

# Current Concerns

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## The Swiss model

by Dr iur. Marianne Wüthrich and Dr phil. René Roca, Switzerland

To understand the Swiss model in all its aspects, it is necessary to illuminate the basic elements individually. In the following the cooperative principle, communal autonomy, militia system, direct democracy, federalism and subsidiarity, sustainable fiscal policy, consociational democracy and neutrality will be looked at in more detail. The individual elements add to each other fruitfully and as a whole they shape the specific political culture in Switzerland.

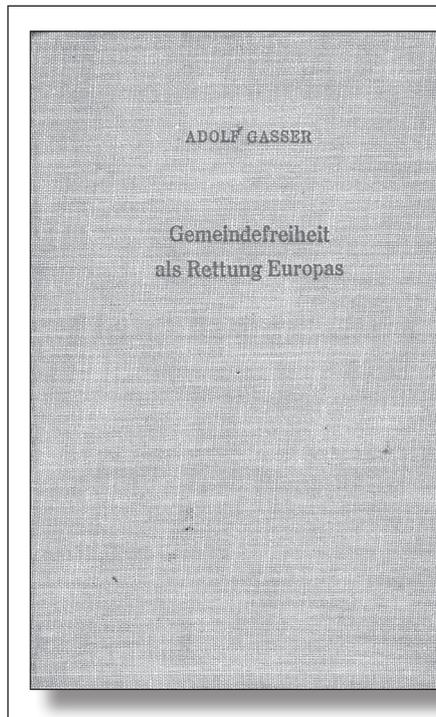
### 1. The cooperative principle as the basis of Swiss political culture

The cooperatives provide in their various forms an essential foundation for the Swiss federal state. As economic self-help organizations cooperatives are based on the personal concept of man. Cooperatives should not merely be considered as a legal structure but in a broader sense as an important social system.

The cooperative is always based locally and often embedded in the federal-subsidiary political system of Switzerland. Cooperative members democratically decide on all concerned questions. Each member has one vote.

The purpose of a cooperative is the coping with an assignment, mutually agreed by all members and statutorily regulated, which can be of various nature. It may include social tasks (e.g. nursing homes and care homes), public utility infrastructure (e.g. water, electricity, forest care), productive activities (e.g. purchase and sale of agricultural products, winery cooperatives, sewing workshops, training centers for disabled) or optimum useage of collective property. The area of operations and the way of utilization can vary, but the purpose must always serve the *Bonum Commune*, the common good anchored in natural law.

The well-known Swiss historian Prof. Dr Adolf Gasser has highlighted the importance of the cooperative principle in a very clear and plausible way. According to his findings, the history of Europe was characterized and shaped by the strong contrast of two different ethical principles, namely *domination* and *cooperative*. In this manifestations, Gasser states, two worlds were facing each other that were subject to very different laws of development: the world in which the political sys-



tem was established *top down* and the other world in which the structures were built *bottom up*, or in other words: the world of *domination* and the world of *cooperative*, the world of *subordination* and the world of *co-ordination*, the world of *centralism* and the world of *communalism*, the world of *command* and the world of *self-government*, the world of *communal bondage* and the world of *communal freedom*: “The contrast between domination and cooperative might be the most important antithesis known in social history. This contrast of authoritarian state – state of society is simply about very fundamental issues: namely about the elementary foundations of human social life.”<sup>1</sup>

In his major work “Gemeindefreiheit als Rettung Europas. Grundlinien einer ethischen Geschichtsauffassung” (Communal Freedom as a Rescue of Europe. Outlines of an ethical conception of history) Gasser explains that it is the cooperative organizing principle which leads to community ethics:

“Whereas in an authoritarian-bureaucratic state, politics and morality always base on different levels, they are inseparable in a social-communal state. Accordingly, it is the cooperative organizing prin-

### 2. The two basic forms of all community building

Civic community life is only possible in the context of an organizing principle; this must never be neglected. And there are, from an administrative point of view, only two basic organizing principles: the principle of subordination and the principle of co-ordination, or in other words, the principle of administration by command and the principle of self-administration. Either the state order is being secured by an authoritarian command and power apparatus, or it is based on the free social will of a people’s collectivity.

In one case, the state building develops essentially from top to bottom, in the other case from the bottom up. There the organizing principle is manifest in the habituation to command and obedience, here it is guided by the mutual will to free co-operation. Viewed from the outside, there have always been administrative organizations in which, the two elements became connected; but, as history shows, in such mixed forms the original constituent organizing principle constantly maintains a determining prevalence (below, pp. 169, translation *Current Concerns*).

ple, as it is the foundation of the bottom up commune, which can be called ‘communal community ethics’.<sup>2</sup>

In Switzerland this cooperative principle has not only been applied since 1848, but even before it had been an integral part of the “confederal” ethos for centuries.

Most of the cooperatives developed from the medieval cadastral constitution or in other words, they emerged from the “medieval common mark”. These early roots of the cooperative system are essential for the understanding of the Swiss political system. The historian Professor Dr Wolfgang von Wartburg writes:

“These small, natural, self-governing communities have been fertile ground and seminary of Swiss freedom and democracy and they are still today. The most extensive and most viable mark cooperatives could however be found in the mountains, where the joint alpine – and cattle farming was applied in the entire valleys.”<sup>3</sup>

In Switzerland, the *Allmend*, i.e. the common grounds or commons, were central to the spreading and organization of the cooperatives. These areas were used for pasture, as forest and badland and they had to be open to everyone. To establish their com-

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mons, the inhabitants of a village association – of one or more villages, hamlets or groups of farms – designated a specific area for collective economic use. A peasant family's work was thus divided into three parts: Besides the agricultural land and the residential area with gardens and homesteads the commons represented a third zone, which was jointly administered. Since the early Middle Ages the European nobility had sought to dominate the common lands' constitution or at least to influence it. In many places, including the territory of modern Switzerland, the cooperative principle could however be maintained. Due to the diversity of local conditions and human relations a variety of forms of cooperatives have developed over time.

For Switzerland, the preconditions of settlement history were particularly important. In the Swiss Central Plateau, where the dwellings concentrated and became villages, the common Mark or Allmend alongside with house, garden and fields was essential for all villagers. In the hilly Alpine foreland the farms united to so-called Allmend cooperatives. In many places of the Alps so-called valley cooperatives were established – on the basis of the valley communities as rural associations – as for example in Uri, Ursern, Schwyz, Glarus, Entlebuch, in the Grisons, the Valais and the Ticino valleys.

The Nobel Prize in Economy laureate Professor Dr *Elinor Ostrom* studied the basic "constitution of the commons" in a comprehensive, world-wide study.<sup>4</sup> Based on historical examples from different continents, she revealed the importance of the cooperative principle for the present. By the example of the commons her study shows how people organize when facing scarce natural resources, in order to jointly solve complex problems. In her comprehensive studies Elinor Ostrom concludes that in many cases cooperation of those directly affected is better than state control or privatization if they want good management of their local commons and their resources. So she impressively appreciates the cooperative principle and clearly reveals its importance for the economies of the 21<sup>st</sup> century.

In the Middle Ages the commons formed an important foundation of social interaction; their rules provided order and security for the geographical area we now call Switzerland. Special types of cooperatives that serve spe-

cific purposes developed in addition to the commons which could be found in all agricultural villages until the 18<sup>th</sup> century.

The cooperatives developed a community-building spirit, without which the "Willemsnation" Switzerland [forged by will not by language or culture] could never have emerged. Therefore, during the late Middle Ages and in Early Modern Age the rural or valley cooperatives took over other tasks of common work besides their traditional ones. Such were the maintenance of roads and bridges or water engineering, water supply, the building of churches or the duty to care for the poor. Thus, the rural and valley cooperatives developed slowly into rural and valley communities, the foundation of the future federal state.

Wolfgang von Wartburg writes about this process:

"The Swiss ideal of freedom has emerged from this human reality, not from an abstract idea [...]. Thus, the formation of the Swiss nation differs from all other state formations in Europe. It is not based on the desire for political unity, but rather on the desire to preserve the original character and freedom of the members, thereby helping to maintain their diversity. Its unity is not created by a superior power or by uniformity but by free cooperation in joint tasks."<sup>5</sup>

The comrades became citizens of the village and the former village cooperatives developed into public village communities. By the time this led to the development of the so-called "*Bürgergemeinde*" (citizens' communes) that are still in existence in several cantons.

The Helvetic Republic of 1798 resulted in the separation of residents' communes and citizens' communes. The division of the commons was intensified then. Some commons were on lease or in private ownership, others were owned by residents' communes, or corporations formed under private law. The corporations and citizens' communes in Switzerland are still an important traditional good and establish human connections to a commune's history and culture. In the Canton of Grisons, for example, the old rural cooperatives are still alive in the residents' communes, so these are also the owners of most of the commons. In the central Swiss area around Bern the citizens' communes as successors of the original rural cooperatives own the common property and manage it; this is also true for the Canton of Valais. In the north of the Alps and the Ticino, the corporations or corporate citizens' communes are the owners and administrators of the commons.

Without the tradition of the commons and the described "cooperative spirit" in Switzerland the foundation of the Confederation in 1848 would never have taken place. Adolf Gasser emphasizes that this

Swiss "cooperative spirit" always roots in the small unit, i.e. in the small neat unit of the commune, whose origin goes back to the cooperative principle. Only in such a unit a vibrant co-operative autonomy can develop. Adolf Gasser comments on that:

"Large-scale political bodies of national character could only develop in a co-operative spirit, if they emerged from an assembly of free, fortified people's communes."<sup>6</sup>

Based on the Swiss tradition of the commons and the cooperative, a large co-operative movement formed itself in the course of the 19th century, especially with the increasing industrialization. This movement – in Switzerland and in Europe – infiltrated into new industrial areas but not without preserving the basic cooperative principles. Apart from the agricultural cooperatives, other forms like the production cooperatives, consumer cooperatives, housing cooperatives as well as credit and savings cooperatives developed.

The cooperative as a legal form was established in 1881 in the Swiss code of obligations and was becoming increasingly popular. Thus the number of cooperatives massively increased in Switzerland around the turn of the century (in 1883: 373; in 1890: 1,551; in 1910: 7,113). Above all, the most important reasons were the recurrent crises of the capitalist economy. With the big crisis of the 1930s the founding of cooperatives strongly rose again, until they reached a culmination point in 1957 with more than 12,000 cooperatives.

Barely half of the cooperatives were of agricultural nature; in addition, new ones came from tertiary sectors, as for example the electricity industry. After the Second World War building and housing cooperatives were founded and promoted particularly often.

Today in Switzerland there still are more than 12,000 cooperatives.

Elinor Ostrom lists principles for a successful economic activity as a résumé of her research about the commons. She was able to monitor these principles on the basis of examples worldwide. They serve as an approach towards economic problems. If we followed them in Switzerland we would continue a long cooperative tradition and pursue it in a dignified manner. Ostrom's cooperative principles are the following:

1. Clearly defined boundaries and an effective exclusion of external non-entitled parties.
2. Rules for appropriation and provision of resource units must be related to local conditions.
3. Users can participate in modifying operational rules so that an improved adaptation to changing conditions becomes possible.

\* According to the bottom-up built political system, Swiss citizenship is attached to or granted by a local commune. Connected with this is the citizenship of the canton the commune belongs to and the citizenship of Switzerland. The "*Bürgergemeinde*" (or "*Ortsbürgergemeinde*" or "*Ortsgemeinde*") thus is the statutory corporation which includes all individuals having their citizenship in this commune.

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4. Monitoring of compliance with the rules.
5. Graduated sanctions in case of violations of rules.
6. Conflict-resolution mechanisms.
7. The independent rights of communes are not challenged by superior governmental authorities. (subsidiary principle)

**2. Communal autonomy**

Historically, about 2700 communes have originated from the cooperative idea in Switzerland. They are associations of citizens with the goal of collectively solving the forthcoming tasks. Their basic tasks are electing the communal authorities, fixing the tax rates, building communal roads, school houses and kindergartens, public swimming pools and town halls, hospitals and libraries, the support of the fire brigade and much more. More recently new tasks have come up like garbage disposal and sewage treatment. Thus the tasks of the old cooperatives are being continued today, but complemented by current areas of life in modern Swiss communal administrations. The fundament of communal autonomy that has grown from the bottom up, however, has not changed: The inhabitants of the commune conduct the business dealings like they have always done, together in shared self-responsibility and that is why they feel connected with their commune and its people. It is for a good cause that Switzerland is called the "nation of communes", since nowhere else communes enjoy such freedom and self-administration to such a high degree. The significance of the commune as the "school of direct democracy" results from these facts.

**3. The militia system**

Another manifestation of the communal attitude is the militia system in the communes. It is beyond argument that the militia activities of the local inhabitants inhere not only human and social but also financial advantages. The citizens' voluntary and often honorary cooperation in the commune complies with the continuation of the cooperative tradition. The militia principle is part of the social existence and is one reason, why people are rooted in their communes. Every active citizen knows that they are needed here and that their personal contribution is important for the commune.

In the Swiss army, this militia principle exists as well and is manifest in a militia army which is well-rooted in the population. But also in politics the militia principle is present at all levels. All Swiss parliaments and many executive offices are committed to the militia principle, that is

to say that people holding a political office do not carry out this work on a full-time basis. Since we virtually don't know professional politicians in Switzerland, politicians are much more closely connected with their population.

**4. Direct democracy**

In the direct democracy the electorate as the sovereign practises their sovereign rights immediately by elections and votes. This means that people do not only elect the authorities, but also decide on subject questions. In the differentiated federalist system of Switzerland direct democracy plays a paramount role, particularly at the local level. The carefully applied subsidiarity principle makes sure that the communes govern themselves as the state's cells to a large extent. Therefore in many communes citizens can directly take part in political matters. In the communal assembly every elector is a representative of the population who can join in the debate and have a say. Hence, the communal assembly is regarded as the best school of direct democracy.

The numerous votes in Switzerland are an expression of the citizens' rights. By means of the initiative or the referendum people possess extensive rights of co-determination and can be politically active at communal, cantonal and federal level. Until today the initiative and the referendum do not present too high a barrier; whoever talks to his fellow-citizens and initiates a fair political debate is able to collect the requested signatures in due time.

The fundament of direct democracy is the communal autonomy. This closeness to citizens guarantees that the individual citizen is more involved in the general political process. Therefore the regionally differing concerns of the population are met with greater consideration. The citizen is enabled to get involved with subject matters, that he considers important, without any detour around parties or parliamentarians. Thanks to the peoples' rights the minorities, which are not represented in parliament, can also make themselves heard. Therefore discussions brought up by initiatives and referendums guarantee the concerned parties that their wishes are seriously considered. The whole political process thereby gains transparency and depth. By such procedure, the losing party is rather willing to accept and share the final decisions. Direct democracy is also a guarantor for social peace and protects against unwelcome power concentration. With the help of direct democracy Switzerland was able to take successful counter-measures against misguided developments and found humane solutions in the course of its history.

In economic regard as well a good report can be written out to direct democracy. Thus according to empiric studies three economists came to the result that

direct democracy in Switzerland, is modern, successful, developable and exportable.<sup>7</sup> Direct democracy, according to the authors, leads to economically as well as politically more efficient solutions in comparison to purely representative systems. They support their statements with statistical analyses and prove that, among other things, in direct-democratically governed communes expense policy is more carefully handled and that the population's tax morale is better and one can assess a higher economic performance in general. All in all, direct democracy has a beneficial effect on economic development.

**5. Federalism and subsidiarity**

Federalism is one of the main pillars in the structure of the Swiss Confederation. Federalism means, that the sovereign rights and assignments in a federal state are divided between the central state (in Switzerland: the Confederation) and constituent states (in Switzerland: the Cantons). Whereas in a centrally organized state, as for example France, the single départements fulfil primarily administrative tasks, in the federalist state the significance and political weight of the member states is much further extended. A feature of the federalist order is the principle that the independence of every member remains protected. Real federalism behaves according to the principle of subsidiarity, i.e. the higher level leaves all assignments to the lower level, which can be fulfilled by this, and intervenes only if necessary to complement and to facilitate.

In Switzerland the federalist principle is particularly pronounced, i.e. the position of the cantons is very important because of the history of the Confederation. Since in 1291 the federation was concluded between Uri, Schwyz and Unterwalden, the number of federate "places" ("Orte", i.e. cantons) has expanded more and more in the course of the centuries, and it was always about pacts between sovereign states. Up to the setting up of the federal state in 1848 the Confederation remained a federation of states, therefore an alliance between independent states (if one disregards the short and forced experiment of Napoleon during the Helvetic Republic).

The Swiss "Tagsatzung" committee (assembly of the delegates of the cantons) that worked out the first Federal Constitution of the Swiss Confederation in 1848 in the record time from February to September accomplished the masterpiece of creating the basis of our federal state in such a way that a peaceful and constructive cooperation of all cantons became possible up to this day.

The strong emphasis on the federalist principle in the Federal Constitu-

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tion of 1848 also made it possible for the cantons that were defeated during the "Sonderbund" war to affirm the new order of state in the course of the next decades in spite of their initial resistance. The historian Prof. Dr *Georg Thürer* writes in this sense:

"Only conciliation could create a healthy peace. The federal state does not want to melt down its federate states, but integrate them. Thus the town halls of the cantons remained sites of the government; they did not become bare administration buildings of an omnipotent alliance. [...] To us the federal state is the intrinsic political existence. [...] The cantons and the communes are political entities where one can keep the overview, which save us from seeing only the cold hand in the state. In the democratic small form one feels rather as a pillar and not only as victim of politics. What lifts the delight in responsibility in political life, however, is not any time soon paid for too highly."<sup>8</sup>

The most important contents of the federalist order in the Swiss federal state are the two-chamber system, the prerequisite of the cantons' majority to pass constitutional amendments, the principle of sovereignty of the cantons as well as the principle of subsidiarity:

*The two-chamber system:*

In the Council of States every canton has two and every half canton has one representative (Article 150 of the Swiss Federal Constitution, Bundesverfassung, BV). Therefore, all cantons in the small chamber have the same political weight, irrespective of the size of their population. This has far-reaching consequences because the State Council has the same competence as the National Council, the representation of the population.

*The requirement of the majority of states (cantons) for constitutional amendments:*

Amendments of the Federal Constitution, the accession to organizations for collective security (e.g., NATO) or to supranational communities (e.g., UN, the EU) as well as the approval of federal laws declared as urgent by the Federal Council have to be submitted to the mandatory referendum; which means that a plebiscite is compelling. Prerequisite for the approval of a bill is not only the majority of the voters, but also the majority of the cantons affirming the bill, the so-called "majority of states". (Art. 140 BV). Every constitutional amendment or law amendment has to pass not only the National Council, but has also to obtain the majority of votes in the Council of States. Afterwards in the plebiscite every constitutional amendment must not only attain

the majority of the voices (popular majority), but also the hurdle of the majority of states. So, in the course of the history of the Swiss federal state, the Council of States has often "forced" the National Council to assume a more moderate solution; and it happened very seldom that people and cantons gave opposite votes in a referendum, nevertheless, the majority of states plays an extremely important prophylactic role. With the elaboration of a bill the Federal Council and the Parliament to always keep in mind that it must be accepted in a plebiscite; therefore, a bill, which would have no chance to achieve the majority of votes of the cantons, has to be accordingly adjusted in parliament.

*The principle of sovereignty of the cantons and the principle of subsidiarity:*

Besides the two-chamber system and the majority of states as a condition for constitutional amendments the principle of sovereignty of the cantons and with it the principle of subsidiarity are among the essential features of the federalism of Swiss origin.

"The Cantons are sovereign except to the extent that their sovereignty is limited by the Federal Constitution. They shall exercise all rights that are not vested in the Confederation." (Art. 3 BV)

According to Article 3 of the Federal Constitution the cantons are basically sovereign, i.e. they determine their affairs themselves, they rule and administer their state independently. In Switzerland the concept "state" signifies canton: "state taxes", e.g., are taxes which are raised by the cantons – in contrast to the "federal taxes"; the "state archive" is a cantonal archive; etc. The cantons practice all rights according to Article 3 BV, which are not transferred to the Confederation. The Confederation is exclusively entitled to that competence, which is expressly granted by the constitution. That means: federal law has subsidiary character. The relation of the cantons to their communes is regulated by the particular constitutions of the cantons.

An important result of the federalist and subsidiary system in Switzerland – combined with the direct democracy – is a sustainable financial policy.

**6. Sustainable financial policy – the "debt brake"**

An important reason for the comparably good condition of the Swiss state budget is the so-called "debt brake", which has been in operation at the federal level since the year 2003.

*Wording of Art. 126 in the Swiss Federal Constitution (BV) debt brake:*

Art. 126 Financial management

1 The Confederation shall maintain its income and expenditure in balance over time.

- 2 The ceiling for total expenditure that is to be approved in the budget is based on the expected income after taking account of the economic situation.
- 3 Exceptional financial requirements may justify an appropriate increase in the ceiling in terms of paragraph 2. The Federal Assembly shall decide on any increase in accordance with Article 159 paragraph 3 letter c.
- 4 If the total expenditure in the federal accounts exceeds the ceiling in terms of paragraphs 2 or 3, compensation for this additional expenditure must be made in subsequent years.
- 5 The details are regulated by law.

In Switzerland the people have the responsibility for the economical dealings concerning its tax revenues. The Swiss people determine the height of their taxes themselves and as well the projects of the state. They do so by vote at the ballot box or at the communal assembly. In the Confederation, in the cantons and communes the citizens decide whether the tax rate is to be raised, about the introduction or abolition of certain kinds of taxes and about a variety of expenses of the public purse. As a rule, they do so reasonably and considerately, as the comparably good conditions of finances at all three levels prove.

- The debt brake of Article 126 BV was not decided by the authorities but by the people, with a large majority of votes in fact. On 2 December 2001 84.7 per cent of the electorate and all "Stände" (cantons) approved this new constitutional amendment and by doing so they mandated the Federal Council and the Parliament to provide for the balance of the budget, i.e. to ensure that the expenses of the Confederation did not exceed the revenues in the course of the years. So the sovereign himself took over the responsibility that the debts would not get out of hand.
- In most of the cantons the electorate approved laws on a debt brake by the ballot box or they did not call for a referendum respectively. Consequently in the cantons as well, the citizens obliged the authorities to restrain expense.
- In most Swiss communes the voters determine the budget at the communal assemblies, that means they determine all scheduled expenses of the coming years. Every school reconstruction and every computer replacement (often still operable) are being checked by the taxpayers whether necessary. After every fiscal year the communal assembly checks the account: the executive is requested to render satisfactory explanations about every overshooting budget element of expenditure. Therefore there

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is practically no misappropriate management, let alone corruption.

- Furthermore only in big cities communal councilors and communal presidents work on a full-time basis; in smaller communes they hold their office alongside with occupation in the economy, therefore their earnings are mostly modest. In the majority of cases Swiss communes are not much indebted since the people handle their own money economically.

In Switzerland cantons and communes have a pronounced financial autonomy; that means they do not just receive money out of the public purse, which they spend as generously as possible in order to obtain even more money in the following year. Instead every canton and every commune is itself responsible for its budgeting, i.e. organization of its income and expenditure. Consequently the federal budget is relatively small compared to that of other states.

"Only the combination of institutional restraints (rules and debt brakes), direct democracy and federal system are able to contain public indebtedness. In Switzerland financial autonomy of cantons and communes is accompanied by a higher degree of self-responsibility (fiscal equivalence)".<sup>9</sup>

**7. Consociational democracy**

Besides direct democracy the Swiss model of democracy is distinguished by the so-called consociational democracy. Most of the other democratic systems are organized as competitive democracies. In consociational democracy – in opposition to competitive democracy – it is not the principle of majority rule that prevails as the political system's central mechanism of decision making. In consociational democracy amicable agreement and broadly supported compromise solutions have priority other than in competitive majority rule with alternating roles of government and opposition. All important political parties are included in the decision process and when allocating political offices and leading positions in the administration, army or judiciary the parties are considered in proportion to their numerical strength. Swiss consociational democracy began to emerge in the course of the 1930ies, following the overcoming of the ideologically polarizing conflict between the workers' movement and bourgeois forces.

One expression of consociational democracy is the so-called "magic formula" which refers to the composition of the Federal Council (executive at the federal level). The four numerically strongest parties send their delegates to the Federal Council. That provides stability to the political system and results in a certain continuity and therefore reliability.

**8. Neutrality**

A definition of Swiss neutrality is not to be found in any law. The obligation of Federal Council and Parliament to preserve neutrality is laid down in the 1999 Federal Constitution; however, it was not mentioned in the Constitution until the year 2000. However this stately maxim of neutrality had been so self-evident in historical tradition that the founders of the Federation in 1848 did not consider it necessary to lay it down in writing. For the Swiss people of the present as well neutrality is an indispensable basis of their "Eidgenossenschaft" (Confederation). In a recently published poll by the Swiss Federal Institute of Technology Zurich (ETHZ), 95% advocated the preservation of neutrality.

We find the origin of Switzerland's peace promoting activities and their linking to the neutrality principle in the history of the "Alte Eidgenossenschaft" (Old Confederation). As early as in the Middle Ages the "alten Orte" ("old localities" – these are today's cantons) were obliged to "sit still" in case of conflicts within the Confederation, which means not to help any of the parties. They were even commissioned to an active neutrality policy: In case of controversies between the other cantons they were requested to try and initiate mediation. These two components – non-interference and offering their Good Services in case of conflict – have persisted to this day.

With respect to foreign policy Switzerland began to observe neutrality after the Thirty Years War (1648); it guarded itself from being drawn into foreign conflicts by denying all foreign troops the crossing of the country. After the breakdown of Napoleon's regime in 1815 the Confederation finally pledged itself to neutrality forever; it was then that Switzerland's permanent and armed neutrality was acknowledged by the Great Powers as well.

What are the contents of the Swiss state maxim of neutrality?

- The Swiss neutrality is a "permanent" one: That means, it is not dependant on the world's momentary situation, but it is valid in times of war as well as in times of peace.
- Neutrality is particularly important in times of war: Thus thousands of refugees found shelter in Switzerland during the First and Second World War. In the middle of the Second World War, when Switzerland had been surrounded by war areas for years, wounded soldiers of the German and the allied troops could be exchanged on Swiss ground; in no other country this would have been possible. Tens of thousands of children from war-affected countries

spend a three-months recreation vacation in Swiss guest families; many of them are still in contact with each other up to this day.

- Quite naturally, the permanent neutrality comprises the obligation to start no war and not to align with one war party against another.
- The exceptionality of Swiss neutrality is visible in peace times as well: Switzerland is obliged to actively pursue neutrality policies, i.e. to treat all nations impartially with respect to politics and economics.
- To renounce participation in military alliances like NATO is part of permanent neutrality.
- Swiss neutrality is armed neutrality: This includes the obligation to defend the country and population in case of an attack or threat.
- On the other hand the Swiss neutrality principle does not contain any restriction of the freedom of expression. It is self-evident that we, the Swiss, take a stand, if in any other country international law or human rights are violated. Politicians and authorities have this right to utter their opinion, as well. Everybody who does not pursue any other goal but seeking the truth knows well that the overwhelming majority of the Swiss population and politicians was opposed to National Socialism at the times of the Second World War and also voiced these opinions.
- Switzerland's neutrality does not only serve the own country. Quite the opposite: It is today's world in particular with its wars and inherent human misery which is in urgent need of neutral states who are not involved in any political and military alliances.
- A significant benchmark of Switzerland's path of neutrality policy was the founding of the Red Cross in Geneva in 1863. Only a neutral small state was able – and still is today – to assume the honorable role of the main body responsible of the ICRC, since the trust of all involved governments and all involved population groups is an indispensable precondition for successful humanitarian activities. The same is of course true for the "Good Services", e.g. in form of mediation activities and protective power mandates. The neutral ground that our country is able to provide is also valuable for the meetings of parties at enmity. According to a study of the ETHZ currently 93% of the Swiss population believe "in the role of Switzerland as a mediator and intermediary due to its neutrality."<sup>10</sup> It is known world-wide that Swiss diplomats, ICRC delegates

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# Cooperatives according to the principle of Friedrich Wilhelm Raiffeisen worldwide in 36 countries

## Legacy commits – history can be experienced

Interview with Mayor Joseph Zolk by Christine and Christian Ottens, Germany

The Sunday visit to Friedrich Wilhelm Raiffeisen's newly renovated residential and office building in Flammersfeld (Germany) was a humanely impressive experience for us.

We were welcomed by Mayor Joseph Zolk already in the entrance area. Once a week, alternating with three committed citizens also working voluntarily, he leads interested visitors through Raiffeisen's residential and working site. Here, in a short travel through time you can experience how people lived and worked at Raiffeisen's time. The 250-year-old Raiffeisen-house is now a museum with a cottage garden. In the period 1848 to 1852 the social reformer Friedrich Wilhelm Raiffeisen (\*30.3.1818 †11.3.1888) had worked there as a mayor. Raiffeisen's idea of helping people help themselves caused a world-wide movement. Among other things, he had schools built and provided for the development of today's Raiffeisen-Road Hamm/Sieg to Neuwied, so that farmers, in order to do their trade, had better transport connections to the town. He founded the associations "Weyerbuscher Brodverein" (Bread-Association of Weyerbusch) to alleviate the famine, and the "Hilfsverein zur Unterstützung unbemittelter Landwirte (Benevolent society to assist impecunious farmers) in Flammersfeld, where the farmers could save up money, but could also bor-

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and other humanitarian helpers have earned the trust of people and governments due to the neutrality of Switzerland and its independence from great powers and international organizations.

- <sup>1</sup> Gasser, Adolf: *Gemeindefreiheit als Rettung Europas. Grundlinien einer ethischen Geschichtsauffassung*, zweite, stark erweiterte Auflage, Basel 1947, page 13.
- <sup>2</sup> Gasser, Gemeindefreiheit, page 18.
- <sup>3</sup> Von Wartburg, Wolfgang: *Geschichte der Schweiz*, München 1951, S. 17.
- <sup>4</sup> Ostrom, Elinor: *Die Verfassung der Allmende. Jenseits von Staat und Markt*, Tübingen 1999.
- <sup>5</sup> Von Wartburg, Geschichte, page 11f.
- <sup>6</sup> Gasser, Gemeindefreiheit, page 14
- <sup>7</sup> Kirchgässner, Gebhard; Feld, Lars P.; Savioz, Marcel R.: *Die direkte Demokratie. Modern, erfolgreich, entwicklungs- und exportfähig*, Basel 1999.
- <sup>8</sup> Thürer, Georg: *Gemeinschaft im Staatsleben der Schweiz*, Bern 1998, page 23.
- <sup>9</sup> Feld, Lars; Kirchgässner, Gebhard: *Sustainable Fiscal Policy in a Federal System: Switzerland as an Example*, CREMA Working Paper No. 16, 2005
- <sup>10</sup> [www.news.admin.ch/message/index.html?lang=de&print\\_style=yes&msg-id=44710](http://www.news.admin.ch/message/index.html?lang=de&print_style=yes&msg-id=44710).



The Raiffeisen-house in the Westphalian Flammersfeld gives a vivid insight into the life and achievements of Friedrich-Wilhelm Raiffeisen, the great founder of the cooperative. (picture cco)



Josef Zolk (in the middle of the picture with key), mayor of Flammersfeld at the opening of the museum dedicated to Friedrich-Wilhelm Raiffeisen: "We are grateful that we can honor him here, and we greatly enjoy it." (picture Marlies Becker)

row money in order to buy, livestock and equipment, for example. In 1864 the "Heddendorfer Darlehenskassenverein" (Loan association of Heddersdorf) was founded, which became a model for many cooperative banks existing around the world now.

In a personal interview, we could ask the committed Mayor our questions.

*Christine and Christian Ottens: Mr Zolk how long have you been Mayor in Flammersfeld?*

*Joseph Zolk: In the 13<sup>th</sup> year, now.*

*How did you get the idea to renovate Raiffeisen's house?*

On the ground floor this house has been a museum of local history for 15 years. Of course Raiffeisen played a role in it, but things became a bit confused, and then, with the support of the German Raiffeisen Association, which has its headquarters in Bonn, we suddenly had the opportunity to buy the house and restore it – which we then realized. We changed everything structurally, and we developed a didactic approach.

### Raiffeisen organizations in 36 countries of the world

The didactic concept was supposed to focus on Friedrich Wilhelm Raiffeisen,

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**"A visit to the Raiffeisen-house ..."**

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but it was not to be an imitation of what had already been created in his birthplace Hamm, but was supposed to have its own style. And we wanted to arrange the whole thing in a modern museum-didactical way. We have succeeded in large part, and we wrote texts which can also be understood by a non-specialist. We are observing that the idea of cooperatives has a genuine renaissance. This is the case in Germany, when I think of Friedrich Wilhelm Raiffeisen's energy cooperatives, and it is also the case worldwide ; when I look at the world map, we see that we have Raiffeisen organizations in 36 states today. The international headquarters of the Raiffeisen-organizations are in Bonn, and the Austrian Raiffeisen organizations have their branches even in China. Last week we were visited by the *International Raiffeisen Union* – there were Africans, Chinese, Asians – especially the Japanese have developed quite a lot in the cooperative system, and it was just great.

Meanwhile we have the information available in several languages, because we often have visitors from abroad. Especially in developing countries the setting up of co-operatives plays a very important role. Taking together the Volks-und Raiffeisenbanken (cooperative banks) in Germany and adding their total assets, you get a balance sheet sum which is higher than that of the Deutsche Bank. That is not really known, and throughout the whole financial crisis "only" 0.2% of the cooperatives have gone bankrupt.

*What is the reason?*

The reason is the smaller structure with clear supervisory committees. Each cooperative bank has its supervisory board, and things are more manageable and transparent that way. And each member of the cooperative has one vote. They have not been involved in the whole financial hype and were laughed at by some of the big banks at first. However, it has turned out to be right to maintain this structure and not to participate in the whole financial practice of the big banks, which is no longer transparent. The stability of the cooperative banks, which also applies to the saving banks (Sparkassen) is significantly higher. In addition, there is the fact that the cooperative banks are actually the banks of the middle class. For a long time, the Deutsche Bank has indeed considered itself too good to provide credits at less than a million. On the other hand one can really say that the cooperative bank is the bank for the small and medium enterprises, comparable to the savings banks.

*So you also give lectures?*

We wanted to keep the idea of Raiffeisen alive in the region, so we developed it just as we have it today. When I have to give a Raiffeisen lecture somewhere now, I take these slides with me which I developed here – and I am quite often giving lectures on the topic.

*Who requests you?*

Educational centers, politicians ... I just recently gave a lecture at *Credit Mutuel* in Strasbourg for instance, which is the Raiffeisen-foundation of one of the largest French banks.

*How does the cooperative idea flow into the system of the bank?*

Everyone has one vote, regardless of how much money he or she brings. The members of the co-operative choose the supervisory bodies, and then the interest rates will be manageable. If you go back to Raiffeisen's time, the interest rates at that time had been over 100%. Then Raiffeisen fixed the interest rate at 7%. What was also important to Raiffeisen, was transparency. He did not want the loans coming from a big bank, but he wanted to tie the credit to the community here – often to the church.

*So there were no businesses beyond regional borders?*

For Raiffeisen, the regional aspect was in the centre. Raiffeisen actually had the idea that it would be best if the pastor was in charge of the cash balance, because of his assumed honesty. But what was always very important to him as, was the issue of transparency and that the wealthy people deposited their money and that the not well-to-do people could obtain loans, as well. Here in Flammersfeld he made 61 people deposit money into the fund so that others could take something out: a loan they had to pay back with interest of course, but the interest rate was "only" seven per cent. That is something quite different compared to one hundred per cent.

*You are a historian?*

I am a trained historian, political scientist, Germanist and have a sound high-school teacher training – but I never worked at a school. I worked in adult education in Baden-Wuerttemberg for 16 years, in service with the church, I led a vocational training center for people with learning disabilities. Then I was at the Federal Ministry of Labor in the management area and policy department and I have always wanted to work at a City Hall when I would be fifty. Eventually, my superior at that time told me, "they are looking for a mayor." "Thank you, but then you will lose an employee," I answered and this is precisely what hap-

pened. My boss lived here in Flammersfeld, very close. That way as a resident of Baden-Württemberg, I came to the Westerwald, we want to maintain the legacy of Raiffeisen.

**He was oriented towards the human person**

Raiffeisen was involved not only in the credit and cooperative work or in road construction, but also made an effort to ensure a reasonable education. He built and renovated school buildings, made sure that teachers were sober when they came to work in the morning and that they received a better training. He took care of the miners, as we are a mining region here. For example, the forest owners did not allow the miners to walk through the forest on their way to the pit – those distances were all covered by foot at that time – because of the deer. Consequently he quarreled with the forest owners until the miners were allowed to take the direct path to the pit and cross the forest – which reduced the way to the pit by half. He always had the human being in mind. He was born in 1818, in the same year as *Karl Marx*, who died in 1883. He died in 1888. *Karl Marx* and *Engels* published the *Communist Manifesto* together in 1848 – "A specter is haunting Europe, the specter of communism". In 1848 Raiffeisen started here in Flammersfeld – at the same time the Frankfurt National Assembly in Frankfurt's St. Paul Church took place from 1848 until 1849, with the election of the first freely elected parliament of the German lands. Furthermore, there was the first German Catholics Assembly starting in March 1848. A lot of things happened at that time. Peasants had been free since 1818 and were no longer dependent. However, at that time the property used to be divided among all heirs, so the plots became steadily smaller. The plots that were there, were divided among the children. With so many children the property surfaces quickly became too small to work them and make a living. In parallel, there is the beginning of industrialization, however this did not play any role here in the Westerwald. But when Raiffeisen went down from here to Neuwied and Heddesdorf (today this is Neuwied), he also encountered the industrial workers on the Rhine and took care of them as well. He also ran public education and libraries. So Friedrich Wilhelm Raiffeisen is an incredibly dense personality. We are grateful that we can honor him here, and we greatly enjoy it.

*Mr Zolk, we thank you for the stimulating conversation about life and work of F.W. Raiffeisen at his time and his importance for current issues.* •

European integration (part 5)

## Making resound the “European orchestra” Political union or changing back obviously misguided developments

by Dr rer. phil. Werner Wüthrich, Switzerland

On 28 and 29 June the EU Crisis Summit took place in Brussels. German Chancellor *Angela Merkel* has announced a working plan for a political union. It will be about “more Europe”. “We do not only need a monetary union, we need a so-called fiscal union, that is more common fiscal policy,” she said on the German channel ARD. But above all, a political union was necessary. It includes the shift of competencies to Brussels.

This is nothing new. Certain political circles wanting to increasingly merge the European nation-states ever more into a political union have long since made use of the euro crisis for their own purposes. The crisis would force the member states into a political union, they say. Additional competencies in the fiscal and financial sectors should urgently be handed over to Brussels. Euro-bonds with their comprehensive liability were among them. Fifty years ago, *Jean Monnet* said the following: “Man will accept changes only under the pressure of necessity.” Economic crises would serve as a lever to enforce more integration steps (see *Current Concerns* 31/12/2011). These circles are now on the rise. However – is a crisis really a sound basis for the establishment of a political union?

Sensible observers and politicians, however, reflect on what works and what does not work in Europe – and courageously start changing back obviously misguided developments. – Quo vadis, Europe?

In the series of articles, “Making resound the ‘European orchestra’” (see 31 December 2011, 5 February 2012, 11 February 2012, 18 February 2012) *Current Concerns* highlighted fundamental issues of living together in Europe in its historical development. In the following article the main ideas are to be put together into an overall picture. It is useful to know history before taking ground-breaking decisions.

### Jean Monnet

Central to the current development is the person of *Jean Monnet*, whose work can be regarded as a key to understanding the euro crisis today. According to his ideas the nations of Europe should – step by step – be merged into an increasingly “closer union”, i.e. a kind of federal state. This approach followed – as documents that are accessible today in Switzerland show – the strategic planning of the United States after World War II.

*Jean Monnet* had lived in the US for more than twenty years and maintained close relationships to the economic and

political elite in this country. He held important functions in the financial industry. He was vice president of a major bank and founded his own bank. During World War II he was working in a high position in the American war industry. He was a close friend of the later Secretary of State *John Foster Dulles*.

Politicians in Switzerland around the Federal Councilor *Schaffner* (and with them a number of politicians in other European countries), however, aimed at a liberal cooperation in order to make resound the “European Orchestra” after the horrors of the Second World War. They conceived of the European integration as a more equal and friendly cooperation between sovereign nations. This political line of thought shaped the OEEC and led to the establishment of the EFTA in 1960.

The United States as the leading world power steered the proceedings from the background. They favored the idea of the EEC and opposed the idea of a free trade zone in which the European nations would cooperate as sovereign states. They actively tried to prevent the EFTA, because it did not fit into their political world concept, and after it had been founded in 1960 they worked towards its dissolution. According to the ideas of the United States, Europe should overcome “particularism” and form a unified political bloc in the interplay of forces in world politics. *Jean Monnet* tirelessly promoted this idea until his death in 1978 – mainly through his transnational networks, which he had been indefatigably building up. Switzerland was also involved from the outset. In 1957, *Jean Monnet* established the office for his “Action Committee for the United States of Europe” in Lausanne. A little later a documentation center was added, where today the founding documents of the *ECSC* and the *EEC* are kept. The *Ford Foundation* from the United States funded the *Center for European Studies*. In 1978, *Monnet* founded the “Fondation *Jean Monnet pour l’Europe*” there. The *Ferme de Dorigny* is now a meeting place for those who are cultivating *Jean Monnet*’s ideas.

### Charles de Gaulle

Another person played a ground-breaking role in this struggle for Europe’s future – the French president *Charles de Gaulle*. With respect to European integration he pursued the vision of a “Europe of nations” and thus championed a similar line as EFTA.

With *Jean Monnet* and *Charles de Gaulle* two very different personalities were active in Paris whose views about how the coexistence of the peoples of Europe should be organized were in contradiction with each other. These two visions have been and still are opposing each other. The media of the time referred to the confrontation of the two opponents as the “duel of the century” (see *Current Concerns* of 2 April).

### Success of economic integration

In historical retrospect, the European Community today does not seem to be without certain glamour – even from the perspective of an EU-skeptic. Many obstacles at the country’s borders have been abolished step by step. The exchange of merchandise and services was made easier. Technical differences and barriers were lifted, so that life in Europe has become easier. The economic solidarity has been successful in many ways and is now widely accepted.

### 1989 – Setting the fatal course

In 1989 the authorities in Brussels took decisions in *Monnet*’s spirit that had serious consequences and ultimately led to the mess that we experience today. The newly elected Commission president *Jacques Delors* presented a three-stage plan to establish the economic and monetary union, whose first milestone was reached in the *Treaty of Maastricht* (1992). The “ever closer union among the peoples of Europe” (as it is stated in the *Treaties of Rome*) was then given an increasingly political manifestation. It was not just about a common currency. A common security and foreign policy and adjustments in the fields of justice and home affairs were added. It soon became apparent that this policy was moving on thin ice.

Denmark and Great Britain did not join the monetary union. Countries that did not fit the monetary union were included. Other countries that met the conditions, however, did not join. The voters in Switzerland, who in 1972 had approved of the major free trade zone between the countries of the EC and EFTA by 71 percent, now opposed a membership in the EEA. In contrast to the free trade agreement that was settled between sovereign countries, the EEA provided for the automatic adoption of EU law and thus a political integration.

### Endless corrections

After “Maastricht” the leaders steadily continued their way towards a political

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union. The *Treaty of Amsterdam* (1999) shaped the common foreign and security policy. Freedom of movement as one of the Union's civil rights was connected with migration policy, asylum policy and immigration policy and was implemented. The *Treaty of Nice* (2003) brought about a large number of "repair measures" to the prior agreements and broke with the principle of unanimity. The vote of a qualified majority became possible. This time, the Irish did obstruct and had to be instructed. In 2005, voters in France and the Netherlands clearly rejected the "Draft Constitution for Europe" so that referendums were not held in other countries for good reason, and the "exercise" was eventually entirely broken off. This was a clear signal. The outcome of that fiasco was the *Treaty of Lisbon* (2009) which simply took over the key provisions of the rejected "Draft Constitution" into the existing treaties. Again, the Irish said No. The EU put the Irish under moral pressure again and made some concessions so that they finally agreed. Even today there is still no agreement as to the planned fiscal and transfer union. Some states want to achieve them outside the agreements. Now, by the end of June there is a crisis summit in Brussels: As Federal Chancellor Angela Merkel told the media a working plan to establish a political union is on the agenda for the negotiations. However – the patchwork of treaties and the continuing corrections and "repairs", which no one can overlook, are not likely to really build up confidence.

**What kind of "Europe"  
do the citizens really want?**

Do the nations of Europe want a political union, or do they not want it? There is no possibility to pass by this crucial question, today. Fickle politics, the events of recent years, the mood, the number of discord and arguments give the answer: There is no such thing as a people with a feeling for a European homeland who would support this union and stand up for it. Without a people there is no democracy, as this term is derived from the Greek word "demos" (= people). The European countries are not ready and willing to make the big step into a common state – as it was on Jean Monnet's mind when he began to promote the "United States of Europe" in the 1950s. The reasons are manifold and complex. This is not just about economic issues such as balanced budgets or competitiveness, but also about the political cultures and the individual histories, the lifestyles and habits of the population and much more. The dif-

ferences are large and distinguish one country from the other. They enrich life in Europe and make it impossible to uniform the many nations politically or to squeeze them into a single corset. The history of Europe is the proof. On the occasion of an ambassadors' meeting in the 1960s Federal Councilor Hans Schaffner aptly put it as follows: You would have to outwit the individual peoples and push them into this step and he had very great doubts whether this would succeed (*dodis.ch/30358*).

**At the crossroads: dismantling or  
"muddling along" like before?**

The obvious thing to do would be a sober pause and a farewell to the obsession that political integration would necessarily continue forever. True reformers are required who critically examine what really works in the EU and what does not, and who have the courage to demount if necessary. It is not just about the euro and about debts. I really doubt whether the centralization of agricultural policy in Brussels was a good idea. More than any other industry, agriculture is directly connected with the country and the people can be of existential significance in case of crises. I also think of the subsidy policy of the EU in the context of the various funds. Hundreds of billions – all with good intentions – have flown into the southern countries in the course of decades in order to strengthen the "entrepreneurial spirit", as the story goes in the Brussels papers. Today's unemployment figures show that this money has not nearly achieved what we had hoped for.

**What answers does the European  
EFTA model provide?**

The EFTA is an agreement that preserves the sovereignty of the nations involved. On 4 January 1960 Switzerland, Austria, Sweden, Denmark, Great Britain, Ireland and Portugal signed the *Stockholm Convention*, which formed the basis of the *European Free Trade Association* (EFTA). Article 3 contained the obligation to abolish customs duties and quantitative restrictions on imports within the next ten years. The Convention allowed exceptions in the event that a country was in financial trouble. Basically, the Convention was limited to the trade with industrial goods. Article 21 explicitly pointed to the special nature of agriculture. Their products have been excluded from tariff reductions. The aim of the EFTA countries was to overcome the divisions in Europe and to establish a pan-European free trade zone.

In 1972 the negotiators of the EFTA and the European Community (EC) succeeded in negotiating a real breakthrough.

They achieved the establishment of a free trade zone for all countries of the EC and EFTA, which was initially intended for industrial goods but was later enlarged more and more to be valid in the service sector. Agriculture remained the individual countries' affair.

The Free Trade Agreement of 1972 convinced the voters in Switzerland to a great extent. 71 percent of the people and all the cantons welcomed this way of preserving the sovereignty of the countries involved. In subsequent years Switzerland – mostly alone or as a member of EFTA – settled numerous other bilateral agreements with the EC which also included the service sector. Depending on the way of counting 130-180 bilateral agreements were signed, which contained significantly more participation rights compared with current agreements. It was a peaceful and respectful coexistence of different systems. The countries of the EC and EFTA had reduced the barriers at the borders and mainly achieved their objective of economic integration in Europe.

In 2001, the EFTA Convention was completely revised. New additions included the free movement of persons, and rules for trade in services, capital trade and the protection of intellectual property.

Since the 1990s, free trade agreements have gained increasing significance in the global economy. Since the failed *Doha Round* of WTO, this trend has been strengthened. For some years now, EFTA States have begun to expand their free trade policy on partners outside Europe. Today the EFTA disposes of a network with a variety of customized free trade agreements around the world. An agreement with China has recently been completed, one is about to be settled with India.

**Paradigm shift**

Since the Second World War, the US has included a uniform "Europe" in its world political concept, and has actively worked towards its establishment. It was the time of the Cold War. The various countries should overcome their "particularism" and form a single block, an ever closer union. Jean Monnet spread this message – as already mentioned – until his death via his cross-national network and continuously promoted this project.

However – the Cold War, which was behind this policy, has long been over. Does this outdated approach still meet the needs of European nations? Is it suitable for the future? In the modern world of today relations between states can be regulated much better if they are

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based on a free, independent way by agreements. Every country wants to be taken seriously as a mature and sovereign party to an agreement. – The idea of the ever closer supra-national union which unites "Europe" in one block is a relic of the Cold War of the last century and mainly originates from the United States. How long is this heteronomy still to continue?

It is true that the EFTA has no foundation of power and no political agenda. Therefore it is more versatile than the lumbering colossus EU. Thus the EFTA has succeeded in recent years – often even before the EU has – to settle customized free trade agreements with a variety of countries around the globe. Such agreements are hardly possible in large

formations like the EU because the interests of a variety of countries must be inevitably measured by the same yardstick.

The two models of how Europe could be organized have an impact on the internal organization of individual member states: In a political union, the structures of member countries have to adjust so that they can be centrally controlled. This process is already underway. "Overcoming small-scale areas", "mergers of all kinds", "cross-border regionalization" and "establishment of metropolitan regions" are the steps which lead to large areas that are managed centrally and – nota bene – not by elected bodies, but by representatives appointed by big business.

**Vibrant democracy**

The fact is that especially in the small-scale structures democracy can develop

best, because it is directly shaped and supported by the people. Tailor-made agreements can show greatest consideration for those characteristics.

The EU members have already handed over a large part of their sovereignty to the headquarters. Accordingly, their autonomy has been reduced in some countries. In the euro and debt crisis, this attitude has proved to be fatal. This lack of autonomy may not be compensated with an additional level of supervision and tutelage. Such an approach prevents coexistence in freedom and dignity, something that the Greek culture prepared the ground for in Europe more than 2000 years ago.

It is much to be hoped that such considerations are included in the considerations at the crisis summit in Brussels and that the voters will have the final say when it come to landmark decisions. •

**How will the "Greek tragedy" end?**

ww. This question is now raised by politicians and political observers all over the world. – Will the proud, freedom-loving nation abandon the euro and go its own way with its own currency, the drachma? The drachma is one of the oldest currencies in the world. As early as 2500 years ago it was used as a means of payment in Athens. Big banks in European countries rightly are afraid of losses. Commentators and journalists who are close to these banks, draw a sinister picture of the risks of such a currency conversion and advise against it. They say the drachma would be weak. Unemployment would continue to soar, and imports would be costly. The debt would get too high for the Greeks and riots would break out. Other countries would be caught up in the whirl of events, so that the consequences for the euro system and for "Europe" would become incalculable. – Is this pitch-black picture realistic?

In Iceland, the trend is quite different. Two system-relevant, globally active banks have gone bankrupt there. Another bank was nationalized and the state was almost bankrupt. The bankruptcy of the banks was settled without the counters being closed, the payments being stopped and the automated teller machines being shut down. The savings of the citizens were protected. *Current Concerns* reported. The voters decided in two referendums that speculative funds from abroad (which benefited from high interest) would not be paid back with tax money. The country devalued its currency, introduced capital controls and, after a relatively short time, it is now on the road to recovery by its own efforts and can pay back the aid credits. Iceland is an example of what is possible

with one's own efforts. *Moody's* and *Standard & Poor's* already Iceland upgraded.

And Greece? Undoubtedly, the new currency would be weak and imports would become more expensive. Greece currently imports twice as much as it exports. This is not carved in stone. Why should Greece not produce refrigerators, household appliances and other durable goods on its own instead of importing them from Germany? Well-trained workers who are currently unemployed are ready to work. Greece, a country of sheep, even imports lamb meat from New Zealand. This is absurd. An own currency would also have positive effects on export and tourism: Today's expensive hotels in this country blessed by nature would become cheap for the tourists; they would soon be booked out again and would have to hire new employees. Unemployment rates would decrease, because everybody would join in to set their house in order and to correct false developments. – This perspective is feasible if the will is present. The other EU countries could lend a hand.

In addition, the euro would not disappear, but still be used as currency – as is the case for example in Switzerland with the Swiss franc. The euros on savings accounts (which are now guaranteed by the state) would remain there and could still be used. A mandatory exchange of private savings would not be necessary. Wages and pensions would in future be paid in drachmas and the prices would be shown in drachmas as well. Rents, debts and other obligations would – according to the income – be converted into the local currency. The Greek National Bank will certainly provide enough drachmas for the conver-

sion. A currency conversion of this type would be far from being as drastic as the currency reform in Germany after World War II. It could serve as a model and ease the tense debate on the euro.

The Greeks will not accept it in the long run to live indefinitely under the tutelage of the so-called troika (EU, ECB and IMF). No sophisticated savings and aid programs will change anything (which is now to be renegotiated). – And what happens to the debts of Greece? The country cannot pay them back one way or another – whether it keeps the euro or not. The banks and institutions that have provided the funds share a responsibility and therefore have to bear their share of this debt burden.

Another aspect is the debts in the ECB's "TARGET2" settlement system of about 100 billion. These obligations have incurred, because Greece has imported more than exported for many years. A withdrawal from the euro-zone would not make these obligations grow. Professor *Hans-Werner Sinn* (Ifo Institute, Munich) considers the TARGET2 system – in addition to the debt problem – to be a "ticking time bomb". High and ever-growing obligations of mostly importing countries, especially in the south, are confronted with high credits of exporting countries in the north, Germany in particular.

At the moment we urgently need a clear message to the citizens of the EU that in case of a withdrawal of a member state from the euro-zone there would be no mandatory exchange of savings. This is the only way to prevent panic and stop a run on banks and a capital flight, both of which are already underway.

It is to be hoped that the "Greek tragedy" does not end in a drama, but will lead to a new start.

## The common good takes precedence over individual interests

Interview with Councilor of State Thomas Minder, the initiator of the people's initiative "against rip-off salaries"



Councilor Thomas Minder, without party affiliation (picture thk)

ev./thk. By 28 June, the initiator of the people's initiative "against rip-off salaries", Councilor Thomas Minder, has decided not to withdraw his initiative because the in-

direct counter-proposal of the Federal Council is in fact a toothless tiger. The pressure exercised on Thomas Minder by business circles is enormous. According to the Councilor, he received a call from one of the magnates of the business establishment last week, who asked him seriously if he could answer for jeopardizing Switzerland's business position in case the initiative was accepted. The poorly developed civic awareness of economic elites is appalling, when the personal financial benefit has priority over the public good. What is more, the sovereign decides at the ballot box about the economic activities in our state, not a single person.

The financial crisis may be far from over, and in many countries people are considering a humane and sensible way of doing business. The initiative is part of this.

It has received so much encouragement in the population, that Thomas Minder was elected into the Council of States in the federal parliamentary elections in autumn 2011 in the first round of voting. The debate about how the world of finance and business could be brought back to a level where it serves the common good and how irresponsible speculation could be restrained is long overdue. Taking this into account, direct democracy is indispensable.

*Current Concerns:* Dear Councilor of State Mr Minder, what prompted you to launch the initiative and to take upon yourself to do all this work?

*Councilor of State Thomas Minder:* What triggered it off was the grounding of the Swissair. Our company had a very big purchase order from Swissair. It would have been fatal for us if the successor organisation had not continued. It was about tooth paste and tooth brushes. When we later learned that the then Chairman of the Board of Directors, Corti, had been given several millions in advance, enough was enough.

### Federal people's initiative "against rip-off salaries"

#### Text of the initiative

The Federal Constitution of 18 April 1999 is hereby amended as follows:  
Article 95 Paragraph 3 (new)

Section 3 To protect national economy, private property and the shareholders, and equally in terms of sustainable management, the law regulates Swiss corporations, listed domestic or abroad, by the following principles:

- a. The General assembly annually approves of the total of all remunerations (monetary and the value of non-cash benefits) of their board of directors, board of managers and consultants. The assembly annually elects the president of the board of directors, and every member of the board of directors and the remuneration committee as well as the independent authorised representative. Pension funds are obliged to vote in the interest of their insured customers and to disclose their voting behaviour. Shareholders are allowed to distance vote electronically (without being physically present); proxy voting is not allowed.
- b. Board members do not receive any termination pays or other compensation, no advance payments, no bonuses in the event of company sales, no additional contracts as consultants or work contracts with another company associated with the group. Leadership of the company cannot be delegated to another corporate body.
- c. The statutes govern the amount of credit, loans and bonds to the board members, their success- and equity participation, and the number of additional positions outside the group as well as the duration of the employment contracts of executive officers.
- d. Offense against the provisions with the letters a-c will be punished with imprisonment up to three years and a fine of up to six years' compensation.

*Who are the members of the initiative committee?*

They are family members and friends. I intentionally chose them. I invested almost half a million francs and wanted to make sure that the committee does not begin to doubt about their work. I knew when I have family members and friends around me, I can be sure that this will not happen.

*To consider this as a citizen and then launch an initiative is a courageous step.*

Today I have a different view. In fact I am considered to be a kind of a classic example but the initiative has not yet been accepted. We have done many things right. On the other hand there are initiatives which are considered to be extreme. In the beginning I was considered to be extreme, too. But in the meantime this has changed. When the counter-proposal was accepted in parliament with 235 to one votes even the biggest opponents agreed. In the meantime I am considered to be moderate even by my opponents – since I was elected to the Council of States – even by *Swissmem* (Swiss association of mechanical and electrical engineering industries MEM) or by *Gerald Bührer* (Chairman of *économiesuisse*).

*Which rules have to be complied with when drafting an initiative?*

If you want to launch an initiative you will have to preserve a middle course. I knew this from the very beginning. The other aspect is to write a fool-proof text. I was aware that if there was one false word in it, the fuss would start. The text has to be absolutely tsunami-safe. The text has to aim at the centre and must not allow grey-scales. In our case one can surely say that the text is excellent, as it has been argued about for four and a half years in Berne.

*This is a strikingly long period.*

Yes, you might say that. In retrospect, many parliamentarians say: We should have waved this draft through, and then at least something would have been done on this matter. The text is so good that it has caused the entire Federal Council to sway. This has never happened before: an initiative text with 24 items. Normally an initiative text has two lines. The citizens realize that we have really worked very thoroughly.

*You mentioned the four and a half years, in which the initiative was discussed in parliament, and you also mentioned the indirect counter-proposal, which would be applied if you withdrew the initiative or you wouldn't succeed in the vote. Where are the main differences between the indirect counter-proposal<sup>1</sup> and your initiative?*

**"The common good takes ..."**

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The initiative has 24 items. The Federal Council has taken over five of them and some others with certain deviations. For example, they do not want that general assembly to decide on the amount of the management salaries. In contrast it shall be regulated in the statutes if the vote is binding or facultative. This kind of regulation already exists in many statutes today. Of course, the owners i.e. the shareholders decide about the statutes. But if they do not want a binding vote about the management salaries they will not incorporate it in the statutes. The issue of intervening in the management salaries is a bit of a *pièce de résistance*. Consultative votes exist in many countries, but this has nothing to do with democracy. Asking people about their opinion and then deciding on one's own ideas has nothing to do with democracy. Despite the huge financial crisis nothing has actually changed, there is no moderation. There is no recovery in sight. Therefore taking a vote on the initiative had made more sense, if we had voted long ago.

*People are aware that the whole thing is far from being over. In many countries, the population is sensible of it.*

Yes, of course. Now the National Bank requires that no dividend will be paid so that the equity capital of banks can be built up. The tension that already exists between owner and the board of directors gets even higher due to the pressure on the companies, because they need to raise equity, which means that they have to cut the shareholders' dividend or even cut them. It is difficult to find a solution here. By 2018, the banks have to have appropriate equity capital and this will take its toll on the shareholders. To me, it has not so much to do with the small shareholders but with the pension funds and the OASI (Federal Old-Age and Survivors' Insurance) compensation fund, which have partly invested into securities of the banks.

The banks play a special role and the derating by the rating agencies, which are completely intransparent, often have devastating effects.

Look at the salaries, and not just those from last year. The money that has been withdrawn from the companies, including *Credit Suisse*, where *Brady Dougan* withdrew 70 million francs, although business was already going downhill. But we don't even know everything. Whilst the government is helping UBS not to go bankrupt huge amounts of bonuses are paid out. Bonuses are actually a variable part of the salary. A bonus may only be granted for successful economic activity. Today all this is upside down: in the case of UBS the state has guaranteed for the losses and

for toxic papers to an amount of 60 billion Francs – but UBS shows a profit and pays bonuses as if nothing had happened.

*Now everyone is aware that this system will not work. Why do the pension funds not exert more pressure and support you?* There has already been some criticism. But if the pension funds invest their money in a company, they need to check it, which faced some resistance in certain funds. They invest in companies without checking on them. This is really incredible.

*That is why the initiative is so important. If we do not stop it now, we do not know what the development will be. However, all pension funds are involved.*

Yes, in this sense, we are all shareholders ...

*... but not by our own choice.*

The pension funds do have an obligation, as well as the OASI compensation fund. The Swiss population must yet be informed where the billions of the funds go. I believe the owner (shareholder) should keep a close eye on the companies. Perhaps one or the other pension fund would then have invested in other companies with greater transparency.

*I would like to come back once again to the indirect counter-proposal. And you write in the argumentary, that the Federal Council still pursues a neo-liberal policy. Could you substantiate this a little more?* Fully liberal ideas are prevailing in the government in Bern saying for example that you should not offend the big banks. I would develop the too-big-to-fail idea even further and include COOP and Migros or the Swisscom etc., which are all companies with a strong position on the market. As for the UBS nobody had ever thought that something could happen, as it was such a well-managed bank. The separate banking system has to be introduced at the banks. We do have to prevent a second case like the UBS.

*You mentioned earlier, that the Federal Council is always keeping back doors open with regard to the indirect counter-proposal. Could one say, that the Federal Council continues to leave itself a way out to continue neo-liberal policies?*

I just feel a constant back and forth in the Federal Council. They had one and a half years to decide whether they wanted or not to make a counter-proposal. The first Message of the Federal Council came just a few weeks after the "grounding" of the UBS, when Federal Councilor Ms Widmer-Schlumpf publicly announced that they needed to do something. However, she took over a single point of the initiative only, namely that a Board of Directors

may not contract with itself. She wanted to fix it with an equity law revision, i.e. with an indirect counter-proposal. Actually, this has already been prohibited by the Swiss Code of Obligations. First statutory reserves must be accumulated, and only in case something is left and profits are distributed, the shareholders can award remunerations to the Board of Directors at the annual general meeting.

*So the individual shareholder already has a say here?*

Yes, certainly; only when the legal reserves and the shareholders' profits have been distributed, the Board of Directors is entitled to get something. A perfect approach, isn't it? And Federal Councilor Widmer-Schlumpf took over this regulation, although it has already been included in the law. However, it is not applied. For tax reasons, there is no company where a discussion on compensations takes place at the general assembly. That practice was cancelled: The board of directors is awarded a fixed fee, which is totally wrong. Even when the UBS was "grounded", all members of the Board were still awarded a fixed fee of 525,000 Swiss francs.

Idea-wise these remunerations clearly represent a variable amount, which has to be taken out of the profit and for which the owner has the final say. He determines how much he wants to give to the Board of Directors. Now I go even further and say: If you had correctly interpreted the remuneration model, nothing would be paid in case of loss, because it is nothing but a share in profit. The situation today is so weird that fixed remunerations are paid even in companies in which losses incur and which get financial support from the government. Actually, the owners should say that they can only grant 10%, because they have done so badly.

The Federal Council has shown quite a miserable attitude on this issue. Federal Councilor Widmer-Schlumpf said in Parliament: It is good, there should be a direct counter proposal, and then there is a second ballot paper in the envelope. And in the Council of States, she said: no, no, it is good that you do not want to make a direct counter proposal, one should fix that in the law on stock companies. She spoke differently in one Council and in the other, she knew, the one would prefer a direct and the other one would prefer an indirect counter-proposal. That was 2010, when she was still Head of the Federal Department of Justice.

*If but one point among your 24 points is included in the indirect counter-proposal, it becomes obvious that something is wrong with it ...*

# The ESM – worst case scenario for Germany

Professor Dr Eberhard Hamer, [www.mittelstandsinstitut-niedersachsen.de](http://www.mittelstandsinstitut-niedersachsen.de)

According to its supporters, “ESM” stands for “European Stability Mechanism”.

Its critics, however, call it “Europäische Schuldenmaschine” (European debt machine).

In any case the ESM was designed to become a supranational debt bank of the European Debt Union, empowered to finance public debt arbitrarily and force all liable member states to make payments, thereby imposing their centrally shaped European financial policies on, and on behalf of all EU member countries. In practice financial policies in Europe would be centralized that way, taken out of democratic parliaments to become concentrated in a super-bureaucracy, so that European countries would be deprived of their supreme sovereign means – the right to control and distribute their finances independently.

The first Enabling Act of 1933 turned our German democracy into national dictatorship, the second Enabling Act is about to replace our financial sovereignty by a European Financial Dictatorship.

In the course of the US-European debt crisis the USA were the first to declare that broke bank gamblers should not be subject to normal insolvency jurisdiction – going bankrupt – but that their debts should be covered by the states. US treasury secretary (former Goldman-Sachs President) Paulson paved the way in the USA and made sure the European vassal states followed suit. The background is that the international financial sector has been dominating politics for a long time rather than the other way round, and aims at burdening their citizens with their imminent specu-

lation losses by means of the governments controlled by them.

That is why Greece was not allowed to declare an honest bankruptcy, but ever increasing “rescue umbrellas” led to rising state debts of Greece and other countries, transforming indebted banks into indebted countries and finally imposing a centralized liability on still functioning EU countries. As the cornerstone of this disastrous debt-, transfer- and liability union, now the ESM emerges, a central debt machine for all of Europe with all member states being liable for all debts to the international banks.

What was politically imposed here has always been regarded as an utmost stupidity in private business: throwing good money after bad money with irresponsible bail-outs in cases of imminent bankruptcy. Usually insolvency of the first debtor drags the bailer into the abyss as well.

The same way the US/European debt crisis has been prolonged and enhanced with ever more debt transfer, debt programs and debt rescue umbrellas since 2009 instead of a debt settlement, and with the ESM not only a debt center was created, but a central debt manager for the US banks and a centralized EU finance agency for the eurocrats, on top of national budgets.

In other words, our members of parliament think it is a good idea that the German citizens should be liable for the debt of all other European countries by means of the ESM Enabling Act, which is bound to lead to debt overload for Germany as well, to a decreasing standard of living

and a constant burden for future generations. With the ratification of the ESM we are at the most important financial political and economic crossroads for decades to come.

Apparently, government members of parliament and opposition leaders are all so closely interconnected internationally that they would rather make their electorate pay for foreign debts – i.e. defraud them – instead of standing up to this international financial empire, its lobby and streamlined media pack. Is this the reason why they preferred a second Enabling Act to practicing the “upright gait”?

Without such international pressure our parliamentarians would probably not have put up with

- the stability criteria of the *Maastricht Treaty* being increasingly violated on a large scale,
- the no-bailout-condition of the *Lisbon Treaty* being violated,
- German liability for up to 700 billion euro debt from the financially unsound euro countries already in the first debt accession treaties (“rescue umbrellas”),
- the Bundesbank (Federal Bank) accumulating 644 billion euro (Target 2) of dubious demands from debt countries in contrast to their statutes,
- the European Central Bank (ECB), again in contrast to their statutes, purchasing bankrupt state bonds and thereby directly financing them with 700 billion euro so far,
- the fact that nobody has the guts to demand the transfer of German gold re-

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## “The common good takes ...”

continued from page 12

That was in the first Message by the Federal Council; afterwards it issued uncountable supplementary messages. And in the end, Federal Councilor Ms *Sommaruga* even supported the bonus tax. Just imagine it! My initiative does not take any Swiss franc from a company. I want the money to stay within the enterprise. The things that figure in the diverse proposals made by the Federal Council are absolutely confused. No common thread, no vision. Of course the parliament was no way better; even there a slalom course, a complete confusion prevailed.

Then we contacted Professor *Linder*, who is very experienced with people’s initiatives. He said that he saw only two possibilities to escape the chaos: Either the federal Council abandoned the bonus tax, that is to say the direct counter proposal,

which would be the simplest thing to do. Or the people were allowed to vote on the indirect proposal, which has never been done before. You put four ballot papers in the envelope, one for the initiative, one for the direct counter proposal, the bonus tax, the third paper for the indirect proposal, and the fourth for the tie-breaker question. Thanks God, National Councilor *Martin Bäumle* (Green Liberal) has come to his senses. The Conservative Democratic Party of Switzerland (BDP) and the Green Liberals have stated that the bonus tax is nonsense because it deprives the companies of their money and because the bourgeois parties actually should have an eye on small tax payment of the enterprises.

*Which are in short the most important points that make the difference between your initiative and the indirect proposal?* The most important point is the back doors that you have to close. The second impor-

tant point is the pension funds, which were omitted in the indirect counter-proposal, and the third important point is the penal provisions. The penalty that is planned in the initiative should also hurt. I am very strict regarding this point. The penal provisions article has not been discussed in Switzerland for four years now, only within the last year when everything has become a bit tighter. It is really quite peculiar.

*Councilor of State Mr Minder, thank you very much for the interview.* •

<sup>1</sup> Indirect counter-proposal: amendment to the law which is only subject to a facultative referendum. In this case it is an attenuate version of Article 95 Par. 3 of the initiative, in which the catchy parts were abandoned.

Direct counter-proposal: amendment to the constitution that deviates from the initiative text which is submitted to the voters together with the initiative. In this case the intended direct counter-proposal included the introduction of a bonus tax.

**"The ESM ..."**

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serves back from debt ridden states – above all the USA and UK – where they are currently “stored”.

Those measurements which were justified with an alleged “European solidarity” have resulted in Europe being not only disadvantaged but also divided as never before. Envy, hatred, resentments and nationalistic prejudice as well as overboarding transfer demands rule the European discussion. Especially Germany has not been rewarded with gratitude for its excessive and altruistic generous help in Europe, but with ever more demands and claims instead.

**What comes next after the ratification of the ESM Enabling Act<sup>1</sup>**

Assuming that the ESM Enabling Act will be ratified in the Bundestag with as little publicity and discussion as possible, we will have to face the following consequences:

1. Greece has just barely been kept afloat financially until German liability was secured with the ESM Treaty. All the payments to Greece haven't actually improved anything but lead the country further towards the abyss – unsurprisingly, since most of them were redirected straight to the international banks.

With a state bankruptcy and the introduction of a new currency Greece could have the chance to become competitive again, surely in tourism, by a devaluation (of at least 60%).

The Eurocrats, however, are not willing to release Greece from the euro zone by a state bankruptcy. Their aim is to prolong her decline and dictate their euro-centralized reforms themselves. For the Eurocrats as well as *Schäuble*, *Özdemir* and *Steinbrück* Greece is to be turned into the first example of a former national state becoming one of the new euro provinces. This raises the question whether a possible state bankruptcy of Greece is allowed to lead to an economic restructuring or whether the Eurocracy - for reasons of power politics wants to continue Greece's misery and prevent a general catharsis. In the first scenario, the shock would have been painful but short and surmountable, in the second agony will be prolonged, pain increased, a structural correction avoided, debt liability for Germany enhanced, but euro dominance secured.

2. However, Europe is on fire not only Greece, where the economy has shrunk by 15% since the beginning of the crisis, and where more than 28% of the 18 to 64-year-old Greeks are already living at the poverty line (Eurostat). In Spain, too, banks were saved with more than 100 billion euro while more than 1 million unemployed people fall through the cracks without compensation or perspectives to get a job. Out of this debt crisis a Europe with very healthy banks but an impoverished population will emerge, since ruthless politicians have transferred bank debts to the detriment of their electorate and will continue to do so by means of the ESM.

It is quite sure that Germany will get into the same debt crisis as did the other euro countries, for whom we are bound to pay now, very soon. This liability union will turn into a crisis union, leading to new indebtedness, declining credit rating, rising interest rates and additional deficits.

In addition the increase in money volume and subsequent inflation will reduce people's savings and day-to-day incomes, especially pensions. The German people will soon feel the results of this ESM liability treaty in their own pockets. Having been poor for centuries, they will be poor again in future, ending the economic miracle of the post-war era with a new mass poverty.

For too long our generation has taken this exaggerated prosperity for granted. We have become boastful and have allowed our politicians to distribute our fortunes both at home and abroad, spending more than we could ever pay back and gambling away the future of coming generations. We are guilty. The next generation will pay the price.

Unless we make a change. •

<sup>1</sup> In the meantime the members of both German parliament chambers have approved the ESM on 30 June 2012.

The text is an abbreviated version of a contribution by Professor Hamer. Please find the complete text on our website [www.zeit-fragen.ch](http://www.zeit-fragen.ch)

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## ICRC help in Homs is said to be biased

### Vatican appeal from Homs: "Respect the humanitarian truce"

me. The ICRC had been active in the Homs district to protect civilians, who can be assigned to the rebels and had accused the government troops of having set houses on fire. In the same area, however, the ICRC had refused to be active for the benefit of Christian families, who were persecuted by the rebels. Only when the Vatican put pressure on the matter the ICRC stated it would also care for Christian population groups. Unfortunately, the ICRC's partiality in this case was apparent. This is what *Thierry Meyssan*, chairman of *Voltaire Network*, who is currently staying in Syria reports in a short dispatch.

*Agenzia Fides*, information service of the Pontifical Mission Societies, reports as follows: Christian and Muslim families trapped in the old city of Homs still have the hope that the team of the

Red Cross and Red Crescent, yesterday forced away due to fire bullets despite the agreed humanitarian truce, are able to deliver humanitarian aid and evacuate civilians.

As sources of *Fides* in Homs report, there are two distinct areas to consider in the old city: Hamidiyeh neighborhood and Bustan Diwan, where 800 civilians are trapped, 400 Christians and 400 Muslim Sunni; the areas of Al Khalidiya and Al Qoussour, not far away, where there are about 1,000 Muslim families.

*Fides* sources in Homs notice that the Red Cross and Red Crescent have spoken so far only of civilians trapped in Al Khalidiya and Al Qoussour, while the situation is very serious for women, the elderly, the sick, the children in Hamidiyeh and Bustan Diwan. Interviewed by *Fides*,

a spokesman for the Red Cross in Geneva, *Bijan Farnoudi*, said that "the Red Cross, present in Homs, is trying to enter the old city. The districts mentioned are those we had information about, we will not make any difference and we will try to save all civilians. "Meanwhile, the Christian priests in Homs, who receive daily news from the trapped families, refer to *Fides* that "the situation deteriorates by the hour: the families are terrified, desperate, squeezed between gunshots, lack of food and medicine."

Source: *Agenzia Fides*, 22 June 2012

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A spokesperson of the ICRC could not have been contacted on Sunday. What we do hope is that the ICRC will live up to its reputation of impartiality and the principles of the Geneva Conventions in Homs, too. •

## Arms smuggling to Syria right under the Germans' noses

### Arms deliveries to the rebels have reached record levels since the initiation of the ceasefire in April

### Arms come from a depot near Benghazi established by Qatar The Germans do not fulfill their arms supervision near Tripoli

A large portion of the arms smuggling to the Syrian insurgents is passing under the nose of the German Navy. Numerous reports have affirmed that Syrian insurgent militias are being furnished a large portion of their war material by sea, with the main hub being the Lebanese port city of Tripoli. The Lebanese coastline is under the surveillance of the German Navy within the framework of the United Nations' *UNIFIL*, with the official mission of thwarting arms smuggling. The naval units, to which the *German Defense Minister paid a visit* yesterday, are also constructing a radar installation in Tripoli, which serves as a hub for Salafist combatants from the Hindu Kush. According to renowned journalists, *arms deliveries to the rebels have reached record levels since the initiation of the ceasefire in April*. The weapons have enabled the insurgent militia to bring vast areas of Syria under its control, providing a safe haven, where a "parallel state" is being established. Large sectors of the domestic Syrian opposition are opposed to the military operations of the often Islamist oriented insurgents, fearing this could lead to an escalation of confessionalist violence. The Hula Massacre confirms this apprehension.

#### Mission objective: intelligence gathering

On 18 June 2012, Berlin's Defense Minister paid a visit to the German naval forces operating off the coast of Lebanon, within the framework of the United Nations Interim Force in Lebanon (*UNIFIL*). The Bundeswehr is currently operating two speedboats and a supply vessel with altogether 230 military personnel. Alongside training and equipping the Lebanese Navy, their mission consists of prohibiting arms smuggling. According to the German Defense Ministry, the German soldiers are responsible for "intelligence gathering and the control of sea routes, as well as the diversion of ships in cases of suspicion."<sup>1</sup> According to the German government, German troops are currently also installing the eighth of nine planned coastal radar stations in Tripoli.<sup>2</sup> On 6 June, the German cabinet ruled that the mandate for this German *UNIFIL* unit will be prolonged another year. Immediately afterwards, Foreign Minister *Guido Westerwelle* visited the combat ships. In the course of this week, the German Bundestag is scheduled to pass, in due form, this prolongation of the mandate. Berlin had ordered the German Navy's fleet service ship, an espionage ship, to cruise

off the Syrian coast at the end of 2011.<sup>3</sup> It is unknown whether this vessel is still in the area. *During the war on Libya, it was cruising the Mediterranean on a secret mission.*

#### Main hub

The maritime region, where the German Navy is supposed to prohibit smuggling – and about which Berlin should have very detailed knowledge at its disposal – is considered one of the most important arms supply routes for Syrian insurgents. Tripoli's port is seen as the "main hub" for arriving arms, paid for mainly by Saudi Arabia, Qatar and possibly other Arabian Gulf dictatorships. The combat material arrives in the port – "usually camouflaged in containers" – where it is transferred and then transported overland to Syria.<sup>4</sup> The closest major city in Syria is Homs, one of the first flash points of armed conflict. Originally, this had been "the most important arms smuggling route," according to reports. Only recently "a corridor from the Turkish province Hatay to Idlib" in northern Syria, has begun to have greater importance.<sup>5</sup> According to military specialists,

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**"Arms smuggling to Syria ..."**

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weapons originating, for example, from a depot created by Qatar near the *eastern Libyan city of Benghazi*, are being transited through Tripoli and on to Syria. In the majority Sunni-inhabited Tripoli, where Syrian opposition forces have a strong presence and maintain active political structures, several hundred militant Salafists, many from Afghanistan, Pakistan and Iraq, have been converging to infiltrate across the nearby border into Syria.<sup>6</sup> This process brings to mind the role once played by the Pakistani border town, Peshawar. In the 1980s, it too had served militant Islamists as a safe haven after their attacks, to retreat out of range of the armed forces in Afghanistan.

**Parallel state**

It is not new that, in spite of the arms embargo, the western protected militias are able to stock up on weapons. This was also the case during the Yugoslavian civil wars, and more recently during the war on Libya.<sup>7</sup> Observers report that the arms buildup of the Syrian insurgents has dramatically accelerated. They used "the short ceasefire," beginning April 12, "to reorganize and stockpile arms." In the meantime, they have mortars, assault rifles and machineguns, as well as anti-tank missiles. Since the end of May, *at least two dozen Syrian army tanks have been destroyed*; since the beginning of the "ceasefire" in April *more than 1,000 Syrian soldiers killed*.<sup>8</sup> The militias are currently operating within Syria "from relatively safe havens,"<sup>9</sup> reported the correspondent from the "Frankfurter Allgemeine Zeitung", one of the most renowned

experts on the region. They have taken control of a region "with corner marks at Idlib and Jisr ash-Shugur to the north as well as Salhab and Hama to the South," in which they have created "a parallel state, where they administer the law, distribute and produce weapons as well as prepare their operations. The territory under their control is slowly expanding."

**Opposition to violence**

All of this is very controversial within the Syrian opposition, because of the country's extremely sensitive religious constellation. Numerous religious minorities comprise more than a quarter of the population. Violence has become confessionalized – something experts had warned against already in the spring of 2011 – and religious motivated killings are commonplace. The Damascus-based "National Coordination Committee for Democratic Change," a *coalition of opposition groups, which strictly rejects both the armed struggle against the regime, because of its inherent danger, as well as any sort of western intervention, is appealing for a refusal of support to religiously motivated insurgents or even to the Salafist militia*.<sup>10</sup> The situation in Iraq and Libya should serve as a warning. The locally active "National Coordination Committee" complains that the West is particularly using the exile-based "Syrian National Council," which has hardly a following inside Syria, to recruit allies for the violent overthrow of the *Assad* regime. Unlike in the "National Coordination Committee," Islamist organizations, particularly the exiled Muslim Brotherhood, are very influential in the "Syrian National Council."

**Media power**

The Hula massacre shows the dimension of the religiously motivated violence carried out by western-supported militia. According to the reports written by one of the most renowned German correspondents in the Arab world, the massacre was most likely carried out not by militia loyal to the government ("Shabiha"), but rather by insurgent Sunnis. They systematically killed families of religious minorities, including children. (*german-foreign-policy.com* reported.<sup>11</sup>) Now even the Saudi regime is becoming worried that Saudi Salafists, waging war in Syria, could one day return home and turn on the *Al Saud* Dynasty – because they consider it too compromising. A fatwa issued in Riyadh on June 7, therefore prohibits participation in a "Jihad in Syria."<sup>12</sup> However, local militia and Salafists fighting in Syria from other countries are still being supported by Saudi Arabia and other Gulf dictatorships – with arms supplies and the media power of Al Jazeera. That Qatari news channel has been supporting the Syrian opposition from the very beginning of

protests. A nun from Quara, a village south of Homs, who witnessed the atrocities recently described the techniques in use by the news channel. She observed how militia "first used a car bomb to kill a businessman, who had refused to close his shop and then declared in front of a running Al Jazeera camera that the government had committed the crime."<sup>13</sup> During his recent trip to Qatar, Foreign Minister Westerwelle also visited Al Jazeera and gave an exclusive interview.<sup>14</sup>

<sup>1</sup> UNIFIL; *www.bmvg.de*<sup>2</sup> Deutscher Bundestag, *Drucksache 17/9873*, 06.06.2012<sup>3</sup> see also *Spionageschiff*<sup>4</sup> Keine Waffenruhe in Sicht; *www.fr-online.de* 14.06.2012<sup>5</sup> Waffen für die Freunde in Syrien; *Frankfurter Allgemeine Zeitung*, 18.06.2012<sup>6</sup> La Syrie, nouvelle terre d'élection des djihadistes; *Le Figaro*, 23.05.2012<sup>7</sup> see also *The Libyan Strategy*<sup>8</sup> Waffen für die Freunde in Syrien; *Frankfurter Allgemeine Zeitung*, 18.06.2012<sup>9</sup> Unter Beschuss aus der Luft; *Frankfurter Allgemeine Zeitung*, 14.06.2012<sup>10</sup> L'autre opposition; *Jeune Afrique* No. 2683, 10.06.2012<sup>11</sup> see also *The Yemenite Solution*<sup>12</sup> Waffen für die Freunde in Syrien; *Frankfurter Allgemeine Zeitung*, 18.06.2012<sup>13</sup> Eine Auslöschung; *Frankfurter Allgemeine Zeitung*, 14.06.2012<sup>14</sup> see also *The Yemenite Solution*Source: *www.german-foreign-policy.com*, 19 June 2012**"FAZ": CIA coordinates arms deliveries to Syrian rebels**

cc. On 22 June, the "Frankfurter Allgemeine Zeitung" reported that the American foreign Central Intelligence Agency CIA controls and is trying to coordinate the flow of arms to the Syrian rebels. The newspaper reports: "Referring to government officials in Washington and Arab states American media report that a small group of CIA agents is active in the south of Turkey, in order to decide with the services of allied countries, which resistance group receives which weapons. The weapons supply to the Syrian rebels include machine guns, ammunition, shoulder-rockets and anti-tank weapons. The weapons are paid by Turkey, Saudi Arabia and Qatar and mainly smuggled across the Turkish border to Syria." According to corresponding reports from the "New York Times" and the "Wall Street Journal" the CIA agents have been in action in the Southern Turkey for several weeks.

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Editor: Erika Vögeli

Address: Current Concerns,

P.O. Box, CH-8044 Zurich

Phone: +41 (0)44 350 65 50

Fax: +41 (0)44 350 65 51

E-Mail: [CurrentConcerns@zeit-fragen.ch](mailto:CurrentConcerns@zeit-fragen.ch)

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# Alfred Nobel's last will

by Dieter Deiseroth\*



On the second Friday in October the day has come again: The committee appointed by the Norwegian Parliament will officially announce the winner of this year's Nobel Peace Prize. The highly renowned prize out of the Endowment Fund of the Swedish "dynamite manufacturer" *Alfred Nobel* has been awarded to 121 personalities since 1901.

Norwegian author and lawyer *Fredrik S. Heffermehl*, born in 1938, caused a sensation with his book "The Nobel Peace Prize: What Nobel Really Wanted"\* (title of the Norwegian edition of 2008: "Nobels vilje"). In the meantime the book has been translated into several languages and was expanded several times.

His central messages are the following: The Norwegian Nobel Committee consists of hardly competent politicians and it is continuously disregarding the award criteria predetermined by Alfred Nobel in his testament of the year 1895. The Committee has assumed self-created selection criteria which contradict the last will of the prize founder; it works in a non-professional manner, decides in non-transparent secret proceedings and evades any serious discursive criticism. Heffermehl's theses are based on a careful examination of the testament's content. He is practicing a two-step procedure here. In a first step, he applies the method of interpretation applicable to the testaments of the Norwegian and Swedish hereditary law (which is also valid for German law): What does the testator mean by his own words in this situation in this context and what did he express? In a second step Heffermehl asks, how Nobel's determined subjective intention of the year 1895 is to be understood at the present time, when year after year the testament is to be implemented by selecting the prize winners. In Paris on 27.11.1895 Alfred Nobel had effectively enacted in manuscript form in the presence of two witnesses according to Swedish law: After deduction of 1.6 million Swedish crowns legacies to relatives, employees and friends the estate's lion's share of 31.6 million was to be used to finance the newly created award. From the revenues of the heritage, according to Nobel's testament five annual awards were to be distributed to

## What Nobel Really Wanted

When Barack Obama endorsed preemptive invasion in his Nobel Peace Prize acceptance speech and declared that American military action underwrites global peace, many around the world wondered why the commander-in-chief of a military superpower engaged in two foreign wars should have been considered for the peace prize in the first place.

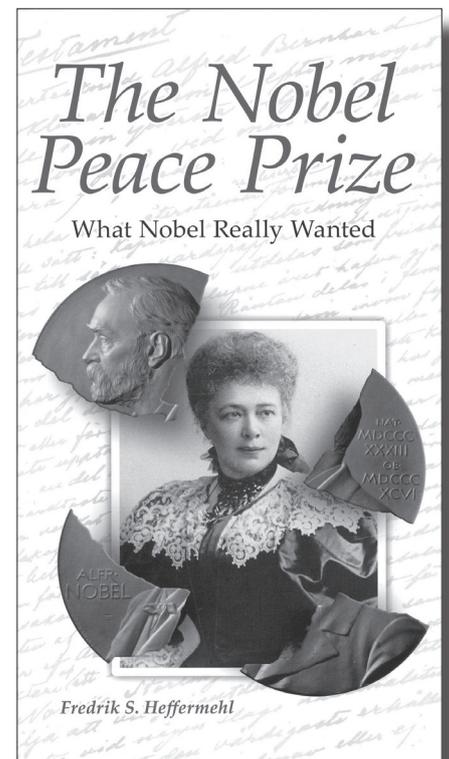
The Nobel Peace Prize is the world's most coveted award, galvanizing the world's attention for 110 years. In recent decades, it has also become the world's most reviled award, as heads of militarized states and out-and-out warmongers and terrorists have been showered with peace prizes. Delving into previously unpublished primary sources, Fredrik Heffermehl reveals the history of the inner workings of the Norwegian Nobel Committee as it has come under increasing political, geopolitical, and commercial pressures to make inappropriate awards.

As a Norwegian lawyer, Heffermehl makes the case that the Nobel Committee's selections brush aside the visionary intent of Alfred Nobel's 1895 testament. Evaluating each of the 120 Nobel Peace Prizes awarded between 1901 and 2009, the author tracks the ever-widening divergence of the committee's selections from Nobel's will and concludes that all but one of the last ten prizes awarded are illegal. Discussing how the Nobel committee and Norwegian parliamentarians have related to his criticism of the peace prize, the author shows the slim chances of opposition when politicians acting as a group fail to respect the rules of law and of fair, truth-seeking debate.

Fredrik S. Heffermehl is a Norwegian lawyer and international peace activist. He is the vice president of the International Association of Lawyers against

Nuclear Arms and served as president of the Norwegian Peace Alliance and vice president of the International Peace Bureau. He has served in Norway as a deputy judge, deputy consumer ombudsman, and the secretary general of the Norwegian Humanist Association. Heffermehl has law degrees from the University of Oslo, New York University, and the College of Public Administration in Oslo. He is the editor of *Peace is Possible*, featuring contributions by 31 eminent peacemakers.

Source: Blurb of the book



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personalities who had significantly contributed to the well-being of mankind. In fact there should be an award for the most important discovery and invention in each of the fields of physics, chemistry, physiology or medicine, another one in the field of literature for "the most outstanding work in an ideal direction". And precisely the Nobel Peace Prize should be awarded to the "peace advocate" who had achieved "the most" for (1) "fraternization of peoples", (2) for the reduction or abolition of "standing armies" and (3) "for the promotion of peace conferences". With the award of the first four prizes Nobel entrusted various Swedish institu-

tions, with that of the fifth one a committee to be chosen by the Norwegian Parliament ("Stortinget"). As Heffermehl discovered, Nobel engaged with deliberation the Norwegian, but not the Swedish Parliament as a trustee and an authoritative body of the award process. In the then existing state union of Sweden and Norway, this parliament that was dominated by the then Liberal Party ("Venstre") appeared more suitable to him than the Swedish parliament. Because, as one of the first in the world, it had provided substantial amounts of money to the "In-

\* Judge at the *German Federal Administrative Court* in Leipzig. Member of the academic advisory board of the *International Association of Lawyers Against Nuclear Arms* (IALANA)

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ternational Peace Bureau", had co-founded by *Bertha von Suttner*, and otherwise worked with notable initiatives against the dangers of war, for disarmament and for an international arbitration.

Heffermehl accuses the "Nobel committee" of converting the three specific objectives defined by Nobel in his will into a diffuse "peace criterion" and thereby falsifying them. When awarding the prize the committee aimed at winners that had committed themselves to "arms control" – not the same as "disarmament" – or to democracy, humanitarianism, environmental protection, resource conservation and human rights. Indeed, he was the last one, says Heffermehl, to deny that a diverse concept of peace work was necessary. But the Nobel Prize had just not been initiated for "peace in general" or objectives associated with this, but as a prize for individuals or organizations who had provided outstanding performances on specific fields with specific means aiming at putting an end to the waging of wars. The criterion of "fraternization" (of the peoples) had been transformed by the committee into a non-specific "brotherhood of nations" ("brotherhood"). The aim of reducing the "standing army" had completely been forgotten. The relevance of "peace conferences" was totally negated by the committee putting up the counterfactual assertion that such things did no longer exist or that they were meaningless. In addition, Heffermehl writes, the committee failed to recognize that Nobel's criteria are organically connected to one another ("fraternization between peoples" and "disarmament" plus "promotion of peace conferences") and therefore should not be considered separately.

Through such interpretations to its own choice the Nobel Peace Prize committee favors the military-based international system rather than its overcoming and abolition – as Nobel had wished it. Measured against the testamentary provisions Heffermehl therefore considers at least 51 of the 121 previously awarded Nobel Peace Prizes to be unjustified.

**Committee staffed according to proportional party representation**

The author sees the reasons for the negative development of recent decades primarily in the failure of the Norwegian Parliament. Since 1948 it has divided the five seats of the Nobel Committee according to proportional party representation. The special qualification, skill and experience, which are relevant for the assessment of the allocation criteria, did virtually not play any role for the selection of committee members. Only the basic consensus on Norwegian security policy that had evolved since the beginning of the Cold War in the late 1940s had to be observed. For the members of the committee *compliance with Norwegian foreign policy – and consequently concepts of military strength and an almost blind loyalty to NATO – were more important than respect for Alfred Nobel's testament*. But even before 1948, Nobel's testament had often been ignored. Then as now, this was not done accidentally: In this respect Heffermehl's analysis also bases on diary entries of longtime committee members, which are now available in the archives and which have been partially documented by Heffermehl himself.

The reactions of the Nobel committee to Heffermehl's study were very sparse. Members who expressed themselves publicly tried to present Heffermehl's view

as a marginal "single opinion". It was this accusation that challenged Heffermehl all the more: In the English-language edition, which has recently been published (simultaneously in Swedish, Finnish and Russian), he worked out in detail, that his criticism is basically supported by numerous previous studies. Heffermehl demands that the Nobel Foundation carries out a general review of the awarding of the Nobel Peace Prizes in the last 110 years and, above all, that it aligns the current practice with the testamentary provisions of the founder. The current committee members should leave the Parliament in Oslo and give it "free rein" to choose a "venerable committee." The procedure for selecting the winners must also be transparent. The prestige of the prize, which he expects to be the "greatest gift to mankind" must no longer be damaged.

In addition to his journalistic efforts, Heffermehl has also requested government agencies to ensure that Alfred Nobel's last will, which is protected by hereditary law, is given genuine attention. And he is right: The foundation supervision has to ensure that the donor's will is strictly observed. Apart from that it can already be stated that Heffermehl's groundbreaking study provides rich material for better understanding and assessing the complex structures of the Nobel Peace Prize awarding procedure – those structures which usually shield from the view of a critical public. It would be very exciting, if studies of this kind considering the awarding practice of the other four Nobel Prizes were developed and published. •

\* Fredrik S. Heffermehl: *The Nobel Peace Prize. What Nobel Really Wanted*. Praeger 2010

Source: *Blätter für deutsche und internationale Politik*, October 2011

Media release concerning the vote on the nature park in Canton of Schwyz

**People of Schwyz say No to new restrictions**

Last Sunday the remaining ten communes in the Canton of Schwyz voted on the construction phase of the nature parks. The result can hardly be surpassed in its clarity. The negative votes amounted to between 72% (Schwyz) and sensational 92% in Unteriberg. Four communes had already decided at community meetings by show of hands. Even here the result was extraordinarily clear. The result was the clear-cut in the commune Alpthal, where all

58 present persons said No to the project. This means that now all 14 communes within the perimeter voted clearly against the project nature park. The people of Schwyz are tired of restrictions. No more regulations! Especially the park regulations inside the parks gave rise to broad discussions. The opponents managed to show the basic disadvantages of such a park. In the canton of Schwyz there is no desire to waste any more tax dollar for a project that

doesn't have any advantage for the general population. After all the construction phase would have cost 2.8 million. The bad cost-benefit ratio was certainly one reason for the widespread rejection. Schwyz people are not to be bought by some francs from Bern and much less if their freedom gets even more restricted by such a deal.

Committee "No to the nature park"  
Co-Chairman *Marcel Dettling*,  
Cantonal Councilor, Oberiberg