

Current Concerns

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English Edition of Zeit-Fragen

Biofuel Causes Famine

by Klaus Faissner

Since gasoline seems to be more profitable than food, more and more corporations are betting on "biofuel". This enhances both poverty and the proportion of agricultural land used for gene-modified plants. Pollen from these patented plants pollutes other fields and puts their owners at risk of legal proceedings. Corporations merge into huge alliances and buy up entire university institutes – ignoring the fact that the future of mobility does not rest on acreage but on efficient electric cars.

"All this has nothing to do with renewable energy but prolongs the petrol economy", declares US American *Eric Holt-Gimenez* of the "Food First Institute", who used to work for the World Bank. "Massive worldwide investments in bio-diesel and bio-ethanol do solve problems – but only those of bankers, politicians, agro-businesses and mainly gene engineering industries."

Archer Daniels Midland for instance, one of the biggest Agro companies in the world, bought up the small ethanol refineries built by US farmers. Huge ethanol producing facilities are mushrooming now instead, much to the delight of financial institutes. And politicians prefer talking about a "South American Ethanol OPEC" rather than convince people to consume less. Especially Genetic engineering companies rejoice over the ongoing climate debate: energy plants are expected to produce much less resistance than the release of edible or fodder plants. What Monsanto & Co. do not mention: gene-modified plant material will spread everywhere, as do edible plants. Through the backdoor they might succeed in polluting food plants and establish genetic engineering in agriculture. The three most important gene-modified food plants in the world are approved for fuel production – soy, rapeseed and corn.

Few areas offer as much profit as agro-industry in the unrestrained use of genetic engineering and pesticides. Politics is already on the side of the industry – the EU will cover 10% of its fuel demand with "Biofuel" by 2020. Brazil plans to challenge the OPEC with ethanol from sugar beets, and in countries like Malaysia rain forests are being cut down to be replaced by oilseed palm tree plantations for diesel production. Even in Austria, generally quite critical of genetic engineering, politicians openly endorse gene-modified energy plants: "If we want to get things moving regarding bio-mass, we will only have talk about gene technology here, and only here", declared *Wilhelm Molterer*, doyen of the Austrian peoples' party.¹ Former EU agricultural commissar *Franz Fischler*, who is not only president of the European Eco-Social (!) Forum, but also a member of the influential IPC association as run-up to the WTO, even topped this by writing with regard to climate change: "Without wanting to be a prophet I am convinced that we will depend on green biotechnology one day."² Concerning agro-genetic engineering he accuses the Austrians of "garden-plot mentality" and of being "totally schizophrenic". It is actually schizophrenic to fight climate change with genetic engineering. Up to now no patented gene-modified plant exists which provides better harvests – on the contrary, gene-modified plants are often more prone to diseases, causing greater losses. Agro-genetic engineering might even result in the biggest environmental catastrophe of all times, as Prince *Charles* warned in 2008.³



Sugar cane harvest in Brazil. (picture reuters)

Corporations co-operate

Giant profits are waiting. Patented plants are supposed to replace the "black gold". No surprise then, that big petrol, automobile, agro and gene technology corporations are merging: VW with Archer Daniel Midland Company (ADM) – one of the world's biggest agro producer – ADM with gene technology giant Monsanto, Monsanto with BASF, DuPont with BP, BP with Toyota, Daimler Chrysler with Renault, Royal Dutch Shell, Sasol Chevron, Neste Oil and Volkswagen. Syngenta is about to plant a gene-modified corn variety exclusively for fuel production. Environmental and consumer rights groups demand investigations into the so called amylase gene corn and whether they could cause allergies, since it threatens to contaminate food. In order to circumvent resistance, industry wants to swallow science, too: The most extreme example is the petrol giant BP, which signed an agreement about "Research into sustainable energy" with Berkeley University in California in November 2007 – BP was willing to spend an incredible amount of 500 million dollars in this deal. It was the by far biggest contribution of industry towards public science in US history. Plants for biofuel are supposed to be – as PR speak has it – gene-technically "optimized", in which enzymes from gene-modified microorganisms

would be used in the transformation into biofuel. "I'm convinced that every plant used by man will eventually be gene-modified", *Chris Somerville* is cited, the designated director of the new Institute of energy and bioscience resulting from this deal.

"Prostitution"

Although they could not prevent the foundation of the "BP institute", there is strong resistance among professors, other staff members and students against this agreement. Professor *Ignacio H. Chapela* referred to the whole procedure as "prostitution". "These gene-modified organisms do not represent science. If anything, they represent our failure as scientists to admit to the great deficits of our understanding of living organisms and of the ecology of our planet." In a passionate speech he argued: "Although one third of a century and more than 350 million dollars have been invested into this crap, a hurricane remains more predictable and a firestorm easier to control than gene-modified organisms. Meanwhile they have turned out to be a catastrophic economic endeavour, not to mention their environmental and social consequences."

Energy plants, let alone gene-modified ones, do not serve the people, but only corporations. Furthermore, there is by far too

little farmland available in Europe to meet her fuel demands in energy plants. What is left are the poor countries, where farmland, desperately needed to produce food, is sacrificed. Moreover the palm tree plantations created in these countries do actually contribute to the looming catastrophe: "We were able to show that by burning down the rain forests and turf areas to make room for the plantations several thousand fold more CO₂ is released than what might later be saved by using palm oil. Therefore the climate footprint is disastrous", declares *Florian Siegert* of Munich University.⁴

What we need is "ordinary" people with ordinary mindsets, not gurus. More and more it turns out that the politician posing as the "saviour of mankind" does actually function as the saviour of the gene technology industries: When gene-modified plants were commercially released for the first time in the USA in 1996, *Al Gore* had been serving as US vice president for several years. When he was running for president in 2000 he stated on his website that gene technology products "... enhance harvests, can prevent several diseases and decrease the need for pesticides, fertilizers and other chemicals". Time proved him wrong. As presidential candidate he pledged, he would "continue to fight for more funds for agricultural research" – he also threatened the EU he would "fight against foreign trade barriers based on fear and protectionism"⁵. Gore was able to set his mind at rest: his successor George W. Bush made this fight his own. For each of his public speeches, which often culminated in an endorsement for biofuel and therefore indirectly gene-technology, Gore cashed in 170 000 dollars.⁶

Expulsion and death

While agro fuel enriches only the few and already wealthy, it caused massive impoverishment especially in poor countries: hundreds of thousands of small land owners have already been displaced in Columbia and Brazil to make room for huge soy and sugar cane plantations. In Brazil alone, the Christian Oecumenical Land Pastoral (CPT) reports that about 40 000 families were either expelled or evicted from their land in 2006.⁷ It blames the ethanol boom as one reason. The British daily newspaper "The Guardian" writes that 200 000 immigrated sugar workers labour as "ethanol slaves" throughout the country for 100 dollars per month.⁸ People who refuse to sell their land risk their lives. The British "Sunday Times" reported how Columbian *Innocence Dias* was murdered by paramilitaries in June 2007. Today oilseed palm trees belonging to the biofuel company Urapalma, whom the paramilitaries co-operated with, are growing on his land. "Dias died because the world gets ecologized", the British newspaper commented.⁹ In the face of these developments resistance is growing: Dozens of German organizations from the environmental and development sectors appealed to the members of the environmental board of the German parliament in a letter to "by no means favour agro-energy, but work towards consequent energy saving".¹⁰ The well-known Brazilian Liberation theologian *Frei Betto* expressed his shock over the national and international euphoria regarding biofuel in an article published in "Correio Braziliense", and referred to it as "the fuel of death".¹¹ For instance, President *Lula da Silva* invested several billions of euros to partially divert the Sao Francisco river, in order to water new

"Hunger Is a Problem of Distribution"

Interview with Professor Jean Ziegler

Current Concerns: 'Hunger can be fought by genetic engineering in food production.' What do you think about this statement?

Professor Jean Ziegler: This statement is wrong. Hunger is a problem of distribution. According to FAO 12 billion people could subsist on a normal level – with the help of the existing agriculture but without GMOs.

The pollutant emissions are to be reduced by biofuels, and therefore biofuels should increasingly be produced and appropriate plants be cultivated. Can you support this development?

Wrong. Because the production of biodiesel already releases very much CO₂.

What are the consequences for the solution of the hunger problem?

The US burned more than 150 million tons

of corn and many million tons of grain in 2009 – for the production of biofuels. That let explode the prices for basic food products on the world market.

The "World Agriculture Report" demands a return to small-scale local production in agriculture in order to get the hunger problem under control. How can that be achieved?

By agrarian reforms, by giving priority to investments into family businesses (seeds, fertilizers, irrigation, efficacy etc.).

Which role do therein play the WTO and the Biotech multinationals such as Monsanto & Co.?

They are playing a totally negative role: Monsanto wants to sell its patents. WTO enforces the universal protection of the patents and a total liberalisation of markets.

* Extract from: Klaus Faissner, *Wirbelsturm und Flächenbrand. Das Ende der Gentechnik.* ISBN: 978-3-200-01749-8.

European Union Wants Facilitated Authorization for Genetically Modified Organisms

Swiss National Council agrees on extending the Moratorium on Genetically Modified Animals and Plants

On 8 March, the Swiss National Council voted on the extension of the GMO moratorium. The scientific advisory board agreed by 16 to 11 to accepting a change of the GMO moratorium and thus an extension of three more years. Five years ago, the people had accepted the moratorium with 55.7 per cent votes in favour, and in 2005, all cantons agreed that no genetically modified organisms (GMOs) were to be cultivated for commercial purposes until 2010. Following the Council of States' decision, the National Council agreed on an unrestricted change by 106 to 68 votes. Thus, the moratorium has been renewed for three more years. This could be a signal for the peoples of Europe. Resistance is now more important than ever.

thk. The request to limit the moratorium to three years did not have any chance in the Council. Oskar Freysinger, who spoke for the commission, initially called the attention to the dangers of a hasted and unconsidered procedure with the commercial cultivation of genetically modified organisms by emphasizing that this topic had to be dealt with with greatest caution and research had to be done "until the consequences of its release may be precisely measured. It is only then that we can decide for or against one or the other kind of GMOs. However, the people seem to have no time, particularly if they want to make as much money as possible and as fast as possible."

The majority of the National Council followed this argumentation. The criticism on the side of the promoters of economy and research, who claim that Switzerland might no longer be able to compete with the USA and China in research, was not convincing and is an untenable argument. First of all the law does not limit research and on the other hand it should not be in the interest of our research location to use GMOs without knowing their effect on the people and the environment.

European peoples offering resistance

It is a reassuring and has to be appreciated that following the Council of States' decision the National Council has also agreed on renewing the moratorium despite some resistance; it has thus once again taken the people's will into account. The majority of the population rejects GMOs and dislikes the whole topic. It is a privilege of Switzerland that the population can decide on such serious and vital questions by vote and can thus have a considerable say in the policy of the country. The Austrian journalist and author Klaus Faißner, in his latest publication "Wirbelsturm und Flächenbrand" (Hurricane and extensive fire), describes what a difference it makes for countries, which deny their peoples such a say. "According to the ISAAA (International Service for Acquisition of Agro-biotech Applications), which is closely connected to the genetic engineering industry, the commercial GMO cultivation was conducted in 25 countries [...] Undisput-

ed number one is the USA with 62.5 million hectares; that is half of the world-wide areas under genetically engineered cultivation." (Klaus Faißner. *Wirbelsturm und Flächenbrand. Das Ende der Gentechnik*. ISBN: 978-3-200-01749-8, P. 47).

The people in Europe have good reason to distrust GM corn or GM soy by *Monsanto* or *Syngenta*. Particularly in Europe, the Swiss example is most encouraging. Switzerland is a country, which opposes the pressure of the bio-chemical industry and demands freedom from genetic engineering. Such a critical attitude is absolutely necessary, as the following examples show.

EU plans accelerated authorization of GMOs

On 2 March, the European Commission certified the cultivation of the GM potato *Am-flora* by BASF in a nighttime raid. It is said to supply more starch for the paper industry, whereas the industry itself is skeptical. And the remains may be fed to animals. Thus, the genetically altered manufactured product makes its way into the people's meals. In the wake of this regulation, the EU authorized three new kinds of GM corn for import, i.e. as foodstuff for people and animals. According to Klaus Faißner this marks only the beginning. In the EU, secret efforts were in full swing, which are to enable an accelerated authorization of GMOs as fodder and food. "Thus Europe is to be completely inundated

with genetically altered animal feeds and extensive cultivation to be enabled in the more liberal EU countries."

Scientists criticize procedure of the European Union

The bill was sent to the WTO for notification. Attentive scientists were deeply concerned about this process and brought it to public attention. In their letter to Jerzy Buzek, President of the EU Parliament in Brussels, they warned of a further step towards "an authorization accord with <the genetic engineering countries> USA and Canada". If the WTO agrees with the secret paper, it might attain legal power until summer. It would make billions rolling in for the international agro-chemical companies. The scientists accuse the EU of clandestine behavior; it intends to implement these regulations "without information of the public and without discussion among the appropriate authorities in the EU, which are responsible for handling the risks of GMOs in the different countries".

They warn to introduce further GMOs. The EU wanted new guidelines for the authorization of GMOs, "which have not been scientifically justified so far", the scientists said. The sign set by the Swiss National Council is an important signal to the peoples of Europe not to deliver themselves to politics and the big concerns with respect to genetic engineering.

"The EU Exceeds Its Competencies and Favours Multinational Companies"

Official protest of scientists against Draft Commission Regulation on Implementing Rules Concerning Applications and Risk Assessment of GM Foods

Open letter of 22 February 2010
For the personal attention of Jerzy Buzek,
President European Parliament, Brussels
Dear Professor Buzek,

We write to you as a group of concerned European scientists. Purely by chance, we have found a new Draft EC Regulation¹ on the WTO website, and we respectfully ask you (a) to take this as a formal protest relating to the content of that regulation, and (b) to bring this protest to the attention of the full Parliament at the earliest opportunity.

We gather that this Regulation has been drafted by the Commission with great secrecy, submitted to the WTO under its conformity assessment procedure, and is due to be brought into law in May of this year without any consultation with the public, NGOs or consumer groups, and even without discussion among the "competent authorities" who are responsible for GMO risk management in the various countries of the EU. That causes us very great concern, even though the Commission might have followed the correct procedures for bringing in an "Implementing Regulation".

Having undertaken a quick analysis of the Draft Regulation (which is long enough at 66 pages to require protracted examination!), we see a number of significant and worrying trends.

It appears to us, at the outset, that this document is designed to speed up the regulatory/approvals process, in response to pressure from the US administration and the WTO. It also appears to represent a step along the way towards "harmonisation" or "synchronisation" of the approvals process on both sides of the Atlantic, by building in a whole range of measures which will ease the way for "simpler" and cheaper applications to come forward.

This is to the considerable benefit of the multinational corporations, especially with respect to their plans for a new generation of "stacked" GM varieties, but we fear that it pays scant regard to the safety of animals and human beings, or to the protection of the environment.

What we see in this Draft Reg document is a further move away from sound, independent science (and evidence-based policy) and a lurch towards a formal acceptance of a ruling hypothesis – namely that GM crops and foods are harmless. There are few signs of checks and balances in the system as it is outlined, and hardly any options for the replication of scientific experiments. Since non-replicable science MUST be considered unreliable and even fraudulent, this is a move towards connivance in fraud. And that, in our view, is a very serious matter.

We have a whole range of detailed comments on the text of the Draft Regulation, which we are happy to submit to you. We summarize them in Annex 1 below.

It is our firm belief that in this Draft Regulation the Commission far exceeds its implementing powers, as indicated in our Annex, for the most part through subtle changes of wording, and sometimes through omissions and explanations which are distorted. There are a number of new assumptions about GM safety which are NOT scientifically justified. There are also many policy changes which should have no place in an Implementing Regulation. The Draft Regulation fails to take account of the extensive recent literature relating to the harmful effects of GM, and it must therefore be redrafted.

We gather that this Draft Regulation will shortly come before Parliament and Council for approval. We urge you, in view of the very great importance of this matter, to refuse approval and to insist upon an extended period of consultation, during which due consideration can be given (a) to any detailed comments you have received relating to the full text of the document, and (b) to the 16 vital scientific issues which we have raised in this letter. We look forward to your confirmation that the draft text of this Regulation will be

rejected, and then reconsidered and amended to take account of these valid concerns. We do not accept that this cannot be done at this late stage in the process, since the process is entirely under your control.

We hope to hear from you in the near future. We are also sending this protest to your colleague Mr Herman Van Rompuy, President of the European Council.

Yours sincerely,

Dr Brian John, Dr Jose Ramon Olarieta,
Prof Brian Wynne, Dr Mae-wan Ho, Prof
Jose L. Domingo, Prof Bob Orskov, Prof
Enric Tello, Dr Eva Novotny, Dr Irina Ermakova,
Dr Naheeda Portocarero, Dr Arpad Puszta, Prof Marcello Buiatti, Dr Susan Bardocz,

Affiliations and qualifications available on request.

¹ Draft COMMISSION REGULATION on implementing rules concerning applications for authorisation of genetically modified food and feed in accordance with Regulation (EC) No 1829/2003 of the European Parliament and of the Council and amending Regulations No (EC) 641/2004 and (EC) No 1981/2006 (Text with EEA relevance) http://members.wto.org/crnatachments/2010/tbt/eec/10_0030_00_e.pdf

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biofuel monocultures in the northeast of the country. Living conditions of indigenous and traditional people depending on the Sao Francisco river are ignored.

According to Frei Betto the Brazilian people had to pay three times as much for food in the first 6 months of 2007 as in the whole year 2006, due to the recent ethanol frenzy. Not one of the ethanol and biofuel enthusiastic governments has questioned the individual traffic policies. Betto: "As if profits of the automobile manufacturing industry were taboo, untouchable."

Towards the electric car

Will we have to do without cars in future, given that we cannot or should not drive with either petrol, diesel or biofuel? Some simple

calculations show that what has to change is technology, at least. "Away from inefficient combustion engines towards the electric car", is one possible roadmap. In this case it would even be conceivable to totally switch to renewable energy sources: With one hectare of photovoltaic devices more than 300 cars can be operated for one year, whereas one hectare of rape does not even provides for two cars. There is a reason why this logical alternative is not embraced by the industry: electric cars do not need petrol stations, just sockets. Corporations would suddenly use all their power, people would grow independent of them – just one photovoltaic device on the roof, a battery to store energy, an electric car and that would be it. Technology is ready and waiting, most automobile manufacturers have already announced they would bring comfortable electric cars on to the market. Now political pressure is needed to completely abandon the

combustion engine. Further advantages of the electric car:

- no exhaust fumes
- almost no noise
- electric energy costs of less than 2 euro per 100km
- independence
- securing peace – no war for oil
- contribution towards a just world: no exploitation of poor countries
- every country uses its own renewable energy sources

Precondition for peace is the self-provision of each country of food (and fodder, respectively) and energy. "Food and energy neutrality" might be the magic formula for the future: As any militarily neutral country may not attack another one, a food and energy-neutral country will not exploit another.

¹ "Kurier" 19.8.2007

² "Der Standard" 8./9.9.2007, page 20

³ "Daily Telegraph", 12.8.2008: www.telegraph.co.uk/earth/main.jhtml?xml=/earth/2008/08/12/eacharles112.xml

⁴ ARD-Politmagazin "Report München" im März 2007: www.br-online.de/daserste/report/archiv/2007/00372/

⁵ www.algore2000.com/agriculture/agr_agenda2.html; www.organicconsumers.org/ge/preson-biotech.cfm

⁶ Raggam, Faißner: "Zukunft ohne Öl", Stocker-Verlag 2008

⁷ www.regenwald.org/regenwaldreport.php?artids223

⁸ "The Guardian" 9 March 2007: www.guardian.co.uk

⁹ www.focus.de/wissen/wissenschaft/klima/tid-6666/biokraftstoffe_aid_64512.html

¹⁰ www.regenwald.org/news.php?id=766

¹¹ www.regenwald.org/news.php?id=760

Trouble Is Up – Not Only in Greece

by Professor Dr Eberhard Hamer, Germany

For eight weeks, the Greek state crisis has dominated the public financial discussion, on the assumption that this could lead to a crisis of the Euro.

Both issues are exaggerated. Greece does not have a bigger gross domestic product than Lower Saxony in Germany; it only plays a marginal role in the Euro area. Moreover, Greece would represent a danger for the Euro only if the Eurocrats did not let Greece reorganize itself, but would eagerly hurry to its rescue. In that case Greece could actually become the test case for further weak countries such as Spain, Portugal, Latvia, Italy or France and a substantial threat to the Euro.

It is not by coincidence that the US summons a threat to the Euro by Greece. This could be a diversionary maneuver, in order to stop the investors of the world from fleeing, as they do, from the declining dollar into the Euro, because the Euro seems to be more stable.

In one respect, the case of Greece represents a chance for Europe nevertheless. The glut of money and the increase in junk bonds, triggered off by the Federal Reserve Bank in the USA, would have led to the collapse of the offending banks if not one of the offenders, the former bank president and later US Treasury Secretary *Paulson*, had made it the biggest state financial crisis by the largest national cash infusion ever seen. This crisis is presently covered only by the fact that the Federal Reserve Bank continues to wash cheap money onto the market at an interest rate of 1 % and thus keeps unreliable banks and unreliable states solvent.

The alleged solution of the private financial crisis is like an attempt to cure a drug addict by giving him more drugs.

Unfortunately, and on American pressure, the European countries made the same mistake and “solved” the crisis of the gambling banks by taking over their debts, thus resulting in state indebtedness and a crisis of the state finances.

Actually, the glut of money on the capital markets should now again be reduced by an increase in interest rates. Such increase in interest rates, however, would completely upset the states facing bankruptcy and would con-



“The crisis of both Dollar and Euro has already begun years before by an unrestrained increase of money supply. For several years in the past the FED did not even confess, to what extent the money supply was increased annually, more than 20%, finally more than 100%. The inflation has thus started and is actually unavoidable.”

tinue to intensify the economic crisis by pecuniary difficulties of the private sector. At present, no central bank dares to recollect the thoughtlessly assigned money.

Since a genuine correction did not take place and is not desired, the crisis remains and rampantly metastasizes into further fields. It grows from the private financial crisis into the crisis of the state finances, into the true crisis of our economies, into the crisis of the social welfare systems up to impoverishment and social unrests.

Greece is only preceding in this development of a crisis, because it is forced to economize. Economizing, however, will most certainly increase the spiral of the crisis. All the other countries, which likewise want to and have to economize, will have to follow the

Greek example; even the USA as the most indebted country on earth will have to do so.

There is only one last resort to prevent drastic economic measures and thus an economic and social crisis: Inflation.

In fact, the central banks have already triggered off inflation by the glut of money. Cutting down the money supply is like drug withdrawal. Those who cannot bear the consequences of a sudden withdrawal must reduce slowly, but then accept the state of intoxication in the long run.

To repeat it: The crisis of both Dollar and Euro has already begun years before by an unrestrained increase of money supply. For several years in the past the FED did not even confess, to what extent the money supply was increased annually, more than 20%, finally

more than 100%. The inflation has thus started and is actually unavoidable.

The problem of the currencies devalued by inflation raises the question which currency will lose its value faster. On an international level, there will be a race for devaluation. The Euro might remain more stable than the dollar in this process.

Inflation may solve many problems:

- The winner of each inflation is the debtor. All states are insolvent, and are thus winners.
- An inflation can also correct bank debts and junk investments, and is therefore helpful for the corrupted financial system.
- An inflation stimulates the economy, because sham profits will develop and an escape into tangible assets as well as into investments will start.
- Above all, however, inflation helps the social politicians: The social benefits will be devaluated; they must not formally be cut back. The German Bundestag has already planned this by deciding on a warranty of the annuity rate, knowing that the pensions have thus become far too expensive. Instead of a cutback, it chose devaluation.

We will be continuously told the fairy tale of public savings, but actually experience inflation with perhaps two digit rates. Losers are all the owners of monetary assets such as shares, bonds, insurance claims, funds etc. However, the recipients of wages or social benefits will also lose by their devaluation. On the other hand, the owners of material assets will be winners – as far as they are not skinned by rising taxes.

One thing is for sure: We have enjoyed a rising illusive prosperity in the past decades. It will be inevitably reduced and leave losers behind. The biggest areas of social crisis will be the social welfare systems with what the top performers still pay as social security contributions and what the state can still manage as redistribution. The fight between top performers for their income and the beneficiaries for their allowances will be intensified. The German Foreign minister *Guido Westerwelle* was the first, who dared to address this upcoming problem. It will become the main topic of politics in the years to come. •

What to Do Before the Crash?

by Karl Müller

In his book “*Ins Herz geschrieben. Das Naturrecht als Fundament einer menschlichen Gesellschaft*“ (Written into the Heart. Natural Law as the Foundation for a Humane Society, 2010, ISBN 978-3-86744-137-7), the Austrian legal scholar *Wolfgang Waldstein* quotes the Roman statesman *Marcus Tullius Cicero* as follows:

“And if justice is obedience to the written laws and institutions of a people, and if, (as

these same people say), everything is to be measured by utility, then whoever thinks that it will be advantageous to him will neglect the laws and will break them if he can. The result is that there is no justice at all if it is not by nature, and the justice set up on the basis of utility is uprooted by that same utility: if nature will not confirm justice, all the virtues will be eliminated. Where will there be a place for liberality, for love of country, for piety, for the desire to do well by others or return kindness? These all arise because we are inclined by nature to love other humans, and that is the foundation of justice.”

Cicero witnessed the decline and fall of the Roman Empire, the vicissitudes of civil war, and in the end he set his face against the imperial and autocratic rule of individuals.

Does not the Western World, does not Europe face a similar situation, now more than 2000 years later? The rehearsal of the obvious manifestations of violence and exploitation, of oppression and degradation, of the lack of democracy and constitutionality, the public lies and deceptions have been lasting for years now; is not a basic mental aberration and, as a result, the contempt of everything that is fair and just lurking behind all of this? An aberration that has been instigated deliberately and purposefully!

So how will the people react, should the political, economical, and social crisis of the beginning 21st century lead to a disintegration that is easily perceptible to everyone? How will the people react, not only in those countries mainly in the 3rd world, which have been afflicted by imperial wars and exploitation for years – here the collapse was induced systematically earlier on, however it faces an

ever growing opposition that a mental recovery brings with it – but also in the countries of the west, which have so far been able to depend on relative affluence and a relatively large measure of protection?

History shows that there is no proof for the assertion that, driven by necessity, people learn to be sensible in crises. But there is also no law to say that a severe crisis must necessarily end in a catastrophe.

What does the way men will take depend on?

Will it not depend on the strength of our conscience, on our attitude, on our humanness? Will it not depend on whether we follow our hearts?

But when does man follow his heart? Does not this depend on how he has learnt, practised, and cultivated this course? More than 200 years ago, the Enlightenment and Classicism, and pedagogues, already saw that man does not effectively strive for truth, beauty, and the good, for the development of his personhood, spontaneously from birth, but that it is up to breeding and education to lay the foundations for all this – not by means of force, but with the help of insight and intelligent choice.

Yet for decades a way of thinking and a style of life hailing mainly from the Anglo-Saxon sphere have opposed themselves to all of this – well aware of their power to destroy and corrode. They implement the accepting of advantages and utilitarian thinking and all their modern manifestations in the form of the “American Way of Life” in all groups of human society. The damage can be seen daily.

However, we must never forget: Even if nature, if everything engraved in the human heart, does not automatically get a chance to

blossom and even if it is buried deeply down, yet it will remain in man’s power for ever.

Today, if you ask others what is important to them, you might often get the complete list of “the American Way of Life” with all its absurdities as your first answer. But if you inquire further in earnest, you will realize very quickly that there is still a natural empathy in most people.

What is true for our children and our youngsters, namely that the banality of utilitarian thinking should be transformed by education to a humanity conforming with human nature, that is no less true for every person of any age.

And when we look at the great achievements of humanity we also see that there are values binding to all human beings and arising from our hearts: for instance the human rights and their appreciation of human dignity, of the inherent freedom and equality of all human beings, of brotherliness, the right to life and physical integrity, and so on. That is the appreciation of natural law as related to every human being, and it cannot be confined by advantage and convenience.

So what shall we do? Everyone should contribute to the development of humanity. We should take a stand when justice is violated and human dignity is insulted! We should help humane sentiment and humane actions to be fully appreciated! We should make sure that what is right is propagated, that the basis of human coexistence is widely discussed again, and that everything true, beautiful and good is strengthened and furthered!

We should, in fact, become fellow beings. The crucial point will be the people’s mentality and how they succeed in unfolding humanity and benevolence. •

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Judged by its Benefit for the Bonum Commune our Financial System Has Failed – Let us Develop a New One!

by Dieter Sprock, Switzerland

The financial crisis has affected the real economy in numerous countries around the globe and deprived innumerable people of their basis of existence. Unemployment, poverty and hunger increased dramatically, worldwide. At the same time, the insight grew that things cannot go on like this. More and more people wonder how things are interrelated. In this sense, the crisis also represents a chance for a change, which we should make use of.

When in mid-2008 the large finance fraud blew up, numerous banks worldwide were suddenly threatened by bankruptcy, among them some of the largest US banks and others, which were doing business in the field of highly speculative international investment banking. What had happened?

The stock exchange had decayed to a financial casino a long time ago. There was nothing but speculating and betting. The money turnover had only little to do with the real economy. The securities of renowned banks had emerged as junk bonds, even those, which had before been classified as particularly safe by so-called rating agencies and had been sold to the customers together with bank guarantees. Above all, the so-called structured financial products with confirmed long-term liabilities were affected, such as mortgages, leasing products or Public Private Partnership contracts as well as derivatives, hedge funds, private equity funds and other financial products.

A fraudulent snowball system

The crucial point was that business was not financed by the buyers' own capital funds, but by third-party credits. Thus new fictitious money was constantly created, which consisted of nothing but debts. The mortgage credits, which were assigned by US banks to millions of citizens without their solvency being examined at all, are well known. The banks did not intend to have these credits redeemed, but sold them as fast as possible to other banks. Those banks raised a credit with a third bank in order to buy these credits and sold them likewise, and so on. The whole process was a kind of open snowball system, which was guided by an army of advisors, salesmen, law offices and rating agencies, which confirmed the quality of the products to each other and collected the good profits with each transaction. The house purchasers had been lured with lowest interest rates, which were, however, only fixed for the initial years. When they could no longer repay the rising interest rates of their mortgages, they lost everything. In the US, hundreds of thousands, who lost their houses or their dwellings, are today living in tents. A similar bubble is to be expected in the commercial real estate market.

Consequences for the real economy

When the stock market bubbles in several countries burst at the same time, some of the main players had trash papers worth hundreds of billions of dollars in their depots, for which there was no equivalent value. For example Lehmann Brothers, one of the oldest US investment banks, founded in 1850, announced insolvency on 15 September 2008. The debt burden amounted to 613 billion dollars, according to the insolvency court. Approximately 29'000 employees lost their jobs.

The financial market came to a standstill. The banks did no longer grant credits to each other and thus the capital-intensive globalized economies rapidly fell into a deep recession. The consequences are well known: Closing-downs, enterprise failures, substantial reductions of staff, layoffs and an enormous increase of unemployment, poverty and hunger, not only in the poorest countries.

Angel Gurria, Secretary-General of the OECD, speaks of 17 million new unemployed persons in the OECD states, compared to 2007. For 2010, he expects an additional 5 million (interview in the "Neue Zürcher Zeitung" of 29 January). The OECD economists

expect a "permanently larger base of inoccupation".

National indebtedness

In order to prevent a complete collapse of the financial and economic system, which might have caused panic and chaos, the governments of many countries felt compelled to intervene. They supported major banks when they took over smaller banks, which were threatened by bankruptcy; they granted endangered major banks backdoor lendings in two or three-digit billions' amounts or took over threatened banks directly. They pumped money into the economic cycle, for example in the form of scrappage bonuses. Moreover, they made cheap money available via their central banks, wherever possible.

With the national back-up programs, the debts that the banks had accumulated by speculation and fraud on the stock exchange became national debts – with all the well-known consequences. The indebtedness of individual countries actually exploded. Angel Gurria expects the sum of all OECD states' debts to be larger than the appropriate GDP of these countries by the end of 2010.

Already today, cuts are made all over the public sector, particularly in the field of social security payments, in the education system as well as in health care and the pension plan. Everywhere money must be "saved". Some countries are threatened by national bankruptcy and thus by the loss of their political independence, as the examples of Latvia, Iceland and Greece show. All three countries were considered model states for economic prosperity before the crisis.

In Latvia, the public sector is today actually under IMF and EU administration. Numerous hospitals and schools were closed, thousands of teachers and members of the health services were fired and wages halved. In Iceland, on pressure of the EU, the taxpayers are to be made liable for the debts of their private banks to such an extent that Bruno Bandulet speaks of the "financial enslavement of a whole generation" and compares the procedure with the dictate of Versailles (see *Current Concerns* No. 2, January 2010). And Greece is under strict EU monitoring, which is to guarantee that it keeps up with the Brussels stability program. This includes the shortening of public expenditures and wages in the public sector and the rise of the age of retirement.

However, there is a certain resistance. In Latvia, citizens demonstrate for better wages. They rejected their government's signing of a debt. In Iceland, in a referendum, the people resolutely rejected the repayment of debts, caused by the banks. Also in Greece, the people put up some resistance to the dictate of Brussels (see *Current Concerns* No. 3, February 2010).

Major banks as profiteers

In the middle of the crisis, in defiance of the governments preparing the population for a further increase in unemployment rates, the first news were spread about the economy's recovery, which, however, is taking place merely at the stock exchange. "Top dogs of the Wall Street benefit from the crisis. Lucrative consulting mandates for brokers", headlined the "Neue Zürcher Zeitung" on 9 June 2009. And one month later, on 17 July, the headline read: "JP Morgan shines with high profit. Complete repayment of the national capital contributions." Morgan had increased its net profit by 36% compared to the previous year. It had set up an additional 10 billion dollar reserve and refunded the national capital contributions of 25 billion dollars including dividends and thus had redeemed itself from its obligations towards the state. At the end of October Credit Suisse announced similarly high profit numbers. The net profit of 2.4 billion Swiss Francs for the third quarter of 2009 was the highest that CS had ever designated for a third quarter; the entire year had been the third best in the company's history.

The majority of profits were realized in the investment banking, in exactly that section, which had triggered off the turbulence a year before. On 24 October, the "Neue Zürcher Zeitung" wrote: "It is the investment banking, the main source of the branch's debacle last year, that emerges as the strongest profit machine, this year. At the CS, approximately two thirds of the pre-tax profits were allotted to the investment banking. According to CS, the branch's gain resulted in a pre-tax return on the assigned capital of 37% (!)."

The "Neue Zürcher Zeitung" reported that the business profited from an oversize reduction of the (wage) costs, of the rise of the stock quotations and the cheap monetary policy of the issuing banks, which in combination with an increase in venturesome investors acted as though they were licensed to print money. Lastnot least it also profited from the disappearance of important market players, either taken over or weakened (*Lehman, Bear Stearns, Merrill Lynch, UBS*).

Obviously, a merciless predatory competition is taking place. Since 2007, 187 banks have been shut ("Neue Zürcher Zeitung" of 22 February 2010). And the bankruptcies of banks continue. The biggest institutes became even larger and have emerged from the "crisis" stronger than before. The actual crisis however is a crisis of the workforce, which already began at the beginning of the 90s after the collapse of the Communist competition model. In the hunt after ever larger profits qualified working premises were destroyed in large quantities. The crisis has accelerated this process.

How to proceed?

Before the crisis, if someone was perhaps dazzled by the marble of the great banks and he even thought of profiting a bit from the big haul and make his money work for him, as the PR experts made him believe, he might have experienced a reality check by now. Today's financial and money system is an invention which, from the outset, was directed to increase the wealth of a few and strengthen their influence while the great majority did not realize what was going on.¹ Unemployment, hunger and war are no indicators for crisis, but an integral component of this system.² Of a criminal system! Such a financial system that is based on deception and fraud can not become more honest, not even by some adjustments. In the long term, it must be replaced by a new one oriented at the common weal, the bonum commune.

We can begin today. The wheel need not be reinvented. There are already many good ideas, which can be seized and developed. If people have freed themselves from profit thinking and gather their wits together and their creativeness, innumerable new ideas will be added, which can all coexist in a peaceful competition. There will be many good solutions, which are only to be measured exclusively by their use for the bonum commune. Judged by its benefit for the bonum commune, however, our financial system has utterly failed.

Even today, there are many small banks, which do not take part in the stock exchange casino. Participation there is not necessary in order to be able to reasonably manage people's money. These banks are limited to the classical banking transactions of storing funds and granting credits with reasonable conditions. *Current Concerns* recently published some examples. If necessary, new banks can also be established. *Raiffeisen* demonstrated it. He freed the farmers from usurious interests.³ Why should it not be possible today! In Germany, there are the *GLS Banken – Geben, Leihen, Schenken* (GLS banks – Giving, Borrowing, Donating). Why not make this slogan the basic idea of our handling of money?

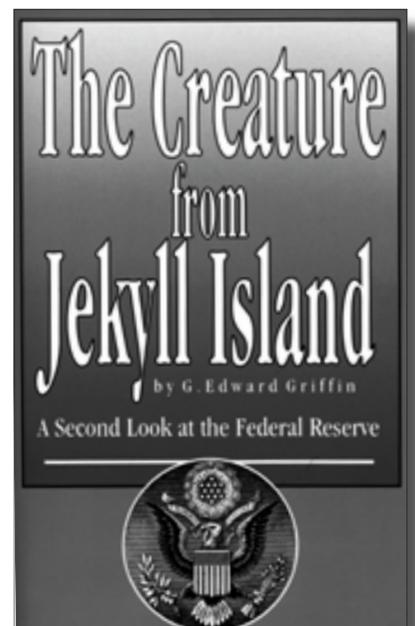
The cooperative idea *Raiffeisen* relied on and which he developed further contains more than a mere guideline for economic administration unions. It embodies basic values of human living together in equality and freedom.

People unite everywhere, in handicraft cooperations, neighborhood assistance units, district associations, in urban and rural alliances. Co-operation is supranational and global. It may no longer be obstructed by a coercive system, which allegedly takes up the cause of "freedom" in a fraudulent way by thinking of freedom as a means to enslave the world by subjecting all thinking and acting to the greed for profit.

The World Agriculture Report, of which an excellent summary was published in German, shows the way to new way of managing the economy, in which the peoples take the supply with healthy food into their own hands and thus can eliminate hunger.⁴

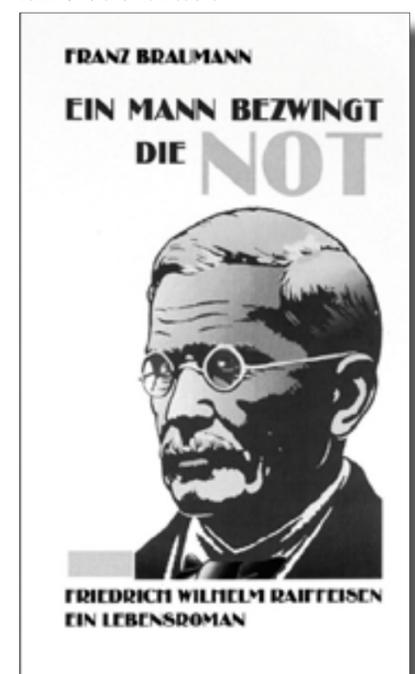
Villages threatened by extinction can be reinvigorated. They offer plentiful habitat for the development of trade and handicraft and can flourish again. That is not difficult at all, if we are ready discard the old way of thinking.

¹ G. Edward Griffin, "The creature from Jekyll Island. A Second Look at the Federal Reserve"



² Naomi Klein, "The Shock Doctrine: The Rise of Disaster Capitalism", and Anthony Perkins, "Confessions of an Economic Hit Man. The Shocking Story of How America Really Took Over the World"

³ Franz Braumann, "Ein Mann bezwingt die Not. Friedrich Wilhelm Raiffeisen. Ein Lebensroman", ISBN 978-3-87151-038-0



⁴ "Wege aus der Hungerkrise. Die Erkenntnisse des Weltagrарberichtes und seine Vorschläge für eine Landwirtschaft von morgen." Orders can be made at AbL Publishers 0049-2381492288, verlag@bauernstimme.de

Institutions for Collective Action Have Worked – for Centuries

wb. Which are the conditions that allow people to jointly use general but limited resources like woods, fish stocks in the sea or limited water resources for agriculture in a successful way? For 40 years, this has been the central question for the research of Professor Elinor Ostrom and her collaborators, who was awarded the Nobel Prize for Economy in 2009.

Worldwide studies on the “construction principles” of successful co-operatives

In their empirically well-founded research on the usage of common pool resources, Ostrom and her colleagues have investigated into the institutions for collective action that have existed successfully for a long time – for many generations, some for hundreds of years. Globally, they found co-operatives, some making use of Swiss Alps, others organizing agricultural irrigation in Spain and the Philippines or fishing along the Turkish coast, to name only a few examples. They investigated the “construction principles” which make all these projects successful. To validate these criteria, they applied them to the failed co-operatives, finding that in all these failures, one or several of the construction principles had been violated.

The myth of the “Tragedy of the Commons”

The definition of the construction principles of successful co-operatives is the great achievement of Ostrom and her colleagues. Only the political context exposes the importance of this insight into constructive ways of participation: The works of Ostrom and her colleagues disprove the fatal and still repeated myth of the so-called “Tragedy of the Commons”. This notion summarizes the theory that people are always striving for their own maximized profit alone. If several people have access to a common pool resource, they would soon destroy it by overuse instead of sparing it through moderation to make use of it in a more long-term and sustainable fashion. [According to this theory,] this tragic can be overcome only in two seemingly complementary ways: either by a state-organized command economy or by the privatization of resources, more precisely, by a free market secured by state means.

Today there is a wide consensus that both the planned economy and the “free market” have failed. For the current economy-political discourse, it is of high importance that the pseudo-anthropological fairy tale of the “Tragedy of the Commons” should also be consigned to the dustbin of history. Ostrom’s works show that collective institutions can make successful use of common pool resources.

The construction principles of successful collective institutions

People are able to realize that in case of a shortage of a resource (e.g. of water or pastures), individual profit-oriented short-term actions of all participants can lead to a long-term damage for all. Other than in the artificial experimental situations which serve as a foundation for the “Tragedy of the Commons” theory (e.g. two people locked up, isolated from each other, with only enough food for one), in a real situation, even in case of a severe shortage, there is still enough room for the participants to arrange their relations in a social way. These arrangements can provide institutions of combined action. Ostrom addresses eight construction principles such for long-term successful institutions:

1. Clean-cut boundaries: It is clearly defined who takes part in the common use and which are the limits of the common pool resource (CPR) – e.g. on an Alp this would mean: who is member of the co-operative, which part of the pastures is used collectively and which part is used individually.
2. Locally defined rules of usage and rules about the work that is to be done: The users of the common pool resource define rules, according to the circumstances, who can use when how much of the resource



A picture from the beginnings of the Spanish “Cooperativa Provincial Agraria y Ganadera ‘San Isidoro’ – CASI” founded in 1944. Today, there are 1435 fully entitled members in the co-operative. (picture www.casi.es)

and how much work is to be done in which form by each individual to maintain the resource.

3. Collective-choice arrangements:

“Most individuals affected by the operational rules can participate in modifying the operational rules.” (p. 93)

There is no need for an external authority to allow the users of a CPR to change their own rules.

In her introduction to the principles 4 and 5, Ostrom states with respect to the enforcement of the self-defined rules, that the “reputation and shared norms are insufficient by themselves to produce stable cooperative behavior over the long run. [...] In all of the long – enduring cases, however, active investments in monitoring and sanctioning activities are quite apparent.” (p. 93.f.)

4. Monitoring:

“Monitors, who actively audit CPR conditions and appropriator behavior, are accountable to the appropriators or are the appropriators.” (p. 94)

5. Graduated sanctions:

“Appropriators who violate operational rules are likely to be assessed graduated sanctions (depending on the seriousness and context of the offense) by other appropriators, by officials accountable to these appropriators, or by both.” (p. 94)

6. Conflict-resolutions mechanisms:

“Appropriators and their officials have rapid access to low-cost local arenas to resolve conflicts among appropriators or between appropriators and officials.” (p. 100) In examples, Ostrom describes that these platforms can be very different, e.g. a public space, a café at the harbor or a local courtroom.

7. Minimal recognition of rights to organize:

“The rights of appropriators to devise their own institutions are not challenged by external governmental authorities.” (p. 101) By several examples Ostrom demonstrates that, in order to enforce the rules, it is essential that this self-created institutional law is tolerated, if not supported, by super-ordinated state authorities.

8. Hierarchical bottom-up organizational structure for larger CPRs in the form of “nested enterprises”.

Ostrom refuses to name an upper limit for the number of resource appropriators using a common pool resource. She elaborates on the following examples: “the smaller organizational units build on the previously organ-

ized smaller units. In the Spanish *Huertas*, the tertiary canal is the fundamental organizational unit. [...] As soon as smaller units are organized, however, the marginal cost of building upon this organizational basis is far less than when started ab ovo. Several of the Spanish *Huertas* are organized in three or four hierarchical levels.”

Or: “Successes with the first, smaller, institutions, allow a group of individuals to build upon the social capital thus created to solve larger problems with larger and more complex institutional arrangements. In the present theories of collective action, this process of accumulation of institutional capital is neglected.”

Summary

In the area of institutional analysis, Ostrom and her colleagues have succeeded in putting together a large collection of empirical studies on the conditions of successful institutions of collective action and to analyze it meticulously. With many concrete examples of co-operations, she succeeded in presenting her results in a way to make them also interesting for practitioners.

Switzerland with its cooperative traditions that have grown over centuries is certainly acknowledged by the scientific research of Professor Ostrom, but also warned not to squander its social capital in favor of dubious projects of centralization or market liberalization.

The militia system as the nucleus of a social structure reaching from small, almost sovereign units, supported by the citizens, to the top, is more efficient than all centralism and the “free play of the market”. Many projects – also in co-operation for development – can see themselves confirmed by the work of Ostrom or find valuable orientation.

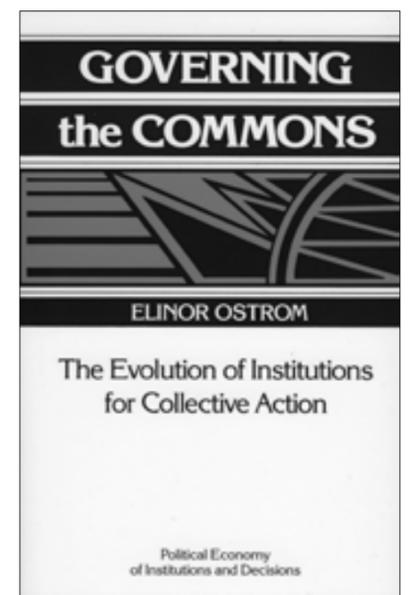
Source: Elinor Ostrom, *Governing the Commons: The Evolution of Institutions for Collective Action*. Cambridge University Press, Cambridge 1990, ISBN 0-521-40599-8

It is also of great interest to watch the video of the nobel prize lecture, held by Professor Ostrom in 2009. There she explicates: From a centralistic, technocratic perspective a landscape of local and regional institutions which were set up to deal with local problems are often regarded as “chaotic”. But this labeling is wrong. In fact, the capacity of associations set up by responsible citizens to find solutions for real problems is outstanding – and more human. nobelprize.org/nobel_prizes/economics/laureates/2009/ostrom-lecture.html

Professor Elinor Ostrom



Elinor Ostrom awarded the Nobel Prize for Economy in 2009. (picture zvg)



Elinor Ostrom, “Governing the Commons”, ISBN 0-912986-40-9

Mountain Region – Crafts – Recycling

The company “Karlen Swiss” in Törbel, Switzerland

by Lisette Bors and Eliane Gautschi

Do you know the carefully produced bags from Swiss army blankets, with the red stripe and the white cross? Did you know that they are crafted by hand in Törbel? Come along and see a little gem in the Valais at 1500m above sea level.

Törbel – a village high above the valley of Visp

You reach this typical Valaisian village over a steep, winding road. A village built on a cragged hillside, high up on the southern slope above the valley of Visp. We are in one of the driest regions of Switzerland. The many old Valaisian houses are made of weather resistant larch wood burned almost black by the sun. The village Törbel has been formed over the centuries from the merger of three hamlets. A village which has retained its original charm. Various functional buildings, which the self-supply of the villagers served 40 to 50 years ago, can be visited in the summer season on the tour, “rustic Terbil”. Today approximately 500 residents live in the village. Most of them go to work down in the valley. The village population is well mixed in age, once in a while young families move into the village. There are also some job opportunities in the village, such as the village shop, in the restaurant, and in company *Karlen Upholstery and Trading, Karlen Swiss GmbH*.

It began with a shoemaking and saddlery

In 1951 *Titus Karlen Törbel* founded in a saddlery and shoemaking in Törbel. In a one-man shop he created handmade shoes, belts for cow bells, harnesses, belts, different accessories and a manifold of military items. The workshop is a gem – it smells of leather and glue – on the walls hang – neatly arranged – the many tools for the leather processing. On the table there are a few soles. Later we will see the tops, cut from military blankets in the newly-built manufacturing premises. *Titus Karlen* will glue them to the soles and complete the comfortable slippers. Furthermore, all incoming repairs are done by the tireless craftsman. In this way, the old shop is still involved in the production process. With his eighty years, *Titus Karlen* still goes skiing and dancing once a week. He can proudly look back on his life work, which took off in his small workshop and under steady construction work became what is now, *Karlen Swiss*: A thriving small business, just perfectly fitting the demanding conditions of a mountainous region.

However, in the course of the time certain things have changed. So, in the 80s, both the army and the mountain huts switched their demand from woolen blankets to sleeping bags. Thus the well-known brown blankets with their red stripes and the Swiss Cross were no longer used. The end of the last century also saw a renaissance of the loden. The difficulty lay in the procurement of beautiful loden-cloth. In this situation, *Hans-Jörg Karlen* together with his staff developed the idea of using the unneeded blankets to manufacture accessories. An important landmark in the history of the small company was the sharp drop in orders from the army in the 90s. Now, they had to think again, what to do in the small workshop. In 1998, *Hans-Jörg Kar-*



Karlen Swiss – a flourishing small-scale enterprise which perfectly meets the demanding requirements of a mountain area. (all pictures zvg)

len took over the company *MAGO*, which produced folklore articles. With the move to Törbel and the hiring of four employees a new start was made. In 2002 the current manufacture building was constructed in the immediate vicinity of the old workshop. *Ms Yvonne Karlen*, *Titus Karlen*'s daughter-in-law, presides over the company as Managing Director.

Progressive working conditions – sound company policy

“The working atmosphere in our company is important to us!” is the guiding principle of family *Karlen*. This is immediately noticeable upon entering the spacious rooms and lounges. The workstations are set up at the large windows and open up a clear view on the beautiful mountains with ten peaks of over four thousand meters! When the lamps have to be turned on, their light blends with the natural light, maintaining comfortable lighting conditions. The staff of the *Karlen* company consists of 10 women who all live in the village Törbel. They easily commute to work and can provide for their families beside their work. In vain one looks for a time stamp clock in the production rooms. The women schedule their work themselves and keep a record. In the morning at eleven clock, they all go to their homes. They want to cook lunch for their families. If there is an urgent order, that has to be delivered soon, all work a little longer. In this way, every employee is integrated into the work process and takes over responsibility. The economic crisis is also felt in the company *Karlen Swiss*. The primary

objective of the small company is to maintain the jobs for all. “Of course you have to look to making profit. But our goal is not the constant profit maximization.” This attitude of the family business is a healthy foundation in difficult times.

From the blanket to the bag

There are several stages that must be met before a new product – produced in small quantities

– can be delivered to the customer. Everything starts with an idea. So it went with an army blanket in the car of *Hans-Jörg Karlen*, the son of the founder. “Surely we can make something out of it!” was how the idea for the production of accessories made from the unneeded Swiss military blankets, was born. In that way the *Karlen* family is one of the founders of the so-called *Swissness*, where careful Swiss craftsmanship meets functional design to make a quality product. Today ideas are realized in cooperation with various product designers into concrete projects. Based on sketches, new prototypes of bags are made and will be tested. Then, the best workflow has to be found and planned. All employees take part and contribute their ideas to an optimum product. In the production area, the relevant machines are arranged so that the workflow can proceed smoothly.

At the entrance there are some great packages available with completed articles. A short time later, *Karlen Yvonne* will go to the post office. At the post office all the delivered goods will arrive. In the entrance area there is also the office. Besides the office there hang some blankets on racks. The oldest blanket on the ceiling dates from 1880. It is carefully preserved. Similarly, preserved is a belt which left the workshop of *Titus Karlen* in 1989 with a mark of the year and the name of the workshop. It was carried by a soldier and eventually found its way back to Törbel. The other blankets are just waiting to be processed. Most of them were produced between 1939 and 1943, in 1969 production was stopped. On all blankets, besides a metal seal, the date and the initials of the weaver can be found. In addition to the thick woolen blankets leather and lining is also needed. A part of the leather stems from used straps and belts in the holdings of the Swiss army. Another part of the leather is taken from native Swiss cattle. It is naturally tanned without using chromium additions. The irregularities in color and structure of the calf leather reflect the lives of the animals. The leather is provided by the tannery *Zeller* in Steffisburg. This is a long established company that tans the leather, still using traditional methods.

Another supplier is the leather tannery *Emme* in Langnau. 90-95% of the leather is delivered from these two tanneries. If, in rare cases, dyed leather is required, it is also produced in Switzerland. It is one of the general business principles of the company *Karlen Swiss*, whenever possible, to use materials from Swiss companies. The brown leather is

rugged and thick. For a belt, this is necessary. Just the edges have to be rounded. They are then decorated with motives from Swiss folk art produced by a company on Rorschacherberg. A large selection of ready belts hangs on the wall. For other uses, the leather needs further processing. For example to make a leather case for ID cards, the edges have to be thinned by a grinding machine. This is the only way to achieve the necessary flexibility of the leather, to bend it around the edges. Also for the leather edging on the pockets, the leather must be supple, so it has to be splitted. The splitting machine works exactly by the tenth of a millimeter.

The core of the production area is the cropping station. While the large pieces for the bags are cut by hand, for the smaller parts dies are being used. The small pieces are cut out of the fabric by the pressure of the punching machine. While cutting the nature of the material is taken into account. If you look at the various blankets, you will always see slightly different shades. Therefore, the individual components of a product are always cut from the same blanket. One of the principles of the operation is to discard as little as possible! An idea had to be developed, so that each bag will have the typical red stripe and a Swiss Cross. Each blanket has only one cross

continued on page 7



Founder Titus Karlen with his daughter-in-law and manageress Yvonne Karlen. (picture eg)



«Mountain Region – Crafts – Recycling» continued from page 6

weaved in and only one metal seal. Therefore, crosses of thick white felt will be sewn onto the red stripes. Thus it is possible, to use the entire blankets to produce bags and other things. After cutting, the fabric pieces are glued to the lining. Now everything is ready for sewing.

The sewing room is separated by a glass wall. Four seamstresses are busy at various sewing machines. An overlock machine is used for serging the edges. With a special sewing machine the leather facings are attached to the bags. At a special sewing machine complicated operations can be performed where the work piece must be turned in all three dimensions. For sewing the inside of a bag a sewing machine with a special arm is being used. Each seamstress has got her own machine for which she is responsible. The employed women were carefully introduced into their work. Yvonne Karlen said that she herself has been introduced into the business as a lay person. "I was introduced very carefully and meticulously into each

step of the work process. A good introduction is the lifeblood of success." All women are good at various jobs, so they are deployed in different jobs and can jump in, if necessary. Only the final inspection of finished products is always carried out by the same employee. So a product moves from one production step to the next until it is finally completed. When it has passed the final inspection it is ready for shipment.

Recycling and high quality materials

What is striking in the operation of the Karlen family, besides the pleasant working environment and the prudent management, is the careful treatment of the materials used. First, lots of things, originally produced for another purpose, comes to a second life. A good example is the usage of the military blankets. The Swiss army made the last procurement in the late 60s. Now the surplus blankets rest in a warehouse of the company Karlen and will serve people in a new form. The same is true for the material of the seat covers and the fabric of the sun blinds of former SBB-wagons. Quite recently, also the tough can-

vas of the mail bags and the dark blue fabric of former uniforms of the Swiss Postal Service is being processed. They are cleaned and used again. Traces of the former usage belong to the characteristics of the final products and to tell the history of previous use. – But also in the other new materials an emphasis is put on quality materials of Swiss origin. This will benefit other small companies, jobs will be preserved, unemployment payments and other social costs will be saved. Because of the short transportation distances within Switzerland the production is also environmentally sound.

The products of the company Karlen Swiss in Törbel are no shortlived fashion gags. They are practical, rugged and attractive. The satisfaction of Karlen Swiss is, that their customer receive a product with added value with the purchase. Therefore, it is only logical that this small business in the valaisian mountains receives orders from the police, civil defense and the army. Unfortunately, the Swiss army has awarded more contracts abroad in the recent years. Therefore, last year, the company Karlen Swiss got therefore 80% less orders from the Swiss army.

It would be desirable and should be suggested that all of our state owned enterprises are required – as our army is – to take into account small and medium-sized Swiss companies when awarding contracts. Because they form the healthy foundation of our state.

2006: Main prize of the Swiss Association for Mountain Regions

Many good ideas, coincidences, perseverance, visionary leadership and civic responsibility eventually led to that what the company Karlen Swiss is now. In 2006, the Swiss Association for Mountain Regions gave their grand prize to the company Karlen. With careful considerations, the range of the company is being continually developed. The company Karlen Swiss is an typical example of a small business in Switzerland, which stands for quality, good working

conditions and a sound corporate policy. It shows that even a small Swiss company in a mountain region can be successful and famous far beyond the national borders. The products are sold in the various branches of the Swiss "Heimatwerk", but also in many other stores at home and abroad.

The three pillars of the company Karlen Saddlery and Trading Ltd.

The operating philosophy of the Swiss company Karlen stands on three pillars: It is a company in a mountainous region and will meet this condition. The company attaches great importance to carefully craftsmanship and to maintaining a consistent recycling of existing and used basic materials.

Törbel is worth a visit

After the farm visit, we enjoyed an excellent lunch with the Karlen couple on the Moosalp (2000 m above sea level). With a magnificent view of the Mischabel we learned much about this area. The Moosalp is a highmoor. Many skiers cavort up here on the slopes in the winter. In no case should you miss the delicious home-made cream slices in the restaurant Moosalp.

More information: www.karlenswiss.ch,
www.toerbel.ch/kultur/



The Swiss Working Group for Mountain Areas (SAB) Works for the Small and Medium-Sized Enterprises (SMEs) in the Mountain Regions

The mountain regions have unique advantages for business ventures like an attractive residential area with diverse natural recreational opportunities, resources and motivated employees. On the other hand, the economic enterprises in mountain areas face particular challenges. These include the difficult access to markets, staff recruitment and the acquisition of loan capital etc.

Therefore, the SAB has conceived of a plan of action to assist SMEs in the mountain area. In the context of a meeting about 80 participants took the opportunity to comment on the plan of action. Seven strategic approaches were proposed.

1. Training of workers on-site

There is great need for action in the recruitment of qualified workers. Significant parts of the mountain area are located outside the commuting distances to and from major centers. Therefore, a workplace in these areas requires a residence in the corresponding region. According to this approach it is more promising to upgrade professional qualifications of those who decided in favor of a rural environment than to "attract" skilled workers into the mountain area.

2. Paving the way for an easier access to services and infrastructure

There is a wide range of initiatives and instruments for the transfer of knowledge and technology, as well as a wide range of business-related counselling and services. It is not the lack of opportunities that constitutes the bottleneck, but the threshold/skepticism to make use of them. Approach two concentrates on this point.

3. Facilitating access to all-Swiss markets

Many enterprises in mountain areas are part of a local or regional value-added chain on-site. The entrepreneurs are deeply rooted in the local and regional networks and know the demand for their respective services. For the step beyond the region's borders, both the networks as well as the knowledge of the markets' requirements are missing. For further growth of the enterprises, which, however, should not lead to a displacement of other active companies in the region, an expansion of markets is required.

4. Promoting cooperation across company borders

Both for the performance at larger tenders and also with respect to the organization of logistics cross-compa-

ny co-operation may lead to competitive advantages. Cross-company co-operation may also have the positive side effect to gain, from a deeper insight into other companies, new perspectives or a new approach to their own entrepreneurial activities.

5. Improving the image of the mountain area as work site

Recently, the urban areas have enjoyed much attention and are represented as dynamic poles of economy and society in public. The quality of rural areas as economic regions and residential areas apparently fade into the background. It is essential to emphasize the inherent qualities of the rural areas.

6. Improving the conditions for SMEs in the mountain area

The legal framework (national and cantonal level) in mountain areas have different effects with respect to a business-friendly (or -unfriendly) environment than in other parts of Switzerland. Examples are for instance the spatial planning, the building code or

the effect of specific public charges. It is necessary that the mountain areas make themselves heard by the SAB's political representation of interests.

7. Promoting sustainable economic development

It is foreseeable that the future (economic) development will have to meet the demands of sustainability to a much more marked extent. Regarding this requirement, the economy in the mountain area is in a good "starting position" and also has credible features to meet sustainability. This opportunity should be seized by substantiating all the indicated strategic approaches while observing the criterion of sustainability. The proposed strategic approaches should be realized by the activities of SAB and the regional and cantonal actors. The draft of the action plan is available on our homepage (www.sab.ch).

Source: SAB-media communication No. 1056 of 28 August 2009 (excerpt, cited by Zeit-Fragen of 14 September 2009)

Translation: Current Concerns



Project "Humanity" – a Model for Everybody

by Hans-Christof von Sponeck*



The beneficiary of financial help from Switzerland: Sana Shabayek (standing), a 15 year old girl from the Zeitoun-(Olives-) School in Gaza City (picture zvg)

Take a Swiss school, encourage a few teachers and inspire two or three school classes to commit themselves to a good cause. Teachers and students discuss the good cause for the benefit of a young person far away beyond their borders.

The fatal events in Gaza during the last days of the year 2008 and the beginning of 2009 made it easy for the Affeltrangen Secondary School in Thurgau/Switzerland to find a place, where charity was urgently needed. Then, these students had to find a young person in Gaza, who might benefit from their good cause.

A Swiss UN employee, *Suzanne Leuenberger*, who serves in Gaza, knows what to

do. She makes inquiries. However, there are many, very many young persons in Gaza, who are waiting for help but with little hope.

In the meantime, the Thurgau students set to work. Cars are being washed and movies screened. Later they can proudly present the sum of 1'000 Swiss Francs, which they collected. Now they are waiting, together with their teachers, for news from Palestine. Their good cause nevertheless needs a human face. In April 2009 the news arrive: *Sana Shabayek*, a 15 year old girl from the *Zeitoun-(Olives-) School* in Gaza City, was spotted by *Suzanne Leuenberger*. Sana is a young person among others, who face an uncertain future in Gaza. Sana's fate made

it easy to make her the object of the good cause. This was the opinion of the Swiss students and their teacher *Ms Brune*, too.

Sana is living a hard life. Her father is in prison for drug abuse, her mother works hard to feed the family of seven and Sana must look after the five younger brothers and sisters, and of course she must also go to school.

Sana's teachers had always been pleased with her. But this was no longer the case after the attacks in December 2008. Sana did not want to study any longer. She was furious. Her teachers were worried. Then the news came from Switzerland. Pupils there had worked and collected money for Sana. When she heard the news, she was overwhelmed. Foreign young people of the same age wanted to make her the recipient of their charity.

Together with her teacher *Suha* she began to make plans, she could not have imagined before. But, like every young person, Sana had dreams, small bashful dreams. Despite her anger she wanted to paint. She wanted to paint pictures of freedom, of a more beautiful world than the one she had to live in. Yes, she had always been inquisitive and had wondered, whether one day she would have her own computer. *Suha*, the teacher, understood and looked about, then quickly delivered the good news. Brushes and easel with paints and other utensils as well as a computer could actually be purchased from the donated money. Shortly afterwards the easel and computer were handed over to Sana and she was very happy. Her delight was even greater, when her teacher informed her, that a certain amount of money was left. Now, Sana could also purchase a new school uniform. Sana and her teacher had a small celebration, as there was even some money left for lunch.

With the permission of her school, Sana painted the school walls and was able to feel some relief. The paintings show a very happy person.

Sana, her family, her teacher, UN employees in Gaza will never forget this small wonder. And the students and teachers of the Swiss Secondary School in Thurgau will never forget, either.

* *Hans-Christof von Sponeck*, former UN Assistant Secretary General and UN Humanitarian Coordinator for Iraq (1998-2000)

The Universal Declaration of Human Rights was adopted by the General Assembly of the United Nations on 10 December, 1948.

The following articles are a compelling expression of the family of man's will.

The Universal Declaration of Human Rights

Article 1.

All human beings are born free and equal in dignity and rights. They are endowed with reason and conscience and should act towards one another in a spirit of brotherhood.

[...]

Article 25.

(1) Everyone has the right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, housing and medical care and necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond his control.

(2) Motherhood and childhood are entitled to special care and assistance. All children, whether born in or out of wedlock, shall enjoy the same social protection.

Article 26.

(1) Everyone has the right to education. Education shall be free, at least in the elementary and fundamental stages. Elementary education shall be compulsory. Technical and professional education shall be made generally available and higher education shall be equally accessible to all on the basis of merit.

(2) Education shall be directed to the full development of the human personality and to the strengthening of respect for human rights and fundamental freedoms. It shall promote understanding, tolerance and friendship among all nations, racial or religious groups, and shall further the activities of the United Nations for the maintenance of peace.

(3) Parents have a prior right to choose the kind of education that shall be given to their children.

Article 27.

(1) Everyone has the right freely to participate in the cultural life of the community, to enjoy the arts and to share in scientific advancement and its benefits.

(2) Everyone has the right to the protection of the moral and material interests resulting from any scientific, literary or artistic production of which he is the author.

Article 28.

Everyone is entitled to a social and international order in which the rights and freedoms set forth in this Declaration can be fully realized.

Article 29.

(1) Everyone has duties to the community in which alone the free and full development of his personality is possible.

(2) In the exercise of his rights and freedoms, everyone shall be subject only to such limitations as are determined by law solely for the purpose of securing due recognition and respect for the rights and freedoms of others and of meeting the just requirements of morality, public order and the general welfare in a democratic society.

(3) These rights and freedoms may in no case be exercised contrary to the purposes and principles of the United Nations.

Article 30.

Nothing in this Declaration may be interpreted as implying for any State, group or person any right to engage in any activity or to perform any act aimed at the destruction of any of the rights and freedoms set forth herein.

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