Switzerland is an Obstacle on Merkel’s Way to EU Finance Dictatorship

by Karl Muller, Germany

Once the mechanisms of the shock doctrine are deeply and collectively understood, whole societies which let us take over a financial crisis, will nowadays be by surprise, more difficult to confuse – shock resistant.

Nadia Klein: The Shock Doctrine
The rise of disaster capitalism, p. 459

On the occasion of the press conference to the G20 London Summit Preparation Meeting on 22 February in Berlin, the British Prime Minister Gordon Brown said something which lets us take over and see it far as the common interests that we’re pursuing – look, there is the possibility in the next few months of a global new deal […]. And getting more concrete, he said that we were all well aware in areas of worldwide financial flows we would not only have national control boards but also worldwide supervisory authorities that would guarantee that all financial institutions which are active in the markets must fully reveal everything they are doing.

Gordon Brown did not say, what exactly he meant. Wilhelm Hankel, however, one of the plaintiffs against the Euro’s introduction in Germany, explained in an interview with the “Frankfurter Rundschau” we have to be sure, that “the technical devil. But the shock for the Euro’s introduction in Germany, explained in an interview with the “Frankfurter Rundschau” we have to be sure, that “the technical devil.

Germany’s Reasons of State
“Today we can say: The responsibility for Germany for the European agreement, for the transatlantic partnership, for the existence of Israel – they all belong to the core of our country’s reasons of state and to the reasons of our party.”

Extract of a speech of the German CDU chairman, Angela Merkel, on the occasion of the commemorative event “60 years of the Federal Republic” on 16 June 2005 in Berlin. (Translation Current Concerns)

clearly expose those who have so far refused to co-operate internationally.” And the hatch-  
Continued on page 2
UBS-Grübel: Turning the Tables

And here comes the white knight. 38 years of working with the CS between 2004 and 2007, up into the highest management levels, and now wants a déjà vu experience. Oswald Grübel confirmed his reputation as a man with nerves of steel. According to a source of the "Tribune de Genève" Oswald Grübel, even before the official confirmation of his appointment, made a phone call with member of Barack Obama's staff, in order to communicate the following message: "The UBS recognizes all faults, which were made since 2000, and in order to meet all demands could terminate all activities in tax evasion, stop the international tax evasion and heavy international tax evasion and remain to maintain a serious player on the financial market. We have lost a significant part of our customers in Switzerland. Be it as it may, Grübel signaled. Now it is the UBS, which threatens Uncle Sam to abash him with additional 34,000 unemployed people right in the middle of the economic crisis, if the United States are not willing to put a little "water in the whiskey". Oswald Grübel is now ready to spill the beans in the most important case. According to a source of the "Tribune de Genève" Grübel is still committed to the悬挂 of tax evasion. Without naming the corresponding country, Grübel declared: "I do not believe that cash consignment is something to do with a German policy, which threatens Uncle Sam to abash him..." Switzerland is an Obstacle …" Swiss government spokesman François Savary confirmed his reputation as a man with nerves of steel. According to the available information, Switzerland is a serious competitor of the USA and England in the political and financial sphere of the world. And what takes place at the moment, is – perhaps characterized in a slightly exaggerated way – an economic war, in which the USA is using its advantages to outdo each other. The US-American industry, which has a much stricter bank secrecy law than Switzerland, is not in the position to offer such support to their customers as the Swiss bank. Grübel reiterated off by the Jewish World Congress, which threatens Uncle Sam to abash him… Grübel signaled. Now it is the UBS, which threatens Uncle Sam to abash him with additional 34,000 unemployed people right in the middle of the economic crisis, if the United States are not willing to put a little "water in the whiskey". Oswald Grübel is now ready to spill the beans in the most important case. Without naming the corresponding country, Grübel declared: "I do not believe that cash consignment is something to do with a German policy, which threatens Uncle Sam to abash him…" Switzerland is an Obstacle …"
The Big London and Washington Hypocrisy

The USA have electronic access to Swiss internal bank trade!

by Jean-Claude Paye*, sociologist, Belgium

The important part of the UBS affair is not about who has said what – the American administration's actions against tax evading citizens – but what has not been told, namely the reorganization of the international financial system through the dominating power of e.g. big banks or corporations.

Ignoring Swiss federal legislation the Swiss bank UBS on 18 February assured to provide the American legislation with the names of approximately 250 customers who it had to evade the American revenue board. UBS had promised to pay a 780 million dollar penalty. However, the US administration could have obtained the list any way - this would never have happened if they had respected the Swiss procedural law or past conventions agreed upon and signed by Switzerland and the US government.

In order to cover up this proceeding, the Finanz, the Swiss authority for the monitoring of banks, applied a law, intended for situations in which a bank is threatened by bankruptcy. This action was intended to evade the normal course of law and - without having to wait - to hand over the customers' names. The problem was the following: Either the bank data were handed over or else the bank risked a lawsuit by the American Department of Justice. One group of them in the past hardly any enterprise survived a lawsuit with or against the US Department of Justice.

The American legislation, however, has this delivery, broached the subject again. It now insists that the UBS identifies and delivers approximately 52,000 American customers to the Treasury, who possess an 'illegal secret account or accounts'. The quoted accounts constitute a huge sum of 14.8 billion dollars. The demands were deposited with a later appearance in the US administration at the Miami Civil Court.

On 20 February, the Swiss Federal Administration has decided on the prohibition of the delivery of bank data referring to 52,000 customers to whom the US authorities have a special interest. Konrad Hummler, the head of the Swiss bankers' association,endorses this decision. Moening, he adds ironically. And then he mentions the cocaine money in the US, the Berlusconi money and the terms of payment on Germany's black market.

The US refuses the burden of proof

With regard to the additional 52,000 names claimed by the US tax authority, Konrad Hummler discloses the US of "reversal of the burden of proof". To the Americans everybody is a suspect, he criticises in an interview with the Sunday Post from 21 February. It is a "very questionable procedure" he says, as it is not possible for a bank to be sure if all their foreign customers pay taxes in their home country or not.

What would happen if UBS delivered the names of all their customers to the American tax authorities? "The price for tax evasion will increase. Money will flow to more complex structures and to some dubious islands," he said. The banker estimates that provided Switzerland abandoned its bank secrecy, the financial centre would lose approximately half of its foreign customers' assets, which amount to about 1.4 billion Swiss francs.

by Yves Huldmann, Zurich

Switzerland Could Initiate an Institution Against Offshore Tax Havens

The states need money - a lot of money to fight the current financial and economic crisis. And they want to take it where they can find it, from the rich, those rich concealing it from the treasury. Insofar the current debate has made one thing clear above all others: The global honeymoon season for the rich is over.

In this way the Swiss bank confidentiality is put under pressure. It protects the private sphere from the state and is therefore liberal in essence, but of course it also facilitates tax evasion. This is immoral and above all it causes great harm, especially to poor countries because, due to tax evasion these states have less revenues in their treasuries.

The Federal Council, it would seem, has lived too long under the illusion that this would be accepted forever. They were unprepared, now they have to develop a strategy from the defensive how they will lead Switzerland and its banking centre out of the crisis.

Switzerland will have to move, even if this will be connected with great economic disadvantages. If the country holds on to the status quo, it runs the risk of ending up on a black list of offshore havens. Switzerland would be put in the pillory internationally. Therefore, and because the US has brought Swiss tax authorities to the attention of the US, the Swiss bank secrecy has been crumbling so easily in the last few days. Even in right wing countries who profiled themselves as vehement defenders a few weeks ago. And how often in the past, when put under pressure from outside, has Switzerland reacted in a defensive, passive and difficult, that is in a typical Swiss way?

However, why not take the offensive now? If now the Federal Council decided to move instead of being moved, completely new perspectives would open up. On the international stage of politics Switzerland could proclaim that the country is fighting offshore tax havens. We can play our part in changing things. We have the expert knowledge how to proceed. However, we have one condition: Together with Switzerland all other countries all over the world have to amend their laws, e.g. Cayman Islands, Channel Islands, Singapore or Liechtenstein. This procedure would not only help the poor countries, but it would also lessen Switzerland's economic damage, less money would drain off from Switzerland to these offshore havens. Thus Switzerland could free itself from the economic pressure. Therefore, when pursuing this strategy it would not be surprising if suddenly the country would take part in the upcoming negotiations about the new global financial architecture.

Source: Echo de la Suisse, 27 February 2009

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me: Switzerland's proposal to assist other countries in drawing offshore havens/tax shelters might take the pressure off quickly. Great Britain, the USA, France and Monaco have offshore havens/tax shelters which they do not want to abandon. They only want to clear out the bank sault Swiss. Such an assistance on the part of Switzerland, they will not like the sound of that at all.
Barack Obama himself has given order to “storm the fortress Switzerland once and for all”. With this highest blessing, the Americans have – within merely a few weeks and with help of the terrifyingly penalised UBS – conquered the UBS and the Swiss Confederation soft. The Americans do not care a straw about international agreements. They use the present general weakness of the banks, caused by their mismanagement in the stock market crisis, to make an example of the world’s largest asset management bank. This has set the scene to give the other “unruly” banks a bashing, one after the other. Obviously, the burden of proof is so overwhelming that the UBS and Bern in servile obedience ate the humble pie. By handing over the documents even before all legal steps were finished, they ranked the Swiss Confederation among some complaisant banana republics. It was made overwhelmingly clear these days that Switzerland is being treated like a pariah by the international community. Switzerland was admitted neither to the G8 meeting in Rome nor to the meeting of the finance ministers in Berlin, although – as was confirmed by insiders in Bern – it had virtually begged for entrance. The Americans even had the cheek to issue an ultimatum to Switzerland and the UBS. To the minute, you mind! Just as in a bad crime movie. And so they made the Swiss banking confidentiality soft. The Americans do not care a straw about data regarding customers, as long as it is a question of prosecution – without exception! How Switzerland and the Swiss banks perform this tight- rope walk will be interesting to watch. “It means squaring the circle”, observers in Bern say ambiguously [...]

But now the Americans are demanding the transfer of data regarding 52,000 customers. No doubt, they demand the complete UBS US client database. These accounts have been installed over years and decades to hide them from the curiosity of US authorities. The rude US methods will wake up the UBS. The US authorities will select some successful customers and take them to court [...]

The Swiss banking confidentiality has become the theme of an international media marathon. The governments have made it the main topic of their recent G8 group and finance ministers meetings. “Bashing the banking confidentiality is always a big hit.” The position of the English Prime Minister Gordon Brown is incomprehensible. Precisely on his territory, the biggest European “tax havens” are located – Channel Islands. And there are Cayman Islands and the like. Experts see the largest negotiation range in Switzerland. Experts see the largest negotiation range in the US Department of Justice, excluding penal actions within 18 months of “probation”. But UBS has to do more than sell its soul in this period. It has to terminate all these business dealings in the USA and has to pass on information about the owners of this bank accounts. This is a big pill to swallow and clearly against Swiss law. If a bank clerk passes on data regarding customers, he is liable to prosecution – without exception! How Switzerland and the Swiss banks perform this tight-rope walk will be interesting to watch. “It means squaring the circle”, observers in Bern say ambiguously [...]

The banking confidentiality is always a big hit. The position of the English Prime Minister Gordon Brown is incomprehensible. Precisely on his territory, the biggest European “tax havens” are located – Channel Islands. And there are Cayman Islands in the Caribbean. Does the left hand know what his right hand is doing [...]

On the grounds that its financial center was too small and too unregulated, Switzerland will also be excluded from the upcoming G20 summit in April. But for the experts it is obvious: They want to ditch Switzerland when a new global financial architecture is drafted and the banks are once more shuffled in the international finance business. For Switzerland, this is a very serious situation. Politics and the Swiss Bundesrat (Federal Council) are expected to intervene vigorously in order to have some say in this business. According to the latest statistics, Switzerland is holding a share of 30% of the international cross-border assets management world-wide, ranking undisputedly and clearly number one in the World! In the present turbulent times, this stirs up the envy of all the other players. About 1,100 Billion Swiss Francs, which is half the assets held by foreign customers in Switzerland (”off-shore money”), come from private investors. This underlines the importance of Switzerland and the Swiss banking confidentiality. The people did not come here for the Swiss mountains. It is undisputed that Switzerland cannot abandon the banking confidentiality. It is the essence of all business. It does not have much to do with tax evasion or tax fraud (the fraction is small), but with discretion. Discretion in its classical form has only been offered by Switzerland where it was proven in many decades of international law. Surprisingly, also Switzerland – being under permanent pressure from abroad since the 1970s – has amended its banking confidentiality several times. Hence, the solution must be: “The banking confidentiality must stand, but it may be developed and adapted.” [...]

Experts see the largest negotiation range in the extension of the so-called taxation of interest. This would make it less attractive for foreigners to use the banking confidentiality for the purpose of tax evasion [...] Since 2005, according to an agreement with the EU, this fraction of interest on EU citizens’ capital deposited in Switzerland is re-tained. In the beginning, this was 15%: since last summer it was 20%; from July 2011 on it will be 35%. Three quarters of the money raised goes to the capital owner’s country of residence, the rest goes mainly to the Swiss federal state. This way, in 2007 Switzerland has transferred net to the EU the nice sum of 490 million Swiss Francs, but Europe expects much more [...]


Federal Councilor Merz: Retrieving combativeness or yielding to others. Recently Federal Councilor Merz has often been looking sourly into the camera and kept an awkward silence. He is putting a depressive veil upon the country that is contagious, although there is no reason for that. But his silent face stifles the spirit of resistance. If he does not know how to go on or if he needs another recreation break [...]

Schnitzelbangg zu «Schweige-Merz»

Dr. Merz, het no függ Vasárpóladon aterbernh, doch d sängeris, et war immer no ati viel Gischtts ausselel, drum schigged doch da Merz nomol is Spüett ohni zmrre, däm fühl it aipas naimeuare, zwische Hirni und dr Schwurme». «d Striggede»

Schnitzelbangg: small satirical poem written on the occasion of carnival in Basel (Switzerland), 2009.

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Similarities between the huskies and the Swiss Federal Council members are not accidental. (From: Globi and der Polarschiffer, GlobiVerlag Zürich 2009, ISBN: 978-3-85703-357-5)

Globi’s Experience for the Swiss Federal Council

Huskies that are in a hustle often start to bite and tussle especially when tied in harnesses while Globi seems to be near madness. Snarling, snapping or else growing nothing helps but leashes tying and a sharp command of “Sit!” the huskies take this as some wit. Use the whip and let it smash teach the naughty and rude pack to take you as their pack leader to what you say they then pay heed. But Globi, unexperienced with whips very often though it slips at his head and in his eye Globi nearly starts to cry. Anger makes him wild and eager plants himself before the leader so that this pack leader alluded a rage submissively the dogs obey. Alpha Globi takes the lead towards the hill the dogs do speed “Musher” – Appak calls him loud and clear. “Alpha Globi looks so glad and proud. (Translation Current Concerns)

* Globi is a long established Swiss comic figure. He embodies a character full of resourcefulness, positive thinking, generosity and curiosity. Though sometimes mischievous, he is never cruel.

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In Brussels, the choice of words is a religion, as an art. Micheline Calmy-Rey knows the music and dominates her score. During her visit in a national context favored by the US affair, the Swiss Federal Councillor presented herself as a relaxed and smiling attitude in order to calm down the situation. “The relationship is extremely complex due to the despising of bank secrecy matters, which are not apt to harm Switzerland”, said the head of the Department for Foreign Affairs, who was talking to Benita Ferrero-Waldner, the EU Commissioner for External Relations.

No, there is no open conflict between the Swiss Confederation and the EU, though the latter is strongly hoping that the agreement between UBS and the USA will become precedent for the exchange of bank data with the EU. Even better. This prickly subject was not even the primary topic between the two ladies. However, it was not entirely avoided, either: “Things cannot be measured with a display screen”. We, the Europeans, must be treated in the same way as the USA, on this the message the commissioner delivered was clear, affirmed an official of the Commission, specifying that the Swiss law considers as fraud “The Swiss Bank Secrecy does not protect fraud”.

A member of the General Direction for External Relations continues: “The G20 of London (on 2 April) will partly be dedicated to the fight against the tax havens, but the EU has not yet decided about the position to adopt vis-à-vis Switzerland, i.e. if it will possibly demand even more than the USA has on the Swiss dossier. ‘The discussion at the FINMA (Swiss Authority for the Control of the Financial Markets) is not a breach of the bank secret, because the latter does not protect fraud’, notes Micheline Calmy-Rey, ready to put things clear. By the way, the Commission is happy to officially confirm that Switzerland does not protect any fraud. “Judicial assistance is also given to countries of the EU in cases where the Swiss law considers as fraud.”

The Obama administration will face on Monday what many may regard as a first test for the new “partnership” it is seeking to project in foreign policy. When Eveline Widmer-Schlumpf, the Swiss Attorney General, flies in to charge and police, just as Eric Holder, US attorney-general, the final item on the US agenda in Chicago. Completely controlled by the US authorities, the latter could continue with all their activities to disadvantage their negatively designated competitors. The United States and their satellites in the Caribbean control a market of “grey money”, which is nearly just as large as Switzerland’s, since they are second in the administration of “transnational fortunes”, right after the financial center Switzerland. As a consequence of the US offensive, Switzerland which still holds a third of the world’s savings market administered outside the countries of origin – could very soon yield the floor to its main competitor. (Translation Current Concerns)

In the travel industry, a Passenger Name Record (PNR) is a record in the database of a Computer Reservation System (CRS) that contains the personal information for a passenger, or a group of passengers traveling together. The PNR was first introduced by airlines that needed to exchange reservation data, and later required flights of multiple airlines to reach their destination (“through PNR”). The records of the compa- ries that communicate back to the CRS that owns the Master PNR, so all records remain tied together. (Source: http://en.wikipedia.org/wiki/Passenger_Name_Record)

remoteGATE enables financial institutions to access the Swiss Financial Institutions Multisic One-Level Financial Information System (icch_financialinstitutions_multisic_one-level). It has been a harsh wake-up call for the US, as a high contracting party and depositary of the human rights convention. The apparent hope of UBS and Finnas was that a settlement of a criminal complaint would have to violate Swiss banking law to fulfill the US demands for data for discussion – according to her ministry’s press release – will be US demands for data on American holders of accounts at UBS, the Swiss bank. It is a Stable and Responsible Republic”.

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This issue, a tiny coda to stories about troubled banks in the US, has been the lead story in Swiss news papers and on Swiss television for days – with no sign of cessation. Both UBS’s leadership and Finnas, the Swiss bank and insurance regulator that sanctioned a release of some customer data to the US justice department, have been pilloried – from across the Swiss political spectrum – for compromising banking secrecy and sovereignty. The most intense anger has, however, been directed at the US government, which – via the justice department and the Internal Revenue Service – rode roughshod over two bilateral agreements to which it is a signatory. That is, the US ignored formal, negotiated lateral agreements to which it is a signatory, and unilaterally issued a request to the Swiss Federal Council for information about multilateral co-operation’s words about multilateral co-operation. The most intense anger has, however, been directed at the US government, which – via the justice department and the Internal Revenue Service – rode roughshod over two bilateral agreements to which it is a signatory. That is, the US ignored formal, negotiated lateral agreements to which it is a signatory, and unilaterally issued a request to the Swiss Federal Council for information about multilateral co-operation. The United States and their satellites in the Caribbean control a market of “grey money”, which is nearly just as large as Switzerland’s, since they are second in the administration of “transnational fortunes”, right after the financial center Switzerland. As a consequence of the US offensive, Switzerland which still holds a third of the world’s savings market administered outside the countries of origin – could very soon yield the floor to its main competitor. (Translation Current Concerns)

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Fulvio Pelli: You must not say “we”. I didn’t do anything, neither did I ask for anything. But a corect bank, has broken its duty with respect to the Swiss laws and the American laws, grossly so, and has placed itself in a situation which has led to the problems. There are hundreds of other banks in the country which have not acted in this way […] This discrimination [between tax evasion and tax fraud] is a Swiss construct made for the Swiss in Switzerland. Like the Swiss bank secrecy. This is no problem of the European Union – under pressure of Germany, France and all the other high-tax-countries – want a system of direct information. […] The recently published, fascinating and very instructive book “Mon banquier m’a fait platrouille” (Swiss Radio DRS 1: “Grossman Radio Schweiz” – Switzerland: “That to say, if it is of no external importance, it could be eliminated on the exterior and so on”. Tax fraud or tax evasion – this distinction will no longer be kept up for you.” A very instructive book “Mon banquier m’a fait platrouille” – Swiss Radio DRS 1: 28.2.2009, 9.00 am

Johann Schneider-Ammann, Entrepreneure, Member of the Federal Council, President of several industry associations, Schweizer Radios DRS 1, 28.2.2009, 9.00 am

Oswald Gröbel, new CEO UBS (former CEO Credit Suisse) Schweizer Radios DRS 1, 28.2.2009, 8.10 am

Voice of the Industry

“Who facilitates fraud who tolerates fraud he knew who knew about fraud has to take responsibility for it has to be replaced or has to be punished”

Johann Schneider-Ammann, Entrepreneure, Member of the Federal Council, President of several industry associations, Schweizer Radios DRS 1, 28.2.2009, 9.00 am

The New Voice of UBS

“UBS has to ensure that we do not break law in other countries in any case. I take this for granted, but it has to be understood by each of our employees that we are not allowed to do this.”

Oswald Gröbel, new CEO UBS (former CEO Credit Suisse) Schweizer Radios DRS 1, 28.2.2009, 8.10 am

“My Banker Told Me…”

Who wants to destroy Swiss banking?

David Laufer: The golden years that have abruptly ended have also given rise to what some would characterize as “casino capitalism”, with its cohort of golden parachutes and other scandals. By now, the sub-prime crisis has affected almost everybody. This crisis is in the process of redefining the parameters of the entire banking sector. Owing to their activities, Swiss private bankers, with the noteworthy exceptions of UBS and Credit Suisse, are proud to announce that they are not suffering at all from this downturn because they never invested a penny in sub-prime-mortgage-backed securities, all in keeping with a certain loyalty to typically Swiss values of prudence and long-term vision. Do you agree with this image?”

Luis Suarez: Villa, The global financial crisis, The loss of wealth and jobs, the galloping inflation of the prices of consumer goods in the world stemming from it all, will probably provoke an angry reaction. It is surprising that their equity concerns are interrogated by angry demonstrators? Is it surprising that thousands of workers, from Cairo to Dharaka, or in Port-au-Prince, are violently rebelling, in despair over the increase in the price of basic food and fuel? Is it surprising that banks’ investors and employees are angry when they see the “gold parachutes” of the bank directors who are responsible for enormous losses suffered as a result of very serious mistakes. What, then, has the banks not only begun to see what will perhaps be a long adjustment process within the financial system, with its complex and new that it is practically impossible to understand these instruments. They are so complex and new that it is practically impossible to understand them completely. How could their banking system have been made? What does it not understand? By the same token, the Federal Reserve is afraid of setting an example that would result in the collapse of the United States financial system and possibly the system of the rest of the world, and it intervenes right in the market, the banks lend each other money frequently, and the lack of trust in their respective balance sheets is putting a strong break on this. The balance sheets of several, in particular those of the United States mega-banks, seem most misleading in the realm of fantasy. Most of the debit derivatives and other investment instruments in their portfolios cannot be assessed since their market disappeared several months ago. What, then, is the banks doing to attribute a value to these instruments? They have valued them by inventing a mark-to-model schema or an ad-hoc adjustment of the value of the world’s financial resources. The problem is, a value is one of deregulation that began in the 1980s in the United States under the Reagan administration and spread to the rest of the world is maybe coming to an end. It is more and more obvious that the financial system cannot continue as it has until now, with the banks as sole judges of the design of extremely complex financial instruments that they themselves do not understand but which they nonetheless promoted and sold throughout the world to investors. Since Switzerland did not participate very actively in financial deregulation, it will be spared some of the damages and adjustments to come, but practically no country is safe in the highly interconnected world in which we live.

The image of Swiss mega-businesses is fairly tainted right now, not only because of the losses that they have incurred but also because of the golden parachutes that the departing managers have benefited from at all while abusing their clients’ privacy, as in the case of UBS. The Swiss mega-banks are without doubt the most affected, but also all other Swiss banks will be affected as the crisis deepen, and it is this magnitude of the market that will have no effect, even if there were a system highly interconnected, and a crisis of this magnitude will spare no bank, even if there were a system highly interconnected, and a crisis of this magnitude will spare no bank, even if there were a system highly interconnected, and a crisis of this magnitude will spare no bank, even if these non-liquid instruments or even regulated the mark-to-model schema. Why? Because the Federal Reserve itself, with its gigantic army of talented analysts, does not understand these instruments. They are so complex and new that it is practically impossible to understand them completely. How could their banking system have been made? What does it not understand? By the same token, the Federal Reserve is afraid of setting an example that would result in the collapse of the United States financial system and possibly the system of the rest of the world, and it intervenes right in the market, the banks lend each other money frequently, and the lack of trust in their respective balance sheets is putting a strong break on this. The balance sheets of several, in particular those of the United States mega-banks, seem most misleading in the realm of fantasy. Most of the debit derivatives and other investment instruments in their portfolios cannot be assessed since their market disappeared several months ago. What, then, is the banks doing to attribute a value to these instruments? They have valued them by inventing a mark-to-model schema or an ad-hoc adjustment of the value of the world’s financial resources. The problem is, a value is one of deregulation that began in the 1980s in the United States under the Reagan administration and spread to the rest of the world is maybe coming to an end. It is more and more obvious that the financial system cannot continue as it has until now, with the banks as sole judges of the design of extremely complex financial instruments that they themselves do not understand but which they nonetheless promoted and sold throughout the world to investors. Since Switzerland did not participate very actively in financial deregulation, it will be spared some of the damages and adjustments to come, but practically no country is safe in the highly interconnected world in which we live.
Bertelsmann Pamphlet against Switzerland
A commissioned work produced in the «rogue state Germany»?

On January 30, 2009 the book “Rogue State Switzerland?” How the biggest state of banks in the world corrupts and destabilises the «financial centers» by two Swiss journalists named Viktor Purner and Werner Vontobel was published by Bertelsmann – a frontal attack against Switzerland and its hegemonisation and constructed with fire and brimstone.

Campaign timing
To a considerable degree, the timing of the initiators’ intentions of this elaborate scheme is suspicious. Obviously the book was written in a high hurry: between the summit meeting in Washington, on November 15, 2008 to which George W. Bush invited the representatives of the 20 biggest industrial and emerging markets and the summit held by Angela Merkel in Berlin on February 22, 2009 – both preparation summits for the World Finance Summit to be held in April by the G20 states in London. Accordingly the book was circulated before and after February 22 in the media.

The inaccuracies it contains and frequent lack of references also a German radio reviewer complained about, can obviously not only be attributed to time pressure, but appears to be method. Well-known issues are merged with unattributed allegations and (barely confirmed) details suggested by various persons. Its choice of words and portrayal, the Swiss are presented as a deceitful people who only think of their own advantage, while on the other hand, the pressure from foreign countries is presented in very accommodating and understanding terms.

Switzerland is to blame for the weather
No real knowledge is presented to the reader about the Swiss tax system and the historical background, and most of all, there is no actual analysis of the present financial and economical crisis. Above all it leaves a special impression: From the French Revolution through the decline of the Weimar Republic, the Second World War, the hunger in the world and today’s worldwide crises – all can be attributed to one scapegoat: the Swiss tax system and Swiss banking secrecy and the Swiss banks.

Nobody doubts that certain practices of certain Swiss banks should and could be critically examined. But this conglomeration of historical absurdities aims at achieving something else: The question is: Cui bono?

• To do such a favour to the advocates of a central EU tax system and a transparent citizen whose accounts and payments should be available to the tax authorities at any time, and can barely be regarded as a serious contribution to a more just and more democratic order. Instead of looking into the true background of the financial crisis, the reader is being diverted from the true protagonists and causes, and an atmosphere is being created to prepare the ground for centralistic measures.

• Like in the 90s As in the mid-90’s campaign against Switzerland, certain books and reports were commissioned at particular times and were published at an appropriate time before certain decisions were taken, in order to influence them. A well-timed book published before the EU summit, before the end of the US allatium to UBS and before the upcoming decisions in April pursuing cheap propaganda, has “PR campaign” written all over it.

• Incidentally the term “rogue state” is a well-known concept of a certain world power order that has created a pretext this way to break and tamper underfoot all rights and International law.

• For ten years, the biggest equity funds of the world had met annually in Frankfurt without attracting any attention. But in February 2009, with the crisis coming to the fore in the United States, the surprised participants were greeted by crowds of demonstrators furious over “this plague of thieves.” At the same time, the KKR and Texas Pacific Funds announced one of the biggest operations in the history of private equity with the buyout of the Texas energy broker TXU for $44 billion.

• At the time of this printing, a vast national campaign in Switzerland was demanding that the managers and former managers of UBS give back the 2007 bonuses and give up those for 2008.

• Three months after this conversation, on 23 September 2008, the FBI announced that it was opening an investigation into possible accounting fraud in 26 financial institutions. Among those apparently targeted by the investigation are the more recent major victims of the crisis, to wit the mortgage banks Freespace and Freddie Mac, Lehman Brothers and ABQ insurance.

• Alluding to the mark-to-market model, in a February 2009 intermediary report, the Bank of France’s Forum of Financial Stability according to the French financial daily Le Echec, called for “more accuracy in setting up assessment methodology.”

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Sins of the USA

Instead of reducing the huge US defense budget and using the funds thus released for public health care and investing in infra-structure and education, Obama has increased the 2010 Pentagon’s base budget alone by more than 4%. Is this to finance further wars in violation of international law to control and exploit the world?

700,000 Iraqis have been killed, 1.5 million previously as a result of the sanctions, in Afghanistan (and also in Pakistan) the civilian population is being bombaraded every day, the torture centres are still in use, the secret service is planning its murder assignments all around the world, while after 500 years, the USA have still not been able to find a reconcilia-
tion with the Native Americans of their continent.

My banker told me...

Who wants to destroy the Swiss banking center?

Conversations about the future of the banking centre Switzerland in the context of the worldwide financial crisis. Moderation David Kaufer.

Alan Berset, Councilor of State,
Fribourg, SP (Socialist Party)

Georges Bluem, former CEO of the Swiss Banking Association,
SBG (Schweizerische Bankgesellschaft)

Michel Dérobert, General Secretary of the Association of Private Bankers

Matthias-Leonhard Lang, Director of a Credit Suisse bank branch (Switzerland Ltd)

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This book is available only in French.

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Food Sovereignty – in Defiance of Neo-Liberalism

by Reinhard Koss, Switzerland

Today food sovereignty is not only a task for so-called poorer countries. (picture caro)

For centuries, the rich countries have increased their wealth by exploiting the so-called less developed countries. The abundance on the side of the wealthy is counteracted by the misery of the poor on the other. We make use of others’ sweat and toil, rob others of their land and water source, and sink poverty into so-called helping. But we can establish health and leisure centers and a service and information society that hardly creates anything of material value. What is dramatic is that the majority in the industrialized countries has not realized that they, too, will one day be the losers in a new social structure. The rich countries’ resistance against injustice is fuelling. We still look up to those ‘aboves’, even when the very foundations are turned over by the population. The supply of food sovereignty for all peoples and nations.

Solidarity and self-responsibility is a goal worth achieving.

For the current financial and economic crisis is a further attempt to put the 1989 "Washington Agreement" of the World Bank and the IMF (International Monetary Fund) into effect. We are all to be convinced that any negotiations and discussions on economic ideas that do not fit into the free market pigeonhole are to be prevented. The Washington Agreement is an instrument to re-launching a strategy of globalization. Its most important component is sniffing-out the free democratic deal and self-determination – which represents the greatest threat to establishing a neo-liberal, global economic system based on turf. Chemicals.

Most alarming in this context are the demands voiced at the Berlin summit on 22 February 1999, when a large number of farmers gathered at the World Summit in preparation for the G20 Summit in London on 2 April. With the help of a new "financial market architecture" sovereignty states are to be subordinated to a global control organ. With the help of sanctions, the IMF, the World Bank and the World Trade Organization are authorized to force "indignant" states to submit their sovereignty in illegal rules. Democracy – which provides for citizens to have a voice in the decision-making process, and which is the most effective bulwark against the tide of an unlimited free-market economy – is to be completely destroyed. Nothing should be left with the power to put the global high finance’s greed for power and profit and with it, its destructive commercialization and destabilization of national economies in its place.

We must counter the global ruling powers: measures by uniting in solidarity for freedom. According to the motto “for one and all for one”, we should prevent our job security, social care, working health and education systems, traffic and supply infrastructure from being mired in neo-liberal aberrations.

Solidarity, self-responsible thinking and acting to secure one’s existence is the crucial power which will provide with the necessary independence to protect our (world) community and ourselves from the destructive forces of a neo-liberal free-trade doctrine.

Breaking the global economic dictatorship by food sovereignty

People’s self-determination on what is cultivated on their fields, harvested, stored and finally served on the family table is a direct way out of the current global rule of world trade. When people have regained their sovereignty over their food supply and thus over their agricultural and commercial policy, other economic sectors will break away from the global economic construction. The first priority, however, lies in the protection of one’s own existence by sufficient and proper food; this problem will be answered when families, village communities, regions and states have nutritional bases at their disposal, guaranteeing that no one will suffer from hunger any more, become ill or die from spoiled food and beverages. Climate, geographical, cultural and economic conditions in all their variety and differences must be respected in this process, and solutions must be developed according to the needs of the population.

Let us regain sovereignty over our food supply. Originally, this term was invented by La Via Campesina – a worldwide union of small farmer and agricultural worker organizations. This union has developed not least from the supply of the farmgate, the deficits of a global economic system that provides maximum profits for a small unscrupulous minority. The authors of "Bursting bubbles devour national wealth" state that the infamous deficits of a global economic system have burst – or were destroyed. Nothing should be left with the power to put the global high finance’s greed for power and profit and with it, its destructive commercialization and destabilization of national economies in its place.

People have to re-learn to live on what the land and economic system have burst – or were destroyed. The gap between material and capital economy set off an economic landslide, which tore already somewhat in fallow zones, are taken from under our feet. As single individual fighters we try to save what can be saved. However, the time calls urgently for us to unite and fight against injustice, excessive wealth and a greedy elite. We should have as little tolerance for power and profit and with it, its destructive commercialization and destabilization to national economies in its place.

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Bursting bubbles devour national wealth

The bubbles of our current global financial and economic system have burst – or were destroyed. In the gap between material and capital economy set off an economic landslide, which tore already somewhat in fallow zones, are taken from under our feet. As single individual fighters we try to save what can be saved. However, even worse, companies have been funded by public funds to present “recovery plans” which will cause the loss of thousands of jobs. Europe estimates an unemployment rate of at least 10%, and this might probably be a “sedative prognosis”. European states are brought close to ruin by financial aid for distressed industries and banks. Although state bankruptcies will be rare, the pillaged treasures and enormous gambling losses on the part of the provision and social institutions are huge. While the banks force its citizens to “voluntarily” relinquish their rightfully acquired rights, their saved capital and social security. We may right ask whether the whole misery with its destruction of jobs, breakdown of financial and economic systems and insolvent states was perhaps launched as a direct means of dissolving any resistance to neo-liberalism.

We may not have to go as far as that. Instead of becoming paralyzed by fear and panic, as was the fever for our vital needs, we must overcome the shock and organize resistance. By concentrating on the essential things, taking over responsibilities, uniting in accordance with good democratic tradition, and acting commonly. Help towards self-help also belongs to the political demand for genuine democracy and self-determination.

People have to re-learn to live on what the immediate environment provides them. A balance between man and nature is only possible if adequate surroundings must be found. A small-scale natural cycle of production, cultivation, distribution without squandering and destroying the natural basis for food, living and working – is necessary. Over time this will free us from lead dependencies and put our food supply back into our own hands.

Concrete steps toward food sovereignty

Today food sovereignty is not only a task for so-called poorer countries, but also for the rich countries and so forth for Switzerland, as well. In the interest of the world, against hunger, each country is asked to support the anti-neoliberal struggle and to provide help to ensure that the population has the right to call for the protection of their own existence.

The right to self-determination over food production, supplying and consumption, in quantitative, qualitative and ecological regard makes must be satisfied by few crucial basic conditions. Each country has to make sure that:

• natural resources are to be preserved by careful handling; and it is the population that has the power to help prevent them from being squandered and depleting so that a high degree of self-sufficiency can be assured in the long run – including future generations"

• the cultural heritage and the values of the agricultural population are to be respected and have more than only folkloristic importance.

• it ensures a free access to productive land, seeds, water, knowledge and possible safety measures for all farmers, independent of their farm size.

• the production of healthy, high-quality food, in co-ordination with the geographical, climatic, cultural and economic conditions, has priority with national backing programs.

• the production is predominantly limited for the national requirements and/or for local or national markets and basically serves the supply of the population with sufficient natural and healthy food.

• existing production, processing, and logistic structures must be adapted to the population and sizes and sizes of company provide an ideal starting point for the local, small-scale supply of the population; they are also to guarantee the greatest possible security for supplies in difficult times through flexibility and the sharing of risks.

• all necessary structures are to be integrated in small-scale food supply.

• farmers are to be paid appropriate prices for their products securing their livelihood.

• measures for the prevention of surplus production are prepared and appropriately made use of.

• the possibility is established to seize protection measures against the import of “cheap products” and to effectively use in-internal support for the basic food production (e.g. higher prices).

• a strict prohibition is implemented against export help and an internal support of exportation at prices below the production costs.

And finally: Those who have not yet done so should furnish their pantry and store supplies, cultivate a small-garden, learn the basics of a simple healthy kitchen. Above all, we should develop a small-scale network in our neighborhoods and villages and establish friendly ties with others and with farmers in order to help each other and ourselves.