevant areas with adequate time before submitting it for public consultation or to parliament.”

continued on page 8

## “Europe needs peace ...”

continued from page 5

what is the name of the game being played at our expense?

All of us have realised in the context of the Kiev coup in the spring of 2014 how far the united West is able to go. Never before has the West, which we definitely and primarily feel connected with, betrayed its values as much as in the massacre on the Maidan Square or the fire victims in Odesa or the sordid instrumentalisation of the plane crash victims over Ukraine. Again the end is justifying the means, which is revolting, because once before we experienced a time of great suffering that was kicked off just in the same way.

We are running a deadly risk; that can be perceived not only through the maneuvers by NATO naval forces on the doorstep of the Russian Black Sea fleet in the

Black Sea, but also through US nuclear bombers in the airspace of Ukraine or through “spearhead” operations with German participation directly at the Russian border. The positive change in the European general political climate and the absence of war on the western frontier which Moscow had hoped for by furthering the German national unity, was purposefully turned into its opposite by the entire West.

Why should not those forces be flushed up in Moscow, who are similarly gifted in spirit as the designated American Chief of Staff? If only one of the bomber pilots in Western and Russian aircraft who now meet under martial aspects, makes a mistake, we will all of us no longer exist. A debate over the question who committed the crucial error, cannot take place simply for that reason. Do we in Europe actually want to allow Washington, together with those forces in Europe that are

inclined to war, to establish conditions similar to those on the Korean peninsula with its impertinent US-South Korean maneuvers, which can turn into an illimitable war any time? The actual behavior of the United States on our territory for years now as well as on other European countries' territory has washed the foundations of the NATO Treaty away, as well as those of the deployment of American troops in Europe. The foundation for these troops' existence has been the common defense. This has been agreed upon by all nations. At no time, the parliaments have approved of a joint attack via the alliance, neither did they approve of the collective destruction, but this destruction is now propagated in Washington. Even and especially in the US Congress as well as by this Marine Infantry General. •

(Translation *Current Concerns*)

## BRICS-states demonstrate, that the world is larger...

km. In Russian Ufa, on 9 and 10 July, the BRICS States – Brazil, Russia, India, China and South Africa – founded their own Development Bank. Beginning next spring the “New Development Bank” (NDP) is to deal in credits. A first funding priority shall be the support of projects with renewable energy. The Bank’s share capital initially amounts to the equivalent of 50 billion US dollar. In the coming years this sum is to be increased up to 100 billion.

This is admittedly not as much as the IMF’s 327 billion, but a first step to make these countries more independent from that Bank dominated by the USA and following neoliberal principles (“Washington Consensus”). Greece has demonstrated once again what the consequences are, if countries have to follow the IMF’s requirements - even if the IMF’s President now speaks of a necessary debt cut for Greece.

The questionable IMF’s procurement policy has not changed as a result.

Immediately after the BRICS countries’ coming together, the Heads of State and Government of the “Shanghai Cooperation Organization” (SCO) met at the same location as the representatives of the BRICS countries. India and Pakistan, who previously had observer status, were accepted as new members.

The SCO was founded in 2001. In addition to the two new members, the following countries are also members: China, Russia, Uzbekistan, Kazakhstan, Kyrgyzstan and Tajikistan. A key objective of the SCO is the stabilization of national conditions (in particular the defense against terrorist attacks), the promotion of intergovernmental relations in Central Asia and the defense against interference from outside, especially on the part of other Great Powers.

Before the BRICS summit in Ufa young people from the BRICS countries met for a Youth Summit in Moscow on 2 July. In the welcoming speech of the Russian Foreign Minister Sergei Lavrov printed below as documentation, it becomes clear that the BRICS countries attach particular value to a dialogue with the youth of their countries on world issues and that the governments of these countries want to transmit to their youth the basic principles of international law and the principle of the equity of the states. In the conversation with the young people, which can be read when opening the link given below and which immediately followed the welcoming speech, it becomes clear how seriously and dedicatedly the dialogue between the Government officials and the youth is performed in these countries.

### “We are focusing on promoting a positive, unifying agenda in international relations”

*Speech delivered by Sergey Lavrov, Minister of Foreign Affairs of the Russian Federation, at a meeting with participants of the BRICS Youth Summit, Moscow, 2 July 2015*

Dear friends,

I am very pleased to see you at the Foreign Ministry during the first BRICS Youth Summit in Moscow.

BRICS is a young association built on innovative approaches and principles that reflect the needs of the time and comport with the current state of world development. The world is changing. A search is underway for the best forms for a polycentric arrangement of international relations, with several growth points and centres of gravity, representing different models of civilisation and development. These principles underlie BRICS’ formation and activities. Its goal is to create favourable conditions, first and foremost, for the comprehensive development of our countries and prosperity of our citizens.

Russia holds the Presidency of BRICS this year and has an extensive programme that was supported by each of the five countries. It aims to make as much concrete progress as possible in the areas that our presidents have identified as BRICS priorities. We are coordinating approaches and already carrying out joint projects in several areas. Our practical activities are entering an important new stage. We are completing preparations for launching BRICS financial institutions – the New Development Bank and the Contingent Reserve Arrangement. We are about to adopt a long-term strategy for diversified economic partnership. In

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“The five BRICS countries stand for the supremacy of international law, the consolidation of the UN’s central role, peaceful settlement of conflicts and disputes, and the right of nations to determine their destinies themselves and preserve their traditions, values and culture.”

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general, we are striving to expand the range of our cooperation.

Apart from having a practical and pragmatic agenda, BRICS has already become an influential factor in world politics and the global economy. The leaders of our association are going to meet in Ufa next week. We hope that the decisions adopted there will give fresh impetus to the development of BRICS as a key element of the current system of global governance.

We are not teaming up against anyone. To the contrary, we are focusing on promoting a positive, unifying agenda in international relations. The common position of our countries is playing a major stabilising role in world affairs. This balanced position is promoting the search for and application of fair approaches to urgent issues on the agenda of the international community. The five BRICS countries stand for the supremacy of international law, the consolidation of the UN’s central role, peaceful settlement of conflicts and disputes, and the right of

nations to determine their destinies themselves and preserve their traditions, values and culture. BRICS is making a large contribution to strengthening the global financial and economic architecture, and it is playing an active role in reforming the international monetary and financial system. These issues are being discussed by the G20, which includes all of the five BRICS countries. During discussions on reforming the international financial and monetary system, our countries do not act on their own. They have a solid group of support that includes Argentina, Mexico, Indonesia, Egypt and Saudi Arabia, among others. Thus, BRICS is also a centre of gravity for those who think the same way and favour a more just system of international relations, including economic ties.

Naturally, the ambitious tasks facing the five partner countries cannot be resolved without a solid foundation of friendship and

"... we are focusing on ..."

continued from page 7

trust between our peoples, greater people-to-people contacts and constructive cooperation between civil society representatives.

We are paying special attention to cultural and academic cooperation in BRICS. The civil and academic forums have already been held, making a useful contribution to integrating the creative intellectual potential of the five states. Exchanges for young people are of special significance for such a young and future-oriented association as BRICS. You, young people, will soon assume responsibility for everything that is taking place at home, in foreign policy and in the world arena. We appreciate the significance of your current meeting and will provide comprehensive support for youth exchanges. I know that you have a busy programme both in Moscow and Kazan. I assume some of you will also come to Ufa. We will continue supporting your initiatives and youth-related projects, such as the BRICS Network University. A global university summit is scheduled to take place in Russia in autumn. If any of you are students, you are welcome to attend.

Now I'm ready to answer your questions.

Source: [http://archive.mid.ru/bdomp/brp\\_4.nsf/e78a48070f128a7b43256999005bcb3/66f6675e3cbfc71943257e760057117e!OpenDocument](http://archive.mid.ru/bdomp/brp_4.nsf/e78a48070f128a7b43256999005bcb3/66f6675e3cbfc71943257e760057117e!OpenDocument)

"The July 12 declaration"

continued from page 6

Negotiations regarding the new "financial aid" requested by the Greek government (money to pay off old debts) are held out in prospect, but "the risks of not concluding swiftly the negotiations remain fully with Greece."

Indeed a document of Greece's shaming and humiliation, as well of an unbearable display of conceit by the other Euro states. But even more it is an expression of failure. The declaration is not worth the

## Major shock in the EU: The people are interfering!

The nightmare of all those with influence in the EU – technocrats, media magnates, investors, newspaper editors, bankers, shareholders, celebrities and opponents of democracy – has become reality: somewhere in the European Union a people spoke out.

We, the Swiss, are accustomed to vote several times a year and thus take decisions on issues that have a significant impact on our lives. It is difficult for us to grasp the relevance of a national referendum in a country like Greece, where the last referendum was held in 1974, 41 years ago! Since then, neither the right nor the left has dared to use this instrument again.

The propaganda campaign for a "Yes" led by the EU, took effect far beyond the Greek borders: It is easy to understand why. By their "No" the Greeks have certainly rejected further austerity measures, but above all they have shown that it is possible to stand up, to speak out, thus to interfere in the country's governance and engage in politics. It is not so much the result of this referendum, that scared and terrified the unelected EU-technocrats as the fact that it took place at all. The very

idea that the people could change from subjects to actively engaged citizens, appears completely absurd to them.

Once again the EU showed its true face, one of a profoundly anti-democratic organisation. Note that the peoples themselves have mostly behaved rebelliously at the very rare referendums in recent years – they opposed to the specifications of the technocrats and expressed their wish for independence. In the Netherlands as well as in France the citizens rejected the project of an EU constitution. In France the "No" of 2005 caused an actual political earthquake. Despite that media brainwashing, which makes Soviet propaganda appear moderate in comparison, the French people gave the entire political-media elite, unanimously advocating "Yes", a resounding slap in the face.

Even if the specific effects are limited, we should not underestimate the political and symbolic weight of such democratic reactions.

Source: *Lettre de nouvelles de Julien Sansonnens* No. 52 July 2015, [newsletter@jsansonnens.ch](mailto:newsletter@jsansonnens.ch)

(Translation *Current Concerns*)

paper it was printed on. This style of open dictatorship will antagonise Europe and the Europeans even more than in the past years. Recent reactions do indicate this. And we can only say: step by step, things will break apart which do not belong together. The only questions will be: what is the price? The best solution of the euro zone would be a controlled insolvency – without too many sacrifices for the people. What is currently being practised is delaying the filing for insolvency. Why not start to consider liquidating the whole euro zone (and maybe also the EU in its present

form) in a controlled and socially responsible way? Why not give the states in the euro zone and in the EU more sovereignty and hence more independence and responsibility? The current profiteers of the euro zone and the EU have as well to consider the current and future economic, political and human price of their project. Is this worth it? Wouldn't it be, in the long term, a much more tolerable situation if Europe was relying more on values like freedom, law, democratic sovereignty and human dignity? Even if Big Brother beyond the Atlantic would not like it.



# “The right to live in dignity and decency”

Thomas Kaiser

At present there are often other issues in focus of media coverage, since the financial and economic crisis has by and large disappeared from the front pages of the daily newspapers unless something extraordinary happens, as the development in Greece seems to offer. If that is the case, the general public is inundated with press releases and newspaper articles, experts are questioned and the media propaganda is in full swing. However, the reader is rarely much wiser after reading what he is served. It is also a fact that the concomitant human consequences hardly find entrance into the official world of information.

Allegedly all countries except Greece are on track. Thus, public opinion is turned against a small EU country because the Greek government is not willing to put up with entirely all of the dictates of the so-called Troika. However, the development in Greece is (unfortunately) no exception. In the end, it all comes down to the question of what kind of world with what type of economy we want to live in. Vice Director of the Department of Banking and Finance at the University of Zurich, Professor of Finance and Head of RPP “Finance”, Marc Chesney, has contemplated this question in his book “Vom Grossen Krieg zur permanenten Krise - der Aufstieg der Finanzaristokratie und das Versagen der Demokratie.” (From the great war to the permanent crisis – the rise of the financial aristocracy and the failure of democracy).

Marc Chesney bluntly expounds the machinations of the financial groups and their effects on the community, and – as the title already leads us to expect – their effects on democracy. And all countries are affected by them. In his study Marc Chesney takes an ethical stance that is all that one can wish for, precisely in the financial sector. His outrage at the greed of banking institutions and their managers as well as their lacking sense of responsibility is pleasant and refreshing. It calls for political, and also educational, action because a different ethical attitude can hardly be brought about by new laws, even though they are also very important. Here we need a change of thinking orientated much more towards public spirit, the common good, human sympathy, benevolence and ethics and, in the long run, towards an education for more democracy.

## Setting limits to inordinate greed

In the introductory chapter the author draws a comparison between the beginning of the First World War and today’s war at the financial centres, whose princi-

pal weapons are gigantic speculative bubbles which have a devastating impact and can tear entire economies into the abyss. According to Chesney “die europäische Jugend [stirbt] nicht mehr massenhaft in den Schützengräben oder auf den Schlachtfeldern (...) und doch wird sie in diesen Krieg der anderen Art hineingezogen, den Finanzkrieg, unter dem sie häufig zu leiden hat.” (p.18) (Europe’s youth no longer dies ‘en masse’ in the trenches or on the battlefields (...) and yet it is drawn into this war of another type, the financial war, under which it frequently has to suffer.) The high numbers of unemployed young people are a reflection of these disastrous consequences brought about by the rampant money economy on the financial markets.

A departure from the post-war period economy began, according to Marc Chesney, with the election of Ronald Reagan as the President of the US and of Margaret Thatcher as the Prime Minister of Great Britain. What followed was the implementation of the neoliberal economic policy, which, starting from these two countries, was enforced in all the other Western countries, as well. After the collapse of the Soviet Union and its opening towards the West, this policy also established itself more and more in the former “satellite states”. According to Francis Fukuyama the introduction of neoliberalism should have launched and characterised an era of peaceful coexistence. “Ihm zufolge sollte es mit dem Ende des Kalten Krieges zum internationalen Konsens einer liberalen Demokratie kommen.” (p.20) (According to him, the end of the Cold War should have led to an international consensus on liberal democracy.) This is not the case, as so-called democratic countries such as the US, Great Britain, and also Germany, Italy and France, all states defining themselves as democracies, have been actively involved in the wars of the past 25 years – all of them wars of aggression and instigated by Western democracies. Thus already in 1917 the US entry into the war was by no means an act of selflessness and altruism, even if the then US President Woodrow Wilson initiated his legendary 14 point plan of March 1918 on exactly this premise. As Chesney aptly remarks, “Angst vor kolossalen finanziellen Verlusten für die amerikanischen Banken, die England und Frankreich Gelder geliehen hatten” (fear of colossal financial losses of the US banks that had lent funds to England and France...) was “... einer der wichtigsten Faktoren für den Eintritt Amerikas in den Krieg.” (... one of the most important reasons for America’s

“Whatever party they may belong to, the only policy politicians are allowed to pursue is the one the financial markets would like to see. This is a special blend of dictatorship. It was in November 2011 when *Giorgos Papandreou*, then still prime minister of Greece, had the guts to announce a referendum in which the Greek citizens were to get the opportunity to voice their opinion about the financial aid offered by Europe to their country and the austerity measures coming with this aid. He lost his job a couple of days later. In our supposedly democratic system, such an opportunity to have a say about how their tax money is used and other questions relevant to them would be desirable not only for Greek, but also for German and French citizens!” (pp. 31)

entry into the war.) (p. 21) The parallels are obvious. Although in war lives are destroyed physically, financial crises destroy human existences in other ways. It can hardly be expressed more aptly than as follows: “Die neue Religion des Neoliberalismus fordert Opfer auf dem Altar der Kasino-Finanzwelt. Der Versuch, die Finanzmärkte zu beruhigen, ist illusorisch.” (p. 23) (The new religion of neoliberalism requires sacrifices on the altar of the casino world of finance. The attempt to calm the financial markets is illusory.)

## “Banking system saved at the expense of the taxpayers”

At several points Marc Chesney draws comparisons between war rhetoric and “financial propaganda”. “Während des Ersten Weltkriegs waren es die Nationen, die aufs Podest gestellt wurden, die Opfer verlangten. (...) Heute verlangen die ebenfalls zum Gott erhobenen Finanzmärkte fortwährende Befriedigung und die damit verbundenen Opfer.” (p.26) (During the First World War it was the nations that were put on a pedestal and demanded sacrifices (...) Today, the equally deified financial markets also demand perpetual satisfaction and the ensuing sacrifices.) Initially these sacrifices were of a financial kind. “Südeuropa und besonders Griechenland sind ausgeblutet, nachdem ihnen brutale Sparprogramme auferlegt wurden.” (Southern Europe and particularly Greece have been bled dry after brutal austerity measures were imposed on them.) But not only in these countries are people suffering. In Germany, which is being referred to as an economic engine per se, nearly 12 million are living below the poverty line, that is, about 15%

**“The right to live in...”**

continued from page 9

of the population. This is outrageous: in Italy it is 12%. Given these figures the question arises, where the money is going that has positively been pumped into the financial system by the Central Banks? Why did the affected people not benefit? Down what throats were the horrendous amounts thrown? “Der Versuch, die Finanzsysteme zufriedenzustellen, gipfelte bisher darin, dass das Bankensystem auf Kosten des Steuerzahlers gerettet wurde, ohne dass eine wirkliche Gegenleistung erwirkt wurde.” (The attempt to satisfy the financial systems has so far culminated in the rescue of the banking system at the taxpayers’ expense without obtaining any real quid pro quo.” (p.27) The sums with which it was attempted to rescue the European banks are exorbitant. “Seit 2008 haben die europäischen Staaten an die 400 Milliarden Euro ausgegeben, um ihre Bankensysteme zu retten. Doch in die Wirtschaft und zu den geprellten Bürgern ist das Geld nicht geflossen.” (Since 2008 the European states have spent almost as much as 400 billion euro in order to rescue their banking systems. But the money did not go to the economy and to the short-changed citizens.) In a high-street bank the popular consolation was that the crisis had to be ridden out for the moment so that afterwards business might go on as usual. Chesney explains what this “business as usual” means: “Die im grossen Stil von der EZB in das Finanzsystem gepumpten Gelder sind keine echten Investitionen in die Wirtschaft. Die Prioritäten der Grossbanken liegen eindeutig woanders. Statt sich auf ihre eigentliche Kerntätigkeit zu konzentrieren, nämlich den europäischen Unternehmen für ihre rentablen Investitionsvorhaben Kapital zu leihen, lassen sie sich auf gewinnbringende Aktivitäten wie die genannten Arbitragegeschäfte und den Vertrieb von komplexen und häufig toxischen Finanzprodukten ein. (...) Diese in den Finanzsektor eingebrachten Gelder erzeugen hohe Renditen an der Börse, während die Krise in der Wirtschaft anhält.” (p.28) (The funds pumped into the financial system on a large scale by the ECB are no real investment in the economy. The priorities of the big banks clearly lie elsewhere. Instead of focusing on their core function, namely supplying European companies with capital for their profitable investment projects, they enter into profitable activities such as the above-mentioned arbitrage activities and the distribution of complex and often toxic financial products [...] These monies introduced into the financial sector generate high returns on the stock market, while the crisis in the economy persists.” Chesney speaks

of two waves of globalisation, which have already overrun the people of the modern age. By the way, the belief that globalisation had simply been there, is as unhistorical as the assertion that there is no alternative. Actually Europe experienced a phase of “globalisation” already once during the period of high imperialism from about 1870 until the end of the First World War. This “globalisation” was characterised by the conquest of a number of continents, by an unbridled free trade and the shameful exploitation of the colonial countries, partly by means of brute force. The First World War and the Great Depression then caused people to search for new answers. In the US, for example, free trade was restricted, the state created economic stimulus packages, and there were attempts to set up barriers to restrain stock jobbers, but these attempts were not consistent. The Second World War promised profits in billions to the US defence contractors, especially as companies like *Ford* or *General Motors* had their own offices in the German Reich.

**“US major banks foremost in the creation of dubious and toxic products”**

The second wave of globalisation is determined most notably by the neoliberalism of US-American provenance. US military power and dollar dominance allow America to live beyond its means. “Auch die USA spielen im Rahmen der zweiten Globalisierungswelle eine Schlüsselrolle. Sie sind die Verfechter eines anderen Eldorado: des ungezügelter Neoliberalismus. Seit den 1980er Jahren sind die US-amerikanischen Grossbanken in der Finanzwelt hinsichtlich der Schaffung von zweifelhaften und toxischen Produkten federführend. Überdies verleihen ihre militärische Macht und die Dominanz des Dollars den USA einen eindeutigen Vorteil, wodurch sie über ihre Verhältnisse leben können.” (p.39) (Also the United States play a key role in the second wave of globalization. They are the champions of another Eldorado: unbridled neoliberalism. Since the 1980s, the US major banks have been leaders in the financial world with regard to the creation of dubious and toxic products. Moreover, their military power and US dollar dominance confer a distinct advantage to the US, which allows them to live beyond their means.)

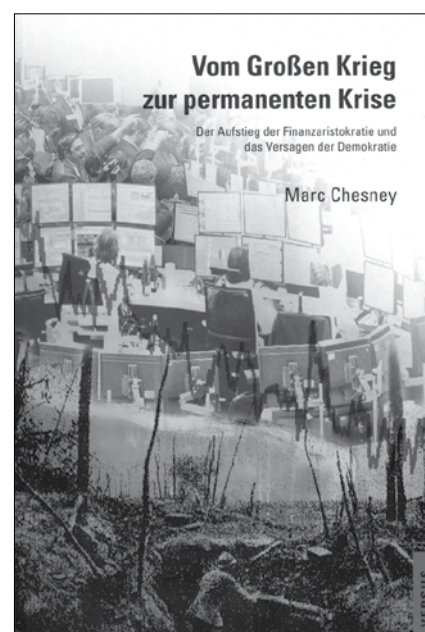
According to Chesney, another phenomenon, characterising this second wave of globalisation can be observed: the distribution of income. In the US in 1910 1% of the population obtained 18% of the sum of all incomes. In 1970, however, they only received 8%. Today we are back to 18%. These figures seem incredible, if you keep in mind that 40% of the world population have to live on less than two dollars per day and that 870 million of them

suffer from chronic malnutrition. *Jean Ziegler* describes the consequences of these facts in his book “We let them starve”. In this book he argues that chronic malnutrition in childhood leaves lasting damages, which cannot be regenerated even up to adulthood. Where malnutrition does not lead to death, it nevertheless harms human beings severely. But things could be different. For as Ziegler argues in his latest book with the telling title “Change the World!” that our Earth has so much agricultural potential that it could feed 12 billion people, ie. almost twice as many as it could feed today, if this were not prevented by other interests.

**“The economy requires managers who are aware of their responsibility”**

The discrepancies in assets, income and property among people are huge. Nearly 3 billion people have less than 2 dollars a day at their disposal, however “dem Ranking der *Agentur Bloomberg* vom 2. Januar 2014 zufolge [besitzen] die reichsten 300 Milliardäre der Welt (...) ein Gesamtvermögen von 3,700 Milliarden.” (p.44) (according to the ranking of the agency *Bloomberg* of 2 January 2014, the richest 300 billionaires of the world possess 3.7 trillion in total assets.) In these facts, Chesney perceives “das Symptom einer unersättlichen Gefrässigkeit der Finanzwelt und der Logik, die dieser Sektor der Wirtschaft auferlegt. Dies ist eine Krankheit, die den Menschen schadet, da sie den Grundprinzipien widerspricht, die den meisten seit ihrer Kindheit unabhängig von Herrschaft, Kultur oder Religion eingeschärft werden.” (p.44) (the symptom of the financial world’s insatiable voracity and of the logic which this sector imposes

continued on page 11



ISBN 978-3-03909-171-3

**“The right to live in...”**

continued from page 10

on the economy. This is a disease that harms human beings since it contradicts the basic principles which most of us have been inculcated with since our childhood, regardless of rule, culture or religion.” Most notably since the spread of neoliberalism exorbitant managers’ wages have been established evermore. Tens of millions, which were also paid if the group in question was in the red, have nothing in common with the sense of responsibility and the assumption of obligations, but they are an expression of a development where everything revolves around mere self-enrichment. “Die Wirtschaft braucht Manager, die sich der Verantwortung bewusst sind, die sie nicht nur gegenüber den Aktionären, sondern auch gegenüber ihren Mitarbeitern, Kunden und allgemein gegenüber der Gesellschaft haben.” (p.45) (The economy needs managers who are aware of their responsibilities not only towards their shareholders, but also towards their employees, their customers and towards society in general.)

What is being only selectively perceived in the current debate, is the horrendous national debt of almost all industrial nations: “In den USA beträgt die Verschuldung insgesamt (Privatleute, Unternehmen, Staat, Finanzsektor) 340% des Bruttoinlandprodukts.” (p. 46) (In the US the overall debt (private individuals, businesses, state, financial sector) amounts to 340% of the gross domestic product) US government debt alone amounts to 18 150 billion dollars (<http://www.haushaltss-teuerung.de/schuldenuhr-staatsverschuldung-usa.html>). In other industrialised nations the figures look no better. The levels of public debt entail the absolute dependence of these states on their investors. The example of Greece makes this obvious to everyone. There are almost no ways or means to get out of the debt trap. New loans are obtained to repay the ones that are due for payment – this is no way to escape the spiralling debt. More often than not the new loans are subject to conditions based on the neoliberal economic policy and boiling down to a sell-out of state property. Thus Greece must currently introduce a massive VAT increase, cut pensions and civil servants’ salaries and privatise even more state-owned enterprises, which is tantamount to throwing the “family silver” onto the market. The country is being requested to economise itself to death.

**“The invisible hand of Adam Smith increasingly ineffective in the financial world”**

The financial crisis clearly showed that the growth of national economies is not

based on prudent and sustainable economic activities but on a kind of casino economy which focusses first and foremost on short-term profits instead of long-term planning for the benefit of the current as well as future generations. Chesney notes accordingly: “Schliesslich scheint die Unsichtbare Hand von Adam Smith in der Finanzwelt zunehmend unwirksam zu sein. Das Verfolgen individueller Interessen fördert immer weniger die Interessen der Gesellschaft.” (When you come to think of it, the invisible hand of Adam Smith seems to be increasingly ineffective in the financial world. The pursuit of individual interests furthers the interests of society less and less.)

In the chapter about “Characteristics of the financial Casino” Chesney shows what the specific properties of this Financial Casino world look like. One of them is the trade in Milliseconds. While a stock-market trader would hold on to his shares for 5 years on average in 1940, this average time has come down to one minute in the US today. This way the stock exchange has turned into one gigantic casino and has utterly lost its original function, namely to provide cash to industrial enterprises. A big proportion of the trade transactions are done “over the counter”, i.e. outside the stock-market, which renders them totally non-transparent. Apart from these ways of transactions the financial institutes have developed a whole bunch of new products, including so-called credit default swaps. These are insurances one can buy to be insured against a company not being able to repay credits – even if has not granted a credit to this particular company. In fact these are bets on a company going out of business or going bankrupt. Moreover there are similar CDS’s with which one can bet on the death of a sick person or the imminent bankruptcy of enterprises or states. “Je älter der Versicherte ist, je schlechter sein Gesundheitszustand und seine wirtschaftliche Lage sind, desto interessanter ist er als Kunde. Die wichtigste Variable bei dieser Rechnung ist die Sterblichkeitsrate. Je früher der Tod eintritt, desto höher ist der Profit des Investors.” (p.54) (The older the insured, the more problematic his health and financial situations are, the more interesting he gets as a customer! The most important variable in this equation is the mortality rate. The sooner he dies, the higher the profit of the investor.) It is certainly quite hard to think of something more perverse than this.

Structured products, a combination of derivatives, are another blend of bets from the “financial casino world”. Big banks can speculate on these and due to their gigantic capital volumes potentially make horrendous profits. For private customers the risk is much higher and consequent-

“In the year 2000, the fiscal deficit of Greece had been partially covered up by Forex swaps, a complex financial product of the *Goldman Sachs Bank*, one of the big actors in the financial markets. Although it might have been better not to join the euro zone, the hidden deficit contributed to the erroneous assumption that Greece would fulfill the Maastricht criteria and were therefore entitled to join. *Mario Draghi*, the president of the European Central Bank mentioned above, used to serve *Goldman Sachs Europe* as their deputy chairman. Notably he has never criticised these cover-ups in public as yet. Another important cog in the wheel of this transaction was *Loukas Papadimos*, who used to be governor of the Greek central bank at that time and later became prime minister of Greece in 2011.” (p. 32)

ly the probability to lose money rises. But banks can lose severely that way, too, as shown by the bank crisis of 2007/2008. In the worst scenario this will lead to banks going out of business, and with the “too big to fail”-theory the state will assist the challenged financial institutes in most cases. Those banks which still do what their original purpose used to be, namely provide cash to the economy in order to enable enterprises to invest, seem to have been marginalised for a long time, now.

**“The financial sector ought to serve the economy”**

The extremes of a capitalism running havoc in the way Marc Chesney describes it are outrageous, and so is the fact that no real change has been implemented to this day, instead the banks returned to their old speculation orgies. Years ago the directors of the US mortgage banks *Freddie Mac* and *Fanny Mae* announced that they held just the same amount of toxic assets in their portfolio as before the crisis, but this time it did not pose a problem because of the state guarantee. It goes without saying that nothing will improve under such conditions and that it is only a matter of time when the next crisis will erupt and tax payers will be made liable for the bank losses.

However, Marc Chesney does not just presents these depressing analyses of reality but he also tries to offer several recipes for a solution in his last chapter. There he demands in clear words: “Der Finanzsektor sollte im Dienst der Wirtschaft stehen, statt diese zu beherrschen, wie es aktuell der Fall ist.” (p.83) (Rather than ruling it, as it is the case at present, the financial sector should serve the economy.) Moreover he argues that as long as the “too big to fail”-paradigm is upheld banks have no reason to be inclined towards less risky trade hab-

continued on page 12

# The significance of direct democracy to ensure social peace (part 4)

## The peace agreement of 19 July 1937 in the machine engineering and metal industry

by Dr. rer. publ. W. Wüthrich

*A brief resume at the beginning: Part 1 of this series of articles (CC 14 of 2 June 2015) showed how tensions between the workers and their organisations and the political leadership in Switzerland increasingly intensified during the last years of the First World War and how finally the general strike was proclaimed in November 1918. After this national crisis many referendums have contributed to establish social peace.*

*Part 2 (CC 15/16 of 16 June 2015) advanced to the roots of our economic constitution and stressed the significance of direct democracy for a peaceful economic development.*

*Part 3 (CC 17 of 30 June 2015) showed how, after the First World War, the Federal Council and Parliament too often circumvented the people's rights in the economic field via emergency law, and how the population resisted.*

*Part 4 now deals with the 1937 peace agreement between the associations of employees and employers in the metal industry and its significance for Switzerland. However, such a development would also be desirable for any other country.*

### Historical background: referendum as an alternative to class struggle

In the months and years after the general strike the workers in Switzerland experienced again and again that their concerns were taken seriously by the whole population and that they prevailed in the polls. The 48-hour week and the introduction of the proportional representation (with which the Social Democrats were able to double their seats in the National Council), are some examples. The number of strikes decreased and the majority of affairs in the world of work were now regulated by collective agreements. The strike however remained the main weapon of the unions until well into the economic crisis of the thirties. But even in this period there were numerous referendums in which the workers experienced their concerns to be taken seriously by the entire population. Here are two impressive examples: At that time, the Federal Council pursued the policy of the "good housefather" who avoids making debts and adapts expenditure to income. Since tax income had collapsed during the crisis, the Federal Council wanted to reduce the wages of the Federal personnel. Moreover, lower

wages would reduce costs in general and strengthen the competitiveness of Swiss products abroad. The Council's reasoning toward the staff was as follows: The prices were indeed generally declined in deflation and thus the purchasing power of money had increased and so they could also reduce wages. Quite understandably, the unions did not agree, launched a referendum, collected nearly 300,000 signatures (ten times more than required). 80 per cent of voters went to the polls on 28.5.1933 and the unions won their case. Note: at that time the referendum could be taken even against the government's policy on wages in Switzerland. Another success was added. In 1934 the trade unions and the Social Democrats launched a popular initiative, the so-called crisis initiative. Within six months they collected eight times as many signatures as required, and experienced, that as much as 85 per cent of voters went to the polls. Their popular initiative was rejected but reached a high level of support and had an effect on the future reform of the *economic constitution*. In these years, the workers

continued on page 13

### "The right to live in..."

continued from page 11

its. That means the special privileges of big banks and investment funds are harmful to the economy and the common good.

### "A real democracy has to be introduced"

Since it provides the opportunity to the people to initiate a referendum against laws or to challenge the extremist behaviour of banks with initiatives, direct democracy is the only efficient remedy against the arbitrary rule of the financial markets and a policy which is dedicated more to the corporations than to the citizens. The initiatives against exaggerated manager boni, the so-called "rip-off artists initiative" of *Thomas Minder* is the classical example of how an initiative may be launched by like-minded citizens and the people as the sovereign at the end decide on the issue. While in other countries this opportunity does not exist as yet, Chesney argues that it should be created by all means. "Eine echte Demokratie muss eingeführt werden, wie es zum Beispiel in der Schweiz der Fall ist, damit sich der Bürger zu kontroversen Themen

äußern kann, über die mit Hilfe eines Referendums abgestimmt wird. (...) Es ist unbegreiflich, dass in angeblich demokratischen Ländern wichtige politische und energetische, soziale, wirtschaftliche oder finanzielle Fragen nicht wirklich demokratisch entschieden werden können." (p.85) (A real democracy has to be established, as it is the case in Switzerland, so that the citizens may voice their opinions in controversial issues and vote on them in referendums. (...) It is beyond comprehension that there is no opportunity to vote on important political and energy-related, social, economical and financial questions in supposedly democratic countries.)

Chesney's endorsement of Swiss direct democracy is a blessing and should be carved in stone for all those who believe democracy were the ritual of castings votes for political parties every four years, as is customary in most European countries, or who think that the issues were too complex and therefore could not be decided by the people. Anybody familiar with Swiss history and the development of direct democracy will know that its introduction was preceded by long and stubborn fights. What was true for Switzerland will be the case

even more in other countries with different histories and traditions. The strong federalism, the tradition of co-operatives, the love of freedom and the insight from painful experiences that staying neutral as a state was preferable to competition with foreign powers – all those paved the way which led from the old political system of the mid 19<sup>th</sup> century together with the ideas of enlightenment to the creation of what Switzerland is today. A civil society like no other in the world.

Apart from the necessity to strengthen democratic control and develop towards direct democracy in other countries, Chesney identifies other areas where action is urgently needed for the regulation of markets and banks. His comprehensive proposals are all worth discussing and provide an excellent platform from which to control and correct the extremes of the capitalist system and re-establish an economy oriented towards the common good.

"Last but not least the implementation of those measures requires the politicians to have the abilities of analysis and ... courage. They bear responsibility towards present and future generations who are entitled to a decent life in dignity." •

**"The significance of direct democracy..."**

continued from page 12

repeatedly experienced that they were associated with the rest, and that class struggle and thinking in terms of classes were no longer necessary in direct democratic Switzerland.

**The 1937 Peace Agreement – historical background**

Immediately after the Social Democrats had approved of military defense of the country, *Konrad Ilg*, president of the Swiss metal and watches' Union SMUV addressed *Hans Dübi*, president of the Association of Swiss Engineering Employers ASM and suggested to set the relationship between employees' and employers' organisations on a new basis. *Konrad Ilg*, who raised in Salenstein in the Canton of Thurgau, was a locksmith who passionately fought for the interests of workers. Even as a young worker he organised a strike for the construction workers and founded the Trade Union of Metalworkers in Lausanne. He preferably studied the writings of *Pierre Proudhon* and the French Socialist *Jaurès*, whose deep humaneness impressed him. In 1909, as a young man of 32 years, he became Secretary of the Swiss metal and watches' Union SMUV, and in 1917 – 8 years later – he was elected the union's president. From 1918 to 1919 and from 1922 to 1947, he was a

the more important, because Switzerland had to buy the entire raw materials for its industrial products abroad and could compensate for this disadvantage only with a higher quality. Everyone – entrepreneurs, workers, cadres – had to work together and ensure the efficiency of the business.

This was the attitude with which *Konrad Ilg* started negotiations with the employers' association for an agreement. His counterpart was *Ernst Dübi*, director of *Von Roll* in Gerlafingen – a Colonel in the army and Chief of Artillery in the 4<sup>th</sup> Army Corps. *Ernst Dübi*, in turn, was working on changes on the employers' side. It was his concern that some employers dissociated from the "master of the house" attitude. They should no longer perceive the typical "workers' worries" about wages, working hours, holidays, insurance and other things in a defensive manner as exaggerated claims of the counterparty, but realise them as important factors that improved the quality of products and secured the company's existence.

Both – *Konrad Ilg* and *Ernst Dübi* – initiated a change of attitude, even more so a cultural change in the relationship between employers and employees. They should no longer face each other as paramount and subordinate in a social and professional hierarchy, but meet as equals and human beings on a par. Thus they initiated a development that has continued until today. Today no one speaks of workers

although in the boom (when the order books are full) it would actually have been easier to exert pressure on employers by a strike.

**Test for the peace agreement after the Second World War**

In the negotiations on the peace agreement, the parties had agreed not only on refraining from strikes, but also on increasingly regulating the issues of the employment relationship within the framework of collective employment agreements – including issues that were previously regulated by law. Collective employment agreements were more flexible than the Factories Act, they could make use of a decentralised approach and also take into account operational and regional differences – all the way following the principle of subsidiarity: the acts should only include issues that the social partners could not settle themselves.

Numerous polls and popular initiatives in the run-up to the peace agreement in 1937 encouraged a rapprochement between unions and employers' associations. However, after the Second World War, the agreement had to pass a serious test. The cause of this crisis was in fact a popular initiative. The former party of the *Ring of the Independents* launched an initiative in 1954 to introduce the 44-hour week. It should pave the way for the five-day week. Regular working hours in the industry at that time was 48 hours on 6 days. *Gottlieb Duttweiler*, founder and patron of the *Migros* cooperative, was considered the father of this initiative, so that the initiative was referred to in the coming confrontations as "Duttweiler-Initiative". It was surprising that this attempt to reduce working time was launched by employers. Today, *Migros* is the largest employer in Switzerland.

*Duttweiler* intended to complement the Federal Constitution with the following sentence, "The ordinary working hours in the factories must not exceed 44 hours. (...) This provision shall enter into force one year after the adoption by the referendum". The Factory Act would have to be altered accordingly after adoption. As an employer, *Duttweiler* followed a long tradition of the labour movement, which had so often demonstrated on 1 May for the eight-hour day. After the First World War the people had twice voted on the 48-hour week in the Factory Act and both times they had voted Yes. It seemed that the *Duttweiler* initiative fit seamlessly into this tradition, however, it did not go down particularly well with the Swiss Federation of Trade Unions SGB. *Walter Steiner*, SGB president, rejected the request. Times had

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member of the National Council for the Social Democrats.

In 1918 *Konrad Ilg* was vice president in the Olten action committee, which organised the general strike. His later statements and speeches suggested that he acted in a mitigative manner, exerting his influence on some overly revolutionary-minded colleagues. Above all, he disagreed with the Marxist-oriented colleagues, who argued that there was an unbridgeable opposition between labour and capital. The opposite was true, he said, namely that there was a mutual relationship of common interest between the two groups. In any business the funds that the workers needed to live on, and the means that the business needed for its existence and for its construction, were derived from the same source – namely the sale of products produced together in the factory. Both sides were equally interested in a successful sale. This insight was all

and employees – but of co-workers. The peace agreement in 1937 was a first and major step in this direction. It facilitated the possibility of getting closer in a difficult time. In 1942 *Konrad Ilg* and *Ernst Dübi* were both awarded an honorary doctorate from the University of Berne.

The peace agreement was welcomed by the majority of the population. Only the Communists kept up their opinion that the antagonism between labour and capital was unbridgeable. This agreement became a model for numerous collective employment agreements until today. In the next twenty years no less than 1,500 collective employment agreements were concluded in all branches and industries in the country, all of which included the intention to improve the living conditions. While in the years prior to the Second World War about 90,000 working days per year were lost for strikes, this figure dropped in the years after the Second World War to zero,



**"The significance of direct democracy..."**

continued from page 13

been changing since the settlement of the peace agreement, he said.

Walter Steiner was a close associate of Konrad Ilg and had conducted negotiations on the peace agreement with him in 1937. Now Steiner said No to the invitation of Gottlieb Duttweiler to participate in the collection of signatures, and put it more precisely: it was not a No to the 44-hour week, but a No to a centralised, unified solution. The 44-hour week could not be brought about from above by government coercion through a legislative amendment. The unions would conduct negotiations in the tradition of the peace agreement, which would achieve the goal – even though this took more time than a change of law. This way was much more flexible and would take into account the differing circumstances in the various sectors and industries. That was the path the trade unions had decided upon jointly with employers in 1937, which they would hold on to, now.

The question now was if the voters including the unionists would give their consent in a referendum to the way of collective employment agreements and reject the constitutional and legislative changes

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that would probably bring about the objective faster? The employers at that time preferred talking about wage increases instead of the reduction of working hours, since the order books were still full and the number of allowable overtime was exhausted. The free Saturday was very tempting for many. – The outcome of this vote would set the course. A Yes would immediately have had a new popular initiative as a result which would thus improve the working conditions for the employees.

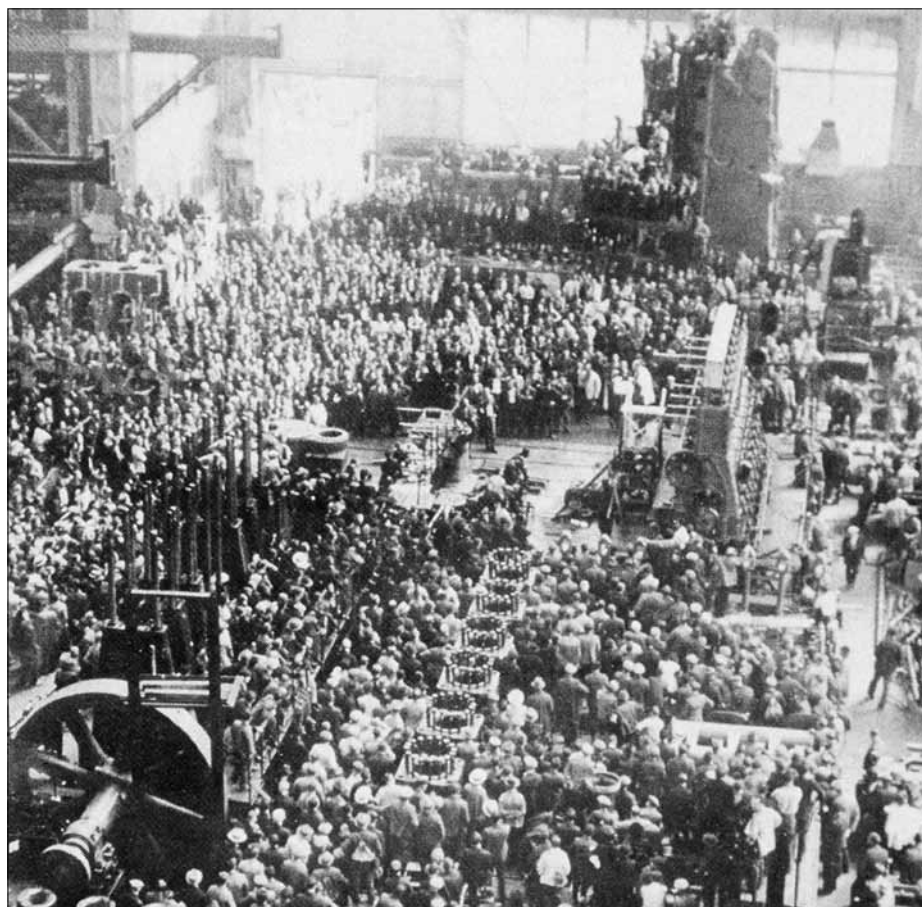
SGB-President Walter Steiner had to fight some resistance, especially in his own ranks, until the assembly of delegates of the Federation of Trade Unions decided on the No-parole for the vote. However, the people conceded that Steiner was right – and on 26 October 1958 clearly rejected the Duttweiler initiative with 65 per cent of No-votes. This result expressed that the vast majority of the population supported the SGB president's ways and that they

were aware of what the peace agreement meant for Switzerland. Despite the people's No, working time was shortened in varying pace in the years after 1958 and the five-day week was introduced – but voluntarily and flexibly in the context of collective employment agreements and not from above by government compulsion.

**Setting the course for the future**

The vote of 26 October 1958 strengthened the tradition of the peace agreement. There have been and still are occasional strikes and even popular initiatives, which have demanded shorter working hours, longer holidays and other union requirements such as worker participation or minimum wage in a legal way and still do so – until today. The people however repeatedly voted No. In 1976 the 40-hour week was rejected by 78 per cent No votes. In the same year, two referendums were held which would have equipped the Confederation with the competence of enacting regulations on the "participation of the workers and their organisations in businesses, enterprises and administrative bodies". The people voted No on the referendum as well as on the counter proposal of Parliament. In 1985, 65 per cent

continued on page 15



*The Sulzer workers gather on 3 July 1937 in the assembly shop of the Sulzer company in Winterthur. A narrow majority of the workers decides to refrain from strike in the upcoming wage dispute. This decision paves the way for the so-called peace agreement in the metal industry which was settled the very same month between the unions and the employers.*

**Contents of the peace agreement**

The introduction of the agreement says, "in an effort to preserve the labour peace which is in the interest of all those who share the preservation and development of the Swiss mechanical and metal industry, the employers' organisation and the workers' organisations commit themselves to mutually clarify important differences of opinion and any disputes in good faith according to the regulations laid down in this agreement, and to preserve peace by all means for the duration of the agreement. Consequently, any militant action, such as embargo, strike or lock-out are excluded ..." Further provisions: Wage negotiations should be conducted for a single enterprise and not for an entire branch. Conflicts should be resolved in a multistage process: first in the enterprise, then in the associations and third in an arbitration board with equal representation of mutually accepted confidants from both sides – without involvement of politics and state agencies.

(Translation Current Concerns)

## “Liberty has become the principle of state that unites us all”

Speech by Federal Councillor Ueli Maurer given on the occasion of the anniversary celebration “700 years Battle of Morgarten” at the Morgarten monument on 21 June 2015



National Councillor  
Ueli Maurer  
(picture thk)

I am not going to give you a history lecture even though that would certainly be exciting. For unlike today's students you are likely to have been taught some Swiss history at school... I would like to talk about the political significance of histo-

ry; about how history has shaped us and about what it teaches us. By marching up in this place in great and impressive numbers you all attest to the fact that history is alive.

Proof of the significance of history is also provided by the historians. Since there are a number of events to commemorate this year some of them have already expressed their views at the beginning of the year. In their minds all this is not

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“In other words, the critique of our history is not scientifically, but politically motivated. For the history of Switzerland is the history of a libertarian exceptionalism, and that does not suit everybody for political reasons.”

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that significant. According to them everything was entirely different. Now we have learned of archaeological findings that may possibly be related to the battle. But we can now already venture the prediction that this will not change the minds of the critics. From their point of view the whole of our history is simply a patriotic illusion. According to them many things have simply been fabricated or misinterpreted.

There is only one conclusion to be drawn from this: anyone who goes out of his way to deny the significance of our history shows merely one thing – namely how important our Swiss history really is.

If our history were not important, it would not be so vehemently called into question, but simply silently forgotten. However, this is not the case. Morgarten is

a good example. The memory of the Swiss Confederacy's first battle for freedom has stayed alive over the centuries.

The monk *Johannes of Winterthur* tells us about it in his 14<sup>th</sup>-century chronicle and he mentions an annual ecclesiastical commemoration day for the fallen soldiers. Around 1500 the Schlachtkapelle (literally “the battle chapel”, a chapel dedicated to the memory of the Battle of Morgarten) is mentioned for the first time. Since 1912 there has been the Morgarten shooting.

For the “intellectual defense of the nation” during the Second World War Morgarten became a symbol for the spirit of resistance and the desire for freedom

continued on page 16

### “The significance of direct democracy...”

continued from page 14

voted No for extending the vacation to a four weeks' period for younger and a five weeks' period for older workers. In 1988, 64 per cent of the people said again No to the 40-hour week. In 2002, 75 per cent of the people voted No to a flexible reduction of working time to 1872 hours a year – which would have corresponded to an average of a 36 hour week. In 2012 – three years ago – 67 per cent of the voters said No to the initiative “6 weeks' holiday for everyone” and in 2014 the people voted again No on a legally binding minimum wage.

The voting results on working time were occasionally interpreted abroad in a way that the Swiss were just a hard working people and would rather work and have a higher income than have leisure time or longer holidays. – That's not true. The No has always been a Yes to tradition of the peace agreement of 1937 – until today. Each vote has confirmed and solidified this tradition – so that it has now become a firmly established institution, embedded in the nation. A return to the culture before 1937 – with strikes and uniform legal regulations

– seems almost impossible nowadays – (although the speeches of today's union leaders sometimes sound different). However, working time and holidays are legally registered. In the last few decades they have been regulated in the Labour Code and by the Swiss Code of Obligations – but only as a minimum standard, which leaves room for further solutions in the collective employment agreements. And this is done in various ways.

The tradition of the peace agreement corresponds to the Swiss model: the general population prefers decentralised and liberal solutions that take into account the diverse regional and cultural differences. The citizens themselves are active and are looking for solutions and ways, so that a legal provision is not necessary. This can be observed in the economic field and in many other areas of society – for example, in the 2,600 communes of Switzerland.

After these remarks on the 1937 Peace Agreement and the industrial peace, we will return in the fifth and final part of this series of articles to the 1930s, when urgent issues of the economy and a fundamental reform of the economic constitution of 1874 were discussed during the

crisis. It was about issues like: Should we stick to the liberal economic system? To which extent must the industry be guided and directed more strongly by the state? To which extent can the citizens help themselves in times of crisis and search for ways out of the crisis by getting together and establishing cooperatives? All these questions are still relevant today. – These debates were always about social cohesion and the safeguarding of social peace. Four popular initiatives played a very crucial role. More on this in part 5, the last part of this series of articles. •

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Diverse brochures on the cooperative system.

“Liberty has become...”

continued from page 15

even in the most difficult situation. Federal Councillor *Minger* e.g. said at that time that Morgarten was shining forth from our history like freedom from the morning sun.<sup>1</sup> General *Guisan*, too, issued several declarations in this sense.

Morgarten – this first and important victory of the Swiss Confederates – therefore inspired completely different generations with self-assurance and confidence. Of course, the way of commemorating the battle has changed over time. But even today Morgarten stands for our great common goal: to make our own decisions and to stay free, and also to stand up for freedom and to fight for it.

There are two aspects of the historical commemoration I would like to enlarge upon. First on the significance of history for our common identity quite generally, and secondly on a lesson to be learned from Morgarten which is highly topical even today.

History provides us with an identity

He who deprives a people of its history, deprives it of its identity. He who deprives it of its identity deprives it of its values. And a people without values becomes

open to manipulation, for it lacks a compass. There are examples even from more recent history where a people has been deprived of its history in order to be able to manipulate it.

A couple of weeks ago, the writer *Thomas Hürlimann* said in an interview with *Schweiz am Sonntag* that Switzerland was on the verge of deliberately losing its memory. He said (and I quote): “This is also evident with the politicians representing us abroad. Instead of referring to our history with a certain pride they are apologising for a people being too stupid to become an EU member.”<sup>2</sup> In other words, the critique of our history is not scientifically, but politically motivated. For the history of Switzerland is the history of a libertarian exceptionalism, and that does not suit everybody for political reasons.

But let us briefly look back without preconceptions: In this country at the end of the 13<sup>th</sup> century we have a small community in the mountains taking control of its own destiny. With the Federal Charter of 1291 the “Urschweizer” (primeval Swiss) allied themselves against foreign lords (rulers) and foreign judges. Over the centuries this has developed into our liberal political system. In a Europe characterised by monarchies until well into the 12<sup>th</sup> century this is a historical sensation.

Against all the odds the Swiss Confederacy of the time proved to be not only viable, but incredibly successful. The result was a country that is not centrally organised but on a small-scale regional basis. Thus a society emerged in which individual responsibility is paramount and in which individual achievement is rewarded. But along with this goes a commitment to the general public by non-professionals in the “Milizsystem” – whether in the army, in politics, in the church or in sports. In the process of time we have given ourselves a liberal order that provides us with more rights than the citizens of other states enjoy.

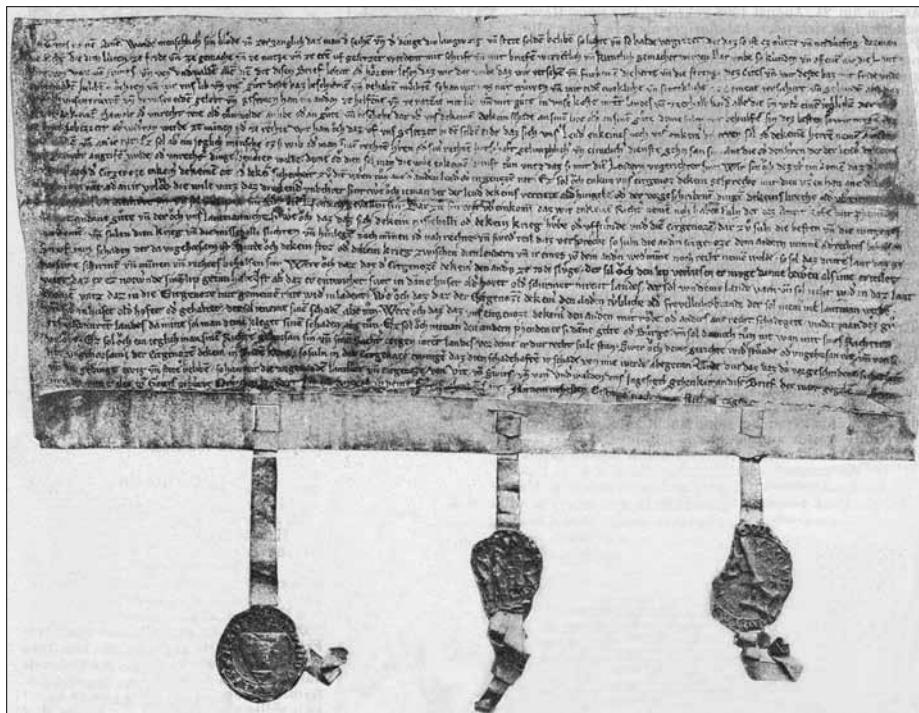
Hence freedom has become the principle of state that unites us all – whether in country or city, in German-, French- or Italian speaking Switzerland. And most importantly, the people is the sovereign and thus the supreme political authority. It is the citizens who have the final say. Popular decisions hold good – and have to be respected – even though they may not suit the government or other states.

With these public policy principles we continue to be a special case. I become aware of this time and again when I meet foreign ministers who have an entirely different conception of statehood: History has a lasting impact and I think it is marvellous that we – the Swiss – have been moulded in a freedom-loving and authority-critical vein. I think we are quite entitled to take a little pride in that.

The lesson to be learned from Morgarten

The development to a modern, direct democratic state of law has, of course, not always been linear. History never runs linear, there are always trials and tribulations. But a very decisive principle becomes evident for the first time in the Battle of Morgarten. With this I come to my second point, the lesson drawn from Morgarten:

It’s about being different and consequently building on our strengths. In it’s wake this courage to be independent has been proven successful time and again to this day, by far not only in military respects but also economically and state politically. In 1315 the Confederates had to defend themselves with arms for the first time. If they had lined up against a superior opponent in an open field battle, they would have been defeated. They cunningly used the surrounding terrain so that their opponents could not align in formation. They made use of their special arms, the halberds (a 200 centimeter’s spear combined with an axe [translator’s note]). And they chose the strategy of surprise that was outright improper to



After the Battle of Morgarten of 15 November 1215 the country people of Uri, Schwyz and Unterwalden confirmed their union of 1291 with the Treaty of Brunnen, dated 9 December 1315. This treaty amended to the Federal Charter of 1291 by strengthening the union to the outside: “No single country, and even no single man should act independently to the outside.” Furthermore, the regulation that “everyone should be obedient to his master (lord of the manor)” was amended as follows: “However, they should not vow obedience to those masters who tried to attack or harass the Confederates.” This was meant to confirm the will to self-determination and freedom. This treaty put the term “Confederates” into writing for the first time.

**“Liberty has become...”**

continued from page 16

the concept of war of the gentry. For the knights the chivalrous battle, the tournament, the riding and the handling of arms were the content of their lives. They expertly mastered that kind of warfare. If the Confederates had wanted to imitate their enemy's warfare they would not have stood a chance facing the great power of that time, the House of Habsburg. If they had accepted the courtly rules and rituals related to the chivalrous battle there would be no Switzerland today.

Hence the catchphrase of “equally long speers”, meaning “a level playing field” that is currently in use, is nonsense. We do not need ‘equally long speers’; with “equally long speers” we would lose, simply because the others are almost always bigger and have more resources. A small country can only prevail, if it can turn its own idiosyncrasies into characteristic strengths. We only stand a chance if we are more creative, flexible and better.

Thus Morgarten is the most up-to-date history lesson. The powerful states today are calling the chivalrous rules of warfare harmonising laws or “level playing field”. This is used to put pressure on Switzerland, to play according to the rules of the others and thereby we can only lose and the others can only win.

It is therefore not surprising that the EU is now demanding an institutional agreement from us. As a result we would have to take over their legal order and to subordinate us to their jurisdiction. We would give up our freedom and would be eliminated as a liberal, successful location competitor. Politically this would mean the end of our independence and economically it would be a forced levelling downward.

**Conclusion**

I'm concluding:

Firstly – history is more than a collection of interesting stories or mere colourful folklore. History determines a people or a country in their specific fashion just like life experience shapes a person. If a country forgets their history it will lose its identity and thereby its natural compass for the future. It is as if a person loses the memory of all his important experiences; like someone suffering from amnesia or dementia. This will lead to behaviour disorders for this person. It is no different for states and peoples; it is independence that is at stake and the memory for history is one precondition.

Secondly – Morgarten is a synonym for being consciously different: for not denying our idiosyncrasies but building strengths from them. This was the recipe for success in the past: our country is more liberal than others. The taxes aren't quite

so high. The structures are leaner, bureaucracy less oppressing. Legal security is better, parameters more business friendly. The citizen is the sovereign and thus determining. Thanks to a liberal order he can unfold, economically and also privately. This brings about prosperity and quality of life.

Whether we will continue this extraordinary path, will finally be your decision as electors. I do hope for our country and for the coming generations, that we will muster enough of this courage for independence.

This day today is encouraging. You are setting an important example: You are not indifferent to our history and our identity. Hence this jubilee is also a demonstration for our country and for our independence.

With this we are making it clear: We won't let our history be taken away. We won't let our roots be taken away. And on no accounts will we let our freedom be taken!

Hence I wish for the spirit of Morgarten also in our present time because it has lost none of its actuality some 700 years later.

<sup>1</sup> *Neue Zürcher Zeitung*, 17 June 2015, p. 13

<sup>2</sup> *Schweiz am Sonntag*, 7 June 2015, pp. 13 ff

Source: [www.vtg.admin.ch/internet/vtg/de/home/dokumentation/news/newsdetail.57763.nsb.html](http://www.vtg.admin.ch/internet/vtg/de/home/dokumentation/news/newsdetail.57763.nsb.html)

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