

Current Concerns

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The promotion of the Mittelstand* corresponds to social market economy and is an alternative to socialism and capitalism

by Professor Dr Eberhard Hamer

The idea of social market economy as an antithesis to administrative economy

Following the tradition of *Marx*, who demonized entrepreneurs as “exploiters” and private profit as “robbery”, every socialist system favors the centralized administrative economy in which officials control business according to their ideas, allow production only if they consider it appropriate, and allocate to consumers what the functionaries think they should have. In its hardest form this was enforced during wars, when all production capacities were subordinated to war production and consumers had to put up with a minimal supply of standardized consumer goods in exchange for food stamps.

After the war and the currency reform, an alternative model of market economy was supposed to end the steering power of functionaries in the economy, and the decision was left to the participants, who was to produce what, what one wanted to accomplish, how much to earn and how much of their earnings they wanted to spend on consumer goods. Social coercion within this free market economic system based on free individual decisions, was the consequence of competition: in a competitive market a company can only achieve a higher turnover if it works better or cheaper for the consumer than others. So, ultimately the consumer decides on products and production. Solely to *his* advantage producers fight when competing.

The state has no longer any directive function in the market, but must set and guarantee the framework. These are, above all, equality of chances and freedom of action. Competition is only fair if everyone has equal opportunities. Therefore, equal opportunities in a market economy are as essential as equality before the law in a democracy. And entrepreneurs as well as consumers must retain the freedom of their actions and their choices.

Meanwhile, it is undisputed that the greatest freedom of action, the greatest motivation of all individual economic par-

“The regeneration of our market economy versus concentrations of power, arbitrariness of capital and redistribution has to start with the middle-class economy, with an economic policy that no longer relies on the 6% of corporations in our economy, but on the more than 94% of the family or personal companies led by their owners themselves. They are the pillars of our labor market (66%) and the support of our public finances (80%) and our welfare state (51%), but especially of a still functioning competition, the secret of success of our market economy.”

ticipants and thus the greatest prosperity can be achieved in a decentralized competitive market economy just as in a decentralized democracy. In times of peace, the market economic system is superior to all centralized steering systems. It is to this that we – especially the Germans – owe the “economic miracle” of the 50s and 60s as well as our present prosperity.

Limitation of our market economy by public economy

Germany’s leading privatization research conducted by the *Mittelstandsinstitut Niedersachsen (SME Institute of Lower Saxony)* showed that work carried out by public authorities or organizations are on average about a third more expensive than if offered and carried out by private contractors. Privatization is therefore one of the most important ways to public rationalization¹.

But research on privatization contains the welfare benefit of privatization when it comes to monopolies because private monopolies are even more harmful than public ones. This makes a ban on privatization of infrastructure necessary, for example water supply, coinage, currency or the like.

Moreover, due to social-ideological reasons some areas in Germany have remained in public ownership which are elsewhere privately organized such as large parts of the health sector, the pension system, social welfare, etc. because the public sector considers it social to operate these sectors without profit objectives, although they are much more expensive that way than if offered by entrepreneurs. It is

not for economic but for political reasons that they are continued in public form in Germany.

Deformation of our market economy by socialism

Even *Ludwig Erhard* did not want the deadly competition of market economy; that is why he called his model “social market economy”, because he wanted to give everybody the opportunity to be successful on the one hand, on the other hand, however, he wanted to oblige the state to help people who had failed economically or socially. That was valid for people who had lost their work as well as for people who could not cope with a full-time job for health reasons, or people who had been misfortunate as entrepreneurs. Such a minimal protection of all people is politically beyond dispute in Germany today.

Furthermore, the socialism of the 68 generation interpreted the equality of human beings not only as equality of rights with respect to market opportunities but maintained that all humans had the same claims to the same benefits. Since then the domineering term of “social security” has determined the political program of all parties; while it remained controversial

- whether it was socially just, if everybody was permitted to enjoy the revenues of his own superogation (liberalism),
- or whether those generating a higher income should only be deprived of that part of their income or assets which

* Small and medium-sized enterprises

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was necessary to relieve the need of others (Liberal and Christian/parties),

- or whether everybody must be provided with equal income and equal assets and equal living conditions by distribution (socialism).

Today it is considered self-evident to achieve a social correction by making people with a higher income and higher assets have to pay higher taxes and social contributions in order to help funding others who have less or nothing. This had led to an ever more extended and unrestrained redistribution between the population groups in the course of the last 50 years. Only 42% of the 82 million inhabitants of Germany are economically active, but 66% of the population live fully or partly on public transfer payments.² In the course of time the amount of social benefit payments has risen to such an extent that they are almost as high as the income of the lower income groups or even higher depending on the respective family status. Whereas only 34% live on their market income, that means generate our national product, 37% of our population live as unemployed, as retired pensioners or public servants exclusively on payments by the state (transfer income). Instead of everybody living from his own strength or his own performance as would be natural according to the market economy model, the majority of the population live from third-party strength and third-party performance, because non-performance should allegedly be refunded - exactly as genuine performance - with the same living-standard, by redistribution. That means that the majority of our population does no longer live on their own market-economic performance but according to social criteria of the social state on the state's payments which means on the achievements of the industrious minority.

Another minority does neither live on its own work performance but mostly on the profits gained out of capital investment or capital transactions respectively on top incomes received from public or private organizations, which hardly have anything to do with their own achievements but are determined by the financials market and power.³ As early as 30 years ago the author has derived from official statistics that the upper class and its trusts pocket more public subsidies than they pay taxes.⁴

More than 80% of all these benefactions from top down are paid by the industrious middle-class, which - with their taxes and social contributions - do not only pay the transfer payments to the lower income groups but also have to fund the subsidies to the upper-class as well as the growing state apparatus, all by themselves. The middle-class always hears the phrase "Performance has

to pay". However, it experiences just the opposite, namely that its performance is daily worth less, and that competition is getting harder all the time because of the subsidized macro-economy and by the foreign competitors; that its profit margins are ever more decreasing whereas the politicians directed by the majority of the transfer-payment-receivers invent ever more new taxes, social contributions and legal restrictions for the middle-class (inheritance tax, property tax, wealth

fostering the redistribution orgies of our public bodies through credits, thus driving not only us but also the next generation into debt and tributary towards international high finance.

The power of international big capital over capital markets and our submissive press and politics has been demonstrated by the alleged rescue funds and the ESM which have forced Germany to be liable for all unsound European member states to the ben-

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tax, etc.). Therefore the air, our middle-class is breathing, is steadily getting thinner.

The well-functioning competition, which is regarded as presupposition for a market economy does merely take place in mid-sized business areas, where there are no great companies or state institutions dominating the market: this well-functioning competition, however, is only existent in about 50% of our national product. So we have had since long only within a part - the medium sized economy area - a functioning market economy, whereas in the supply areas of the state (about 34%) and the corporations (about 16%) already an oligopolization has taken place and in the employees' public demand sectors we have a supporting welfare state,

So market economy in our society has actually degenerated to a minimal size by socialism. And we must indeed marvel how this remnant of mid-sized economy is still capable of keeping Germany at the front in Europe and the world.

Deformation of our market economy by capitalism

In addition, our economy has evolved towards a reign under international capitalism.

International financial industry started by proclaiming the global freedom of capital transactions, continued by enforcing all possible international tax liberties, based on the argument of equalizing international taxes, finally taking the following steps with the help of its capital

- buying and controlling more than 80% of the DAX companies and of our macro-economy,
- buying thousands of our companies through their hedge funds, dissolving some of them, or sometimes getting rid of indebted parts,
- undermining and destroying our banks and our financial economy with unsound financial products,
- controlling market conditions and our capital market by means of interest and LIBOR cartels,

efit of their banks for which the German citizens will have to take over the debts of European crash states and crash banks not only now but also in future. This omnipotence of international big capital over our country, our capital market, our taxes, our corporations, our politics and the plundering of our *Mittelstand* does not have anything to do with market economy; it is a dictatorship of international capital determining even details of our lives.

The current German torso-market-economy

Whoever comprehends the deformations of our market economic system by state economy, socialism and capitalism will also understand

- why our income and benefits no longer rely on our real economy and that an inflated financial sector has instead superimposed the real economy by the unrestrained printing of paper money, thus determining our monetary false boom and our growth rates,
- why services and no longer production are regarded as the growth motors in the financial industry, controlling more and more areas of economy,
- in addition to social feudalism and the rule of social functionaries over social subjects, we are now experiencing a capital feudalism and the rule of the financial sector over the citizens living off their own work.

It is no longer true, like in the 50s and 60s, that it is possible to become wealthy through assiduity and proficiency. Increased income will be taxed more than proportional and skimmed with social security contributions. Today one becomes rich by speculating with real or false money products which are internationally tax-free or tax-privileged and hence most profit-yielding.

Proposals for the regeneration of the market economy and of the SMEs (small and medium-sized businesses)

by Professor Dr Eberhard Hamer

Deregulation: abolition of redundant laws is the cheapest economic aid. It helps the companies at no cost to the state. The more freedom of action an entrepreneur has, the better he can optimize his production. The more this freedom remains constrained by laws, regulations and requirements, the less discretion the entrepreneurs have to fulfil their production function. Instead of binging us more justice, freedom and security, our flood of legislation partially converted us into a planned economy. "In the field of transport, free markets have always been regarded as indecent. And equivalent to the non-marketable surpluses in agriculture are deserted ghost trains and the resulting billion deficits on the railway. For steel, the cartel forced by the EC was to keep prices high and the rates of production low. Also on the labour market legislation and case law send out false signals. Alleged protection for women, youth and other groups increases the cost of employment so that many of them are no longer recruited. Same as for the milk and steel industry, production limitation is considered as salutary: Reduction of work and early retirement are to help all."¹

Most of social legislation was adopted in good faith: well-intentioned but not well done – and especially not always helpful. Many of these regulations could be omitted for small and medium-sized enterprises, because they have been designed and enacted for structured differently corporations under different conditions.

A dismantling of laws for the recovery of entrepreneurial freedom would also bring more people to self-employment and thus resolve the lack of entrepreneurs. The author has proposed to:

- limit the period of validity of laws to 10 years and of regulations to 5 years. Thus, unnecessary regulations would die off automatically.
- Especially social law and labour law should be streamlined and reformed in accordance with the requirements of a modern market economy. Especially to the benefit of small and new enterprises the entrepreneurial freedom needs to be enlarged by changes of the labour and social security legislation.
- For small businesses, the taxation should be a flat rate and VAT – actual taxation – should be increased to 1 million, so that there is no advance payment of VAT on sales not yet made.

Reduction of bureaucracy: science, business and politics agree that the public administration burdens the private economy with too much bureaucracy. Even in the 1980s the *Mittelstandsinstitut Niedersachsen* (SME Institute of Lower Saxony) found that on average, every entrepreneur had been forced to work more than 1000 hours free of charge in order to fulfill bureaucratic requirements.² The reduction of bureaucracy was indeed promised by all federal governments, but has hardly been kept and has become an even more unbearable burden for the self-employed middle class by the additional flood of EU directives. In surveys of

SMEs reducing bureaucracy is at the top of the wish list again.³ Many statistical reporting obligations for example, are demanded and defended by the associations only. The statistics could be privatized and changed from full to representative statistics, if policy would resist the self-interest of organizations more determinedly.

This is especially true for the social bureaucracy – half of all bureaucratic requirements of medium-sized companies – which have been made more often in the interest of trade unions than of the economy. As important as, for example, works councils for large companies are – for small personal companies, where the owner daily works with his employees, works councils are pointless and counter-productive.

For promotions as well – in particular in the EU – the excessive bureaucracy for small businesses must be reduced by simplification. This has already been done for the English application forms of the EU.

The reduction of bureaucracy relieves not only the SMEs of administrative work, but also the state, making it a double advantage. To enforce it against the selfishness of the associations requires only political courage and strength – which has been missing so far.

Equal opportunities for SMEs: Just as democracy should ensure equal rights for all citizens, the market economy must guarantee the equality of opportunity to all market players. This is their function

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For the employer, the cost of an employee with an average salary is twice his gross salary.⁵

Due to taxes and social taxes, however, the employee himself receives only 53-66% of his gross salary. Hence it is no longer possible to become rich from work. In the last 10 years, all million-euro fortunes have been created by speculations in the finance sector.

The social market economic model of market efficiency for the benefit of the

consumer has been mainly replaced by redistribution policies and capitalism; hence it has also lost its attraction to the population – particularly in the east, in the states of former East Germany.

Alexander Rüstow writes correctly: "The development of market economy towards capitalism is a pathologically abnormal development. The connection of capitalism and imperialism is based on the non-economic elements of capitalism which are hostile towards market economy." Hence socialists were right in their claim "that extreme capitalism will end up in collectivism."³

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damental right. Market economy is only fair if everyone has equal opportunities for performance, for production and for the acquisition of goods. Equal opportunities also means that the small companies have the same access to the factors of production as the large ones have, and conversely the large companies can no longer blackmail the small ones by means of their market power or push them out of the market. We have not had such an equality of opportunity for a long time.

Under the influence of the political power of large companies, our legal situation and legislation have developed to the detriment of small businesses and have increasingly stolen opportunities from them. Such power positions do not only arise because of cartels and monopolies, but also through mergers and organic growth. Rightly, the then Federal Minister for Economics *Brüderle* has taken on the task to restore the equality in the market at regulatory level by breaking up positions of power. Unfortunately, he was replaced (for that reason?).

In its two studies "Market power in retail"⁴ and "Supplier discrimination"⁵ the SME Institute of Lower Saxony has denounced a plethora of discriminatory practices, especially with respect to purchasing, the conditions of payment, the complaint schemes, discount schemes, prohibited assignments up to technical controls and stealing the technical know-how of suppliers by their customers – the large companies.

So far, the big business also managed not to let market power apply to all other areas of prohibition of discriminations. Only such a discrimination ban would make it possible for the medium-sized suppliers and competitors to request compensation for damages by reversal of the burden of proof if they are discriminated by unfair practices of their major customer or large competitors.

Such a ban of discrimination would also be necessary to combat the growing power of transnational corporations and international big business.

The rules applicable to all other areas of discrimination prohibition also to apply to economic power would be a key demand, which would bring more freedom to the powerless on the one hand and would curb market power on the other, which would thus make our competition system fairer again.

Tax justice for partnerships: While the German tax law recognizes corporations as separate legal entities that are taxed respectively, partnerships – relatively arbitrarily – are only considered as a separate taxable entity, if the consequence was an additional tax liability such as for trade tax, VAT, social security contributions and more. On the other hand, partnerships always lose their status as separate taxable entities if this would lead to tax reduction or tax exemption, such as in the corporation tax, transfer of shares and remuneration for the entrepreneur. To sum up, partnerships are often discriminated in Germany contrary to the corporations:

The tax burden for a legal entity is around 30%, while the profits of the partnership are taxed as persons controlling the company with income tax and trade tax between 50 and 70%. This is unfair.

Only corporations can move their profits by shifting their domicile to another country and thus avoid taxation in Germany. The partnerships, however, are local and therefore forced to be taxed in Germany.

If a corporation sells shareholdings with profit, it remains tax-free up to a sediment of 5%. However, if a partnership sells just such shareholdings, the capital gain above the threshold is fully taxable by the entrepreneur personally.

That is why the SME research always demands the return to the old definition of income, namely that the taxation of surplus occurs only when these are withdrawn from the business. That's the only way for partnerships and family-run businesses to form equity on their own (deferral). The measure is therefore now overdue, because banks give credit to the self-employed middle-class only hesitantly or not at all and we are facing a death of family-run businesses due to lack of liquidity. The survival of these businesses by their revenue deferral be-

fore the distribution of profits would therefore be the most important demand of SMEs at all to secure jobs, investments and the middle-class, especially since *Ludwig Erhard* created the "economic miracle" that way.

Securing the livelihood of the self-employed middle-class: For our social-affairs-functionaries the self-employed entrepreneurs still present some misunderstood enemies. Because the latter want to save their existence, their social security and their retirement security by means of their own efforts, rather than by the state, the majority (90%) of the hired employees (secured by public social security systems) don't understand the situation of the non-secured self-employed.

Who has no state-run cover for his existence, health and retirement security, needs to build this up by means of assets and property. He is forced to build up assets, to achieve the same existence and old-age pension such as those, for which the employers secure collective security by paying into the public social protection systems. It is therefore not only fair, but also necessary for their existence, that the assets and properties of the self-employed middle-class are secured at least to the extent that they can cover their personal existence – health and old-age protection – and their entrepreneurial risks (credit) out of their own resources.

If, however, the social politicians and social-affairs functionaries constantly request wealth tax, higher inheritance tax (to be paid only by partnerships, because corporations don't die) and infringement of property, this does not only contradict social justice, but undermines the existence of the self-employed middle class, which is the main pillar of our society for the labour market, public finances and the economic order.

¹ *Wilgerodt, Hans: "Instead of the market economy, we will soon have only an economic museum" in WaS, 26.02.1984*

² *cf. Hamer, Eberhard: "Shifting the bureaucracy on the economy", Hannover 1979*

³ *cf. Hamer, Eberhard: "SME and their many predators" a.a.O., page 219 Hannover 1987*

⁵ *Hamer, Eberhard: "Supplier discrimination", Hannover 1988*

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Rüstow⁴ also is right to point out that society is only interested in keeping the power of the state at bay and also in keeping market economy free of state interventions unless and until a feudal power infiltrating the state with social feudalism and capital feudalism gains hold of the state and starts the reverse endeavor of expanding the public power of the social functionaries or capitalists with the

help of the state that will then serve its interests.

In that sense, not only the deformation of our market economy has reduced our liberal economic order, but the power of the new feudal class has also reduced our population's approval of democracy: the social functionaries have converted two thirds of our people to receivers of transfer income, to social subjects, over which they can rule. And with unrestrainedly printed money out of thin air they have not only created a debt bondage over peoples, economies and soci-

eties but they are also trying to erect a supreme rule over democracy at the expense of the people with their capital: interests, worthless securities, derivatives and liability certificates.

The regeneration of market economy by the small and medium-sized companies (SME)

- If it is still appreciated by the majority, that the free market economic system may in principle guarantee all econom-

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ic operators the highest degree of freedom in consumption and production as democracy as a decentralized freedom system does,

- that the competitive system does not only require the lowest degree of state interventions, but also converts the self-interest of every man into altruism, since the provider achieves maximum sales only if he offers the best performance for the buyer and vice versa the demander takes the money to that one who offers the best and cheapest products or services,
- that all the administrative economic systems or dictatorial compulsory economies have failed, or at least have never achieved the welfare effects of the market economic system for the masses of people, the reduction of the market economic system by socialism, capitalism and state economy is a loss of freedom and prosperity for all,
- so that more genuine market economy should be tried to regain freedom and wealth in Germany in the interests of all citizens.

However, three powerful groups in our society would contradict this goal:

the functionaries of our public institutions sitting safely and comfortably on leading positions,

- the social-affairs-functionaries distributing redistributions
- and the international financial industry dominating us.

The power the latter has got, was demonstrated by the vote on the ESM, as the majority of parliamentary parties and MPs decided to install an international financial dictatorship beyond our democracy by a "second enabling act".

Those who want to have back a new functioning market economy, will be opposed by the powerful groups mentioned above and by the press and media industry in their hands. Feudal systems have always fought to maintain their power, even if they had acquired them incompatibly to the system or even illegally.

The great awakening comes with the ongoing financial crisis, which has been postponed – only with difficulty – by increase of money supply and debts.

But debts cannot be increased forever, especially if others are liable to them and cover them. Soon there will be conflicts between donor and recipient nations because of the debts of the bankrupt countries and their lack of self-efforts. If in that case, the expansion of debts will end up with individual state bankruptcy or European total bankruptcy and currency reform, the domination of social and financial feudalism will end, too. The citizens

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will look for those who are guilty and will demand a new, fairer system.

This would be the time to reform and come back to a real social market economy, currently the most human, most efficient and most welfare-capable system of economic order.

Such regeneration of our market economy must be more of a Mittelstand economy.

The new SME economy developed by the author is the personal market economy without the constraints of official power – by people, with people, for people – and is therefore a medium-sized market economy.

Since it has been shown that about 50% of our middle class (independent and dependent middle class) must maintain not only the recipients of services, but also the minority that is no longer living from its own work but lives on profits, as well as it must maintain the state at 80%, only a reduction of these marginalized groups and more middle class can lead towards the regeneration of our market economy and our society.

The author has found and documented empirically in many studies that

- medium-sized enterprises are personal companies only led by the owner himself. These differ from corporations fundamentally by their management, profit orientation, service and humanness in their treatment of employees.
- They employ two-thirds of all employees, even over 80% of the workers in private industry.
- However, the middle-class companies are also essentially representative of our economy. They make up more than 90% of all our business units.
- Only in these middle-class companies and their sectors functioning competition can be found. Therefore, the welfare effects of the market economy are concentrated in these sectors and this would intensify these middle class sectors and bring greater prosperity for all.

Middle class is also the salaried middle class of the qualified responsible service providers performing more, whose load has increased excessively by the increase of transfer service users. More middle class staff as well as more medium-sized companies would relieve our top performers and thus provide more prosperity for all.

In order to strengthen the middle class in favor of more market economy and to the benefit of all citizens, it must not be provided with more social benefits than the lower class or more subsidies than the upper

class, but it must be granted more freedom, more protection in competition and more relief. Then it can develop out of itself.

The author has proposed such political claims in his recent book, "Middle class among so many predators – the looting of the self-employed."⁸ Except for the tax proposals, all the other proposals have the advantage of not costing the state anything. Thus the regeneration of our market economy and a strengthening of the middle class without public funding will be achieved (see box, page 3).

The regeneration of our market economy versus concentrations of power, arbitrariness of capital and redistribution has to start with the middle-class economy, with an economic policy that no longer relies on the 6% of corporations in our economy, but on the more than 94% of the family or personal companies led by their owners themselves. They are the pillars of our labor market (66%) and the support of our public finances (80%) and our welfare state (51%), but especially of a still functioning competition, the secret of success of our market economy.

More middle class and competition policy has no longer been applied, because of the power of collective organizations (banks, unions and corporations and their associations), with their large donations. The network of the power of the corporate capital is not only achieved by policy, but also by our media, our government and our society. More so, we must work to ensure that the excessive power of big capital is returned to an acceptable degree for a democracy. The point is that the power cartel of social feudalism and financial domination must be tamed, and that we can regenerate a functional – middle class – market economy. •

¹ See Hamer/Gebhardt: *Privatisierungspraxis*, 2. ed., Hannover 1992

² cf. Hamer, E.: *Mittelstand unter lauter Räubern*, Unna 2011, pp. 61

³ cf. Willenweber, Walter: *Die Asozialen*, 2. ed., Munich 2012, pp. 25

⁴ cf. Hamer, E.: *Wer finanziert den Staat?*, 2. ed. Minden 1982, pp. 107

⁵ cf. Hamer, E.: *Mittelstand unter lauter Räubern*, *ibid.*, pp. 61

⁶ cf. Rüstow, Alexander, *Ortsbestimmung der Gegenwart, eine universalgeschichtliche Kulturkritik*, vol. 3, *Herrschaft oder Freiheit?* Stuttgart 1950, pp. 167

⁷ Rüstow, Alexander, *ibid.*, p. 177

⁸ Hannover/Unna 2011, pp. 215

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FATCA brings serious disadvantages for Switzerland as a sovereign state

by Hans Geiger, retired professor of economics, University of Zurich, Weiningen, www.hansgeiger.ch

The tax treaty FATCA (Foreign Account Tax Compliance Act) is not a fat cat, but an expensive bureaucratic monster; the Federal Council is cuddling it.

FATCA is a new US law, with which the Obama administration wants to prevent the American taxpayers' tax evasion abroad. For the enforcement of FATCA in Switzerland, the Federal Council intends to conclude a treaty with the United States. After that, the government plans to enact a FATCA law.

The renowned American tax lawyer *Herman B. Bouma* denotes the law as "sheer idiocy" in the *Tax Management International Journal*. He classifies this work of 400 pages as arrogant and bullying. To his mind it destroys international relations, contravenes the laws of other countries, damages the American economy, brings immense administrative strains to foreign banks, harms the Americans abroad and is totally inefficient. All in all it would merely yield 9 billion dollar in the course of 10 years and would fund the current American national deficit (approximately 900 billion dollar per year) for no more than 10 hours per year. Obviously it is not about money but about the control of the citizens by the powerful state. Tens of thousands foreign financial service providers will have to automatically report to US tax authorities IRS the identity and assets of its US customers starting in 2014.

As a means of pressure for the implementation of FATCA the US plans a withholding tax of 30%, which is levied on all income and sale proceeds of US securities transaction and which can only be avoided if the financial service provider concludes a contract with the IRS in which the financial service provider promises to abide by the FATCA rules.

So FATCA is based on agreements between the US tax authorities and thousands of non-US financial service providers. States are not part of the basic FATCA concept.

FATCA is contrary to international principles. However, the USA have the political and economic power to enforce their will.

Also the Swiss banks have to live with this situation. The majority will sign contracts with the US tax authorities. Local banks would have the ability not to accept American customers and not to manage American securities for their customers. In that case they wouldn't need any FATCA contracts. However, Annex II to the State Treaty obliges "financial institutions with a local clientele" to accept US persons who are resident in Switzerland ("expats").

The renunciation of US securities would also constitute a substantial limitation of the investment opportunities for smaller Swiss banks. So, for the majority of Swiss banks the question is not "FATCA or no FATCA?" However, for Switzerland as a sovereign state the question is "FATCA with or without a treaty?" The Federal Council justifies its consent to the treaty with "simplifications" and "facilitations" for the Swiss financial institutions.

Certainly, the facilitations claimed by the Federal Council are modest, often unclear and in large part also available without a treaty.

In contrast, the disadvantages of the agreement for Switzerland as a sovereign state are far-reaching:

- The FATCA agreement is further watering down the bank secrecy. This happens even without the agreement, but with the agreement Switzerland is giving its blessing to this process. So it is written in the agreement: "Considering that Switzerland supports the implementation of FATCA."
- In Article 1 of the agreement its purpose is mentioned, that "FATCA is to be implemented with respect to all Swiss financial institutions." Thereby Switzerland does not accept FATCA as a nuisance, but supports the implementation of the "idiotic" guidelines and makes the compliance obligatory under Swiss law.
- Thus, the Swiss Confederation is forcing banks to raise a US withholding tax of 30% on the sales revenue of American securities of Swiss citizens in Switzerland. The obligation of small Swiss local banks to accept American citizens domiciled in Switzerland is be-

stowing a privilege on Americans in comparison with all other nationalities. Yet no Swiss bank has been obliged to accept customers of a particular nationality. That is quite perverse.

- The FATCA agreement gives priority to the fulfillment of American rules to a greater extent than it gives to Swiss law. Thus, for example Article 4 of the agreement is abolishing Article 271 of the Swiss Penal Code (prohibited acts for a foreign state) in favour of the United States.
- In fact, FATCA means the automatic exchange of information, even if it is formally slightly obscure. Officially the Federal Council rejects the automatic exchange of information.
- The contract is to be "dynamic". If the United States change their rules, they are automatically valid without modification of the treaty.
- For the conclusion of the contract the USA did not give anything in return to Switzerland. Switzerland did not achieve the regulation it desired in the past. The enhancement of the "reciprocal support in tax matters" mentioned in the preamble of the agreement is nothing but diplomatic chatter.

The agreement with the United States has precedence effects on agreements with other countries, especially the EU:

- The EU demands an automatic exchange of information in tax matters from Switzerland. If Switzerland granted the automatic exchange of information to the US, it would not be able to refuse it to the EU.
- The EU demands from Switzerland the "dynamic acquisition" of new EU law. If Switzerland concedes the US "dynamic acquisition" of new rules, it will not be able to refuse it to the EU.

The FATCA agreement and the FATCA law bring the Swiss financial institutions – in the best case – minimal facilitations. The agreement brings serious drawbacks to Switzerland as a sovereign state. •

Source: *AUNS bulletin*, March 2013

On www.auns.ch you find the AUNS consultations report.

(Translation *Current Concerns*)

US Bank dispute: kneeling before the United States?

by Florence Vuichard

State Secretary Michael Ambühl proposes a solution with respect to the US Bank dispute – and is now himself criticized. No one is happy in Bern, on the contrary. Now, everybody fears the vehement indignation this proposal may trigger. Nervousness is rising in Bern. At the latest since State Secretary Michael Ambühl returned home from America late February with a possible proposal for the long-awaited “global solution” with which the US tax dispute once and for all might be settled.

The question is how the banks can provide enough customer data – without violating Swiss law – to satisfy the United States. The unpleasant answer: Not only the 13 banks which are in the focus of the US judicial authorities must provide data. No, also the other Swiss banks that have or had taxable persons from the US in their client base.

A new dimension

A bank official estimated that about 80 to 90 of a total of about 300 Swiss financial institutes would be involved in the "global solution". Therefore, a completely new dimension will be achieved. The word "global solution" must also be qualified.

For not the whole banking center will be saved. Only those banks that are ready to join the agreement are off the hook.

The numerical extension only pleases the 13 banks which in that case will no longer be the only ones in the firing line. The other affected financial institutions must consider whether they want to expose themselves or whether they will rather take the risk of staying on the side in the hope never to be caught by US tax authorities.

A difference however will remain between the two banking groups: the 13 financial institutions must all individually – as in the case of *Wegelin* – negotiate an agreement with the US judicial authority, a so-called "Deferred Prosecution Agreement" (DPA).

Parallels with the FATCA mechanism

Nobody is ready to reveal what that would mean for the banks, exactly. Some see parallels to the FATCA mechanism in *Ambühl's* paper which supplies US authorities with information from Switzerland which helps them to submit requests for information. Thanks to dragnet investigation by group inquiries then more or less all taxpayers are likely to be caught.

Thus, the worst fears of the warners against the so-called fishing expeditions would come true. Critics even think the pond would then be fished empty.

At present the potentially affected banks weigh the advantages and disadvantages

of such a solution. The *State Secretariat for International Financial Matters* (SIF) leading the negotiations declares that "currently there is no deal", there are just "multiple text proposals".

The negotiations continued. Soon, Ambühl is to travel to the United States. It is uncertain how much he can achieve there. Apparently the *US Department of Justice* (DoJ) has the reins firmly in their hands now, the negotiator responsible for taxation, *Kathryn Kenneally*, wants justice, as we heard.

In Berne the criticism towards the former star diplomat Ambühl is increasing. A cooling-down in the relationship to his boss, Finance Minister *Eveline Widmer-Schlumpf*, has been observed for a long time.

Difficult situation

Observers express they know now that the situation has become very difficult. It is said that *Widmer-Schlumpf* even complained towards confidants about his "high-handed" attitude. Some assume that Ambühl must give up his post in the Department of Finance once the US deal is signed and sealed.

When he started his job at the newly created SIF in spring 2010 Ambühl was considered Berne's most effective weapon in delicate negotiations with foreign countries, as the perfect crisis manager who pulls the chestnuts out of the fire for his country, everywhere.

Today more and more politicians are asking critical questions. They admit that he has to deal with a number of almost unsolvable tasks, but criticize his poor performance: neither with the EU nor the OECD nor the United States the taxation and ban client confidentiality conflicts are resolved.

And also his deal with the United States to rescue the UBS in the summer of 2009 which was first celebrated as a solution proved to be illegal in retrospect and had to be dealt with by the Parliament.

The Left is the only one who openly criticizes Ambühl. In December SP President *Christian Levrat* said to the media: "I don't have to tell Mr Ambühl what he has to do." But: "He has to draw the consequences himself."

Germany didn't want to know anything

At that time *Levrat* wanted to make references to the missing results of the SIF and his boss in the two flagship dossiers: the flat tax and the negotiations with the United States. "The SIF followed the wrong strategy with the flat tax for too long", *Levrat* holds today. "This model has definitely failed." Germany doesn't want to have anything to do with it and neither does France. And with Italy it will be difficult.

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UBS AG (UBS PLC) – Compensations Report should be rejected

Once more the UBS AG has attracted attention by an *unbalanced remuneration policy*, which can be explained by a completely *false understanding of performance*, among others. If the board of directors boasts – in its supplementary report "Changes to the Compensation Structure 2012" – that the price rise of the UBS share, the buildup of the capital ratio and the net cash inflows were to its credit, it is rightly to be questioned. Both, the increase in the share and net cash inflows explain themselves in the very first line with the financial and banking crisis in the EU-countries, and are by no means the result of a true entrepreneurial performance! Contrary to the expression in the company's invitation to the General Assembly (agenda item 1.2.) a positive correlation between pay and performance is not at all given.

As for the *capital ratio*, the Board withholds that it had *already muddled more than 5% of the equity in 2012! A loss of about 2.5 billion versus bonuses at the same amount, an incredible discrepancy!* Given these

facts Chairman *Axel Weber* wants to make us believe that cutting the compensation by 7% was a great sacrifice? Moreover in view of the 4 million Swiss francs that Chairman *Weber* collected as a *signing bonus* and the 25 million for *Andrea Orcel* to the same end – before they even stirred a finger – it is clear that the UBS – hardly just saved from bankruptcy by the taxpayers – has degenerated again into a self-service store. Also, the *compensation* for *Sergio Ermotti* of approximately CHF 9 million is exaggerated since he does not in any way fulfill his actual responsibility, neither for sectors in the red which were simply left out. Considering that the credit tap for SMEs and industry has largely been closed despite cheap money as never before, this remuneration policy is a travesty. That is why the UBS *private/small shareholders* who I am responsible for unanimously reject the Compensations Report!

Hans-Jacob Heitz,
Advocate & Investors Guard, Zurich

(Translation Current Concerns)

Gigantic US spy centre

The United States are building a gigantic spy centre in the desert of Utah. All e-mails, phone calls, google searches, travel routes and book purchases, all resumes and personal digital data can be collected and evaluated there. Some friends from the intelligence community have played some data into our hands. So, the servers are intended to be placed on a 8,000 square meter area. Data storage equipment is intended to be placed on a further area of 275,000 square meter. The amount of information that can be stored here is hard to imagine. Because today, one terabyte of data fits on a finger-nail-sized chip already. The amount of data the *National Security Agency* NSA wants to record is enormous: former Google chief *Eric Schmidt* estimated all human knowledge, that has been generated by the year 2003 to be 5 exabytes. According to the internet company *Cisco* the worldwide internet traffic will quadruple during the period from 2010 to 2015 and reach a volume of 9,766 exabytes. 1 million exabytes in turn equals 1 yottabyte. The Pentagon is trying to manage yottabytes of data in its global communications network, to be able to use satellite images as well as sensor- and communication data live (!) ...

The NSA will as well be able to store and process several yottabytes of data. Thus, it can store the data for several years that are continuously being published on the Internet. Starting in autumn 2013, the idea of total information processing could be finally implemented by the centre, built for \$2 billion, as it was already planned under president *George W. Bush*. An employee of the NSA looks at it this way: he brought together his thumb and forefinger and said: "We are that far away from a turn-key ready totalitarian state ..."

The amounts of data are provided by the NSA global monitoring network ("vacuum cleaners in space"), as well as by the now increased storage capacities. To increase the computing power, the NSA had decided to start a new project as early as 2004, the "High Productivity Computing Systems program (HPCS)". The goal was to increase the computing power thousand fold. The new so-called Patflop computers can make at least one quadrillion, i.e. 10^{15} calculation steps, per second (!). The city of Oak Ridge was selected as the site for the new super computer program as was already the case

in the top-secret *Manhattan Project*, which developed the atomic bomb. The *Oak Ridge National Laboratory* of the Department of Energy is located there. The program of the super computer consisted of a public part, which published its findings, and a secret section, in which the NSA developed their own supercomputer. In 2009 the scientists in the public area, managed to develop the world's fastest computer called XT-5, which at that time had a capacity of 1.75 petaflop.

In the meantime details of the potential of the new computing and spy centre were leaked to us. It makes us shudder! Final objective of the expansion (in 2 to 5 years) is total information about all and every human being! So the complete profile of the "proband" can be captured by pushing a button. The system spits out up to 500 pages of information in less than a minute. It includes, depending on the required profile, all data since the birth of the questionee until to date. All certificates, all ratings by teachers and later by employers are covered since his or her youth and as well all journeys. A further push of the button yields all financial relationships, a list of all friends and acquaintances. It gives information about each parking ticket, which he already had received, his preferences of clothes and

food. In addition a "weakness profile" showing all revealed and hidden preferences. A "health status profile" summarizes whatever was compiled by doctors and hospitals, etc.

What is interesting is that all these data are already stored. On request of an authority or of an intelligent service, a push at a button is sufficient to spit everything out. Our informant who saw the first respective software and their application in the "live-operation mode" promises: "From cradle to grave no single detail is missing". A particularly perfidious program reveals links to friends, acquaintances, and business contacts. They can in turn be viewed separately in the profile. An endless circle! Because there is a great amount of data available to the NSA already today which has been wiretapped but still could not be deciphered, it will initially work on this available data. A former employee knows that there are a lot of data from foreign governments, which are encrypted with 128 bit or less, that could not be deciphered so far. The faster the computer, the stronger their code-breaker properties are.

Big Brother really is watching you, secrets will soon be a thing of the past. •

Source: *Vertraulicher Schweizer Brief* (Confidential Swiss letter) No. 1351 of 2.3.2013

(Translation *Current Concerns*)

A resolute data protection is imperative!

tb. In those days, the US city of Oak Ridge hosted the *top-secret Manhattan Project* under which the first atomic bombs were developed. Today, researchers of the US Department of Energy and the National Security Agency are working here on a computer center of superlatives. While parts of this project are talked about openly (eg. the computer introduced in 2009, at that time the fastest computer called XT-5), information about the far bigger part of the improvements made in the field of data processing and storage are kept secret.

Meanwhile, that much we can learn from well-informed circles behind closed doors, the operational functioning of a new computer and intelligence service center is expected within the next five years at the latest. This device renders virtually transparent any member of the human race. Conspicuous behaviour in the kindergarten, grades in school, professional diplo-

mas, personal preferences, financial and domestic circumstances, completed trips up to now, friends and circles of acquaintances, political activities, and finally penalties and penances up to now – all these data can be called up in no time.

For years, practically all global data streams have been intercepted and stored, because they provide the required information. The rapid technological progress of recent years makes it increasingly possible to also evaluate this gigantic flow of data and – this is crucial – to compile them in a purposeful way. The aim to create the virtually transparent human being is almost achieved without even a "data protection official" having the opportunity to raise his voice against it. But that is finally completely without importance – "one" would not listen to him anyway. •

Source: *Vertrauliche Mitteilungen* of 19.03.2013

(Translation *Current Concerns*)

“Peace always emanates from small states and republicanized communities”

On the work “1813 – Kriegsfeuer” by Sabine Ebert – taking into account Immanuel Kant’s “Perpetual Peace” and the experience of the Swiss Confederation

by Tobias Salander, historian

In times of cyber war and warfare using drones, mercenaries from increasingly belligerent states are sitting on comfortable office chairs agitating around half the planet. They don't see their victims but as dots on a screen – human beings allocated by their states for killing without a declaration of war or a fair hearing – or they do not see them at all, as was the case when computer viruses like Stuxnet were spread, which can cripple the control of nuclear facilities, including nuclear power plants and other infrastructure. Nevertheless, despite the lack of “enemy contact” many of the modern warriors suffer from the same post-traumatic stress disorder syndromes as their counterparts in previous conventional wars, as the “New York Times”, the “Frankfurter Allgemeine Zeitung”, the “Neue Zürcher Zeitung” and others report. Is this a proof that man will never change? Or is it rather a sign of hope? The hope that mankind may finally realize that waging wars of aggression – banned as the worst of all crimes since Nuremberg – are diametrically contrary to man's social nature and that man cannot cope with this, and that this not-being-able-to-cope may be interpreted as evidence for what man needs for his mental health, or what he just cannot take? If the research of Michael Tomasello¹, co-director of the Max Planck Institute for Evolutionary Anthropology in Leipzig, and many other scientists are being taken seriously, namely that man likes to cooperate with his fellows, even infants before they learn to speak, the conclusions must be obvious with respect to the co-existence between states: war as a means of politics must be banned, since it will never lead to pro-social and sustainable solutions. This was also laid down in the UN Charter. However, for us, the contemporaries who are directly involved in the present time, who are witnessing the US and/or NATO-led wars against Serbia,

Leipzig 1813, and the consequences

In autumn 1813 the so-called wars of liberation against the troops of Napoleon Bonaparte culminated in the “Battle of Nations” at the gates of Leipzig.

From 16 to 19 October, the Allies Austria, Prussia, Russia and Sweden inflicted the decisive defeat on the French army and its forced allies, including the troops of the king of Saxony and the subjugated German Confederation of the Rhine States. This defeat caused and terminated the domination of Napoleon in Europe.

Napoleon Bonaparte I – Emperor of the French since 1804 – had determined the fate of Europe for more than a decade. After the total defeat at Waterloo (18 June 1815), he was finally sent into exile to the island of Saint Helena. At the Congress of Vienna in 1814/1815, the political representatives of some 200 European states, corporations, principalities and arranged cities the new balance of power on the continent.

Important for the Swiss Confederation: On 20.11.1815, the Swiss diplomacy in Paris managed to win the Great Powers of Austria, France, Great Britain, Prussia, and Russia for the first recognition of the perpetual neutrality of Switzerland under international law, for the “Acte portant reconnaissance et garantie de la neutralité perpétuelle de la Suisse et de l'inviolabilité de son territoire” (Act of recognition and guarantee of perpetual neutrality of Switzerland and the inviolability of its territory). This act had been formulated in all substantial points by Charles Pictet-de-Rochemont of Geneva. He made sure that no right of intervention could be derived from this guarantee by the Great Powers.

Sources: www.leipzig1813.com/index.php?id=166 and www.hls-dhs-dss.ch/textes/d/D16572.php

(Translation Current Concerns)

Afghanistan, Iraq, the wars of individual members of NATO against Libya and Mali for us it is often difficult to remain clear-headed enough to transfer findings from modern anthropology, biology, and psychology onto current events – and to take the Charter of the United Nations seriously and live accordingly. Exposed to a violent propaganda campaign, we are too ready to believe with each new war that this time really the “war to end all wars” has to be waged, “a war to protect the peace”, “a war for human rights”, yes even “a war for international law”. Truth is always the first victim of a new war. The insight often follows later, usually it comes too late.

Therefore, a look back into history can be beneficial and open the eyes for today's issues. Looking back – in case of longer periods in the past – is so clarifying, because no personal concerns will cloud

or colorize the view one-sidedly, because no order for blurring events by propaganda has been given, because human nature has not changed for over 10,000 years, hence we are dealing with the same being that is now active: the homo sapiens sapiens. And since this is so, we can put ourselves in the position of these ancestors, understand their actions and draw conclusions for today. Just as the one which holds that wars do not emerge from man's nature but are always staged by interests of powerful circles. And since they were made by man, and are always ended by man, it is possible that even today we may end or better not start wars.

An example which for all the aforementioned reasons may be very instructive for us, is the so-called Battle of Leipzig, 1813,

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“US Bank dispute: ...”

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“At the same time there is FATCA contract now which stands in harsh contrast to the flat tax strategy.” Levrat's conclusion: “The balance sheet of the SIF is insufficient.” An assessment that has followers also in the centrist camp. In any case for the BDP of Widmer-Schlumpf, the withholding tax is no longer a model for the future.

Ambühl is also increasingly being accused of being too close to banks. Evil tongues even argue that he had informed the banks earlier than the Federal Council about his negotiations with the United States.

Unforgettable is also his appearance at the Festival for the 100th anniversary of the Swiss Bankers Association which took place in a Basel Art Gallery: Ambühl was allowed to participate at the honorary table and received an official welcome even before the also present

President of the National Bank Thomas Jordan.

The plans for the “global solution” come about at a delicate time, because the Parliament must approve the FATCA contract in the next few months. The bigger the outrage about the process of coming to terms with the past with the United States, the greater the unwillingness to endorse the FATCA contract which shall regulate the future. •

Source: *Der Sonntag* of 17 March 2013

(Translation Current Concerns)

"Peace always emanates ..."

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whose 200th anniversary is commemorated this year. On this occasion festivities will take place in Leipzig this autumn, and for this date a historical work has been published, which vividly portrays the proceedings by taking a personal view of history: It is about the factually accurate historical novel by Sabine Ebert, which traces the events in a source-based manner including a few fictional passages that are owed to the novel genre, and which do not block the view on events but on the contrary have a clarifying effect. This is reason enough to appreciate this work and place it in the context of a personal historiography, which is committed to peace and has known – since Immanuel Kant and the history of the Swiss Confederation – that peace can only emerge from small states and republican communities, but never from large structures. It is expected that the latter will try to monopolize the commemorative celebrations, but would make historical misrepresentation no less outrageous. We are forewarned as Swiss: on the occasion of the 200th anniversary of the 1798 invasion of the Napoleonic troops into Switzerland some circles tried to glorify Napoleon as the founder of modern Switzerland – the tyrant who plundered the occupied country, centralized it and forced the young men to serve as cannon fodder in Russia. We owe it to the research of Dr René Roca and others that this historical misrepresentation could be corrected by drawing attention to the cooperative tradition in Switzerland, which long contained the seeds of direct democracy before the foundation of the Confederate State in 1848.

So back in 2013 it cannot be the lesson of the Napoleonic era that peace in Europe came to the people with the help of a neo-Napoleonic juggernaut. Even when today's mega-structure or the President of a country that regards itself as being in a permanent state of war have received the Nobel Peace Prize – by a committee whose recent decisions would make the founder Alfred Nobel turn in his grave, as Fredrik S. Heffermehl put it³.

**US strategists:
man as a species does not want war**

The statement comes from someone above suspicion, someone who is not known as a peace dove, idealist or pacifist: by the US American Kenneth N. Waltz⁴, a scholar of "neo-realism". With his approach of "anthropological realism" Waltz propagates that we must not look for the cause for wars between States in man's pursuit of power, but in the international system, which has an anarchic structure and is hence not

"The will to cooperate, needing protection and granting protection go hand in hand. The social nature of man is thus always a pair of twins consisting of compassion, empathy and assistance on the one hand and the will to reject the assumption of power, to defend his human dignity against usurpers and to establish rules to safeguard the bonum commune, on the other. This dual aspect of the human condition, also described as the interaction of sensitiveness and robustness, has existed and can be found throughout the history of mankind since its very beginning."

equipped with constitutional institutions and traditions. Since states were quite rational actors who wanted to survive, a balance of power was desirable – today even by means of nuclear weapons. Statements which on the one hand may be confusing with respect to the proliferation of indiscriminately killing weapons; on the other hand they may be beneficial, since they exculpate man from the suspicion of being a wolf to his fellows, of possessing a death instinct or of archetypes like Wotan or whatever Hobbes' vulgar Freudian or Jung's ideas may be. Tommasello's studies have shown in all clarity that man himself is a peaceful creature, who likes to cooperate with his fellows. Adolf Portmann⁵ has already outlined that man born socially premature is dependent on the social uterus and therefore needs protection.

**The conditio humana: interplay
between sensitiveness and robustness**

The will to cooperate, needing protection and granting protection go hand in hand. The social nature of man is thus always a pair of twins consisting of compassion, empathy and assistance on the one hand and the will to reject the assumption of power, to defend his human dignity against usurpers and to establish rules to safeguard the bonum commune, on the other. This dual aspect of the human condition, also described as the interaction of sensitiveness and robustness, has existed and can be found throughout the history of mankind since its very beginning. Since we may always find a colorful array of more or less pure emotions, passions and aspirations in each individual's personal history, a surplus of destructive tendencies may suffice to resort to mistakes that are really bad, such as murder, manslaughter, rape and hate etc. However, wars lasting for years and costing thousands, hundreds of thousands, even millions of lives cannot be explained like that. Not only the real-political school of neo-realism à la Kenneth N. Waltz says so; letters, diary entries and more recently eyewitness interviews with victims of armed conflicts also give evidence. Man wants to live in peace, in community with like-minded people, without developing hostility towards others. However, if he attacks his fellow man, i.e. in masses and in an organized and uniformed manner, there are

always manipulation, ideology and abuse of man's creative will.

**An individual's confinement
to the times has a blinding effect**

It is not always easy to understand all that in our own time since we are directly involved in the current processes and influenced by powerful interests. Unfortunately 21st century wars were revealed as having been greatly unjust along with misleading the public, only in retrospect. If wars are sold as campaigns that are going to prevent wars, that would guarantee human rights or are intended to prevent an imminent mass murder etc., and if this is widely spread and constantly repeated by the mass media, only the distance of time can clarify things. Our own situation as being contemporaries often has a blinding and stunning effect; you often do not want to admit that a politician or state who is widely regarded as positive is committing monstrosities. We often find it easier to understand by means of historical examples that wars always start with a lie, that interests mask as values most of the time, that monstrous things are monstrous, indeed. For example, if a statesman says that he couldn't care less about the death of a million people, we may be upset in the temporal distance of 200 years – however if a Secretary of State comments that way on 500,000 children of a people that have previously been demonized by the media for many years and was starved by an embargo, it falls into oblivion or is suppressed at best, since the suppressed facts have the habit of working their way up to the surface some time later. Or why is it that we feel differently about *Napoleon Bonaparte's* statement about his soldiers in million numbers compared to former US Secretary of State *Madeleine Albright's* comment on half a million Iraqi children?

**Since 1999, we have been
losing the respect for war again**

Since the Kosovo War, we have once more been on the warpath and have lost respect for war as the late Major General *Hans Bachofner*⁶, Doctor of Law (1931–2012) put it; hence a glance into history may have healing effects, as for example, the look at an event 200 years ago. We talk about the aforementioned Battle of Leipzig, where half a million soldiers from different coun-

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"Peace always emanates ..."

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tries were facing each other in the hitherto largest battle in human history.

Whoever reads the new novel by Sabine Ebert entitled "1813 – Kriegsfeuer", which is based on the study of over 30,000 pages of primary and secondary literature and written as closely as possible along the historical facts and persons, repeatedly puts the book aside and starts contemplating: Why this madness? Why this meaningless slaughter of tens of thousands of mostly very young men? Why did no-one succeed in bringing a halt to this madness? How did people survive then, how could they handle the atrocities? And why did it continue with all the wars of unification under *Bismarck*, the wars in northern Italy, on the Crimea, in the Balkans, only to culminate in the two World Wars and the more than 100 wars since then – with today's neo-colonial warfare in the guise of "human rights". Will humanity never become wiser?

"Tutti fratelli" –**half a century before Henry Dunant**

Sabine Ebert has invented only a few characters, especially one but a Lichtgestalt sorely needed one in order not to fall into hopelessness, apathy or cynicism and sarcasm: with the figure of *Henriette Gerlach*, called *Jette*, she created a luminous figure taking up the Christian tradition of the Good Samaritan and making *Florence Nightingale* shine through. We are often reminded of *Bertha von Suttner* with her Nobel Prize novel "Lay Down Your Arms" in form of a dialogue and above all we are reminded of the call "tutti fratelli" with which at the Battle of Solferino in the Castiglione hospital *Henry Dunant*⁷, the found-

er of the Red Cross, expressed that we have to help any injured soldier, regardless of his origin, simply because they are all human beings, indeed brothers.

**In those days the Corsican,
today the declining hyperpower?**

Brothers appear in Ebert's novel also in another context, at the level of the rulers, and their relationships are badly feigned. The Emperor Napoleon calls the Saxon King *Friedrich August I* "brother", at the same time holding him in real hostage without naming it so. In general, these Saxons: Decoyed – after the defeat at Jena and Auerstedt – by Napoleon's promise that he would not occupy and plunder, i.e. treat Saxony differently and treat it preferentially to the also defeated Prussia, it has to surrender its young men, like so many subjected peoples had to, to the hegemon for his military expeditions. A fate that is not new, but to date has not been overcome in history: those who are not in a position to defend themselves, whether from cowardice or naivety or for whatever reason, will have to wage war for the winner. Those who have to tolerate foreign troops on their territory are being plundered, starved and dishonored. What so clearly appears in the historical distance is often difficult to detect in the present. But does not the declining US hyperpower show similar features as the imperial posturing of the Corsican? Concealed by other, smarter concepts? "Coalition of the willing" almost seems too obvious, "community of values" or "the international community" wrapped more cleverly. "Vassal", "bridgehead", "tributaries" are all terms used by the geostrategist *Zbigniew Brzezinski*⁸ in his books, rather reminding of Napoleon. And again we raise the question: Why does no one resist? Is this just the fear of power – or also resonating admiration and a certain morbid desire to lean on alleged grandeur? Is it the desire to be part of it when the rich and famous live it up?

Who speaks**of the megalomaniac as such?**

In Saxony, at the time of the Battle of Nations, all these processes are an example to understand and painstakingly uncovered by Sabine Ebert. Thus, for example, based on the events around the person of the Saxon *Auguste Charlotte*, Countess of Kielmannsegge, it becomes obvious that power always seems to promise a certain "sex appeal", and not only to simple natures and minds. Or how would you describe and understand that a woman pays tribute to a mass murderer who hurts his own subjects, and consequently destroys their livelihoods? And she puts herself at his disposal as a top spy against her own countrymen from the aristocratic upper

class. Is this the result of the so-called charisma of the self-proclaimed Emperor Napoleon? And why is it so effective that you simply do not want to admit the insane and megalomaniac in him?

Sabine Ebert does not explicitly answer the implicit questions, but leaves the reader wondering. Just because she presents the story from the perspective of individuals of different nations, social classes and groups, hence chooses a personal approach, the reader can often empathize with the figures. Only by way of this personal approach history becomes palpable, and only then it really makes sense. Dealing with history should never be "l'art pour l'art" – of course we may allow the postulate of the Enlightenment "prodesse et delectare", i.e. "make use of and enjoy". And Mrs Ebert succeeds to do so in an excellent manner: take a week's time for reading and then immerse right into the story – there is never any risk that you could lose yourself because analogies to today force themselves on the reader from page to page.

**A literary monument
for the "unknown soldier"**

More than once the reader puts the book aside and begins to contemplate: "Women give life, men take it" – is that right? Without being radically feminist, the author triggers off entire lines of thought: women and men from history come to our minds, *Socrates*, *Jesus of Nazareth*, *Gandhi*, *Mother Teresa*, the aforementioned *Florence Nightingale*, but for Switzerland also *Gilberte de Courgenay* who during the First World War took up the soldiers in her restaurant and is said to have known them all by name, "et tout les officiers", as the song specially composed in her honor puts it so nicely. And of course, *Henry Dunant*. But also *Bertha von Suttner*, *Heinrich von Kleist* with his novel *The Marchioness of O*, which traces the fate of women in wars, here also the Napoleonic wars. It tells the story of a French woman who was first saved by a Russian officer from abuse by his soldiers, but then becomes pregnant without knowing by whom, and finally learns that it was just her protector, who had seemed an angel to her but turned out to be a devil. Kleist shows how war turns everything upside down. In contrast to all convention a baby is born first, then they marry without feelings, then they fall in love.

When in Ebert's novel the protagonist *Jette* gets involved with the enemy, it is not from desire, but from pity: Just like a mother who takes her child to comfort, the young Saxon woman takes the occupying officer in to comfort him for the impending death on the battlefield – in him, she loves or better honors simultaneously all

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**Swiss government wants to ban
mercenary companies in Switzerland**

The Swiss government wants to ban on mercenary companies in Switzerland and introduce an obligation to register security services in foreign countries. By this law, the Swiss Federal Council namely wants to contribute to the preservation of Swiss neutrality and wants to guarantee the respect of international law. Companies based in Switzerland that perform security services abroad are subject to this law as well as companies that perform inter-related activities within Switzerland. The law also applies to companies with registered offices in Switzerland that control companies acting abroad (holding companies).

Source: *Vertraulicher Schweizer Brief*
No. 1348 of 2.2.2013

(Translation Current Concerns)

"Peace always emanates ..."

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men she has met, from the various parties: here the Prussian, there the French officer, eventually the insurgents, who wish to join the Lützow hunters – in your mind's eye you can see the tomb of the "unknown soldier", whom the author built a literary memorial.

**Every man serves in an army:
in his own or a third party army!**

Particularly moving and thought-provoking are the sequences in which it becomes obvious what it means to be conquered by a foreign power: The best men of the Saxons follow the usurper to Moscow, where they are literally slaughtered on their retreat, only to experience how the same power monger turns their home into a battlefield, and he does so for months until the country is so completely ruined, so that he can leave it to the enemy, as he cynically puts it, because he can no longer exploit it. That some of the Saxon officers do not put up with that and defect to the other war party, in the end even in the heat of the Battle of Leipzig itself, results in the fact that Saxons fight Saxons, both allegedly for their homeland. They must have been aware of their king manoeuvring and playing cleverly since they all did. He who fought for an idea was always betrayed. For example, the Prussian King and the Czar of Russia had decided long before that after a victory over Napoleon, Saxony would be incorporated into the Prussian kingdom. That the proud Saxon patriots who wanted to fight against Napoleon and to that end subordinated to the Prussians, because they had no other choice, fought against their own interests without knowing it, is tragic indeed. Napoleon had anticipated that the allies were often at odds with each other and he took advantage of it. The fact that even during the Battle of Leipzig the Habsburgs began secret negotiations with their opponent Napoleon and guaranteed him an escape route without their allies knowing about that and against their will, was plain betrayal of the common cause and gave evidence that these common interests were only ephemeral.

**Between states, there is
no friendship, but only interests**

Or to put it in the words of Brzezinski and other geo-strategists: Between states there has never been friendship, but merely interests. And the interest of Habsburg was not to deprive Napoleon, the son-in-law of Emperor *Francis I*, of his livelihood because they needed a strong France in order not to make Prussia and Russia too

"If Kant had then been listened to, France would have remained republic and the surrounding feudal states would have become republics, without the urge to establish large territorial states; they would all have declared themselves neutral without allowing someone to disarm them, just like the Confederates did: What blossoming landscapes would have developed in Europe! The epoch of imperialism and the two world wars would not have been necessary, not even imaginable. Utopia? The model Switzerland and the writings of Immanuel Kant prove the opposite."

strong in the postwar period, according to the motto: "In war we always anticipate the times after the war and after the war we are in a situation before the war."

However, all the Polish soldiers, officers and generals in the service of Napoleon also felt themselves betrayed, because they had been dreaming of an independent Poland, but nobody else did so. The situation was so complex, the fault lines were clearly noticeable within the allied coalition so that everyone always expected treason and had to experience it again and again. Especially they felt cheated who had to realize that they were merely cannon fodder. And of course, in retrospect we can see everything clearly, but once you were in the mess, it was hard to find the way out of it. And yet, when the 500,000 men faced each other in the Leipzig Plain the weapons sometimes rested for a day, because the commanders gave no command for attack, for various reasons. This only shows that wars can always be stopped by the people because they are man-made. Or from a Swiss perspective: Better never even get involved in such things.

**Niklaus von Flüe's advice
reinforced by Immanuel Kant**

The example of the Swiss Confederation shows that this is possible. As a military superpower in the Middle Ages and the early modern period they had learned from all the calamities that were also evident in the Battle of Leipzig: Just as in Leipzig Saxons fought Saxons, Germans fought Germans, Swiss medieval mercenaries were often fighting confederates, fathers against sons; and after the defeat at Marignano, they sought the advice of a wise man: Brother *Niklaus von Flüe* then pointed the direction, and our ancestors allowed him to show them the right way: Those two recommendations still lead the way for Switzerland, and they may lead the way for all peoples. "Do not open the fence too wide" and "Do not interfere in other people's affairs". This advice contains exactly what *Immanuel Kant* recommended in his famous essay "Perpetual Peace" in 1795: small states instead of large structures, republics instead of monarchies; only then peace can develop and sustain. That the majority of Europe's people could not follow this commandment is tragic, but it does not mean that the principle was wrong: Together with the cooper-

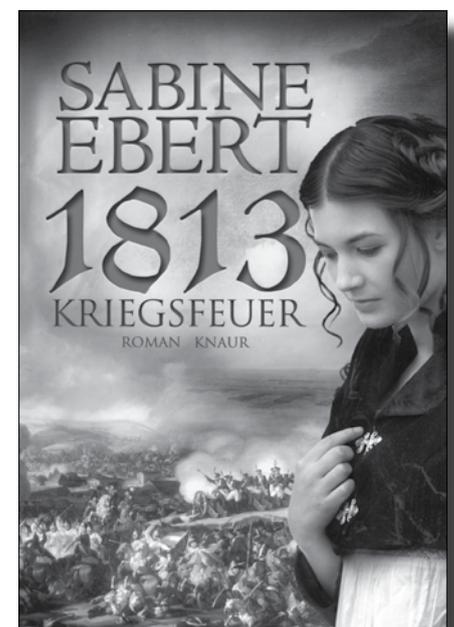
ative principle, the structure from bottom to top, the political will to live in freedom and also to defend it with all one's might, but always just in the way of defense, the Confederates have given a haven of peace and social harmony, as well as an institute of mediation and peaceful settlement of disputes to the continent of Europe and the world.

This would also be the way towards a peaceful future, nowadays: a Europe of fatherlands, which certainly might consist of smaller structures as well, such as the Free State of Bavaria⁹ or the Free State of Saxony. No one should argue that such states are too small to survive economically. The success of the small states of Europe, such as Switzerland, prove that such statements are lies.

**The myth of
peacemaking EU and NATO**

Who after reading the novel on the Battle of the Nations in Leipzig would now conclude that an even larger structure than that of Napoleon was required to prevent such massacres in the future, for example an EU that would bring peace to Europe as a peace model, sees himself taught another lesson by the dramatic euro crisis of today: Professor *Hankel* pointed out a peaceful solution as to economy and currencies¹⁰. As for

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"Peace always emanates ..."

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the political part, it would require some reflection and the question why large European countries have been waging wars since 1999. Even if you wanted to sell the illegal war of aggression against Serbia as a peace campaign, and the wars against Libya and Mali alike, and if you used concepts like "humanitarian intervention", "R2P", the "responsibility to protect" to justify them omitting the "accountability": they remain violations of international law, although always backed by the United States, the supreme state within NATO. And therein may lie the conclusion after reading "1813 – Kriegsfeuer": to recognize that European nations still and again allow foreign powers to determine their fate and manipulate them, on the one hand by an impenetrable power clique in Brussels, on the other hand by equally dark structures based in Washington DC. Just as Napoleon could have been stopped by an early and resolute opposition, which would of course also have required the abolition of their own elite power structures of feudalism, or stopped after he had passed the zenith of his power, which would have been necessary to be realized in time and would have required according action, the tumbling hegemon could be shaken off today – in the hope that he would change his mind and look after the chaos in his own country. US-citizens would certainly deserve that today, as then did the people in France, who were hated all over Europe for the warfare of their Emperor. However, what splendid fellows would the Frenchmen be, and the Americans alike, if the arrogance of power would let them live in peace and the manipulation machinery would be deprived of food.

Small republics, not meddling in other people's affairs ...

If Kant had then been listened to, France would have remained republic and the surrounding feudal states would have become republics, without the urge to establish large territorial states; they would all have declared themselves neutral without allowing someone to disarm them, just like the Confederates did: What blossoming landscapes would have developed in Europe! The epoch of imperialism and the two world wars would not have been necessary, not even imaginable. Utopia? The model Switzerland and the writings of Immanuel Kant prove the opposite: If this is the conclusion after reading the book by Sabine Ebert, it was worth reading. However, if salvation is sought in a neo-Napoleonic colossus based in Brussels or Washington or is to be sought somewhere else, the great work of the author was "for the birds" as they say in Switzerland. Or

"Just as in Leipzig Saxons fought Saxons, Germans fought Germans, Swiss medieval mercenaries were often fighting confederates, fathers against sons; and after the defeat at Marignano, they sought the advice of a wise man: Brother Niklaus von Flüe then pointed the direction, and our ancestors allowed him to show them the right way: Those two recommendations still lead the way for Switzerland, and they may lead the way for all peoples. "Do not open the fence too wide" and "Do not interfere in other people's affairs". This advise contains exactly what Immanuel Kant recommended in his famous essay "Perpetual Peace" in 1795: small states instead of large structures, republics instead of monarchies; only then peace can develop and sustain."

when referring to the context of the novel's plot: characters like the fictional Jette Gerlach can also be taken as role models: her work for peace and mercy may serve as a guideline, not only for women. Henry Dunant and the development of the movement of the *Red Cross* worldwide is the real existing example that it would work, if one only wanted to! If that seems too idealistic to you, you may be convinced by the realism of Switzerland: Subtlety and robustness belong together, the Red Cross and perpetual armed neutrality as well: the realistic view on the world and the *Homo sapiens sapiens* who is capable of the bad, but how much more would he be capable of the good.

Literature: Sabine Ebert. *1813 – Kriegsfeuer. Novel. Munich 2013. ISBN 978-3-426-65214-5*

¹ Michael Tomasello: *Why we cooperate*. MIT Press 2009. ISBN 978-0-262-01359-8

- ² Roca, René: Wenn die Volkssouveränität wirklich eine Wahrheit werden soll ... Die schweizerische direkte Demokratie in Theorie und Praxis. Das Beispiel des Kantons Luzern. *Schriften zur Demokratieforschung, Band 6*. Edited by Zentrum für Demokratieforschung, Aarau. Zurich 2012. ISBN 978-3-7255-6694-5. Cf. book review in *Current Concerns* No 4 of 28 January 2013
- ³ Fredrik S. Heffermehl: The aim remains: swords to plowshares. In *Current Concerns* No 31, 30 July 2012
- ⁴ Kenneth N. Waltz: Why Iran should get the bomb. Nuclear balancing would mean stability. In: *Foreign Affairs* July/August 2012. Ed: Council on Foreign Relations. *Current Concerns* No 43/44 of 22 October 2012
- ⁵ Adolf Portmann: *New Paths in Biology*, Harper & Row. 1963
- ⁶ Cf. *Current Concerns* No 45 of 29 October 2012
- ⁷ Henry Dunant: *A Memory of Solferino*. Vienna 1986. ISBN 978-2881450068
- ⁸ Zbigniew Brzezinski: *The Grand Chessboard* New York 1997. ISBN 3-596-14358-6.)
- ⁹ Wilfried Scharnagel: Bayern kann es auch allein. Plädoyer für den eigenen Staat. Cologne 2012. ISBN 978-3-86995-048-8. Cf. Review in *Current Concerns* No 5 of 5 February 2013
- ¹⁰ With the power of the two currencies out of the crisis. Interview with Professor Dr Wilhelm Hankel, in *Current Concerns* No 14 of 15 April 2013

Direct democracy in Switzerland – a model of peace in political, social and economic respect

ts. On the occasion of the 200th anniversary of the 1798 invasion of Napoleonic troops into Switzerland, historians who seemed to be sick and tired of their native country tried to glorify Napoleon as the founder of modern Switzerland, the tyrant who plundered and centralized the occupied country and sent the young men off as cannon fodder to Russia. It is due to the research of Dr René Roca that this falsification of history could be rectified, for he referred to the cooperative tradition in Switzerland, harbouring the germ of direct democracy long before the founding of the Federal State in the year 1848. His work questions the liberal victors' historiography written after the victory in the Sonderbund War and the foundation of the liberal Federal State in 1848, and thus rejects the ideology-based pro-EU narrative which evolved in the wake of the Bergier report.

Roca rehabilitates the defeated Catholic Conservatives by clarifying their contribution to the development of direct democracy: modern Switzerland owes it to them that in the 19th Century, old cooperative traditions and

a personalist concept of man focused on human dignity in the tradition of the natural law could be employed for the development of direct democracy. Because this was the basis for wresting political instruments from the liberals which, under the name of referendum and initiative, have become essentials of the unique political system of Switzerland as it exists today.



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Modesty, pioneering spirit and rooted at home

The eventful life of Swiss aviation pioneer Oskar Bider

thk. In January, the Swiss mint "Swiss-mint" issued a special coin for the 100th commemoration of aviation pioneer Oskar Bider's first flight over the Swiss Alps. Reason enough to deal with this individual personality who gave an important impetus to the development of Swiss aviation and committed himself to building up an operational air force during the First World War.

Hardly anyone who flies south from Zurich-Kloten is aware of the fact that it is only just 100 years ago that the first plane, which started from Berne had crossed the Alps and had landed on the southern side of this imposing mountain range. One hundred years is a small period of time where in the technical field a remarkable development has taken place and one is hardly aware of the beginnings of this development. Today we remember this heroic deed of 1913.

Early morning at 4 am on 13 July 1913, twenty-two-year old Swiss engineer Oskar Bider went on his daring adventure, which made him famous in the world, overnight. Who was this Oskar Bider and what motivated him to plan and perform this risky but successful endeavor, by which a part of the Swiss success story was written?

Oskar Bider was born and raised in the idyllic village of Langenbruck on the edge of the Basel Jura. Oskar's father, *Jakob Bider*, was a cloth merchant in Langenbruck and had achieved a certain prosperity in life. His mother, *Frieda Marie*, was the daughter of the village schoolmaster *Albert Glur* in Langenbruck. As mentioned in the Langenbruck cronicle, Oskar's mother was a "loving wife, firmly rooted in the Christian faith." Oskar, too, was influenced by this faith. Yet in adolescence, he lost his parents. His mother died in 1907. The father, who had left Langenbruck after his wife's death, died four years later. The early death of his parents strengthened the sense of togetherness between Oskar and his younger sister *Helene*.

Although no one in the family had taken the rural path, Oskar wanted to be a farmer by all means. From 1910 on he attended the agricultural school in Rütli near Berne for that purpose. This vocation has always enjoyed great reputation in Switzerland, since it provided the basis of existence for all other occupations. It was also precisely the rural population that has made a major contribution to the development of the modern democratic state and was open for technical and social progress just as Oskar Bider was.

Like all Swiss who are fit for military service, Oskar Bider completed the recruit school in April 1911 in the cavalry at Zurich.

After his father's death, Oskar left Switzerland and emigrated temporarily to Argentina. There, he found work on the farm of a famous Swiss family. Life there seemed to please him, for in letters to his sister Leni he spoke of the vastness of the country which one could traverse on horseback. However, although far from home, he did not forget his family roots. With the rest of the family, he stayed in corresponding contact and on several occasions he spoke of the deceased mother and her deep foundation in faith, which strongly resonated in him.

From earthly ties to lofty heights

Although he greatly appreciated agricultural work, the desire grows in him to swing himself up into the sky from the earth-bound life of a farmer. Incidentally in Argentina he learns about the fate of Peruvian aviation pioneer *Leo Chaves*, who crashed and died near Domodossola while trying to cross the Alps. Oskar Bider is greatly touched by his fate and he develops the wish to turn to flying. In August 1911, he tells his sister in a letter, "that I intend to complete the flight training school."

Thus, his future was determined. He returned to Switzerland and, after working a few months on a farm in Münsterlingen, Thurgovia, he started the aviation school "Bléroit" in Pau, in the South of France in November 1912. There, the modest Swiss farmer from the Basel Jura turned out to be an aviation talent. After one month, he was already in possession of the Swiss "Flugbrevet" (pilot's licence) and a few weeks later he acquired the French "brevet". In letters to his relatives, he now called himself "aviatic". By the end of December 1912, he ordered his own "machine", a Blériot XI. *Louis Blériot*, the head of the Pau school, was also a gifted aircraft designer and aviator. From this man Oskar Bider purchased his first "machine", a monoplane with a 7-cylinder radial engine with 70 HP.

It could reach a top speed of 110 kilometres per hour. He personally hand-painted the "Baselbieter" rod and the name "Langenbruck" on the rudder.

The first flight over the Pyrenees

His first great heroic deed was to fly over the Pyrenees. Starting from Pau, he wanted to be the first to



picture thk

reach Madrid across the mountain range between France and Spain. In those times this was a tremendous achievement which might perhaps be compared to the first manned space flight.

Oskar Bider meticulously prepared for the first flight. First, he went the distance by rail in order to memorize the points of orientation and topography which had an impact on the thermal. In the early morning hours of 24 January 1913, he departed and after a short stopover and five and a half hours flying he reached Madrid. This success made him, overnight an international hero so to speak, something he had not intended this way. With his endeavour he had above all wanted to serve his beloved Switzerland.

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In a letter to his uncle, the aviation pioneer explained why he had conducted the flight: "Why did I dare the fly across the Pyrenean? For Switzerland. What it cost me, only I know. But I hope to render good services to Switzerland with my new profession."

In a letter to Uncle Glur of 9 February 1913 from Madrid
(Translation Current Concerns)

"Modesty, pioneering spirit and ..."

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When he flew across the border of Switzerland a few weeks later, he was received in his homeland with great joy and enthusiasm. It is here, where Oskar Bider launched his first Swiss postal flight from Basel to Liestal in March 1913. Thus, he may be referred to as founder of the Swiss Air Mail.

He offered sightseeing flights to a large crowd of enthusiastic passengers, the proceeds of which benefited the "creation of a Swiss military aviation".

The first flight across the Alps

Undoubtedly Oskar Bider celebrated his greatest success with his flight over the Alps from Berne to Milan. A brilliant performance that can hardly be conceived of at our present state of technology. He systematically collected prior experience in height and duration of flights in order to correctly plan the oil and fuel consumption. He faced various challenges: How do oil and fuel pressure react when the air pressure is falling? To what extent does this limit the performance of his engine – that was very low-powered to our minds today? What air turbulence will his plane face in 3000–4000 meters above sea level, and how will the aircraft react to it?

Bider prepared meticulously to be able to deal with all possible contingencies at dizzy heights. He also made a test flight over the Wildstrubel to Sitten, which he finished successfully, before he made a start on crossing the Alps via the *Jungfrau*. It was a great challenge to bring the engine – despite the low-oxygen mountain air – to the required rotation speed in order to reach the safe altitude for the crossing-over. Oskar Bider attempted a weight reduction. For this reason, he did not fuel his plane completely, and planned a stop in Domodossola for refuelling.

Despite the altitude-related reduced performance of his engine, he hoped to bring the crossing to a successful end. He would not have been Oskar Bider, if he had not succeeded. As planned, he completed his flight. In several loops that he carried out in front of the *Jungfrau*, then he screwed up his plane and flew over the Alps between the *Jungfrau* and *Mönch* at an altitude of 3600 meters. After a brief stopover in Domodossola to refuel, he reached Milan in fewer than four and a half hours. With this success, the humble farmer from Langenbruck reaffirmed his skills, which earned him great recognition. Even the Federal Council awarded him a golden chronometer for this pioneering achievement. Despite all aerial successes, which certainly represented something extraordinary, Oskar Bider never lost his down-to-earthness or his ties to his country and its people. Despite

all his success, he remained the modest Swiss from Langenbruck.

He established another record with the direct flight Paris – Berne, on which he was in the air for four hours and 20 minutes.

From cavalryman to chief pilot of the newly founded Swiss Air Force

At the beginning of the World War I Oskar Bider was tasked with a new mission. Trained as a cavalryman he was summoned to the Air Force. The army leadership and the politicians had then failed to make all necessary preparations in the run-up to the dramatically deteriorating situation in Europe. Consequently, the Swiss army neither possessed any aircraft of its own nor a concept for an Air Force. Oskar Bider played a key role in building up the Air Force and took over the training of pilots only shortly after having been freshly promoted to the rank of lieutenant and

"What was fascinating about Bider's personality was his winning naturalness and modesty. The waves of enthusiasm that greeted him, the idol of the people, were not able to alter his sobriety. That he remained the modest and innocent farmer was the secret, why the people worshipped, loved and trusted him. [...] He wholeheartedly acknowledged the merits of his mechanic Saniez."

*The ballonist Eugen Dietschi,
who met Bider personally,
in the "Nationalzeitung" of 6 July 1969
(Translation Current Concerns)*

chief pilot. The army took over his private airplane which he brought in the Air Force. Some more pilots and owners of airplanes were members of the newly established Air Force. They transferred their planes to the Swiss State which compensated them for doing so. The aerobatic pilot Oskar Bider was a key driving force for the hasty setup of an operational Air Force. The politicians responsible for military matters only recognized the importance of a powerful Air Force after its deployment had become increasingly evident in World War I. The importance that a well-equipped and well-trained Air Force had had for our army and our national defence can be transferred to our time despite all changes and developments in the military sector. It would be desirable for some of our politicians to learn the right lessons from historical experience.

The end of the war posed a new professional challenge to all aviators. Oskar Bider was going to set up an airline with his military comrades. One day before he was to take over a flying boat for this company, he crashed when making an acrobatic manoeuvre. He went into a tailspin, and was

not able to free himself from the dangerous situation in which a wing got airflow from behind and another one from the front as the ailerons could no longer be controlled.

Oskar Bider's early death (at just under 28 years) was a great shock for the whole of Switzerland. His sister Leni was particularly desperate and did not survive the grief of losing her brother. She departed this life two days later.

Even if Oskar Bider had to lose his life too early, he has made himself – with his courage, his capacities, his human qualities rooted above all in the Swiss tradition and in a profound Christian conviction – an unforgotten pioneer of the Swiss aviation heritage. It is with good reason that he and his achievement have been duly acknowledged on a commemorative coin.

In a letter to his "aunt Glur" living in Liestal Oskar Bider wrote on 31 October 1918:

"I can tell you that I would not have been able to fly without this faith. When I performed my great flights in 1913, I said my prayers as had done the old confederates – with often sleepless nights. When travelling to Milan to recognize the landing site, I went to the cathedral and prayed that my flight may succeed." •

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