

## Return to a self-determined monetary policy The decision of the Swiss National Bank

by Reinhard Koradi, Dietlikon

Quite surprisingly, the *Swiss National Bank (SNB)* decided to no longer underpin the euro. For the past three years, the minimum exchange rate of the Swiss franc against the euro of 1.20 was untouchable. The day before the U-turn in the monetary policy the SNB Governing Board reaffirmed, that it was going to stick to the minimum exchange rate.

### Regained self-determination on the national currency

By linking the Swiss franc to the euro, Switzerland sacrificed its monetary sovereignty. Argue as you like – renouncing the right to self-determination voluntarily and without an emergency is more than just negligent. And a real emergency probably never existed, because since the abandonment of monetary sovereignty, nothing decisive has changed in the monetary policy framework conditions for the export sector. Reversing this decision today, proves that a monetary policy mistake was made three years ago. The correction is absolutely right – but the consequences of the introduction and the subsequent renunciation in the intervention of the euro still waits to be disclosed to the Swiss population. Referring to the independence of the SNB does not suffice in this case.

### Why this somersault?

This question can only be clarified by our supreme currency guardian *Thomas Jordan*. His published explanation, that it makes no sense to just continue an unsustainable monetary policy, is rather poor. No one has probably ever seriously believed that the binding of the Swiss franc to the euro is likely to be sustainable. Quite the contrary, the decision confirms that the exchange rate policy and monetary policy were correctly judged as pure speculation. A risky game resulting in one loser because of the completely unequal parameters and power relations: Switzerland, respectively, the Swiss population. When announcing the change of course at the press conference in Zurich, SNB Chief Jordan said: “It was the right moment to abolish the minimum exchange rate.”

Regarding the balance of the SNB, the enormously accumulated foreign exchange, which probably can never be reduced at the once paid prices, the time must have been right because other euro purchases would have thrown our National Bank in an extremely precarious imbalance. This “paper money” with no intrinsic value incur over 500 billion Swiss francs in the balance sheet. The monetary policy of the *ECB (European Central Bank)* and the debt policy of the relevant euro-countries built up a massive devaluation pressure on the euro, which the SNB could no longer support. In addition, the euro will remain under pressure by the latent threat of Greece’s withdrawal from the euro. So there are no signals suggesting that the decline of the euro might be reduced, if only slightly.

Of course, this raises the urgent question: Why have our currency guardians not responded sooner to the long since emerging currency collapse? Only the SNB Governing Board can dispel the doubts that this step was delayed against better knowledge because of the upcoming vote on the Gold Initiative (the demand to invest 20% in gold).

### Who will pay the cost of the failed monetary policy?

An answer to this question is pending. But one thing is already clear: the book loss of the National Bank is significant. And since the assets of the National Bank actually are national wealth, the Swiss people will pay the bill. Also for savers and pensioners the turning point in the monetary policy might be painful. It is not impossible that the local economy will suffer. Whether and how many jobs are lost, is largely in the hands of companies and the Swiss consumers. Private consumption (domestic demand) in Switzerland has always been a key economic driver for the local economy. To objections that claim that this is a homeland security issue and hostile to free trade, I would oppose that the EU economy acts in exactly the same manner for their export industry by means of their low-valued euro.

However, the stronger Swiss franc has quite a few positive aspects, too. Imports

will get cheaper and the purchasing power of the Swiss franc will rise. For a country like Switzerland, which has to import almost all raw materials, a silver lining might be seen on the horizon.

The “shock” could also be used to facilitate productivity in manufacturing industries, industry, farmers and businesses by rigorously reducing the exuberant administration initiated by the authorities.

### Lessons learned

The binding of the Swiss franc to the euro must be condemned as a fall from grace in the Swiss monetary policy and must not be repeated. If we properly analyse the cost of this monetary adventure and weigh it against the benefits for our export economy, the costs are likely to be considerably higher than the value for our foreign trade. Direct investments of hundreds of billions would have benefited our economy far more than the casino policy on the currency markets.

The experience gained in recent years also reveal relentlessly dangerous defects in the negotiation strategy and negotiation tactics of Switzerland on the international stage. Wanting to be everybody’s darling just involves the risk of being cheated. In the context of free trade agreements, Switzerland must present its legitimate political and economic interests as a negotiating partner on equal terms and have these interests become manifest in the treaties. These include protective clauses, safety standards and the ability to amend the contracts under changing conditions.

However, it seems crucial to me that politics, business and the people realize that self-determination, that our sovereign rights never – under whatever pretext – must be restricted nor are they negotiable. The sovereignty of our country is and will remain untouchable. Let us rely on our strength, our talents, and the political will to shape the destiny of our country in sovereignty and freedom. This is vital if we want to make use of the chance to shape our future as a free

## Geopolitical considerations at the beginning of the year

by Bruno Bandulet\*, Germany



Bruno Bandulet  
(picture ma)

When seeking to explain the Russian politics of foreign affairs and geopolitics in the era of *Putin*, one inevitably encounters two different versions. The first regards Russia as an aggressive power

that wants to furl the European order as it was established after the fall of the Berlin Wall, and get back to what has been lost with the collapse of the Soviet Union. The other version is that Russia under *Putin* does not behave differently than any other great power including occasional violations of international law, that the leaders in Moscow are not mistaken in feeling encircled by the United States and NATO and that they essentially represent the national interests of a sovereign state. To anticipate the result of my analysis: I am convinced that the strategic offensive in the new East-West conflict proceeds from the United States, that the conflict was deliberately provoked by Washington and that Russia operates in a position of strategic defensive.

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*"The United States opened a financial and economic war against Russia, in which the Europeans were involved, like it or not. Washington is perhaps working towards the naive final goal to topple Putin and to replace him by a government willing to be led by the Americans. Responsible for this war in Washington is the 'Office of terrorism and financial intelligence', one of the 16 American intelligence agencies. For all of these the United States spend more money than Germany for its armed forces in total. It is administered by David S. Cohen, an Under Secretary of the Treasury, i.e. the Ministry of Finance."*

### **"The United States are a typical maritime power"**

The actual balance of power is in contrast to the assertion that Russia was a dangerous aggressor. With an area of 17 million square kilometre, Russia is the largest country in the world and also a natural resources giant with the world's largest natural gas reserves, and with thousands of nuclear warheads a nuclear power of the same calibre as the United States and also the strongest military power in Europe in terms of conventional weapons. Still, to risk a war against the United States would be suicidal. Military strength is always dependent on economic strength. A simple calculation: in 2013, the Gross Domestic Product of the United States amounted to 16,800 billion dollars, the Russian GDP to 2,100 billion. As the share for defense spending is at about 4.4 percent and more or less the same for both countries, the United States can accordingly afford an eight times larger defense budget. The United States are a typical maritime power with hundreds of military bases around the world, with an insurmountable strong Navy and with the ability to in-

tervene militarily at any point. Russia is a typical land power, which lost its influence with the defeat in the cold war and had to retreat to its own territory. Russia is invincible just for geographical reasons; the United States are not even vulnerable.

### **"Such a real great Empire dissolving itself so quickly and so peacefully"**

But have the Europeans got at least reason to be afraid of the Russians? The facts do not justify hysteria, which is obtrusively fuelled in particular by the German newspaper "Bild". The annual economic output of 13,000 billion euro of the 28 EU States exceeds the Russian one many times over. Even the military expenses of the Europeans are significantly higher than those of the Russians: more than annually \$ 200 billion versus 85 billion. Here the question arises why 505 million EU-Europeans have to be protected by 316 million Americans against 143 million Russians and what the American military bases in Western and Eastern Europe are actually for.

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### **"Return to a self-determined ..."**

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and independent country which is focused on the common good. The sovereignty of Switzerland, the self-determination – which can be claimed by every state – may not continue to be sacrificed for alleged economic benefits. This is also true for the upcoming negotiations in the bilateral relations between Switzerland and the EU. If Federal Councillor *Schneider-Ammann* reacts to the new

monetary policy of the SNB with the demand: "Now is the time to consolidate the bilateral treaties", some constraint is needed for the Swiss negotiating delegation. Yes – but without sacrificing our sovereign rights and sovereignty. We will not give up our freedom. Switzerland is, like all other states, to be respected as a sovereign state and therefore should be dealt with accordingly.

Personal responsibility is also part of freedom and solidarity is part of sovereignty. Especially with regard to the cur-

rent monetary situation it is tempting to generate individual profits. But why not identify in solidarity with the workplace Switzerland and the domestic workers? If the decision of the National Bank has triggered a shock, it would be a mature decision to move closer together instead of rush and panic (see Stock Exchange). Honour indigenous creativity and buy Swiss products – simply because it makes sense to appreciate and consume that which is close to us (local products), instead of seeking far afield. •

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The tale of Russia as the eternal aggressor is by no means new; it was undisputed especially in the era of *Adenauer* in Germany. At that time a book titled "The perpetual mobile" was published, which presented the entire Russian history as a history of violent expansion, interrupted only by occasional weakness. *Adenauer* himself had a high opinion of the book. Apparently this thesis has been refuted, as the Soviet Union paved the way for the reunification of Germany in the second last year of its existence – and when in 1990 it granted independence not only to the Eastern bloc, but also to large parts of its own territory including the Baltic States. Never before had such a great Empire dissolved itself so quickly and so peacefully. Realistically the Red Army could have retained its position in Germany and in the Eastern bloc for a few years more.

**"Oligarchs plunder the state"**

In return, US Secretary of State *Baker* assured the Russians that NATO would not move to the East. *Gorbachev* and after him, *Yeltsin*, who at the turn of the year 1991/92 dissolved the Soviet Union and took on the post of Russian President, became favorites of Western media. This probably, because in particular *Yeltsin* represented a country militarily powerless, economically ruined and non-influential in global politics – a completely harmless Russia, apparently integrating comfortably into the West. For the Russians *Yeltsin's* term and thus the entire 1990s turned into a nightmare. Privatization as recommended by Western consultants allowed a small group of oligarchs, as they were later called, to plunder the state and to amass billions of assets. The people became impoverished and pauperized, inflation galloped, the birth rate collapsed, the life expectancy of Russians sank rapidly, and on 17 August 1998, Russia was insolvent. However, it didn't go that far to make the leaders in Moscow forget their geopolitical traditions and interests and give up at that stage of decline. When Poland, the Czech Republic and Hungary were taken on board the NATO in a first round of enlargement in 1999, there was quite some indignation by the Kremlin. Yet *Yeltsin* was too weak to oppose.

**"The phenomenal comeback of Russia"**

The tide turned when *Yeltsin* announced his resignation on 31 December 1999 and handed the duties over to *Wladimir Putin*, who had been Prime Minister since August 1999 which was compliant with the constitution. In March 2000, *Putin* was elected President of the Russian Federa-

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tion with 52.9 percent of the votes. This phenomenal comeback of Russia would certainly not have been possible without the rise of crude oil prices. End of 1998 the price of WTI was down to 10.65 dollars, until 2008 it climbed up to 147 dollars, and washed a lot of money in the state coffers which allowed the Russian renaissance. In the same period, the Russian stock market index RTS exploded from 38 to 2,498.

"The enemy is Moscow", headlined the consistently pro-American "Neue Zürcher Zeitung" in its lead of 6 September 2014, but that Russia was no longer a hopeless case on its way to become a second Bangladesh, but it became again a mid-sized power with a reconditioned deployable army, a balanced budget, a government debt ratio of only 12 percent, foreign exchange and gold reserves at an amount of \$ 470 billion and with a controllable Western foreign debt in spite of the sanctions. And there was a Russia that defined its interests self-confidently and increasingly without scruples and that tried to enforce them.

We do not at all insinuate that Moscow took the Western sanctions lightly. The United States opened a financial and economic war against Russia, in which the Europeans were involved, like it or not. Washington is perhaps working towards the naive final goal to topple *Putin* and to replace him by a government willing to be led by the Americans. Responsible for this war in Washington is the "Office of terrorism and financial intelligence", one of the 16 American intelligence agencies. For all of these the United States spend more money than Germany for its armed forc-

es in total. It is administered by *David S. Cohen*, an Under Secretary of the Treasury, i.e. the Ministry of Finance.

The "Office of foreign assets control" is one of the subdivisions of this authority. There you can retrieve the list of sanctioned Russian individuals, banks, oil and gas companies. The effect of the list is due to the fact that American citizens acting against it are chargeable. These sanctions are either taken over by the EU, or in case not, even non-American companies stick to them in anticipatory obedience, because they fear the revenge of Uncle Sam. That was for a long time the way with the sanctions against Cuba and Iran, for example. The case of *BNP Paribas* is the most recent example of that kind of power abuse.

**"The Saudis are driving the oil price down"**

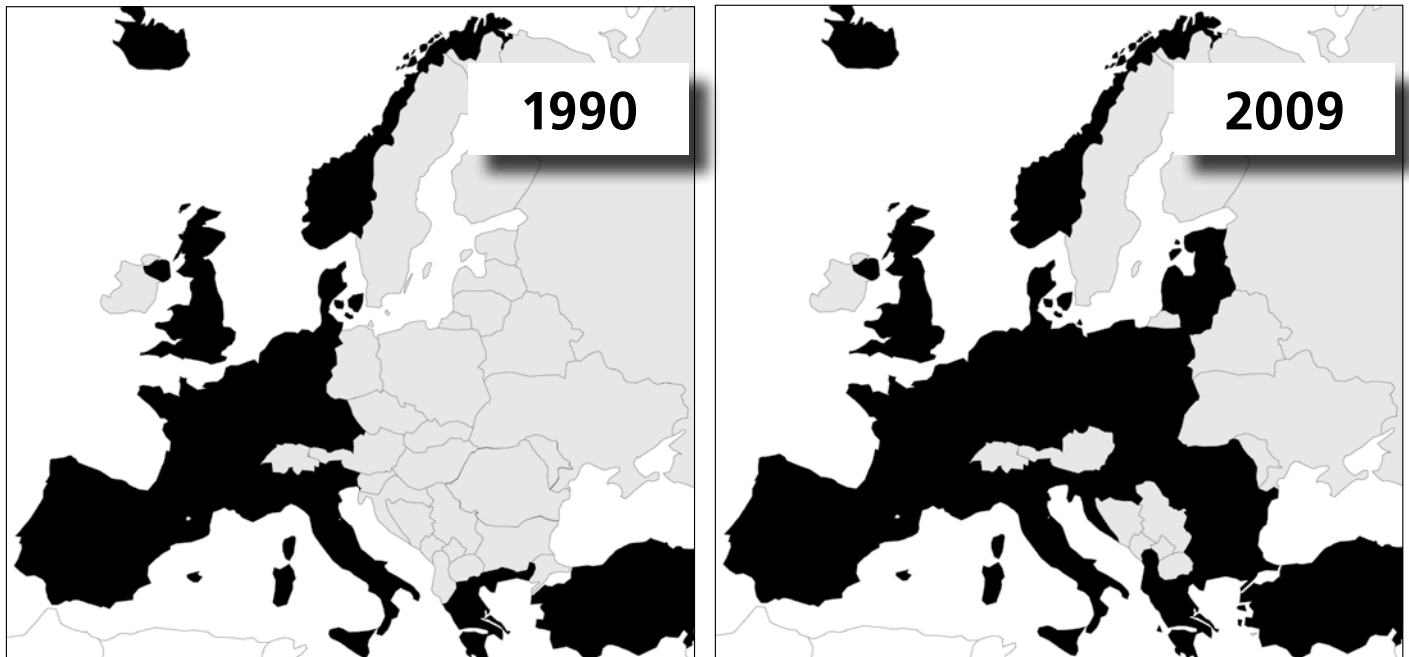
It would be particularly bad for the Russians if they were excluded from *Swift*, the clearing centre for international money transactions in Brussels. Iran has been excluded for years. This would make substantial parts of the international financial system inaccessible [for Russia]. Would the Europeans support this? So far, the sanctions are directed towards the Russian oil and gas industry and banks. Depending on the individual case, the financing of corporations on the foreign capital markets would be obstructed or restricted and additionally western oil corporations like *Exxon* or *Royal Dutch* might be prevented from contractual cooperation with Russian companies when exploring the

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The expansion of NATO territory from 1990 to 2009. (Graphics: Current Concerns / roho, 2015)

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ressources, especially in Siberia and the Arctic.

At the same time, the Saudis, America’s allies, are driving the oil price down. This probably was agreed on when Secretary of State *Kerry* visited the Saudis in September. The fundamentalist monarchy has its own agenda. It is harming its arch-rival Iran which requires an oil price of more than \$100 per barrel. It is harming the Shia in Iraq, but also Russia whose diplomatic intervention has saved the Syrian ruler *Assad* – and possibly also Iran – from an American military strike.

It is estimated that Russia needs an oil price of \$ 100 for a balanced budget. This fall it fell, based on the American oil grade WTI, below \$ 80 because Saudi Arabia and Kuwait opened the tap. It is also true that oil production in the US, especially that of shale oil, requires relatively high prices for its profitability – maybe some \$ 80 on the average. Also in the US, the pain barrier is close. It seems like this is currently taken into account because low oil prices are a powerful weapon in the conflict with Russia and also work as an economic stimulus package for the US economy. The question is just who will last longer. If next year the price of oil fell by another third or half, the Russian budget would become very tight, but also the Americans would be facing company failures and – in the long run – also a sinking oil production.

### “Comprehensive and equal European collaboration”

Putin cannot be reproached of hiding his ambitions. His geopolitical “grand de-

sign” is pretty transparent. On 25 September 2001, he spoke in the German Parliament, courting, in German language, Europe and, most emphatically, the Federal Republic, “Russia’s most important trade partner” and its “most significant foreign political dialogue partner”. “Today we need to declare clearly and conclusively”, he proclaimed to the parliamentarians, “the Cold War is over!”. In the “Bundestag” he pleaded for a “comprehensive and equal cooperation including all Europe”. In the following year he went one step further, invoking the spirit of Rapallo in Weimar.

Putin had underestimated how tightly Germany was pegged into the alliance with America and how narrow Germany’s foreign political leeway is. In spite of several approaches it was not possible to realise the idea of a German-Russian partnership or even axis. The imminent confrontation with the US loomed when on 10 February 2007 Vladimir Putin spoke at the Munich Security Conference – a speech that was not even understood by the German media in its consequences.

Putin reproached the US of “having transgressed their national borders in every respect.” He rejected the “unipolar model”, his wording for the American dominance, as “not just unacceptable but also impossible in today’s world.” He spoke about the American plans for a missile-defence system in Europe which would “inevitably” alarm the Russians, about US bases in Bulgaria and Rumania, about the lack of western interest in further disarmament and about the NATO expansion in Eastern Europe which meant a “serious provocation”: “We have the right to ask: who

is the object of this expansion?” And the Russian President reminded of NATO General Secretary *Wörner*’s affirmation on 17 May in Brussels that the alliance would not deploy any troops outside the territory of the Federal Republic of Germany.

Putin’s Munich speech suggested that the Kremlin might have more or less accepted even the second round of NATO expansion, that is the accession of the three Baltic states in 2004, but that it would put up severe resistance against a further Western advance. On another occasion, Putin stated that an admittance of Ukraine or Georgia to NATO would be considered a “direct threat” for Russia.

### “Installing the Prime Minister favoured by the Americans”

In Munich, Putin laid his conditions for an Entente with the West on the table. The Americans did not respond. With a formal or unofficial accession of Ukraine, NATO would win the strategic depth that Russia would lose. Since Berlin and Paris stepped on the brakes, the April 2008 NATO summit in Bucharest refrained from starting the formal accession process for Ukraine and Georgia however still declaring: “These countries will be members of NATO.”

Four months later, in August 2008, Georgia attacked the rebellious South Ossetia, with American support. Russia intervened and won the war – prelude to a much more dangerous conflict over Ukraine which had been smouldering for years and escalated when in November 2013 the Ukrainian President *Yanukovich* rejected the EU while accept-

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ing the gas price deductions offered by Russia and a \$ 15 billion credit.

The consequences are known. After weeks of bloody demonstrations in Kiev, the opposition and Yanukovich agreed on 21 February 2014 on a compromise and new elections. Just one day later a kind of a coup d'état was staged in Kiev, with Western support, Yanukovich fled to Russia and a Premier favoured by the Americans was installed in Kiev. In March Russia annexed the Crimean; in July a Malaysian airliner was shot down over eastern Ukraine; there was a third round of Western sanctions against Russia and, also in summer, the EU and Ukraine signed the economic agreement that had blown in November 2013.

Intermediate result: a stalemate. The Kremlin withdrew the Crimean and hence the Black Sea from NATO's grip; the reduced, financially bankrupt Ukraine now depends on support from EU and IMF; NATO membership is, in spite of a tight, also military, cooperation, pending, and with the rebelling eastern part of Ukraine Moscow has secured itself a dead pledge in order to be included in the negotiations on the final status of the country and the rights of the Russian minority.

**“Discrimination of the Russian minority”**

Before the Americans, the Germans, and last not least the Poles massively intervened in the Ukrainian domestic politics to enforce a regime change, there was no indication that the Crimea was endangered. Not only that Moscow had accepted even the unpleasant treatment of the Russian minority in the Baltic States. Latvia and Estonia had decided in 1990 – the year of their independence – that Russians who had immigrated after 1940 were no longer automatically granted citizenship. Even today 13 percent of the Latvian population possess neither the citizenship nor the right to vote or stand for election. In addition, they are excluded from the public service. Last, in March 2014, the UN Human Rights Council criticized Latvia for discriminating the Russian minority. Similarly, in Estonia there live Russians who are classified as non-citizens and thus are not granted any rights.

Some newspapers speculate that Russia might consider to attack and conquer the Ukraine; this is utter nonsense. The political consequences and the financial costs would be enormous, not to mention a lengthy, guerrilla warfare supported by the Americans which the invading army would have to counter. In reality, it is Putin's goal to achieve the best possible deal with the West and with Kiev – ideally a

*“... the world becomes increasingly multi-polar, the United States have long ceased to pull all the strings. Even the hegemony of the dollar as the global currency will disappear and with it the overwhelming influence of the ‘world's only superpower’. The transformation of NATO from a North Atlantic Defence alliance into a service company of American superpower politics was a mistake from German and European perspective. We have created an opponent who had no intention whatsoever to be one. Instead of keeping distance, NATO and the EU came too close to the Russian bear. They provoked him. That the EU borrows its foreign policy from Washington, because it has none itself, is inglorious.”*

neutral status of the country, following the example of Finland. Moscow had said that it would also help relieve the financial burden in that case. The pro-Russian territories Lugansk and Donetsk were up for disposition, but not the Crimea, which had already tried unsuccessfully in the Yeltsin area in 1992 and 1995 to leave the Ukraine and to declare themselves independent.

It is hard to say whether the Americans will agree to a deal. However, a state of permanent stress associated with long standing sanctions would from US perspective have its advantages: the existence of NATO would be justified, Western-Europe and Germany would remain under control, and every temptation of a pan-European co-operation could be stopped. Nothing cements an alliance better than the definition of an enemy.

**“There is no stability in Europe without Russia”**

On the other hand Russia is driven more and more into the arms of China, and a Russian-Chinese block which now emerges in its outline, would be neither economically nor financially vulnerable. The Americans could ultimately come to the conclusion that there are more important issues in the world than the NATO membership of Ukraine. And Russia could be more useful as a partner in the fight against international terrorism than as an enemy. The Ukraine is very far away from America and very close to Russia – a geographical factor that should not be underestimated. Especially the Poles, who drive a sharp anti-Russian course and have been very active in Kiev behind the scenes are advised to take a look at the map more often.

This is obviously what also the former German Foreign Minister Genscher does when he says: “There is no stability in Europe without Russia and certainly

not against Russia”. In an interview with the TV channel *Phoenix* on 19 September 2014 he criticized the Western sanctions and stood behind Putin's old proposal to involve Russia in a European Free Trade Association and reminded the audience that the West should start “disarmament” in its own language. Putin was a man with clear objectives, he said and was by no means comparable with the “weakness position” of Yeltsin. Genscher even promised to the Foreign Minister *Shevardnadze* that NATO would not expand eastward. It makes one think that not only Genscher, but three former Chancellors – namely *Schröder*, *Schmidt* and *Kohl* – have been holding the line against the American Anti-Russian position. Why, is obvious: The German interests in this matter are not the same as those of the US.

But even in the United States there is growing criticism. Professor *Jeffrey Sachs*, a Russia-Advisor to the US government in the nineties accused the American hardliners in the “*Neue Zürcher Zeitung*” dated 12 May 2014, that their strategy led to ongoing conflicts in Afghanistan, Iraq, Libya and Syria with many dead but not too meaningful solutions. The only hope was, as he said that all sides – the West and Russia – returned to the principles of international law.

**“The West provoked Putin”**

And – quite astonishing – recently, *Richard N. Haass*, president of the *Council on Foreign Relations*, conceded that Washington has made mistakes in dealing with Russia. Many Russians had regarded the NATO enlargement as “a humiliation, betrayal, or both”. The US had disregarded *Churchill's* advice on how to treat a beaten foe. Now Russia should be offered a diplomatic way out – with the assurance

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that Ukraine is not going to become a NATO member in foreseeable future and will not enter "exclusive ties" with the EU.

A particularly fierce critic of American policy towards Russia is Professor *John J. Mearsheimer*, the maybe most prominent representative of the so-called Realistic School in the USA. In the September/October issue of *Foreign Affairs*, he describes how the West provoked Putin and how the latter responded. He cites *Victoria Nuland*, [see also *Current Concerns* No 22 of 20 September 2014], who is responsible for Europe and Eurasia in the US Department of State, with the revelation that the US had invested over five billion dollars since 1991, so that Ukraine would get the future "it deserves". A large part of this money went to non-governmental organizations such as "National Endowment for Democracy", which has systematically built up the anti-Russian opposition in Kiev.

And last not least there is *George F. Kennan*, the doyen of American geopolitics, whose famous analysis of 1947 was essential for the turnaround of the war alliances and for the break with *Stalin*. Kennan was, so to speak, the inventor of the Cold War. Back in 1998, when the US Senate had just approved of the first round of NATO's eastward enlargement, Kennan warned in an interview: "I think that the Russians will gradually react with some hostility and that this will influence their policy. I think that [the eastern expansion of NATO, BB] is a tragic mistake. There was no reason for it. Nobody threatened anybody."

**"Transformation of NATO into a service company of American superpower politics"**

An apt assessment and a brilliant prognosis when one considers that in 1998 Russia lay on the ground was that the alcoholic Yeltsin sat in the Kremlin and

really no one could expect Putin. What a contrast to the stupid remark of *Angela Merkel*, Putin were irrational and lived "in a different world". This was also totally amiss just as as the allegation against Putin to be read in German newspapers, he would not be willing "integrate" into the West. Why should he? We must not insinuate that others are as unwilling to be sovereign as we are. It is a very long process, but the world becomes increasingly multi-polar, the United States have long ceased to pull all the strings. Even the hegemony of the dollar as the global currency will disappear and with it the overwhelming influence of the "world's only superpower". The transformation of NATO from a North Atlantic Defence alliance into a service company of American superpower politics was a mistake from German and European perspective. We have created an opponent who had no intention whatsoever

to be one. Instead of keeping distance, NATO and the EU came too close to the Russian bear. They provoked him. That the EU borrows its foreign policy from Washington, because it has none itself, is inglorious. A forward-looking strategy must be such that the legitimate interests of Europe, Russia and also America are respected and are re-conciled and that a *modus vivendi* is to be found before this conflict gets out of hand. This means in particular that both NATO and the EU and also Russia must refrain from wishing to incorporate Ukraine. The initiative should come from Berlin. It can only come from there. Whether the German government – in the absence of a *Bismarck* – will be able to cope with that needs to be proved, at first. I am afraid it rather won't. •

(Translation *Current Concerns*)

It was 15 years ago, that *Bruno Bandulet* in his book "Tatort Brüssel" (1999, ISBN 3-7833-7399-7), first analyzed a then recent scandal surrounding corruption within the European Commission and – even then – came to a rather pessimistic conclusion about 40 years of so-called European integration. Since then, he has published a number of EU- and Euro-critical publications, among them "Das geheime Wissen der Goldanleger" (The secret knowledge of gold investors), "Die letzten Jahre des Euro" (The last years of the euro) and last year's "Vom Goldstandard zum Euro. Eine deutsche Geldgeschichte am Vorabend der dritten Währungsreform" (From gold standard to euro. A German history of money on the eve of the third currency reform). Even prior to 1999, Bandulet had warned against the consequences of the euro's introduction with his book "Was wird aus unserem Geld" (What will happen to our money)(1997).



# Peace instead of NATO

by Oskar Lafontaine\*, Germany



Oskar Lafontaine  
(picture ma)

For the vast majority of the population of the former Federal Republic, NATO has been the guarantor of peace and freedom for a long time. Anti-communism, fuelled by the fear of the Soviet Union operated by the world revolution, the Berlin Blockade and the construction of the Berlin Wall left little room to think about alternatives to NATO. But in 1965 at the latest, when US President Lyndon B. Johnson bombed North Vietnam and deployed more and more ground troops to South Vietnam, a discussion about the policy and objectives of the Western power started especially in the universities. The military infrastructure of NATO, which has always been a US military structure in its core, brought about Germany's involvement in every US war like that of other states, which were integrated into it. That has not changed until today. In his book "The Grand Chessboard" former security adviser to Jimmy Carter, Zbigniew Brzezinski, commented this dependence as follows: "The brutal fact is that Western Europe and increasingly also Central Europe, remains largely an American protectorate, with its allied states reminiscent of ancient vassals and tributaries."

The prevailing view, according to which Gerhard Schröder did not participate in the Iraq war of George W. Bush is not the whole truth. This war was also fought from US facilities in Germany. If Saddam Hussein had been equipped with long range missiles, he would have been entitled to attack US facilities like the German Ramstein Air Base.

As in the 80s, the peace movement took a stance against the establishment of further nuclear missiles in East and West, the calls for a withdrawal from the military infrastructure of NATO became popular. Germany's participation in the war in Afghanistan and NATO's eastward enlargement as a major cause of the Ukraine crisis are meanwhile also

discussed among politicians of the conservative spectrum and raise the question whether a longer stay of Germany in the NATO, may increasingly be setting the security of the Federal Republic of Germany at risk. The so-called war on terror led by the United States is a terrorist breeding programme and increases the risk of terrorist attacks in Germany, as the former CDU MP Jürgen Todenhöfer properly analysed the situation.

Already in 2007, former German Chancellor Helmut Schmidt stated: "For the peace of the world, today there is much less risk emanating from Russia than from America. (!) Even if America's hegemony will endure for a long future, the European nations have nevertheless to maintain their dignity. (!) The dignity is based on our adherence to the responsibility of our own conscience."

On 13 December 2014, at the occasion of the demonstration called the "Friedenswinter" in Berlin, in front of the Federal President's office, the theologian Eugen Drewermann said: "NATO is the most aggressive alliance of all times."

So peace instead of NATO!

But if NATO will be resolved like the Warsaw Pact, then what? The Left Party knows that the change of military alliances is not a sufficient condition to keep peace. Foreign politics was and is fighting for resources and markets. Euphemistic speeches about human rights, democracy and free market economy cannot change this fact. The famous phrase of Jean Jaurès "Capitalism carries war within itself like a cloud carries rain" has been confirmed in recent decades over and over again. As the battle for raw materials and markets is also discharged by military action, such as the wars in Iraq, Afghanistan and Libya have shown, Pope Francis comes to the conclusion: "We are in the middle of the third world war, but in a war of instalments. There are economies that must wage war in order to survive. Therefore, they produce and sell weapons."

Since for the Left, capitalism and democracy are incompatible with each other, it knows that to build a democratic society with a different economic order is essential. Another democratic economic order would also change the present power structure of the world, in which the US global dominance has reached an unprecedented scale.

Interestingly, this basic policy approach of the Left concerning insurance for peacekeeping is also shared by US policy hardliners. Brzezinski writes in the above-mentioned book "The Grand Chessboard":

"Never before has a populist democracy attained international supremacy. But the pursuit of power is not a goal that commands popular passion, except in conditions of a sudden threat or challenge to the public's sense of domestic well-being. The economic self-denial (that is, defense spending) and the human sacrifice (casualties, even among professional soldiers) required in the effort are uncongenial to democratic instincts. Democracy is inimical to imperial mobilization."

This is the same idea that Immanuel Kant formulated in his essay about "Perpetual Peace". He demanded a republican constitution for all states so that citizens would then be empowered to decide for themselves whether or not there was to be war. They would have to decide on "bringing all the calamities of war upon themselves". Translated to the current situation, this means that we would not be involved in the Afghanistan war if the population had voted on it or if politicians and journalists favourable to wars of intervention had been exposed to the trials and tribulations of the war in Afghanistan themselves.

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## Current Concerns

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# World Politics 2015: Hoping for voices of reason!

by Yvette Estermann, National Councillor SVP (Swiss People's Party)



Yvette Estermann  
(picture  
parlament.ch)

As a long-time member of the Foreign Affairs Committee of the National Council, I am much concerned about World Peace. Why so? Everything happening anywhere in Europe or in the world ultimately also relates to our country, and

I ask myself: Can and will politics solve the existing conflicts peacefully, or are we repeating the mistakes of the past and heading towards a third world war?

At the time when US President *Ronald Reagan* and *Mikhail Gorbachev* ended the Cold War and took steps towards each other, the world believed that now indeed a new, peaceful era had begun. And for a time, this was the case. The Berlin Wall fell, and with this fall came the opening to

the East. The "Warsaw Pact" had become history, it no longer existed. However, the Western military alliance, NATO, remained. And that was not all: One country after another of the former Eastern Bloc joined NATO, and that organisation started arming itself extensively! Soon, Russia saw that it was surrounded by "enemies", for military equipment and missiles were stationed on its borders. Dark clouds were gathering on the European horizon once again. And the sabre rattling began again, and a new brand of war rhetoric was born, which reached its peak in the conflict in Ukraine.

With the active support of their Central Intelligence Agency, the United States under their President, Nobel Peace Prize Laureate (!) *Barack Hussein Obama*, are playing the global cop all over the world. When countries do not pursue the United States' interests, i.e. they do not "obey", they are discredited, abused, showered with accusations, with groundless suspi-

cion and with sanctions (Syria, Ukraine, etc.). In these countries, demonstrations and active resistance have been and are being organized, managed and supported. Riots are called for, the country is destabilised with the aim to replace the existing government by a US-friendly one. In the final stage, armed troops are brought into the country in the name of democracy, so-called "military advisers" begin their activities, and the government is overthrown. What happened on the Maidan Square in Kiev in 2014 is a prime example of this targeted approach!

Today the American people have had enough of their president's aggressive policy, enough of wars abroad, and that is why they severely rebuffed him in the recent senatorial and congressional elections. Still, the EU supports his war machine, and takes over his rhetoric together with its threats, its insinuations and sanc-

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## "Peace instead of NATO"

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Prerequisite for a structurally peaceful world is the development of a truly democratic society, i.e. of an economic order that prevents large amounts of capital leading to an accumulation of power, because it leaves the capital to those who earn it by their labour.

But the Left cannot let itself be contented with this statement alone. Even in this day and age and given the current social and power structures, answers must be found. This brings a possible participation of the Left in a Federal Government into focus. The mainstream media and the regime parties SPD (Social Democrats) and The Greens look upon the willingness of the Left to engage in wars of intervention as a requirement for a common government. Should they hold on to this condition, there can be no red-red-green government.

The years of bombardment have led to a certain degree of discomfiture of several elected representatives of the Left and have caused them to pass some comments which have given rise to annoyances and confusion. Although the ban on arms exports had been a central promise of the Left's last federal election campaign, some members of the Left called for arms sales to the Kurds to fight the IS. An elected representative working to abolish a key campaign promise behaves like the system parties and contributes to the continuous increase of abstentionism.

The political key mistake of this proposal, however, is that the demand for arms sales to the Kurds means to submit to the US imperialism's logic of war. It is an open secret that US policy has the oil wells in the Kurdish region in mind, and by means of destabilization of the Middle East is working towards political structures that will guarantee the exploitation of oil reserves by Western corporations.

Of similar quality was the attempt made by some members of the *Left* to blue-pencil the call for Germany's resignation from the military infrastructure of NATO, i.e. the US, from the Left Party's programme for the European elections. Those who had made this proposal were disregarding the fact that with this, they are in favour of maintaining a US infrastructure on German soil, from where, amongst other things, the United States' drone war with its thousands of dead is being controlled.

In the coming years the Left must make it absolutely clear that the condition sine qua non of their participation in a federal government is a foreign policy that withdraws from the military escalation for which US imperialism is responsible. In its basic programme, the Left calls for the conversion of NATO into a collective defense alliance involving Russia. This is a rejection of the unilateral eastward enlargement of NATO, which is a breach of the West's promise and has led to the current crisis in Ukraine. The following requirements are a prerequisite for this security concept, which will overcome Cold War structures

and which was also advocated by the SPD (the Social Democrats) for many years:

1. *Merkel's* policy towards Russia must be replaced by an Eastern policy of détente which is based on *Willy Brandt's* successful foreign policy.
2. A federal government in which the Left participates will not agree to Ukraine's acceptance into NATO or any other states' adjacent to Russia.
3. A federal government in which the Left participates will reject the stationing of NATO troop formations on the western border of Russia.

Moreover, our terms and conditions remain the same. The "Bundeswehr" (German army) must not participate in military interventions abroad, and arms exports to areas of tension are to be stopped immediately.

This list of demands is, of course, not exhaustive. So for instance we must set about the construction of a *Willy-Brandt-corps* for disaster relief and disease control.

It remains crucial that participation of The Left in a federal government is only justifiable if the German foreign policy undergoes a fundamental reorientation after the failures in Afghanistan, in Ukraine and in Europe. •

Source: "Junge Welt" of 8 January 2015, [www.jungewelt.de/2015/01-08/021.php](http://www.jungewelt.de/2015/01-08/021.php)

(Translation *Current Concerns*)



# Moldova in danger of repeating Ukraine's mistakes

by James George Jatras\*, Deputy Director of the "American Institute in Ukraine" AIU, Washington D.C.



James George Jatras  
(picture ma)

Moldova's November 30 parliamentary elections produced a qualified, at best, endorsement of the pro-western coalition's course toward integration with the European Union (EU). Having secured a plurality of the vote

(about 44%), the outgoing three-party alliance looks likely to reconstitute itself with a majority of seats (55 out of 101). This is short of the 61 votes needed to elect a new president, pointing to a possible repeat of the protracted political stalemate Moldova experienced between 2009 and 2012, when a divided parliament was unable even to agree on filling that office. Such a deadlock could result in early elections.

Still, the pro-EU forces have indicated their determination to move forward energetically on a "reform" agenda to implement the Association Agreement (AA) with the EU that Kishinev hastily ratified earlier this year. "We have already begun consultations on creating a pro-European coalition," said former prime minister and leader of the Liberal Democrats *Vlad Filat* soon after the vote. "We should immediately create a coalition and move forward." The main holdup seems to be not the direction in which the coalition wants to take Moldova but figur-

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Landscape in Gagauzia. (Picture wikipedia)

ing out how to deal with issues of chronic corruption and conflicting ambitions:

"On 4 December, the leaders of the new governmental coalition announced that their main objective would be the implementation of the Association Agreement with the EU. However, pro-EU voters are very concerned that the self-proclaimed pro-European leaders will fail them once again and that the new government will continue to serve the interests of the oligarchs rather than of society. Initial signs are not encouraging. Unofficial reports suggest that the main stumbling block in the negotiations is, again, political control over law enforcement and judicial institutions. Some pro-European parties (and the oligarchs behind them)

want to have full control over the coming fight against high-level corruption."<sup>1</sup>

Meanwhile, Moldovans are deeply divided over the options available to their country. A rough balance exists between those who favor EU integration in the form of "association" (Brussels refuses to offer Moldova membership even as a distant prospect, just as it refuses to countenance membership for Ukraine) and the Russia-led Customs Union, with a slight edge in favor of the latter. This does not even take into account sentiment in Pridnestrovie, which did not participate in the election, and which Kishinev still claims.

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## "World Politics 2015: ..."

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tions. The NATO is an inglorious role model in this respect, as well. Just think of the situation in Serbia in 1999, when NATO "freed" the new state Kosovo by means of a three-months bombing of Serbian territory, which it was part of. What legitimation did they have? Several thousand of people were killed – including many children!

There is obviously a lack of wise and far-sighted minds in "high politics", and there is often a shortage of common sense! Not efforts for peace, dialogue and diplomacy are in demand today, but military force (NATO) and sanctions. But this also bears witness to blatant weakness and helplessness. The methods of the West including violence, threats, sanctions and,

finally, war clearly show one thing: That man has learned nothing from the past!

And what has been the use of all these "democratisation efforts" of the US and NATO up to today? The results can be seen in Afghanistan, Iraq, Libya, Egypt, Syria and elsewhere. Hundreds of billions of dollars have gone up in smoke, burnt by wars, thousands of people have been killed and untold misery and massive refugee flows have been the consequences. And the situation in the countries hit by "humanitarian missions of war" executed by the US and NATO is worse than ever before: destruction, scorched earth and political chaos!

I ask you: Why do ignorant power and self seekers keep returning to power, to the top? Where in the "great world politics" are the sane, reasonable and responsible personalities with foresight, whom people might be able to trust? Or is it the people,

who elect the wrong kind of persons for high offices? We long for strong men and women who do not act in their own interest, but have the common good in mind. Endeavours to further a peaceful and prosperous coexistence are not an illusion. For now though, it is a matter of fighting ignorance and the craving for power of those already great and powerful!

Here in Switzerland, we still live on an "island of prosperity" and are not acquainted with many of the problems of others. However, we are duty bound to leave to our children and grandchildren a country that is free, independent, neutral and progressive. In this effort, we must not bow to any world power, any dictator or any community of states. Thanks to our direct democracy, we have it in our own power to determine our future. •

(Translation *Current Concerns*)

**"Moldova in danger ..."**

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With the last-minute and suspicious elimination of the "Patria" party from the vote, the big winner in the opposition camp are the pro-Moscow Socialists, who promise vigorous resistance to the pro-EU agenda. The Communists, whose position on the AA [Association Agreement] has been ambiguous, are also likely to find themselves taking a harder line against the AA than they have in the past. Both the Socialists and Communists have criticized the vote – including insufficient polling stations for Moldovan workers in Russia, absent which the opposition parties might have secured a majority – and court actions are being filed.

Seen in context, one would hope that the pro-EU coalition would tread carefully. Taking a lesson from the chaos that ensued in Ukraine from the either/or choice of "Europe" vs. Russia forced on that country, one would think even the most ardent Europhile Moldovan politicians would see the need for balance and compromise among their no-less-divided countrymen. This lesson is even more urgent, in that Moldova already has its potential "Crimea" or "Novorossiya" in the form of Pridnestrovie, with the danger

of further splintering in Gagauzia and other regions in the north and south of the country.

Likewise, those in the West (the United States and Europe) who present themselves as Moldova's friends would do well to urge caution. But if past rhetoric is any indication, rather than respect legitimate differences of opinion among Moldovans, pro-EU politicians – egged on by American and European governments and media – will likely continue to regard any objections only as evidence of Russian "blackmail" and a "fifth column" of an insufficiently conscientious, "civilizationally" challenged lumpen. From this perspective, Moldova (as with Ukraine before it) can be seen only as an us-versus-them "battleground" with Russia. It's not hard to see how this Manichean approach could tear the country apart. Bulldozing over the objections of roughly half of the population as a mere obstacle on the exorable path to the radiant future in the EuSSR ("You're on the right road, Comrades!") risks plunging Moldova into a repeat of Ukraine's sorry experience.

Instead, assuming they are able to form a new government, the pro-Europe forces should take a time-out on "moving forward" on the AA and instead open a na-

tional dialogue on a genuinely balanced approach between the EU and Russia. A good first step would be to heed calls from the American Institute in Ukraine and others for a national referendum on the AA. Instead of viewing citizens who disagree as presumptive enemies who must be forced to submit to their point of view, in holding a referendum on Moldova's choice the government would be demonstrating respect for all Moldovans, irrespective of their ethnic identification, the language they speak, the region in which they reside, or the alphabet they use.

Source: <http://www.aminuk.org>

<sup>1</sup> Victor Chirila: "Moldova's last chance for reform", European Council on Foreign Relations from 9 December 2014, [www.ecfr.eu](http://www.ecfr.eu)

*"Vladimir Putin regards Donbas as an integral part of Ukraine, and does not aim at transforming this region into a new Transnistria. The Russian President made this clear at the ASEM<sup>1</sup>-Forum in Milan, EU Council President Herman van Rompuy said."* (Source: [de.sputniknews.com](http://de.sputniknews.com) from 17 October 2014)

<sup>1</sup> Asia-Europe Meeting

**Moldova**

*mw.* Moldova has a square measure of 33,851 km<sup>2</sup> and 3,583,288 inhabitants (July 2014). The capital is Kishinev. The country is bordered by Romania to the west. In the north, east and south, it is completely surrounded by Ukraine. Moldova is considered the "poor house of Europe": The average income is 160 euro, pensions are at 40 euro. No country on the edge of Europe has gone through such hardships as Moldova since the end of the Soviet Union. 11 % of its population is undernourished, according to FAO. Five years after the government takeover by pro-European forces it is said to be a stronghold of corruption and organized crime in Europe.

Moldova's population is of different ethnic origins: the largest group with 71.49 % are the Romanian-speaking Moldovans, followed by Ukrainians (11.23 %) and Russians (9.39 %), many of whom live in Transnistria. In addition, there are 3.85 % Gagauz, 2.02 % Bulgarians and some Germans, Polish people, White Russians, Tatars, etc. The official language is Romanian and it is mainly spoken by about ¾ of the population. The Russian language is present in everyday life, especially in the larger cities and in the economy (around 15 % of the population). It has a status as official language in the areas of Gagauzia (additionally to the Gagauz language spoken there) and in Transnistria (additionally to the Ukrainian language). There

is also a Ukrainian, a Bulgarian and a Christian-Turkish (Gagauz) minority.

Between World War I and World War II, Moldova was part of Romania; after the war, it was incorporated into the Soviet Union. In 1991, the country declared its independence. Nevertheless, Russian troops remained on Moldovan territory east of the river Dniestr, where they supported the Transnistria region. Transnistria is mostly inhabited by Ukrainians and Russians, but also by a Moldovan minority. In 1992, after a short war, Transnistria declared its independence, but Moldova does not acknowledge.

In 2001, the Communist Moldovan *Vladimir Voronin* was elected president and remained in office until 2009. Subsequently, four opposition parties formed a new coalition, the "Alliance for European Integration (AEI)", but won only a narrow majority in parliament, so that no new president could be elected. (The Constitution requires a three-fifths majority.) After politically turbulent times, a new president was elected in March 2012. Since May 2013, the ruling coalition has called itself "Pro-European Coalition" and aims at integration into the EU. In November 2013, the Moldovan government started negotiations with the EU on an association agreement and ratified it on 24 June 2014. The government of Transnistria subsequently demanded to join the Russian Federation; *Mikhail Formusal*, member of the government and head of the Gagauz auton-

omy movement also threatened Moldova with a secession.



*Moldova in Europe. (Graphics: Current Concerns / roho; Source: Map resource)*



*Moldova (Graphics: Current Concerns / roho; source: wiki-media)*

# Communes have a right to schools

## German Federal Constitutional Court strengthens communal self-government

by Karl Müller

Seifhennersdorf in the district Görlitz is a commune in Saxonian Upper Lusatia, located about 50 kilometers south of Bautzen directly on the German-Czech border. Since GDR's accession to the area of application of the West German "Grundgesetz" (German Basic Law) the place has lost many residents. There once were 8,000, today there are still about 4,300. On 7 November 2014 the "Badische Zeitung" from Baden Freiburg even headlined: "Seifhennersdorf to be the unhappiest place in Saxony". The report explains: "The Mayoress shares the fate of many mayors on the eastern edge of East Germany. She has to struggle with dark powers [...]. There are quiet forces at work being able to inexorably strangle a place. Young people and families move away, children and adolescents are missing, more and more old people needing help remain. The purchasing power gets less, shops and supermarkets just opened are not able to survive any longer. The culture withers, houses and land prices fall. A place is getting poor. And in Saxony since 1990, this is accompanied by a policy, which, devoid of imagination, drastically cuts spending additionally to the shrinking in the countryside. [...] Since 1990, Saxony closed over a thousand schools, also Seifhennersdorf was affected. Mayoress *Berndt* faught against it to the very end, now also her secondary school is vacant. Her action against the Saxon school plan is still pending before the Federal Constitutional Court. 'Let's see', she says."

### The highest German court gives justice to Saxon commune of Seifhennersdorf

Visitors to the place speak of the citizens' high degree of self-confidence and the courage of their mayoress. Since 19 November 2014, they wrote an important piece of German federal legal history. For on that day, the German Federal Constitutional Court (2BvL 2/13) declared the Saxony Education Act unconstitutional as well as the therein prescribed school network planning at district-level for the primary and secondary schools in the country and granted "effective co-decision rights" to the communes as school authorities. The summaries of the judgment say: "As historically evolved municipal responsibility, the trusteeship for primary and secondary schools, being regularly organized in the past as independent 'elementary schools', is a matter of the local community. The tasks, associated with the trusteeship for schools, especially include



Posters in front of the Seifhennersdorf Secondary School which is threatened by closure. "We fight for our school! For our future! Our school is alive!" (Picture made by the author)

the decision – usually to be taken by participation of the state – to establish or to close a school."

The Federal Constitutional Court had to decide on a bill of the Dresden Administrative Court. The latter had responded to a complaint submitted by the commune of Seifhennersdorf in March 2011, whose secondary school – in Saxony in addition to "Gymnasium" there is only the secondary school as a type of school for higher education after primary school – was to be

court had decided to have the Education Act, underlying the school closure, constitutionally reviewed before ruling on the commune's complaint.

### Tradition of communal self-government

Communal self-government – you may compare it to the Swiss communal liberty or communal autonomy – has a long tradition in Germany. It emanated from the Prussian reformers in the early 19<sup>th</sup> cen-

"As historically evolved municipal responsibility, the trusteeship for primary and secondary schools, being regularly organized in the past as independent 'Elementary Schools', is a matter of the local community. The tasks, associated with the trusteeship for schools, especially include the decision – usually to be taken with the participation of the state – whether to establish or to close a school."

*From the judgement of the Constitutional Court*

closed, due to a supposedly too low number of students, however, against the wishes of the community. The Education Act had authorized the districts of the country, thus the level of government above that of the communes, to decide in so-called school network plans what schools are to be maintained and which are to be closed. The municipalities and communes had no co-decision rights at it.

The district, to which the commune of Seifhennersdorf belongs, had decided in 2010 to close the secondary school in the place. The commune's opposition, however, remained unheard. It therefore addressed a complaint to the competent administrative court in Dresden. And this

tury. The mentor was *Heinrich Friedrich Karl Freiherr vom und zum Stein*. After the Nazi dictatorship, the cooptation of all levels of government and the centralization of political power, the authors of the West German "Grundgesetz" considered it as top priority, to prevent renewed concentration of authority in the hands of a few and to build the new state as decentralized and citizen-orientated as possible. The establishment of communal self-government in Article 28 of the new Constitution served this purpose: "The communes must be guaranteed the right to regulate all local affairs in their own re-

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sponsibility within the framework of the law."

Wuerttemberg communal constitution and a normal procedure in Baden-Wuerttemberg. The Fathers of the Baden-Wuerttemberg Communal Code have deliberately decided that. They wanted to stress

of the regional education law on 22 May 2014, with an act to amend the Education Act, after the Ministry of Culture had previously ruled and even since then declared explicitly, the goal was "powerful and efficient school locations", one wanted to avoid "shrinking school locations in the future."

However, an "effective co-decision power" of school boards in the planned closures of schools, as it was specified by the Federal Constitutional Court, is not provided. On the contrary, the notified laws from May 2014 lay out well-defined minimum number of students and invited local communes in case of failure to achieve the minimum number of students to modify regional school reform – which means to achieve an agreement with the communes of the region, which schools will be rebuilt, which will be confirmed and which are to be closed – and determines that the school in case of refusal or failure to achieve the minimum number of students in the first classes twice in a row, will be closed by the Ministry of Culture. This mainly affects the school boards of secondary schools in the country.

This intervention in the right of local self-government can not hide the fact that the newly established regional school development emanates from the communes merely pro forma; for as soon as the number of students required by law falls below the minimum, in case the communes involved fail to agree in the following discussions – which is not unlikely, since no commune wants to give up its own school – the Ministry of Education will make the final decision – without any "effective co-decision right" of the affected community.

#### **A judgement against centralisation and economisation of schools**

Politically, the regional school development in Baden-Wuerttemberg – as in all German states – is another step towards more centralization, towards the so-called two-pillar model in the school system. The aim is to have only one type of school for all students and all levels beside the Gymnasium. Deliberately large units are to be created, the deliberate intention is to have students in the schools as diverse, as heterogeneous as possible. The result: In large units human relationships suffer, lessons given by teachers in a classroom community is made impossible. Economic arguments play a central role in this endeavor, as well in Baden-Wuerttemberg. Here as well, the state government wants to save money in the field of education. The OECD made the respective specifications years ago. The state is demanded to economise in education and in healthcare. In the summer of 2013, the

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**"According to its intention communal self-government means to activate all parties for their own affairs which assembles all parties of the local community to fulfill their public functions independently, with the aim to promote the welfare of their residents and to preserve the local and historic character."**

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*From the judgement of the Constitutional Court*

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It was underlined after the war that the right for communes to govern themselves is closely related to active citizenship. For example, in Baden-Wuerttemberg the special adviser for communal law, electoral law, schools and special purpose associations to the "Gemeindetag Baden-Wuerttemberg" (Association of Baden-Wuerttemberg's Communes) wrote in the association's journal *Die Gemeinde* (BWGZ 12/2009): "The constitution of the communes is the manifestation of the constitutionally guaranteed self-government. Self-government – what is that? The idea is that the citizens of the local community should take on responsibility to solve their affairs themselves. Civic responsibility is the linchpin of communal self-government. Citizens who commit themselves beyond the narrow circle of their families are also unrenouncable for a democratic society. The following core phrase from the communal code illustrates this: 'The responsible participation in the civic administration of the commune is the right and duty of the citizen' – § 1 para 3 Communal Code ." And in June 2014, it is said in the journal *Die Gemeinde* (BWGZ 11-12/2014): "Citizens' initiative and referendum are essential elements of the Baden-

the basic principle of communal self-administration, namely civic responsibility, and to revive the interest of the citizens in their commune and its administration."

In practice, these rights of communes and their citizens have often been questioned in recent decades. But with its judgement of November last year, the Federal Constitutional Court strengthened the communal autonomy under Article 28 of the German "Grundgesetz" and highlighted its key importance in the political system of the Federal Republic impressively. And the local school sponsorship and the consequent rights of communes and their citizens have been evaluated as an integral part of the right to communal self-government.

#### **The judgement is significant for all German states – even for Baden-Wuerttemberg**

Following this judgement, all other federal states have to review their existing legislative and political practice. Also Baden-Wuerttemberg which is situated adjacent to Switzerland. Here, the method of regional school development is on the test bench. The Parliament of the state had modified the legal provisions



*Seifhennersdorf in the Saxon Upper Lusatia. (picture ma)*

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**"Communes have a right ..."**

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Minister-President of the country, *Winfried Kretschmann* from the Green Party, commented on the strained financial situation of the country, claiming, that for this reason the planned "education reform" should be speeded up.

**The alternative: Promoting the welfare of the residents and preserving the local historic character**

The Federal Constitutional Court now rejected this argument. Instead, it phrased, "guaranteeing local self-government is an expression of the constitutional decision for a decentralized administration supported by the citizens. [...] The concept of self-government [...] is significantly marked by the principle of participation. According to its intention communal self-government means to activate all parties for their own affairs which assembles all parties of the local community to fulfill their public functions independently, with the aim to promote the welfare of their residents and to preserve the local and historic character."

The Court does not accept the assertion that the state should manage the tasks itself since the communes were lacking the money. Instead, it judges that "in order to identify the public affairs of the local community it is not important whether the administrative power of a municipality will be sufficient to cope with the task. The relevant question is whether a task in communal responsibility can be mastered in

an appropriate way, that serves the specific interests of the residents and also whether other municipal functions can be carried out. Also, the financial strength of individual communes does not influence fundamentally the identification of local communal affairs; in fact, according to article 28 paragraph 2 sentence 3 of the 'German Grundgesetz' (GG) the state has to provide the communes – as the case may be – with the resources needed to perform their tasks."

**Economic considerations have to be subordinated to political and democratic ones**

"Efficiency" can not be the only yardstick, so the Court judges elsewhere. Instead, the Federal Constitutional Court rules, that "the legislature has to bring conflicting interests of administrative efficiency and closeness to citizens to a reasonable balance." Only for the sake of the common good, the legislative may take local tasks away from the communes. "The mere aim to simplify administration, or to concentrate jurisdiction – in the sense of making public administration clearer – is excluded as a justification for withdrawing a task [...]" The Constitution contrasts "economic considerations with the political-democratic aspect of the participation of local citizens in fulfilling their communal tasks and gives preference to the latter."

Seifhennersdorf has fought for the preservation of its secondary school since

2010. Prior to the Court's judgement the affected school was on the verge of collapse. All the commune's efforts to preserve their school, despite the number of students falling below the minimum required by law, was opposed by the state government of Saxony and the authorities (parents themselves had organized the lessons for their children in the 5<sup>th</sup> and 6<sup>th</sup> class for two years by winning over retired and freelance teachers; parents even planned the establishment of a private school in order to enable their children to continue attending a local school). The citizens' last hope in the small Saxon village was the Federal Constitutional Court.

On 14 April 2014, the Berlin "Tageszeitung" quoted the mayor's position, "Karin Berndt went to the Administrative Court in the name of the commune to object to the closure [of the school]. Why should children be sent across villages when there is a healthy school here? Why should they freeze at bus stops? Why waste lifetime in buses? Anyway, the school buildings belong to the communes, they are the owners – owners who have no say, because they are passed over in the decision to close the school. In short: the communes may pay for their schools, but they do not have a voice – an offense against the principle of local self-government."

According to the judgement of the Federal Constitutional Court this has to change now – not only in Seifhennersdorf. •

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# “In the future only those regions will be successful which train good employees in sufficient numbers”

A conversation with the graduated mathematician Karl-Heinz Schmidt in Ilmenau

by Dieter Sprock

The graduated mathematician *Karl-Heinz Schmidt* of the Technology and Start-up Centre Ilmenau was engaged in the economic development of the “Ilm-Kreis” until his retirement. The “Ilm-Kreis” is a district in Thuringia which encompasses the greater areas of the cities of Arnstadt and Ilmenau with the “Erfurter Kreuz” – the largest industrial area in Thuringia – and the Technical University of Ilmenau. The promotion of skilled workers in the region was most important in his work. He is convinced that vocational counselling and guidance is a long process that begins already in kindergarten and in elementary school. Karl-Heinz Schmidt sees himself even today as a bridge-builder between industry, university and schools, a fact that is evident in numerous projects he started in cooperation with the regional study group “*Arbeitskreis Schule Wirtschaft ILM-Kreis*” and the “*Arbeitskreis Schule und Wirtschaft*” of the initiative “*Erfurter Kreuz e.V.*” (see *Zeit-Fragen* No 50 from 12 December 2011). Both working groups, one located at the district office and the other located at the companies of the “Erfurter Kreuz” constantly strive to improve the preparation for a career.

## The initiative “Erfurter Kreuz e.V.”

Eighty companies, large corporations with political weight belong to the initiative “Erfurter Kreuz e.V.”. Since the companies have problems to fill the apprenticeships positions today, either because the number of school leavers is declining or their quality is poor, the organizations seek contact with the schools and students of the region. They provide coordinating partners for schools which convey the required internships in the companies to help the companies find suitable young future professionals. The organizations analyze and structure the deals and have invited the parents to bring in their ideas. They have shown parents and children what happens in the individual plants and which training is necessary. Mr Schmidt is convinced that in the future only those regions will be successful which train good workers in sufficient numbers.

## The problem with the schools

Precisely for this reason Karl-Heinz Schmidt is very preoccupied with the educational chaos in schools. This happens right in front of his eyes with his granddaughter who is a student in year six at a grammar school. There is often a lack of systematic development of the learning material and therefore the same effort as at school must be made at home again. But that does not make sense, he says, because only very few parents can do so. Sometimes young candidates are neither professionally nor personally prepared for professional life. “Looking at the Chinese students who come here, however, they have all of these requirements, they are structured, they are diligent, it is hard to believe.” This is precisely the advantage you have if you can compare different countries. In his view, the school issue is one of the main problems that we have to take care of, since otherwise we are marching through a deep hole until the gaps that are developing here will be filled again.

## An offensive for university dropouts

At university one-third of the students drop out after two or at least four semesters. Then the question is: What are the young people going to do? Mr Schmidt suggested the companies to launch an offensive together with the vocational school and to set up a teaching department in which the university dropouts can make a training for skilled worker for example within two instead of three years. These will be superior skilled workers for him. “They have an excellent basic education with two or four semesters, and what a shame if it just vanishes. You must offer them at least a way to have a good start.”

The problem has not yet been solved, but he has spoken with the Pro-Vice-chancellor and suggested that the names of the college dropouts should no longer simply be removed from the computer but captured on a list and then matched with the needs of the industry. This does not need much effort. He knows some of these young people who have entered the formation for the skilled workers and

are very happy. “They have a completely different basis and inner readiness and were also willing to educate themselves. With the shortage of workers you cannot just leave the young people on the street.” This field, he says, can be expanded and he is glad that his female colleague now continues working in this spirit. She is also a member of the working groups and builds further bridges to university and the events that are going on within the framework of “Young scientists”.

## Combination of theory and practice

In the former GDR, it was very common to combine the general qualification for university entrance with vocational training, and that was a good idea. Young people got to know also a practical training, a piece of life in addition to mere school education. This is a very important thing. “Me, for example, I made a training as tool maker during my years at school.” The profession has provided him with many practical skills that have accompanied him throughout his life. “I could always help myself, and furthermore, these skills have given me important food for thoughts. I learned three dimensional thinking, building tools or understanding how to carry out a project.” This made it easier for him to study. The combination of theory and practice cannot be replaced by anything else and he had always worked at this link.

The Technical University of Ilmenau has a good reputation. The students are in a way poached from university. At a fair organized by the students, the companies present themselves with their career possibilities. They tell the students who just bring their application documents with them which disciplines they need and then directly settle contracts with them. This know-how must be maintained.

In the conversation, it strikes me that Karl-Heinz Schmidt never just critiques but always thinks forward and looks for solutions. Might this personal approach have to do with his athletic past as a ski jumper? In fact, he once told me that ski jumping was an incredible fun for him.

# How Samedan taught the Flaz a lesson

## First mountain river relocation – today an international showpiece

by Heini Hofmann

Samedan in the Engadin, known for its mountain air port and the highest acute services hospital in Europe, has yet another trump: As part of the flood protection, the first mountain river relocation across the Alps was realized here, a spectacular once-in-a-century building with a signalling effect, showing in retrospect, that where there's a common will, there's a way.

“Il fö e l'ova sun buns servituors, ma noschs patruns” (“Fire and water are good servants, but bad masters.”), says an old Romansh wisdom. In other words: Just as without water life is not possible (“Wassernot” = need of water), so unleashed water can bring death and destruction (“Wassersnot” = too much water, flood). This is known in Samedan, which appropriately shows Aquarius in his coat of arms, from bitter experience.

Therefore action had to be taken: Courageous decisions of both the responsible persons and the population caused to realize a once-in-a-century water engineering building in just four years (2002–2006), which, as the former mayor and promoter *Thomas Nievergelt* asserts today – not without a certain pride, “stands as a model for security, quality of life and nature.”

### Two extremely dissimilar rivers

The founding fathers of Samedan had had something in mind, when they chose a terrace above the plain for their village, protected against avalanches and floods. Here one was safe. But that changed in the early 20<sup>th</sup> century, when beginning to underestimate the dangers, the settlement expanded into the plain. For here in the plain, two very different mountain rivers paved their way, the serene Inn and unruly Flaz.

Whereas the Inn, tempered by the Engadin lakes, presented only muted flood peaks and carries virtually no sediment, the Flaz, fed by the Bernina and Roseg streams, transports large amounts of sand and stones from the Bernina region. This is also the cause for the almost 70 meters thick alluvial plain of Samedan, formed by countless floods since the last ice age.

Samedan was threatened severely mainly when – usually in August or September – large-scale, cross-regional precipitation events occurred, which caused the Flaz to become a wild water. An outbreak of glacier water below the Roseg glacier could also, as in 1954, exacerbate the situation further.

### Disasters rare but devastating

While the catchment areas of Inn and Flaz hardly diverge in terms of surface area,



*Unbelievable, the huge amount of material to be moved in such a manoeuvre.  
(picture Commune of Samedan)*

the glacier share of the Flaz is about eight times greater than that of Inn. Glaciers are able to store large amounts of water and thereby attenuate the risk of flooding. If, however, extreme rainfalls coincide with a period of intense ice melting, the flood risk increases dramatically. Also, climate-induced glacier shrinkage increases it. Conversely dwindling permafrost leads to increased debris flows and thereby more sediment in the river.

Extreme, damage causing floods are probably rare; but they usually occur unexpectedly and devastatingly. In the last 200 years the cadence was about 15 to 20 years. The worst floods occurred in 1888 and 1954, followed by those of 1834 and 1868, and most recently that of 18 July 1987, when the Inn almost spilled over the dam crowns.

### Early ideas for conceptual change

Dam buildings stemming from the early 20<sup>th</sup> century already proved as insufficient as the devastating floods occurred in the twenties. Therefore, the communal council proposed as early as in 1932 a fundamental conceptual change with installation of an overflow for the Flaz and replacement of the railway embankment by bridges. However, that was met with deaf ears and rejected in Federal Berne, where the high lords “do not accept any lesson about cause and effect of circumstances, created as a result of facts of nature beyond control”...

But in 1995 a long and consistent political decision-making process finally led to the contract with the ETH Zurich granting comprehensive studies, the results of which clearly documented the flood threat to Samedan and had as consequence that the Canton in 1997 – ironically, in the most densely populated areas of Samedan – eliminated “highly threatened areas”, suspending their construction permit and thus made the community accountable. Now action was definitely called for.

### Pilot project relocation mountain river

On 15 June 2000, a far-sighted decision was made – despite the higher construction costs – in favour of a future-oriented, holistic solution. Instead of merely constructional rehabilitation of the existing protective buildings it opted for the relocation of the mountain river Flaz, the more problematic one of the two rivers, a pilot project, the first of its kind.

The population and especially the affected farmers demonstrated foresight and sanctioned this request at the meeting of the communal council with 128 to 6 votes, and at the ballot in fall, the hefty gross borrowing of CHF 28.4 million (with a net credit of CHF 6.6 million at the expense of the commune) was comfortably approved of with 459 Yes to 145 Nays. The municipality decided in favour of a secure future also

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**"How Samedan taught ..."**

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for the generations that were to follow and recognized the opportunities in environmental factors and tourism.

**Change in flood protection**

HH. That precious substance water can change from a blessing to a curse when it is no longer containable in streams and rivers when it overflows the banks, causes devastation or even death. Therefore, always knowing that there is no absolute safety – the measures to avoid risks with regard to current knowledge, were constantly improved with the maintenance of the avalanche forests, rules for construction areas and falling-object protection structures.

Soon it was shown that in cleaned-out and installed pipes, flowing water could have exactly the opposite effect that, in accumulation with the danger of flood, dams and artificial water courses alone are not enough. Sustainable flood protection provides for running water and overflow areas, it is about deciding between economic disadvantages and ecological advantages.

This is the situation in Samedan with the shifting of the Flaz and the land restoration of the Inn; a successful example with a multi-purpose use for people and nature. The special aspect of this: That this man-made construction is ready, however, the concluding touches are taken care of by nature. Nature will put its stamp on the newly formed valleys to the joy of the residents and the tourists.

The Federal Office for Water and Geology, pleased by the sustainable pilot project of canton and municipality, then exceptionally increased the maximum granted subsidy rate for the canton of 39 % by a surcharge of 11 %, which means, the subsidy rate amounted to 50 % or CHF 14.2 million. And everyone was happy! This story recalls a bit the tactics of positive obstruction of a *Danilo Dolci*: first realize, then collect.

**What was the outcome of the courageous manoeuvre?**

With this project of the century, central requirements of modern flood protection were met: The settlement area, with its high damage potential is exempt from danger, and the flooding zone is now situated in a less sensitive area. But also nature has gained: Due to the new Flaz, the dismantling of the old Flaz raceway and the renaturated Inn, new networked habitats for flora and fauna had emerged.

In short: This courageous, flood control pilot project, realized in record time by taking the bull by the horns, brought an – even from the perspective of tourism – valuable ecological enhancement of the landscape, secured the livelihoods in the valley for generations to come: a win-win situation for man and nature. In other words: A prime example of what can be achieved when all parties show ability to consensus and the willingness to work together and when an active and open information policy creates confidence.

At a time where envy, fear and lack of optimism often prevent a great success, it was possible to realize this mammoth project only thanks to courageous action and will to cooperate. The result shows

**A construction project unlike others**

HH. Such a construction work of the century was also something special for the experts; only in view of the surface of 100 ha. The Flaz project had to be divided into 12 construction sections – with 5 bridges and 4 water construction objects, a temporary re-routing of the street and a land restoration project.

The putting into effect of this large project together with an accompanying ecological group, the councils of the Canton, all the specialists, representatives of the interest groups and neighbours submitted high demands when trying to reach a consensus. In the end, everyone was proud of the results.

That is especially advantageous in the opinion of an excavator operator. "That was a singular event. One could drive the machine to its limits. Everyone was interested in working here. At the smaller construction sites there are often latencies. This was not the case here. The filling of the dam's crest would have been a wasteful tinkering about. Now we have a tidy solution." He said it and went for a walk with his family on the new hiking trail.

obviously that security can be combined with environmental concerns, which even earned international attention and imitation. Here the old pioneer spirit of the Upper Engadin revived. Sober assessment in retrospect: an undertaking that deserves the highest rating. •

(Translation *Current Concerns*)



Before and afterwards: the old, channeled Flaz (left) and the renaturated river (right). (picture Commune of Samedan)