

"Swiss Democracy"

*And there are two languages, above and below
And two standards for measuring
And that which wears a human face
No longer knows itself. . . .*

*But those who are down below are kept below
So that the ones above may stay up there.*

Bertolt Brecht
Saint Joan of the Stockyards

Because it is non-autonomous and only instrumental, our secondary imperialism has an advantage: its activity is almost totally masked by a pacifist ideology that is never challenged. It would be hard to convince a Vietnamese peasant recently bombarded by the US Air Force, or a Chilean or Bolivian prisoner tortured by CIA experts, of the peaceful, humanitarian and philanthropic character of American foreign policy. However, he has no trouble believing in "Swiss neutrality". How has this myth managed to achieve such extraordinary permanence? The answer is complicated: we have to find it at several different levels of activity.

We must ask first: how has a nation that has inherited one of the richest democratic traditions of Europe let itself be robbed of its inheritance and come instead to be implicitly in alliance with the sorry ideology of amassing capital, of the "necessary" exploitation of dependent human beings, and the maximization of financial profit? The answer must be that that ideology is never expressed so bluntly. In other words, "Swiss democracy", which is the institutional framework in which the imperialist oligarchy functions in Switzerland, is in reality based on rather different ideological foundations.

The symbolic violence operating at every level of education, discourse and information, has brought into being a prevailing ideology from which few Swiss people, however intelligent, are immune.¹ Its significance extends beyond the political system to include a whole set of values and images personified by this nation of equal, likeminded, virtuous, hard-working and just citizens.

Let us take a look, then, at the elements that go to make up our Swiss "democracy":

Switzerland is the land of *secrecy*. The commercial bourgeoisie show a remarkable capacity for concealing their own activi-

ties. They can also make a moral or patriotic virtue out of the means of concealment they use. For example: banking secrecy, which represents professional discretion and respect for the rights of others, is linked with neutrality to form a typically Swiss whole – durable, practical, efficient and highly moral; it enables the Swiss oligarchy to make vast profits out of any armed conflict that occurs, in Europe or on the periphery. There are no complete statistics of Switzerland's wealth; statistics of industrial production have stopped being published; no detailed statistics of private Swiss investment abroad have ever been compiled; similarly, when money is deposited in Swiss banks, the federal bureau of statistics does not happen to want to enquire into its ownership or its origins.

In the second place, Switzerland is the land of the *consensus*. The nature of that consensus is complex. To take an instance: Switzerland enjoys a régime of "industrial peace", resulting from an agreement concluded between the employers and the steel unions in 1937. Faced with the menace of Hitler, the two sides swore eternal harmony; strikes were henceforth to be submitted to arbitration – which means that they virtually disappeared. So skilful are the oligarchy that they have since managed not merely to extend this agreement to almost every sector of production, but to keep it in force by tacit renewal to this very day. Between 1937 and 1974, there were only three major strikes in Switzerland. Until the recession in 1975, the working class remained totally demobilized – i.e. for over thirty-five years.

The reasons for this lack of organization are primarily subjective: the prevailing ideology, put forward by the oligarchy and the employers, affects every aspect of life, and appeals to the finest moral values. In fact it stimulates all that is best in the character of Swiss workers, technologists, peasants and civil servants: their pleasure in work well done, their undisputed technical skill, their industrial creativity, their sense of responsibility and initiative, their enthusiasm for work, and their unfailing care with tools and machinery. The prevailing ideology sets a high value on all these capabilities and virtues, and then goes on to use them to its own advantage.

Fraud becomes objectively possible inasmuch as the oligarchy, the owners of the great banks and multinationals, have amassed such colossal wealth both inside and outside the country that they can afford to give some of it away. In other words, thanks to an extraordinary accumulation of capital – derived not only from the super-profits gained from human labour and banking surplus inside the country, but also and above all from the dirty money

deposited with them by oligarchies all over the world – the banking barons are in a position to pay relatively high wages to their local employees.²

The accumulation of finance capital and the high level of domestic production, while guaranteeing the maintenance of monopoly profits, also provide enough surplus to ensure that even the least powerful citizens have a comparatively decent standard of living: there is poverty in Switzerland, but it is only residual.

There are other basic reasons for this consensus: Switzerland, whose present structure is very similar to some of the multi-racial national states of Africa, is an intensely "tribalized" country. Its collective life is essentially lived within the framework of highly compartmentalized communes, regions and cantons. The history of Swiss institutions is one of the slow and difficult integration (still not completed) of communities differing ethnically, linguistically, religiously and socially. Being from the Valais or the Vaud is generally more significant than being working-class. Which means that, as long as there is full employment, workers will feel they have more in common with their Valaisan or Vaudois employers than with fellow-workers from other parts of Switzerland.

One conclusion, then, might be that this consensus, actually an artefact of the great multinational employers and their former allies, the local bourgeoisies,³ has become identified in the minds of workers, technicians, peasants and government employees with the Swiss character, the essence of being Swiss. In other words, the consensus operates in such a fashion as to make it almost impossible to attack it.

Swiss "democracy", however, is also founded on a declared *respect for differences of opinion*. Quite a paradox! One would have thought that unlimited pluralism would exclude the existence of a régime based on unanimous agreement – and vice-versa. In fact, of course, this pluralism of opinions is not unlimited: it is strictly regulated. Only such opinions, ideas, statements and actions as do not bring into question the structures on which the system (and therefore the predominant power of the oligarchy) rests are held to be "democratic". All other views, whatever their motivation, are declared "contrary to democracy". There is, of course, fierce opposition to the system within that regulated terrain, but to the extent that such opposition really opposes and threatens the non-egalitarian, oligarchic foundations of the system, it is firmly condemned and repressed.

The assumption that confidentiality and secret dealing are

moral virtues, that consensus equals patriotic national unity, and that declaring respect for all opinions guarantees equality: these are the three ideological tools of Swiss democracy. In other words, the liberal bourgeoisie – whose hard core, the finance oligarchy, wields the weapons of symbolic violence – has created a system of *unanimism* and *pseudo-equality*. But obviously the system cannot conceal all the inequalities that exist. When it fails, the liberal bourgeoisie – like everyone who has ever concocted an ideology designed to mask a system of exploitation – have recourse to what they call “the logic of things”. In other words, they naturalize the problem and say it is beyond their control: Switzerland, the country of the consensus, of secrecy, of repressive unanimity and spurious equality, is also subject to the so-called “natural” laws of economics, and more generally of human history. Since God or nature distribute their blessings unevenly, we are bound to find the Turkish or Spanish sub-proletariat living in hovels, while leisured millionaires enjoy life in their villas in Cologny (an enclave of the financial oligarchy, on the left bank of Lake Léman). It is natural, it is inevitable, it is just “how things are”, that tax legislation, the system of symbols and the distribution pattern of political and economic power should bear harder on the former, while making things easier for the latter. At best, the bourgeois liberal believes, and convinces others, that the inequality that bears so hard on the Turk or Spaniard will be remedied as the effects of economic growth in the future permit. Thus, the system presents a double choice to the poor Swiss citizen or the exploited foreign worker: ⁴ a man can believe himself equal to anyone because, in theory, it is a system in which all are the same (with respect for individual liberty and a politics of consensus), or he can blame his real inequality on some supposed natural process, some ineluctable economic logic, or even on God – which really boils down to the same thing.⁵

The way in which the ruling class – in this case the directors of the transnational banking and industrial companies – and their allies explain to themselves what they are doing is obviously no sort of scientific theory. If it were, it would make it impossible for them to continue doing it, for any real examination would make them see how their activities work, whom they benefit, whom they exploit, whom they kill, whose eyes they are pulling wool over. The whole thing would grind to a halt. The reverse is what happens: the ruling class produce explanations that give a totally false picture of what they are doing, so that they can carry on as before, secure in the belief that their activities are logical, innocent, natural, inevitable,

helpful to the nation and the community. The ideology that the ruling class impose on those they dominate does not deceive them alone: it frequently mystifies its authors as well. Indeed it is quite common to find leading exponents of imperialism who genuinely believe in the benevolence of their own mission. Furthermore, the barons of multinational industry and banking make lavish use of those ideologies of the past which have been implanted in our minds by all of our education and social training as universal truths, upon which to base our criteria for judging reality. What is really being done by the ruling class, the class who represent imperialism, is therefore judged to be *right* by the standards of a *false* ideology.

I have several times used the concept of symbolic violence, which is a very useful one in trying to understand how the secondary oligarchy manipulate people’s minds by way of their ideology. It is time to look more closely at this concept. Bourdieu gives a convincing basic definition: “Any power of symbolic violence, any power, that is, that succeeds in imposing its own meanings, and imposing them as legitimate by disguising the relationship of force upon which its strength is based, is adding its own strength to that relationship of force.”⁶ The weapons, instruments and tools operating at the symbolic level are seen as analogous with those that operate at the physical level for the same purposes of domination. Like the physical weapons of domination, these symbolic weapons too have their history, their institutions, their custodians. Among the most vigilant of those custodians are schools, the press and the mass media.⁷

The Swiss Confederation is a living body scarred by wounds from the past. Its history is one of the most exciting and turbulent in Europe. When we think of that history, we are compelled to ask again: how can the ruling political class, i.e. the electoral bureaucracies in charge of its internal debates, manage against all reason to preserve this concordat-based régime of spurious consensus and pseudo-equality?

Since they achieved political and economic power around the middle of the nineteenth century, the capitalist and commercial oligarchy of Switzerland, whose core is the imperialist oligarchy, have never been fundamentally challenged.⁸ The French bourgeoisie were shown in their true light at Vichy, but the social history of Switzerland has never seen any comparable breakdown. Unless they are driven to it, oligarchies never impose their symbols explicitly. They are simply taken for granted.⁹ To all appearances, the symbolic violence functions of its own accord. The oligarchy have certain

unspoken declarations available to serve their strategy. These rest upon the way all the social and cultural institutions actually function in our country today – the most effective being undoubtedly education and language. The Swiss oligarchy have never found themselves obliged to explain in so many words how they operate. Only those opposed to the system have to do any explaining. All the tactical decisions of the oligarchy (and their mercenary force – the state) follow from an *implicit* strategy.

I will give an instance of exactly what I mean. I was at dinner at the Swiss embassy in Bogotá in 1971. The ambassador, Etienne Serra, an intelligent and not particularly conventional man, had invited the leaders of the “Swiss colony” – a revealing term, is it not? – to dine with him that day. There was a lively and pugnacious Basque, the general manager of Nestlé in Colombia, a smart young German-speaking Swiss who was the Colombian representative of the Union Bank of Switzerland and President of the Swiss School, and a number of philanthropists busy making their fortune at the expense of the Colombian people. There were others at the table – the distinguished governor of Bogotá and his pretty and amusing wife, an elderly senator, and so on. The subject under discussion was the Andean Pact. The agreement that had just been signed among the Andean nations stipulated in particular that not more than 14 per cent of the (annual, pegged) profits made in any of the Andean Pact countries could henceforth be sent back to Europe or North America. Neither patent royalties nor, *a fortiori*, undeclared transfers of funds (made by means of fraudulent invoicing) were included in this figure. But oh, the outrage! The protests! Honour impugned! All the weapons from the arsenal of hypocrisy were brought out that evening: “Switzerland must not be damaged”, “Switzerland would never agree”, “After all Switzerland has done for your poor country”, etc. What was curious was that it was the *foreign* directors of multinational companies registered in Switzerland who were fiercest in their defence of the Confederation’s interests. At no point was it possible to distinguish between the two totally different points at issue. At one level, the most obvious, was the fact that a bank or industry operating from Zürich or Vevey – by the rational decision of a sovereign state, Colombia – could find itself restricted in any way in the transfer of the enormous profits it made year after year; at the other, less obvious level, was the question of where the hypothetical interest of the Confederation really lay, since one of its avowed aims was to promote the independent development of the exploited countries.

Such was – such still is – the power of symbolic violence, that throughout that long evening, I never managed at any stage to get any of those present to admit that the interest of Nestlé or the Union de Banque Suisse was not necessarily identical with the collective interest of the people of Switzerland – or indeed that, candidly, the whole past history of our country proved that the two interests were in point of fact antagonistic. I was wasting my time. It is impossible to argue with a director of Nestlé-Colombia about either his choice of investments (strategic choices) or his pricing policy (tactical choices), for the symbolic system of the political society with which he identifies himself (Switzerland) assumes that the maximization of individual profit is, if not the highest good, at least a “natural” economic law.

Here is another example: it illustrates the confusion so skilfully created by the ideological machinations of the Swiss merchant banks between the financial strategy of the banking empires and the country where (for tax reasons) they have their headquarters. On 24 June 1974, *Time* magazine carried a full-page advertisement: “More Swiss than Swiss: Crédit Suisse, your Swiss bank”.¹⁰ This sort of thing is not merely nonsense: it is humiliating for any Swiss citizen who finds himself being thus associated against his will with a commercial exploitation he despises. In New York, in the heart of Manhattan (Fifth Avenue at 49th Street) stands Swiss Centre. A single vast office houses the services of Swissair, the Swiss tourist office – and the Société de Banque Suisse. A single, vast neon sign (SWISSAIR/SWISS TOURIST OFFICE/SWISS BANK CORPORATION) projects into the New York night the lying message that there is an identity of interests and plans between the banking empire and the Swiss state. In its advertising in the American press, the Swiss Bank Corporation also does the same thing. Its favourite slogan reads: “Swiss, Swiss Bank, Swiss Bank Corporation”, and this is printed above a picture of two caricatured Swiss citizens, deep in thought. There is a federal law against the unauthorized use of the name Switzerland, or of the Swiss coat-of-arms, but the government never enforces it. In short, between the durability and internal consistency of the collective super-ego and its extreme potential violence, it today assists more than one dominant ideology with the weapons of symbolic violence: this is the true “Swiss mentality”.¹¹

So, let us look again at symbolic violence: the essential activity of any system of symbolic violence is to prevent the conditions that would enable any real opposition to come into being. “As long as what I write says nothing about authority, or religion, or

morals, or the powers that be . . . or anyone who owns anything, I can print what I like – it need only be inspected by two or three censors”, says Beaumarchais’s Figaro. His tirade is echoed in the complaint of a really conservative writer, Gonzague de Reynold, from his château in Fribourg: “I know from experience what risks there are in wanting to say freely what one thinks in this free country.”¹² Reynold and Beaumarchais put into bitter and ironic words just what it is that the Swiss political class mean by two harmless-sounding terms – “positive criticism” and “negative criticism”. Positive criticism is fine: it describes any argument that is restricted to forms and subjects determined beforehand by the established order: in other words, it is allowed for by the system. On the other hand, anyone who does not stop at merely ritual opposition but goes on to attack one of the institutions or activities whose preservation is vital for the imperialist oligarchy to wield real power autocratically – is anathema. Their power is supported by an unspoken taboo.

A deputy who violates that taboo comes up against subtle social repression in various forms: he is first accused of failing to be “serious”, or of being too “extreme” in his judgements. The régime soon starts trying to discredit him personally, by means of sedulously sustained calumnies, of organized defamation. This, for example, is what happened to Arthur Villard, a socialist and pacifist member of the National Council.

Hundreds of Swiss men and women (to say nothing of political refugees and foreign workers) – some well-known, some anonymous, some courageous over a lifetime, some only in a momentary surge of boldness – have found, and are still finding day by day, just what it costs in Switzerland to express “negative criticism” or to act upon it.

Notes to Chapter 4

1. Marx rightly spoke of the “tragi-comedy” of this bourgeois republic that imagined itself “to be as independent of the class struggle as of the European revolution”. Cf. Marx-Engels, *Collected Works*, vol. 8, p.246, London, 1977.
2. There are none the less deplorable inequalities in Switzerland. For example: the 541 richest taxpayers in the canton of Zürich, i.e. 0.1 per cent of the canton’s population, own a net wealth of 6.92 billion francs, or 20.31 per cent of all the money in the canton. The wealthiest 10 per cent of taxpayers own 28.3 billion, or 82.61 per cent of the canton’s money. Consequently, the remaining 90 per cent own 5.94 billion among them, or 17.30 per cent of the money in the canton. (Figures for 1969; cf. *Maldéveloppement: Suisse/Monde*, 1975).
3. For the conflict arising between the multinational bosses and the local bourgeoisie see Part IV, *infra*, “First know your enemy”.
4. For systematic discrimination against immigrant workers in Switzerland, see the appendix to Part II.
5. For a detailed analysis of the social function of Christian belief and the use made of it by the banking oligarchy, cf. H.Luthy, *La Banque protestante en France*, 2 vols, published by the Ecole pratique des hautes études, 1959. See too M.Weber, *Die Protestantische Ethik und der Geist des Kapitalismus*, Archiv für Sozial-Wissenschaft, 1904-5; and the same author’s *Gesammelte Aufsätze zur Religionsoziologie*, Tübingen, 1921.
6. P.Bourdieu and J.C.Passeron, *La Reproduction, éléments pour une théorie du système d’enseignement*, Paris (Minuit), 1970, p.18. See also A.Petitot, in *Cahiers Vilfredo Pareto*, no. 25, 1971. Bourdieu and Passeron have produced three other works which help to identify various aspects of the concept of symbolic violence: Bourdieu, Passeron and Saint-Martin, “Rapport pédagogique et communication”, *Cahiers du centre de sociologie européenne*, 1965; Bourdieu and Passeron, *Les Héritiers*, Paris (Minuit), 1964; Bourdieu, Passeron and Chambordon, *Le Métier de sociologue*, Paris, Mouton, 1968.
7. P.Bourdieu, “Le marché des biens symboliques”, *Année sociologique*, 1971.
8. What is even more disturbing is that people outside the country usually confirm this state of affairs by unquestioningly reproducing the distorted picture of Switzerland presented to them by the oligarchy. Though there are exceptions, French writings about Switzerland give ample evidence of this.
9. For instance, the view of relations between different cultures: cf. R.Preiswerk and D.Perrot, *Ethnocentrisme et Histoire*, Paris (Anthropos), 1975.
10. Obviously Switzerland is not the only country where this happens. To quote Marx: “From the first, the great banks decorated with national titles were merely associations of private speculators, who took up their stand by the side of governments”, *Capital*, part 7, chapter XXIV, 6 (Everyman edition).
11. I am convinced that this “mentality” can only be understood with the help of the key concept of the class struggle as applied both nationally and internationally. Hence my disagreement with such serious and well-documented books as J.F.Aubert, *Précis constitutionnel de la Suisse*, Berne (Franke), 1974; G.A.Chevallaz, *La Suisse ou le Sommeil du juste*, Paris (Payot), 1967; A.Siegfried, *La Suisse, démocratie-témoin*, Neuchâtel, 4th edition (Baconnière), 1969; J. Rohr, *La Suisse contemporaine* (A.Colin), 1972; G.Sauser-Hall, *Guide politique de la Suisse*, Paris (Payot), 1965. Of more critical works I would specially suggest P.Secrétan, *Plaidoyer pour une*

autre Suisse, Lausanne (Age d'homme), 1973; H.Tschäni, *Profil de la Suisse*, Lausanne (Spes), 1968; D. de Rougemont, *La Suisse, Histoire d'un peuple heureux*, Paris (Hachette), 1965; L.Boltanski, *Le Bonheur suisse*, Paris (Minuit), 1966.

12. Gonzague de Reynold, preface to *Billet à ces Messieurs de Berne*, Neuchâtel (Baconnière), 1939.

5

Lying as a Holy Duty

PEACHUM :

To be a good man – what a nice idea !
But there's the little problem of subsistence :
Supplies are scarce and human beings base.
Who would not like a peaceable existence ?
But this old world is not that kind of place.

Bertolt Brecht
The Threepenny Opera

Things are never simple. There is a subtle dialectic at work between the realms of the normal and the pathological. Obeying the rules is not just the opposite of “deviance”: the two are interlinked in a complex and continually shifting relationship of contradiction. In Switzerland, the enemy is first and foremost the troublemaker, the intruder who interrupts the ceremony, the miscreant who suddenly tears away the veil so that the reality that was meant to be concealed is laid bare. Serge Golowin, an original writer and a deputy in the cantonal parliament of Berne, says: “The enemy is the anabaptist, the man who stands up in the city square of Münster in Westphalia, and tells the powerful to their faces that they are sinners and that the world will come to an end”.¹ He can be tolerated so long as he appears at a regular time and in his permitted place, and so long as he too utters the ritual words his audience expect to hear. But the moment he starts trying to get inside the institutions, trying to gain access to those who make the decisions, showing signs of doing the unexpected and escaping from society’s control, then he becomes quite simply a danger, and will be burned like Münzer.²

Yet, paradoxically, in their heart of hearts, the powerful know quite well that they are sinners. However safe, however tried and tested the machinery for getting away and hiding the incriminating evidence that their consciences have built over years of activity, they would be ashamed to admit, some among the merchant bankers and arms dealers – and the politicians who protect them – are well aware that hundreds of children die as a result of their activities every week, in Bolivia and Ethiopia and Bangladesh. All they can do is to look at the anabaptist from a *fideist* point of view.

Fideism is a word used by Thomas Aquinas to indicate belief in ideas that are accepted as true but which are, at the same time, recognized as impossible by the mind receiving, assimilating

and ratifying them.³ Any qualitative opposition to the federal consensus is seen by the imperialist oligarchy, and the electoral bureaucracies they finance, as a direct threat – not only to their political aims but to their very existence. Hence, all the negative values of official society are attached to such opposition. It is rejected out of hand. But below the level of conscious perception, certain odd mutations can be seen: the condemned protester is the bearer of a message that sows doubt. Suppose that, after all, fundamentally, *in abstracto*, outside the realm of actual possibility, that protester were right? Out of such a split comes a *fideist* perception.

I will give some examples. The first two relate to my parliamentary experience, while the third shows the working of fideist perception in the bourgeois-dominated press.

First example: Berne, on a dull November morning, in 1969. I am in the office of Nello Celio, a lively, jovial, forceful little man, federal councillor and Minister of Finance. His office is decorated with contemporary sculptures, and our interview is due to last fifteen minutes. In fact I stay for three and a half hours. We have an exciting discussion about the statement I am preparing to make in Parliament on preventing capital being exported to Switzerland by the oligarchies of the dependent countries.⁴ Celio absolutely agrees with me. The problem of dirty money, of the life-blood flowing from the poor peoples into our Swiss banks, is of deep concern to him. He sees it as a major cause of destitution, hunger and death for multitudes living precariously on the periphery of the industrial world. "You will accept my statement, then?" I ask. "No. I believe in it of course, but the same money would only go to Monaco or the Bahamas instead!" Needless to say, my statement was rejected both by the Federal Council and by Parliament.⁵

Second example: The racist régime of South Africa represents a policy and a view of man diametrically opposed to the convictions of almost the entire population of Switzerland. Yet Switzerland is the second largest foreign investor there. Direct investment by Swiss trading, industrial and finance companies in South Africa rose from 100 million Swiss francs in 1956 to 1,300 million in 1971. South Africa's borrowings of Swiss francs on the international capital market by 1976 had amounted to 2,265 billion Swiss francs. Exports which in 1962 stood at 102 million francs, had risen by 1972 to 330 million. Eighty per cent of the gold sold by South Africa on the open market passes through Zürich.⁶

There was a tremendous uproar in Parliament in 1968. The United Nations held an International Conference on the Rights of

Man in Teheran, at which Switzerland was represented by Ambassador Auguste Lindt, a remarkable man who had formerly been the UN high commissioner for refugees. He made a courageous speech in which he said, among other things: "The Swiss people condemn the policy of apartheid as practised in South Africa." This aroused a storm at home: National Councillor Paul Eisenring accused the ambassador of having exceeded his instructions, and demanded that the government dissociate itself from him.⁷ Luckily, the Minister for Foreign Affairs found the perfect answer: to support South African apartheid was totally contrary to the wishes and convictions of the Swiss people, but the federal government ought not to disturb the good relations existing between Switzerland and South Africa – for the simple reason that, "If Switzerland does not finance South Africa, someone else will be bound to!"

Third example: the *Neue Zürcher Zeitung* is the most authentic voice of hegemonic capital in Switzerland. Given that capital's dominant position in various parts of the world, the *NZZ* has a certain international prestige in right-wing business circles. And it must be added that, in terms of the message it seeks to convey, the paper is extremely competently produced.⁸ Here is an illustration of the way the *NZZ* processes the news. In 1972, there was a scandal that went round the world press. The multinational company, Alusuisse, with the help of Australian speculators, was in the process of driving some aboriginal families off their ancestral land in the Australian outback.⁹ The land contained bauxite. The World Council of Churches, and a great many other secular and religious groups in England, Australia and Switzerland spoke out against what was going on. Alusuisse was supported by an intensive newspaper campaign, led by the *NZZ*. Its argument ran thus: the aborigines are perfectly happy, and this industrial development will make them even happier; it is just that the Left in Europe wants to make people believe otherwise. Alusuisse completed its project successfully. Then a year later, 27 May 1973, the same paper published a page and a quarter of intelligent and detailed analysis, illustrated by large and most moving photographs, of the poverty of the aborigines and how they are exploited by Australian and foreign big business. This article¹⁰ is the best analysis of the subject to have appeared in the European press to date. The two complementary events – the arrival of Alusuisse and the dispossession of the natives – were both reported with scrupulous precision. However, the paper firmly refused to recognize any causal relationship between the two.

The oligarchic régime that still governs Switzerland with all

the trappings of republicanism rules, then, by symbolic violence. That is to say, the oligarchy acts in disguise. But can its disguise resist the assaults of reality? Cracks are beginning to appear in it today. My own view is that as compared with the smug arrogance of the ruling ideology, fideism represents a step forward. The rich and powerful are still following their path of arrogance, but their step is more hesitant, stumbling, less assured. The advance of the class struggle and the anti-imperialist struggle, with the clash of ideologies that these struggles involve, are helping to show up the contradictions and lies of the ruling ideology for what they are. Such clashes represent a counter-violence that we must do our best to develop. When I say that fideism represents a step forward, I mean that it represents the Swiss oligarchy's last hope of explaining what they are doing rationally, within the framework of the consensus system. But, as we have seen from a number of examples drawn from the most diverse levels of the oligarchy's social activity, the fideist endeavour is now also nearing the point of collapse. Inconsistency can go no further. All that remains for the secondary Swiss imperialist oligarchy is to turn to a neo-fascist ideology and/or a technological-management ideology that rejects the interposition of any moral values at all and is therefore a lot more savage.

Notes to Chapter 5

1. Interview with Serge Golowin, 1973.
2. Thomas Münzer, the Anabaptists' leader, was beheaded in 1525: cf. E. Bloch, *Thomas Münzer als Theologe der Revolution*, Frankfurt (Suhrkamp), 1964.
3. For an analysis of Thomas Aquinas's thought, cf. Marie D. Chenu, *St Thomas d'Aquin et la Théologie*, Paris (Seuil), 1963.
4. J. Ziegler, *Dépôts bancaires provenant des pays en voie développement*, Statement no. 178/10328, National Council.
5. National Council proceedings, 30 September 1970, pp.240ff.
6. *Figures from Suisse-Afrique du Sud*, a publication of the Centre Suisse / Tiers Monde, Geneva 1973. On the massive emigration of Swiss technologists to South Africa, Namibia and Rhodesia, cf. *Les Nouveaux Mercénaires*, published by the Anti-Apartheid Movement, Geneva, 1975.
7. National Council proceedings, 13 June 1968.
8. Marcel Beck, professor of Swiss history at Zürich University, has said: "The NZZ exercises censorship by the way it classifies the news" (*Der Spiegel*, 1975).
9. Since 1969, Alusuisse has had a 70 per cent interest in the "Joint Venture Gove" – a project for extracting bauxite in Northern Australia. In its first phase, the consortium was to produce 500,000 tonnes of alumina a year. This would then be converted into aluminium in the group's various plants in Europe, Iceland, the United States and South Africa. In the next phase production was to be doubled. All in all, 1.5 billion Swiss francs were invested. Alusuisse has a 50 per cent interest in the Nabalco company which was in charge of the Gove scheme, and undertook to develop 8,000 square kilometres of forest land in the area. Now in 1931, that land had been established as a "reservation" for the Yirrkala people who had been living there for at least a thousand years. Without even consulting them, the Australian government granted the Australo-Swiss group a twenty-five-year concession. The Yirrkalas sued Nabalco and the government, for flouting the rights they had been given to the land in 1931. But they lost their case. The reason given was that *living* on land is not enough to give people a right to it: the land must also be *improved* (i.e. developed by capitalist production methods). Cf. documentation compiled by the World Council of Churches, Geneva, 1972.
10. E. Haubold, "Die Not der schwarzen Australier", *NZZ*, no. 242, foreign edition, 27 May 1973, pp.5-6.

The Colonization of the Domestic Political Rulers

“Liberal democracy is the form of government used by the bourgeoisie when they are not afraid; when they are afraid, it is fascism,” said Ernesto Che Guevara. At present, the Swiss bourgeoisie are not afraid. In principle, the Swiss confederation, and the twenty-two states or cantons of which it now consists, are organized on the liberal democratic model.¹

The word “liberal” designates a specific phase in the history of constitutional ideas in Europe: the constitutions of most of the Swiss states or cantons date from the mid-nineteenth century; they express the ideology of the new industrial, banking and trading bourgeoisie of that time who, under a cloak of religious wars and ideological conflicts, and with the support of popular uprisings born of social conflict, drove out the old patrician oligarchy – a class already weakened by the Napoleonic occupation and by their own internal contradictions. The period of the class struggle that ended with the victory of the capitalist comprador bourgeoisie more or less began with the withdrawal of the French occupying troops from Geneva in 1814 (Geneva being liberated by confederate troops), and concluded with the acceptance by the people and the majority of the member-states of the second federal constitution of 1874.

Before we analyse the institutions of the visible government and their colonization by the oligarchy, let us take a look at the political forces underlying the institutional system. The Swiss Confederation is governed by an alliance of political parties whose history, social origins and ideology in most cases go back a long way. However, none of these parties represents a “unified social movement”, in the sense understood by Alain Touraine.² Our parties are essentially national federations of local and cantonal parties or organisations, loosely linked together. Those parties – apart from the Socialist Party and the “Labour Party” (the Swiss communists) – are basically bureaucracies that have been grafted on to the electoral system and speak the now ritualized language of the social struggles waged in the nineteenth century and the first thirty years of the twentieth. The Socialist Party and the Labour Party, whose history is bound up with that of the workers’ movement and the wor-

kers’ International, are still the vehicle of expression of the social struggle and the moving force for any possible popular mobilization, despite the bureaucratic tendencies of some sectors of their organization. Other communist and socialist groups, such as the (trotskyist) Marxist-Leninist League, the (maoist) Marxist-Leninist Party, Progressistische Organisationen de Schweiz (POCH), and the Independent Socialist Party of Ticino, have considerable influence and following among the young.

The coalition at present represented in the Federal Council and in control of the Federal Assembly comprises Christian Democrats, Radicals, Social Democrats and Agrarians (known as the Centre Union). There are 29 parties in Switzerland altogether. Some three million men and women have the vote, and only 10 per cent of them belong to a party. Only 10 of the 29 parties are national; of those only 6 wield any real influence nationally, and only three have members in all of the 22 cantons.

There is no party with an overall majority. Each of the three main parties – Christian Democrats, Radicals and Social Democrats – regularly gets about 20 per cent of the votes in national elections. Their capacity to mobilize the people is virtually nil. All over the country, statutory general assemblies organized by the parties bring together groups of fifty or a hundred, sometimes even two hundred. Apart from a few tired people, no one today seems to want to turn out to listen to a political speech in a school playground. The proportion of people voting in plebiscites keeps going down: up to 1972, the abstention record was 67.2 per cent – a record established in 1919, when only 32.8 per cent of the electorate bothered to vote on temporary arrangements for elections to the National Council and the Federal Council. However, this record was beaten in June 1972 when there was a plebiscite on two decrees: despite their importance (one dealt with building, and the other on the currency) only 25.8 per cent of the electorate troubled to vote.

To understand the present state of the official political forces in Switzerland, one must go back a bit. The Confederation had one very short period of being organized in a democratic and egalitarian way: this was from the founding alliance in 1291 – when the peasant communities of the central Alpine valleys of Uri, Schwyz and Unterwald combined to resist Austrian colonial domination on the passes, particularly the St Gothard – until the rise of the urban business classes in the middle of the fourteenth century. Having concluded the founding pact in August 1291, the peasant communities in the valleys organized a guerrilla war. The chateaux, fortified buildings

and defences of the Habsburgs' agents, built in the valleys alongside the roads to the passes, were burnt down. In 1302, one of the rebel peasants, supposedly called William Tell, killed the most famous of all the foreign governors, Gessler, as much for political reasons as in defence of his own family. This was the origin of the myth that helped to produce nationalist literature in the nineteenth century: "Power is at the end of a crossbow"; "The only landlord is the free farmer on his own land", etc. In 1315, the emperor sent an expeditionary force. The Austrian army, equipped with the most modern weaponry (a vanguard of cavalry in armour, contingents of cross-bow and long-bow archers) appeared at the northern end of Lake Aegeri, to put down the revolt in the valleys. Near the hamlet of Morgarten, a narrow pass where, for about a kilometre, the road runs between swamps on one side and steep wooded cliffs on the other, the rebels waited – men, women and children. The Austrian army came on: they were crushed by tree-trunks, blocks of stone, flaming torches flung down from the cliffs above. The survivors were finished off with scythes and thrown into the swamps. Until the coming of Napoleon, no foreign army again penetrated the valleys.

Safe in the ensuing peace, the new ruling classes established themselves. Local aristocracies set themselves up with the primitive accumulation of commercial capital made possible by their control of the Alpine routes from north to south. They did little in the way of local investment. The valleys remained extremely poor, and there were terrible famines. To resolve the problems of over-population in this infertile land (where there was no public spending to improve agriculture), the heads of the ruling families thought up an ingenious solution: they sold their compatriots to foreign governments.

The mercenary system was the result of a number of different causes: it was primarily a source of profit made possible by the chronic unemployment or under-employment of a large part of the population of the countryside. It was also a means of social advancement for the mercenary himself (and whoever could compel his services), since his labour was greatly valued on the international market. But the system can only be understood in terms of feudal society. The feudal system made it possible for subjects to be conscripted; hiring one's subjects out to a foreign sovereign made it possible, not only to make considerable financial profits, but also to form prestigious alliances with powerful rulers. In other words, the mercenary system was the principal instrument of foreign policy

for the ruling classes in the old Confederation. The "superfluous" sons of poor families in the mountains of central Switzerland went away and died fighting to defend the interests of French kings, Italian dukes, German emperors, and most of all of the Sovereign Pontiff in Rome (especially when the Papal treasures were pillaged in 1527). Around the end of the eighteenth century, 70,000 men from the confederated states and subject territories of Switzerland were a permanent element in foreign armies. Eighty generals sold these men to the highest bidder and to assist in the most immoral wars. Here is one example of the class relationships to be found within mercenary regiments:

On 31 August 1790, the Lullin de Châteauevieux regiment, commanded by a Genevan officer, but mainly recruited in the Vaud area, mutinied at Nancy. The rising was not strictly speaking political; its chief cause was that the men's wages were late. But the cantons saw it as a stain on the honour of the Swiss name; the war council of the Castella (Fribourg) and Vigier (Soleure) regiments were all the more ruthless because these were conscripts from a subject territory. They determined to make a terrifying example of them. One of the ringleaders was broken on the wheel, 22 were hanged, 41 were sent to royal galleys at Toulon, and the rest banished from the Confederation forever.³

This semi-voluntary deportation of superfluous peasants did not merely bring a lot of money back to the ruling families, but also enabled them to take part in the complex machinations of international politics with skill and profit. In the meantime, the Confederation of the three original valleys had become larger. New states, territorial federations of peasant communities, bishoprics or fortified cities, had joined the alliance. Following a series of territorial conflicts, bargainings and external threats, the Confederation of three had become between 1315 and 1400 a Confederation of eight; then between 1401 and 1516 five more states joined it. However it suffered a blow in 1515 when the Swiss mercenary army was routed by the French at Marignano.

It was not by a voluntary decision that the Confederation abandoned its aggressive foreign policy, but because of a lengthy period of internal upheaval. Four years after Marignano, an unknown chaplain who had been with the Swiss forces in Lombardy set out to preach the Reformation in Zürich. His name was Ulrich Zwingli – and the powerful city-state of Zürich was converted to the

new religion. Berne followed. The Reformation, marking the destruction of theocratic feudalism by the urban middle classes with casual help from the poor peasants, made progress and spread all over Europe. In 1536, Geneva expelled its Prince-Bishop and proclaimed itself a republic; it was there that Calvin established his Reform. A skilled statesman, he turned his new protestant allies in the Swiss Confederation against his neighbouring enemy, Savoy. The General of the Bernese armies, Hans Franz Nageli, invaded the Catholic districts of western Switzerland, occupying the areas of the Vaud, the Chablais and the lower Valais, and establishing there the religion of "their Lordships of Berne". From then until the French revolution and even later, the Confederation was continually racked by wars, conflicts and intrigues between its Catholic and its reformed member-states.

A lot could be said of the primitive accumulation of capital in the pre-revolutionary Confederation. For instance: after the revocation of the Edict of Nantes, the role of the protestant bank of Geneva in handling capital illegally exported from France was extremely important.⁴ In Zürich, the new ruling class took up the silk and cotton trade. In Berne, the first state treasury of the Confederation was set up. In the eighteenth century, Swiss farms numbered 740,000 head of cattle – a higher proportion of animal to human population than in 1970. From the eighteenth century on, 30,000 quintals of Gruyère cheese were exported into France every year. Horses were raised intensively, and several of Europe's armies bought exclusively from Swiss breeders. In short, though we have not got precise figures for all sectors, it is quite clear that the ruling classes of pre-industrial Switzerland went in for primitive capital accumulation in a big way.⁵

The revolution in Paris had the effect of revealing the contradictions existing in the Confederation: as Lucerne peasant mercenaries died fighting for the French king at the Tuileries, the banker Necker arranged for French aristocrats to get their money out to Geneva and London. The arrival of Napoleon marked the end of the *ancien régime*. The patricians returned to power for the last time after the French occupying troops left in 1814, but their day was over, and the comprador and industrial bourgeoisie – filled with long-suppressed democratic and egalitarian ideas – took control of one canton after another. There was a final ideological war (semi-religious, semi-political) in 1847: the member-states of the Confederation, under secular and centralist governments, fought the Catholic cantons whose governments were conservative and federal-

ist. Reaction was defeated, and in 1848 the Confederal State was proclaimed.

Historically speaking, the present Radical electoral bureaucracy is the vehicle of that new urban bourgeoisie; the Liberal Party that of the displaced patricians; while the Christian Democrats are the party of the Catholic peasants and bourgeoisie. But it must be stressed that none of these parties today represents a social movement: they are electoral machines dealing in political favours and skilfully manipulating the real social conflicts that exist. They no longer bear any relation to reality – save in reflecting the decline of a political system that was admirable when it started.

The workers' movement, and the socialist and labour parties that are its political expression, are very different now from what they were at first. The new urban bourgeoisie of capitalists and traders who – thanks to a growing industry and the rapid development of a tertiary sector in the towns – had achieved power in sixteen out of twenty-two states by the middle of the nineteenth century (and exercised almost exclusive dominance over all federal bodies until 1874) found themselves under attack from 1840 on from a powerful workers' movement. Here are a few figures:⁶ when the new ruling class gained political power, the industrial proletariat were still few in number, but they had a lively class consciousness, and their sector of the economy was an important one. In 1850, only 4 per cent of the active population worked in factories. But the industrial proletariat – the class in which the workers' movement is objectively rooted, and whence it derives its subjective class-consciousness – extended far beyond the factories. The main industries of the period, textiles and watchmaking, which accounted for about 80 per cent of all exports, functioned by way of a mixed system of factory work and home work. In 1850 there were over 350,000 men, women and children – i.e. 32.5 per cent of the active population – working for industry, in the most appalling working conditions and for the most appalling wages, at home, in workshops, in yards, on building sites, some full-time, some "seasonal". Furthermore, this industrial proletariat was concentrated in particular regions: the textile industry between Lake Constance and the Lake of Zürich, watchmaking in Geneva and the Jura. Both these sectors expanded rapidly after 1850. Between 1843 and 1856, the number of spindles for cotton-spinning rose from 660,000 to 1.15 million, an increase of 74 per cent. We find the beginnings of capital concentration and the first indications of monopolization. Despite the rapid growth of production, the number of enterprises remained virtually

stable: 131 in 1843, 136 in 1856. But it was watchmaking that was to change the social history of the Swiss proletariat. In 1839, a worker called Georges Leschot invented a number of ingenious machine-tools. Two Genevan capitalists, Vacheron and Constantin, decided to exploit his skill: his machines made it possible to produce interchangeable parts rapidly and in quantity. Homeworking disappeared; from now on, the proletariat of watchmaking flooded into the workshops.

We can list briefly the stages in the organization of the workers' movement:

First stage: 1864, the founding of the International. 1866, its first Congress in Geneva. Karl Marx clashes with Bakunin, and the Jurassian federations support the anarchist view.

Second stage: 1868, the first large strike in Switzerland takes place in Geneva.

Third stage: 1870, the founding of the Socialist Union in Zürich.

Fourth stage: 1888, the founding of the Swiss Socialist Party.

Fifth stage: 1918, general strike suppressed by the army.

Sixth stage: 1919, split in the Socialist Party, and birth of the Communist Party.

Seventh stage: 1937, the steelworkers' unions sign a truce with the employers for an indefinite period, whereby all strikes are to be submitted to arbitration beforehand. This agreement, known as the "Industrial Peace" agreement, remains in force today. It marked the beginning of the temporary decline of the workers' movement in Switzerland, and its present phase of partial collaboration with the national bourgeoisie and the imperialist oligarchy.

Let us now take a look at the institutions and mechanisms of the "visible" government:

The Federal Assembly,⁷ the keystone of the system, consists of two chambers of equal political importance – for no law, no ordinary federal decree, no urgent federal decree can be enforced without having been debated in them both. All members of both have the same rights, above all the right to put forward legislative bills themselves, and get them passed by means (in order of decreasing importance) of an "individual initiative", a "motion", a "postulate", an "interjection" or a "challenge". Each chamber has its own powerful permanent committees (on finance, foreign affairs, military affairs, scientific research and foreign trade).

The first chamber is the National Council. Since 1919 it has been elected by proportional representation, with each member-state forming one electoral district. The National Council has two hundred

members, fourteen of them women.⁸ It is elected every four years, and at every election about one third of the councillors are replaced (usually for reasons of age – electoral defeat is relatively rare in Switzerland). The second chamber, the Council of States, is elected on a quite different basis. It has forty-four members (only one a woman), two for every member-state, with the half-cantons having one councillor each; the election is regulated by the laws of each canton. In Berne, for instance, the cantonal parliament chooses the two councillors, whereas in Geneva they are popularly elected. The National Council and the Council of States together constitute the Federal Assembly. It is an assembly that can only be said to be representative of the Swiss population in a very loose sense. The majority of the electors are aged between twenty and forty, but only seven per cent of councillors are in this age-group. Women represent 53 per cent of the electorate, yet only fifteen women are councillors at present. The national average income is around 18,000 francs a year, whereas the average declared income of the councillors is 53,000 francs. There are 1,350,000 manual workers in Switzerland, 366,000 of them women: there is only one manual worker in the assembly, and he is a man.

The Federal Assembly is an almost perfect reflection of the political class that has come into being over the centuries, whose immobility appears to be the outstanding feature of Swiss political life.⁹

Let us turn next to the election of the government: Switzerland lives under an assembly system that is, sociologically, quite similar to that of the Third Republic in France. The sovereign assembly – i.e. the two chambers meeting together – elects a government of seven members at the start of every legislature, for the four years of that legislature (in the early days of the Confederation it was a three-year period). In 1975, the Confederal State inaugurated its fortieth legislature. The way the government is elected is quite special: each of the seven posts is voted for separately – yet there is normally only one candidate for each! We in Switzerland dislike elections in which the outcome is unpredictable. We also dislike strong leaders: the seven federal councillors take it in turn to fill the posts of president and vice-president. No one can be president of the Confederation for more than twelve months running. With very few exceptions, federal councillors come from the assembly or the cantonal governments. Thus their wholehearted membership of the political class is guaranteed: they have usually had a long training in its way of life, and bring with them to the Federal Council

the many friendships and occasional enmities, the sympathies, aversions and prejudices accumulated during lengthy service in their cantonal legislature or executive. To become a federal councillor is the dream of most parliamentarians, and the lucky ones who achieve it have generally spent decades (though sometimes only a few years) in that curious federal palace which faces one of the most beautiful landscapes in the world yet has absolutely no windows opening on to it. (This is no mere symbol: this imposing turn-of-the-century building has been fitted with a ludicrous and expensive system of artificial ventilation. Air from outside no longer enters it at all.) In short, once elected, the new federal councillor remains closely involved not only with his own party – even after their election federal councillors continue, like any other deputies and with the same rights, to attend regularly the meetings of their respective party groups in parliament – but with the whole rather neurotic world that exists behind the closed doors of the parliament. It is obvious that new ideas very rarely break into it.

As compared with a system like the French Third Republic, the visible government system of the Confederation presents at least two major deviations:

(1) The executive is not responsible to the legislature. (The exercise of power is collegial; but each of the seven federal councillors runs one of the seven executive departments of the Confederation. So it is within his particular department that the real power of the federal councillor makes itself felt.) The government cannot be turned out in the lifetime of an Assembly. In any case, even if there were such a thing as a vote of censure or a vote of confidence there would be little risk: of the 244 deputies to the Federal Assembly, only 41 belong to parties without any seats on the executive – and of those 23 are quite happy with the existing coalition. These are in the main deputies of the fascist-orientated right wing: Republicans and National Action, plus deputies who belong to the Alliance of independents, and a few liberals.

(2) The people have powerful rights. 100,000 citizens can call for an article in the constitution (or even the entire constitution) to be changed by means of an “initiative”. If the initiative is accepted by the majority of the population and of the member-states, then the constitution is changed. In addition to this, any law passed in the Assembly can be contested by the citizens; it only needs 60,000 signatures to call for a referendum. But these popular rights have no real political significance unless they are exercised by free and well-informed citizens – citizens who are protected from the effects

of the oligarchy’s symbolic violence. Of whom there are very few. Most of the time, our famous “direct democracy” is quietly transmuted into a direct oligarchy. Propaganda campaigns into which the oligarchy pour millions of francs usually overcome any resistance there may be from the populace or the trade unions. In most of the recent plebiscites, the people, obedient and dutiful as they are, have freely rejected any reform intended to increase their power, their well-being or their freedom. Consider, for instance: in 1962 and 1963 the people obediently rejected a ban on the production and stockpiling of atomic weapons on Swiss territory; in 1967, they turned down a law to stop property speculation; in 1970, they turned down a constitutional initiative on the right to housing; in 1973 they turned down the right to training; in 1974, still brainwashed, they refused obligatory federal sickness insurance, as well as old-age insurance – thus *freely* renouncing the introduction of social security in Switzerland! In 1976, a law on land use, intended to safeguard green space, was rejected. And on 21 March of that year came the crowning point: the overwhelming majority of Swiss workers turned down a constitutional initiative proposed by their own trade unions to introduce a measure of worker-participation into the management of their own firms.

How does one become a federal councillor? By persistently saying nothing, for a long time. At the very least, by intervening in public debate only with the greatest caution and the utmost vagueness. Only when one knows beforehand that unanimity is assured. For the system is one of co-option. But who co-opts whom? It is hard to say for sure. The Federal Assembly is controlled by shifting majorities. From time to time, the oligarchy will suddenly insist on putting in a man who is directly dependent on them. Certainly, both those federal councillors co-opted by parliament and those brought in as a result of press campaigns stage-managed by the oligarchy tend to be excellent administrators.

The Parliament, a theoretically admirable institution which symbolizes one phase in the history of the class struggle in Europe, naturally shares in the secondary characteristics of the state. This being said, however, we have to distinguish three levels of reality.

In matters of structural policy – when debating such major issues as the status of foreign banks in Switzerland, the role of the national bank, arms spending, etc. – Parliament’s margin for manoeuvre is virtually nil. The secondary imperialist oligarchy make their own law.

When the deputies’ debates (or the activities of government,

administration, the press, etc.) do not directly affect the structure of the exploitative society, the way the oligarchy exercise their power, or the explanations they choose to give of it, then the Assembly has a very wide area of freedom. When it acts within that area, it often achieves wonders. For example: the new law worked out between 1971 and 1973 on adoption and citizenship, which resulted in one of the most progressive and humane solutions found anywhere in Europe to the problem of abandoned children.

There is also a third sphere in which the visible government can act – that of arbitration when two factions of the oligarchy have temporarily fallen out. For it can happen that two groups find themselves on opposing sides in a matter of real importance. The visible government then suddenly realizes that it has an unexpected taste of freedom. For example: the revaluation of the Swiss franc. The banking barons fought strenuously to prevent this, because their speculations in European and American currency required the franc to remain level. The companies dealing with imports and domestic distribution, however, wanted revaluation (the Migros distribution company were demanding a readjustment of as much as 12 per cent) so as to increase their profit margins. In this situation of conflict, the Federal Council was able to issue a surprise decree revaluing the Swiss franc by 7 per cent on 10 May 1971. By a recent change in federal law, only the government can determine the exchange rate.

Let us now look at the way the visible government, and more particularly the parliament, is colonized by the secondary imperialist oligarchy.

Like the kings of France, the imperialist oligarchy have a virtually inexhaustible supply of patronage possibilities at their disposal. The system is ingenious. The oligarchy control a huge number of property, finance, industrial and commercial companies; most of these are established as limited companies (*sociétés anonymes*). The colonization of the parliament is carried out as follows: as soon as a deputy from a bourgeois party is elected, the oligarchy evaluate his potential political weight, and offer him a seat on a management board or perhaps the chairmanship of an employers' association. Both jobs carry large salaries. During the 39th legislature, 82 per cent of all the members of the Federal Assembly belonged to one or more management boards.¹⁰ There are 244 deputies in the two chambers, and among them they fill a total of over 1,000 directors' jobs. Of these, we should deduct about 250, which belong to publicly-owned companies (railways, power stations, and such), but that still leaves 750 jobs shared out among 115 deputies from

the bourgeois parties. They include highly paid posts on the management boards of the banking empires, property companies, armaments industries, multinational industrial and commercial companies, both Swiss and foreign. Any deputy, whatever his social background, his professional experience or his personal capabilities, can become a millionaire the moment he is elected – provided he was elected on a bourgeois ticket and evinces enough docility combined with discretion and efficiency. But, even among these 115 deputies representing capital, there is a still smaller aristocracy who enjoy most of the oligarchy's favours: 81 bourgeois deputies from the two chambers fill among them 431 directors' jobs. For instance: one man, States Councillor Peter Hefti, from Glarus, holds 37 directorships in banks, multinational companies and property trusts. His colleague from Zürich, Fritz Honegger, holds 22, including one with Honeywell, the largest manufacturer of "anti-personnel" bombs in the world. The Catholic deputy, Paul Eisenring, from Zürich, holds 25 directorships, and the share-capital of his companies adds up to over 750 million francs.

These 115 representatives of the people, who once elected, are transformed into representatives of capital, now represent – at the lowest estimate – some 15 billion Swiss francs. This modest sum corresponds to a third of all the social capital of all the limited companies registered in Switzerland. But ours is a land of justice: even these sinecures are equitably shared out among the different bourgeois parties. 39 Radical Party deputies in parliament "represent" 284 banks, multinationals and property companies; the total social capital of their benefactors amounts to 6,830 million Swiss francs. As for the pious Christian democrats, they "represent" 334 banks, industrial trusts and armaments plants. 40 of them alone "represent" a company capital of 2,807 million Swiss francs.

This system sometimes leads to ludicrous situations. For example: a parliamentary debate in 1972. The pacifist deputy Arthur Villard denounced the use of the Swiss Pilatus-Porter plane in Vietnam by the American air force. This small and highly mobile plane can fly at tree-top level and is particularly useful for spotting small guerrilla units or villages lost in the forest: once people have been sighted, the pilot drops a smoke bomb to signal the target to the Phantom bombers, which arrive within minutes to burn the villagers to death. Villard demanded that the government ban the sale of Pilatus-Porters to the United States and their allies (particularly the Australians). But a deputy from Buochs came forward to declare that the Pilatus-Porter was a very slow and light plane un-

suitable for carrying bombs or rockets, and that it could hardly be described as a war plane! The government and most of the deputies accepted this idea enthusiastically. The successful speaker, the deputy from Nidwald, was a man called August Albrecht: he was also chairman of the company that made the Pilatus-Porter, a subsidiary of the Bührle-Oerlikon trust.

Another example: in 1974, there was a debate in parliament on the trade-union initiative seeking to get workers' participation in managing their firms. During my intervention, I quoted the magnificent example of successful self-management given by the Lip workers. There was a storm of protest. A deputy named Yann Richter rose to speak: in a fine flurry of eloquence he attacked me and declared that, objectively, the Lip workers were simply thieves. Wild applause! It may be noted that Richter is assistant director of the Swiss watch industry association; one member of that association is ASUAG, whose subsidiary, Ebauches SA, was a major shareholder in Lip in 1973.

To grasp the full extent and complexity of the oligarchy's control over the federal parliament and its related institutions (commissions of experts and so on), one must examine their various different strategies. First: they directly employ a certain number of loyal men, such as Paul Eisenring, an economist and editor of the *Handelszeitung*, or Fritz Honnegger, chairman of the Zürich Chamber of Commerce. They naturally do all they can to help these men to get into politics. It seems equally natural that, once elected, such people should join a considerable number of boards of directors of powerful financial groups. There is another, more common, path to promotion: men – and very occasionally, women – get into parliament from social positions or professions in which they had never attracted notice from the oligarchy. However, the moment they are elected, similar offers are made to them.¹¹

For example: A Radical deputy from Geneva, Fernand Corbat, who had worked in an advertising firm, became president of the Swiss cigarette manufacturers' association the day after his election. A woman who had taught French in her local university was elected to the Council of States, and at once joined the management board of one of the three national banking empires. The list is too long to give here. But we may add that most local jurists, councillors and lawyers, however little they know about finance, become important company lawyers as soon as they are elected on a bourgeois ticket. Many instances could be cited: from Baden, a small town near Zürich, to Lugano – not excluding the tiny town of Schwyz.

With the Federal Council, it is the same story. In theory being a member of the government is incompatible with holding any other paid job; none the less, there is a steady circulation of people between the management boards of the financial and industrial empires and the government. The channels were established during the great venture of building the Alpine railways – which demanded the closest collaboration between the federal executive and the banks that invested such colossal sums in the work. Here is how the oligarchy “use” the Federal Council:

Some of those elected are already in the employ of hegemonic big business, even before they are elected. When their term of office is over, they return to their former sphere but with appropriate promotion. For example: Max Petitpierre, a company lawyer in Neuchâtel, was president of the Swiss watchmakers' association before joining the government as Minister of Foreign Affairs. When he left, he rose to the chairmanship of the management board of Nestlé. Hans Schaffner, a leading federal civil servant specialising in matters of international trade, became Minister of the Economy. On leaving the ministry, he quite naturally became vice-president of the Sandoz empire (chemicals, and pharmaceutical products). Nello Celio, a company lawyer in Lugano, president of the multinational trust Alusuisse (aluminium and bauxite) was the intelligent and sophisticated ideologist of forward-thinking top management. He was of course promoted to the Federal Council, and there, again of course, became Minister of Finance. His term ended in 1974, and he is now the key man on a large number of the major banking and industrial boards where the oligarchy's strategy is worked out.

As far as one can see, none of these men ever abused his powers when in government in order to benefit any of the trusts of which he is now director. It is more a matter of a “natural reflex” on the part of the Swiss system: such promotions merely illustrate the profound logic inherent in it, the ontological harmony between the interests of the state and the strategy of accumulating private capital.

The second form of promotion occurs when men who have risen from the petty or middle bourgeoisie, or very occasionally from farming, and have no previous connexion with the oligarchy, are co-opted to the Federal Council. On leaving, they are promoted to be members of the management boards of multinational companies. Here too, examples are endless, and I will give only one: Paul Chaudet, a vine-grower from Rivaz, on the shore of Lake Léman, became a state councillor in the Vaud, then a national coun-

cillor, and finally Minister of the Armed Forces. Today he is president of the Banque Populaire Suisse, one of the most powerful banking empires in Europe. Nello Celio declared to Roger Dubois: "I promise you that there has never been a federal councillor who did favours to industry to get a place on a board of directors. Not one."¹²

Perhaps not. But no one has any way of checking up on what a deputy or a minister does. Given that the 1848 Federal Constitution expressly denies that deputies are bound to represent the views of their constituents, they can always claim that their votes and decisions are a matter of free choice, each one voting purely as his clear conscience dictates. Members of the Swiss government generally remain in office for many years. Here is an instance of the sort of thing I find shocking: Max Petitpierre was Foreign Minister for twenty-two years; but the moment he left the government, he joined Nestlé as chairman of the board of directors. By that time, all the existing ambassadors and most of the senior staff of the ministry owed their jobs to him. Clearly this network of diplomatic relations, with so many people dependent on Petitpierre and under his thumb, must be invaluable to a multinational company producing 98 per cent of its goods abroad – the world's largest manufacturer of baby-foods and powdered milk.

Let us look next at two other structures parallel to this colonized parliament: the hierarchy of the armed forces, and the hierarchy of the parliamentary "lobbies".

Switzerland has a militia of some 620,000 men.¹³ Apart from the senior officers and a small body of instructors – officers and NCOs – everyone is obliged to do military service on a temporary, national service basis. All field officers – other than colonels commanding a division or an army corps (there are no generals in peacetime) – are unpaid militiamen.

The role of the army in Switzerland is not easily analysed; however, it has four immediately recognizable functions:

1. It genuinely serves to ensure the defence of Swiss territory against the ever-present possibility of foreign aggression.
2. It preserves (monopolist and capitalist) order inside the country.
3. It is the instrument for the process of integrating the different nationalities of which the Confederation is composed.
4. It is necessary for the maintenance of the military-industrial complex, and the profits that complex makes for the oligarchy.

Most deputies-cum-businessmen also hold positions of com-

mand in the army. If you want to be a federal councillor it is very useful to have been a colonel in the militia. Once an officer becomes a member of the National Council or the Council of States, only death can prevent his rising to the rank of colonel. His "bosses" – the leaders of the secondary imperialist oligarchy – are often in the army themselves, as staff- or field-officers. (The whole system has its paradoxical aspects. Militia officers, given their often highly privileged social situation in civilian life, make considerable sacrifices of time and money to serve in the army. This seems to them to justify whatever advantages they may gain in civilian life as a result of their rank in the army, while at the same time it virtually bars anyone from the working class from reaching the higher ranks.) This situation is unique in Europe. To take a couple of examples: the present commander-in-chief of the army, Colonel-Corps Commander Vischer, belongs to one of the reigning families in the Basle chemical industry; and Dieter Bührle, the managing director of one of the most powerful armaments companies in Europe, is a colonel of the militia.

As always, the army is social violence institutionalized. As experience has shown, it serves both to defend national sovereignty against foreign enemies and to combat "the enemy within". In Switzerland, the enemy within consists of any group, party, movement, trade union or organization that threatens the political hegemony of the imperialist oligarchy. Maintaining public order also means maintaining the order of monopoly capitalism (for example, military repression of the general strike of 1918, of the workers' demonstration in Geneva in 1932, and so on). Thus it fits in with the fundamental logic of the system that most of our military leadership consists of leading figures from the world of finance capital and members of parliament. It is not the militia system that I am again criticizing here, much less the existence of the army as a means of national defence; it is only the class bias of its hierarchy, its interests, its decisions and therefore its politics.

There is, as I have said, a second parallel structure: some members of the Federal Assembly, even though they may belong to different parties, are linked to the same financial interests; these people form what may be called lobbies within the Assembly, known harmlessly enough as "parliamentary groups". Some such pressure groups wield enormous power, either by way of the parliamentary committees they control, or by the direct pressure they can bring to bear on both the government and public opinion.¹⁴

Here are some examples: there is a group for commerce and

industry, a group for traffic, tourism and the hotel industry, a group for planning and land use, a parliamentary press group, a group for internal navigation, the political and social group for the radical members, and so on.¹⁵

A study of the interwoven structures controlling the Federal Assembly – the keystone of the official power system in Switzerland – leads one to the question of precisely how they interact, and especially of just how much direct influence the secondary imperialist oligarchy have on parliamentary decision-making. There can certainly be no straightforward mechanistic answer. Surely all these parliamentarians – many of them extremely highly-paid –¹⁶ must be tempted to let their voting be influenced by self-interest when they have to deal with a law that touches the affairs of their banks, multinational companies, armanents works or real estate trusts. Of course, they swear by all that is sacred that they can keep the two things separate, that they can as deputies vote in favour of a law which as individuals they deplore. One thing seems certain: when the people elect their deputies, they do not expect them at once to start working, even only part of the time, for real estate companies or merchant banks. Yet, significantly enough, the problem is never discussed in public, except by the trade unions or the parties of the Left. On the one hand, these people are re-elected over and over again, and most of our newspapers never refer to the problem; on the other, they themselves present a front that even the most intelligent political commentators never formally challenge. In 1973, Julius Binder, a conservative deputy from Baden, led the way to actually reinforcing the “smokescreen”. He put forward a motion demanding increased administrative powers for the Assembly so as to preserve this parliament of “volunteers” and prevent the establishment of a “professional” parliament. The argument ran as follows: a “parliament of volunteers”, consisting of deputies who earn their living in ordinary jobs, and therefore remain close to their fellow-citizens, is more “representative” than a parliament composed of professional deputies, whose only occupation is to represent the people. At first sight, this is an attractive theory,¹⁷ but its further implications are pretty evident: the Swiss Assembly, the only European parliament whose members receive no salary, demands considerable financial sacrifices from them. To make up for this, it is therefore quite “natural” and “right” that the deputies, once they are elected, should yield to the urgings of the real estate companies, banks and multinational corporations, and join their boards of directors. The rich life style – the gift of the oligarchy – then appears to be a kind of

reward offered to these virtuous servants of the people who have momentarily sacrificed prospects of personal gain in order to work for the common weal. Thus the colonization of the Assembly becomes miraculously invested with the dignity of an ontological necessity.

Notes to Chapter 6

1. As a result of the campaign of the Jurassians for liberation and independence, a twenty-third member-state is soon to come into being. It consists in the main of old French-speaking districts in the north occupied by the state of Berne in 1815. The new state of Jura is expected to be voted into the confederation in 1978.
2. A. Touraine, *La Production de la société*, Paris (Seuil), 1973, pp.34ff.
3. The mutiny of the Lullin regiment left one odd legacy: a party of soldiers condemned to the galleys were marched through the streets of Paris with iron collars on. They were liberated by the mob. During the spontaneous celebrations, some of the Parisians put on the caps worn by the galley-convicts: these caps, known as "Phrygian caps", were later to become the liberty caps that symbolized the Republic. Cf. W.Martin, *Histoire de la Suisse*, Lausanne (Payot).
4. H.Luthy, *La Banque protestante en France*, *op. cit.*, especially vol. II, *Dispersion et Regroupement 1685-1730*.
5. W.Martin, *op. cit.*
6. Figures for the beginnings of Swiss industry are from J.F.Bergier, *Naissance et Croissance de la Suisse industrielle*, Berne (Franks), 1974.
7. Deputies receive no salary, but they get expenses of 150 francs every day parliament sits, and a lump sum of 10,000 francs a year.
8. These are the figures for the 1971-75 legislature.
9. A certain positivist school of sociology (cf. E.Gruner *et al.*, *L'Assemblée fédérale, 1848-1920*, vol. II, Berne, 1972) has shown how a kind of hereditary institutional power is handed down in families in some cantons. It is quite true that there are endless sons and cousins and brothers of political figures of the past in parliament today. It is also true that virtual political aristocracies have come to exist in some cantons, especially in the Alps. One can, for instance, visit the cemetery in Altdorf, capital of the canton of Uri, where all the deceased members of the leading families are buried under a monument listing their titles and functions. However, it is not the development of dynastic aristocracies that constitutes the real problem of the colonization of parliament.
10. For a list of names, cf. the *Annuaire des conseils d'administration*, Zürich (Annonces-Mossé).
11. Unlike the United States, France or Britain, the Swiss Parliament expressly refuses to enquire into such matters. On 18 June 1975, one deputy asked that an official list of deputies with company-directorships be set up. His proposal was turned down. The bureau of the National Council replied that "There is no legal basis for such a list". And that was that. (Cf. doc. CN no. 75.738.)
12. When the first edition of this book appeared, the oligarchy mustered all their journalists to discredit the book and its author, its politics and its information. The supposedly neutral national press directed a barrage of cleverly written abuse at the book to alienate readers. Television tried to censor comments, and the French-speaking Swiss radio banned all discussion of the book. Roger Dubois had the courage, intelligence and honesty to confront members of the oligarchy and their agents with the facts presented in the book, and he published their replies in a series of six articles in the *Tribune de Genève* in May 1976. Roger Dubois died on 9 August 1976: I here pay him the heartfelt homage of my esteem and gratitude.
13. The best work on the Swiss army is in English: *The Defence Forces of Switzerland*, one of a series of books on "Armies of the World". It is published by *The Army Quarterly and Defence Journal* (West of England Press), 1974.

14. D.Sidjanski, "Les groupes de pression et la politique étrangère en Suisse", *Annuaire de l'Association suisse de science politique*, 1966.
15. The list can be found in G.Keel-Nguyen, "L'influence des groupes d'intérêts politiques sur la politique étrangère de la Suisse", in *Handbuch der Aussenpolitik*, Berne (Haupt), 1975.
16. The multinational companies and banking businesses pay their director-deputies attendance money amounting to anything between 80,000 and 220,000 Swiss francs a year on average. It is not uncommon to find an especially influential deputy with a seat on several dozen boards. The record was held by a deputy in the 38th legislature, who held 61 directorships.
17. And many writers see nothing wrong with it: see Erich Gruner *et al.*, *Assemblée fédérale et peuple suisse, 1848-1920*; Leonhard Neidhart, "Die Funktion des parlamentarisch-repräsentativen Elementes", in *Die Reform des Bundesstaates*, 1970.

Appendix to Part II

(A book of this kind cannot overlook the xenophobia of a proportion of the Swiss people, nor the policy of apartheid practised by the ruling class and their government. The immigrant worker suffers from economic, political, social and ideological repression. The important study by Delia Castelnuovo-Frigessi, "Colonialismo a domicilio: i lavoratori stranieri in Svizzera", could well have figured as an appendix to any one of the preceding chapters. However, I have a particular reason for quoting from it here at the end of the section on symbolic violence – the author, through her analysis of Swiss apartheid legislation, shows how the image of the immigrant labourer, the "foreigner" – without a home, without a family, without any rights – is used by the imperialist oligarchy. The exploitation of the immigrant labourer, the "foreigner", is a function of the structural violence of imperialism.¹ It has identifiable material causes. But it is made possible – i.e. generally acceptable – because of the image of the "foreigner", the man who is "different", that the oligarchy has managed to foist on to the Swiss working class.

The legislation, the statistics, the international agreements governing the underprivileged lives of foreign workers in Switzerland are changing all the time. Things will be different in one respect or another by the time this book is published. However, Delia Castelnuovo-Frigessi's study still unmasks the nature of the institutional strategy used by the oligarchy to exploit the immigrant labourer.)

Colonialism at home: Immigrant workers in Switzerland

Having for centuries been a land of emigrants, Switzerland has become in our day a land of immigrants. Between 1850 and 1888, emigration continued higher than immigration (a difference of 177,000), but between 1888 and 1914, the opposite became the case (the difference being 176,000). The maximum figure for immigration reached in 1914 (around 600,000, or 15.4 per cent of the total population) was approached again in 1960 (584,739); in 1968, foreigners represented 15.3 per cent of the total population, as they did in 1914, and the percentage has continued to rise in the intervening years. The Federal Police estimates for 1972 give the following statistics: "At the end of December, the Swiss economy gave work in all – including *frontaliers* [workers living just over the border], seasonal workers, those with yearly work permits and those in permanent residence – to 708,815 foreign workers. . . . This figure represents 23 per cent of the active population of Switzerland, bringing the total up to about 3,075,000. If one takes the peak figures recorded in August, the proportion of foreign workers is as high as 27 per cent of the working population."

The country's immigration policy has passed through several different phases. The first was from 1917 to 1925 (free movement

from one country to another having been stopped from the time of the First World War). It was during these years that the first laws for police supervision of foreigners were passed (21 February 1917; 19 November 1921). Permits began to be required for visiting the country, and for working and living there. Under certain conditions, people were banned from entering the country (art. 10 of the Regulation for the Control of Foreign Immigration, 29 November 1921); a system of consultation was set up (art. 17) between the cantonal police and the cantonal labour offices; new distinctions were introduced establishing different categories of residence for foreigners (for limited or indefinite periods), and we find the first reference to seasonal workers. In the communiqué from the Federal Council to the Federal Assembly on regulations for foreign visitors and residents (2 June 1924) it was all brought for the first time within the officially-declared framework of a *selective* immigration policy. In 1924, for the first time, foreigners were classified "according to new criteria relating specifically to preventing the growth of too large a foreign population; foreign visitors have little effect on that population, since by definition they depart again, but foreigners who make their homes here must be taken fully into account". The principle of guarding against an over-large foreign population – with its suggestion of war-time vocabulary – gradually became widely established. Xenophobia was in fact brought into being and fuelled by the ruling class.

Still quoting from the same Federal Council message, preventing the foreign population from becoming too large meant "the adoption of a new criterion for admission, that is, the country's capacity to receive them". To regulate the influx of this labour force to suit the demands of the economy, it was proposed to institute new legislation. The effective instrument of that legislation was to be a police force to deal specifically with foreigners, whose official task was to ensure jobs for the Swiss by protecting them against competition from foreign labour.

Over the years since a quota has been in force, the numbers of seasonal workers (but not of other categories) have been restricted according to the type of work done: in 1965 and 1966, building workers were limited to 145,000 and 125,000 respectively; in 1967, 115,000 foreigners were allowed in for building work, 21,000 for hotel work, and 16,000 for various industrial jobs. In the 1970 decree these numbers remained the same. Up until 1973, the federal government continued to take the line that seasonal workers and *frontaliers* "do not have the same effect as non-seasonal workers in terms

of invasion of foreigners”.

After 1954, the proportions of the different types of workers allowed in by permit (not including those already settled here) changed, as is clear from the figures given in the review, *Vie économique*, for the years 1956-1973.

The number of workers with annual permits showed a rising curve from 1956 to 1969 (the sharpest rise being in 1964), and then gradually went down from 1970 to 1973. The number of seasonal workers, on the other hand, rose from 1956 to 1964, gradually went down till 1969, rose again in 1970 and reached a peak of 196,632 in 1972 (this was the total in August, but the number of visitors' permits issued in 1972 was actually 244,603). In 1972, seasonal workers went up by 8.7 per cent. In 1973, because of the measures adopted by the Federal Council, there were 2,866 fewer. *Frontaliers* have increased steadily since 1956: in 1972 the total had gone up by 10.7 per cent, in 1973 by 7.6 per cent.

In 1956, seasonal workers and *frontaliers* represented almost half of those subject to control (181,000 on yearly permits, 108,000 seasonal and 37,000 *frontaliers*). In 1964, there were 465,000 on yearly permits, 206,000 seasonal workers, and 49,000 *frontaliers*. The proportion of seasonal workers and *frontaliers* has gradually risen. Between 1970 and 1973, workers on yearly permits went down by 120,254, while seasonal workers and *frontaliers* went up by 82,797 (44,565 and 38,232 respectively). The latter group thus tends to make up for the reduction in the former. The increase in foreign residents, following the heavy immigration of the sixties, is seen as a necessary evil; they have to have worked ten years in the country before getting a permanent resident's permit. If we add together the residents and those with annual permits – who both enjoy certain privileges denied to other, “lower” categories of foreign workers – the figures appear as follows:

276,568 permanent residents	193,766 seasonal workers (August 1973)
322,513 on yearly permits	104,573 <i>frontaliers</i> (August 1973)
<hr/> 599,081	<hr/> 298,339

Thus, seasonal workers and *frontaliers* represent over a third of all the foreign workers in Switzerland. But when one adds the ever-rising number (reckoned to be between 25,000 and 30,000) of illegal workers who come to work for a few months in such places

as Geneva, then our totals are some 600,000 foreign workers with a recognized legal status as compared with 330,000 or so temporary workers with no rights at all. This would suggest that now, more than ever, the composition of the foreign workforce is such as to favour economic exploitation based on political control and institutionalized discrimination. Substituting one category for another has made it possible to maintain the work-force demanded by the economy while increasing the proportion of workers with rights – who cost less and who, in times of economic crisis or stagnation, can be got rid of without any trouble. At the present time, as the greatest European recession since the war gets under way, this policy is clearly an indispensable weapon for the ruling oligarchy.

Seasonal workers may be described as the “strategic pillar” of the Swiss labour market. Their status is a solely negative one. They are allowed no mobility, either of place or of job. During the season they cannot change employers, yet they have no job security. They are not allowed – except in rare cases – to bring their families into Switzerland; a seasonal worker's wife extra to the quota may very occasionally be allowed to come and work (in a hospital, for instance), but never on any other basis. A recent regulation forbids any woman with children under age from coming at all, thus trying to end the abuse whereby some parents brought children in illegally and kept them with them. Such children (there are about 10,000 of them) cannot go to school or lead the normal life of children of their age, since they have to stay hidden indoors all day for fear of being found by the aliens' police, and deported. By law, the employer is bound to provide housing for the seasonal worker, but the lodging provided is seldom anything that could be described as a home – it is not always even furnished. Seasonal workers are packed like sardines, usually in the most insanitary conditions, in buildings far from any urban or social centre, or in old houses scheduled for demolition. “Housing” of this kind – on which the employer frequently makes an outrageous profit – isolates the seasonal worker; he lives more or less in a ghetto, on the fringes of society. Seasonal workers have to pay tax, but seldom make any use of the services provided by the state (schools, subsidized houses, etc.). Their tax is reckoned on the basis of a national wage higher than the wages they in fact receive, and multiplied by eleven months – yet, by the terms of their seasonal work contracts, they are forced to be out of work much of the time. Finally, they have to undergo health-checks when they enter the country, at the start of every season, and can be turned away because of an illness contracted *in* Switzerland during

the previous season.

The ways in which seasonal workers are discriminated against speak volumes – a glaring instance of colonialism at home, whereby the foreign proletariat are condemned to political non-existence, legalized discrimination and social isolation. They are exploited by being allotted a precise role (in the most laborious and least well-paid jobs) in exchange for a precarious status and a job they could lose at any time. The ruling class derive certain specific advantages from their slave status. These include, among others: (1) A saving in public expenditure (including the cost of training the workers): the seasonal worker who cannot have his family with him makes proportionately less use – and then not full-time – of the public services (housing, hospitals, transport) schools, old people's homes, etc; (2) A flexible labour market: it is officially recognized that a seasonal workforce is far more manageable than a non-seasonal one – the workers can be dismissed virtually without notice.

“The idea that seasonal workers do not constitute an addition to the foreign population is not wholly correct. They are also a burden on our services. It is primarily due to seasonal workers that the housing problem has become acute on several occasions, and has provoked lengthy public debate. The illegal presence in Switzerland of numbers of wives and children of foreign seasonal workers is frequently troublesome. Experience has shown that seasonal workers are the first to become involved in industrial disputes. Internationally, too, the problem of seasonal workers has caused Switzerland considerable difficulty.”

This passage from the explanatory text that accompanied the new plan for regulating foreign migrant labour, distributed by the Federal Council on 28 May 1973, is a masterpiece of hypocrisy and cynicism. It sets out to make seasonal workers scapegoats in public opinion, to present them as a danger to the life of the Confederation both at home and abroad.

The new decree of July 1973 stipulated:

(1) A ceiling of 192,000. But when one recalls that the total in August of the preceding year was only 194,000, it is clear that the Federal Council was merely confirming an existing situation.

(2) The division of seasonal workers into quotas per canton (instead of per type of job), as with annual permit-holders; and their subdivision into two further categories: those lucky enough to have been working in the country in 1973 who could hope to

become annual permit-holders, and those doomed to remain seasonal workers forever (either new ones coming into the building trade or others whose contracts had been discontinued in 1972). The second were only authorized to stay in Switzerland for less than nine months, and had not, and never would have, any right to become annual permit-holders. Thus foreign workers were now classified in five categories instead of four. A similar change for the worse was made in the status of the *frontaliers*, another “safety valve” of the Swiss economy: they were not yet included in any quota system (120,000 in 1973) but they too were subjected to a new *apartheid*: anyone who wanted a work permit had to live regularly in the frontier zone for at least six months, and must go back every day.

The nine-month “season”, the new basis of the seasonal worker's status, corresponds to nothing in real life. As long ago as 1957, if not earlier, the category of so-called “faux saisonniers” came into being. In that year, work on building sites which had always previously shut down on 30 November was continued until 15 December, with skilled workers expected to return on 1 March. Bit by bit, the building “season” was extended till it lasted for over eleven months. For the past ten years, seasonal workers have been able to work from early January. In 1970, the federal police gave employers permission to bring in half of their allotted seasonal workers on 4 January 1971, while the remainder could come in February. Thus the nine-month season no longer existed in the building trade. The Swiss government then came to an agreement with the Italian government to give yearly permits to those who qualified for them. But there was a delay in putting the agreement into effect, which had unfortunate effects on the family life of these workers because of the very long separations involved (57 per cent of the seasonal workers who came in 1973 were married men).

The contradiction between Swiss xenophobia and the economic and political forces governing the country is only apparent.² It is true that the xenophobic Right has found ready listeners among the sectors of the population who feel – and indeed, are – frustrated and exploited by big business, especially when they fulminate with convincing demagoguery against the damaging effects of capitalism on the working class. Though they are not genuinely anti-capitalist, they do disrupt the plans of the ruling class by demanding such a reduction in the foreign labour force as would have catastrophic effects on the national economy. Furthermore, they make abundantly clear the contradiction between the internationalism of the ruling bourgeoisie and the political isolationism of large sectors of the popu-

lation. However, all this is merely secondary: objectively, this xenophobia serves the interest of the oligarchy, in that it drives an even deeper wedge between the Swiss workers and their foreign counterparts.

Notes to Appendix to Part II

1. It really is, objectively, violence. Though there are some magistrates with scruples, and though a highly-placed young progressive civil servant, Jean-Pierre Bonny, has recently been appointed director of the Federal Bureau of industry, arts and trades with a special responsibility for migrant workers, these are only decorative extras which have little real political effect.
2. During this crisis period, there was an upsurge of right-wing xenophobic movements – the Republican Movement, led by James Schwarzenbach, and Action Nationale. Both groups condemned the Federal Council's policy towards immigrant labour as too permissive.

III
Pseudo-Neutrality

The "Theory" of Neutrality

"The Swiss, remaining neutral during the great revolutions in the states all around them, grew rich on the misfortunes of others, and founded a bank upon human disasters," said Chateaubriand. Swiss neutrality² is a concept used with skill and persistence by the imperialist oligarchy to disguise what they are really doing: the mercenary state and its government are merely their echo. But one must beware of over-simplifying: that fictitious neutrality is historically linked with the rise of capitalism, but has not been totally determined by it. Swiss neutrality was ratified by the European powers at the Peace of Westphalia in 1648, and was renewed and confirmed by the powers at the Congress of Vienna in 1815. On the latter occasion, the Swiss diplomat Pictet-de-Rochemont won acceptance for the theory still loudly proclaimed by the Confederation today: Switzerland is neutral not for its own sake, but for the sake of others, for the presence of a neutral state in the heart of Europe is in the interest of every other state on the continent.

How, today, is this neutrality claimed by the visible government of the country formally defined? Even the merest statement of it is at once open to varying interpretations and disagreements. Etymologically, the word "neutral" comes from the Latin adjective *neuter*, or the medieval Latin *neutralis*, meaning "neither of the two". It is thus essentially a negative definition. If C is neutral, it is neither A nor B; or, to be more precise, the definition of A and B is totally independent of the definition of C, whereas the definition of C depends on the form and the semantic content of the definition of A and B. The neutral is first and foremost *neither of them*.³ What is it, then?

André Gorz says, "Switzerland does not exist",⁴ in the sense that a state which consistently withdraws from the international scene, which refuses to take sides and at times even denies the existence of the conflicts by which people and nations are racked, has no real international existence. As we have seen, this is not the case. Switzerland most certainly does exist. In fact it is a significant imperialist power. We must therefore move beyond the semantic debate to a more meaningful level of reality – the way in which the imperial-

ist oligarchy and the visible government actually see themselves. Both are agreed on one point: neutrality is positive. What is it, then? Here is the definition given by a former Federal Councillor who afterwards became Chairman of Nestlé:

Recent events, and the occasion they have given us to perform certain modest functions, seem to me to demonstrate that there is still room in the world today for a neutrality like that of our country; it is not a moral or a callous neutrality; it is not the same as neutralism; it is not running away from responsibility; it does not involve any dereliction of the duty to judge events; it does not shrink from action when action would serve the cause of peace.⁵

However, the positive side of neutrality rests also on another idea: it implies the notion of armed defence, of independence. Switzerland is neutral, it is not allied with any of the protagonists in a conflict. But should that conflict spill over into Swiss territory, should it threaten Swiss neutrality – i.e. Swiss independence – then Switzerland will take up arms to defend itself. Blankhart says rightly that “neutrality is a kind of local pacifism that reserves the right to defend itself”.⁶

Finally, there is a third idea involved in our “neutrality” – the idea of mediation, Pictet-de-Rochemont told Metternich at Vienna that Swiss neutrality was in the interest of all the states of Europe. The role of mediator, claimed by the visible government, is in fact a fairly modest one. Essentially, it consists in the theoretical possibility of two enemies meeting on neutral ground. It is a geographical role rather than a political one. For example, in 1962, when the Swiss government offered the services of the ambassador, Olivier Long, to the two belligerents in the Algerian war, and he shuttled back and forth carrying messages between the Algerian Provisional Government delegation staying at Signal de Bougy, in Canton de Vaud, and the French negotiators staying in the Château de Leusse in the Haute Savoie, they were indeed offering a useful service. But in the event, the actual role played by the ambassador was that of post-man rather than that of mediator. Since the Second World War, the Swiss government has never taken up – or rather has never had occasion to exercise – a genuine function of mediation. Real mediation would mean becoming a neutral third party in a conflict between two enemies, and being able, by the fact of that neutrality, to bring together opposing points of view, and gradually lead to their reconciliation – in other words, to end the conflict. The positive function

of Swiss neutrality does not, in practice, include this sort of mediation at all.⁷

What, then, does Swiss neutrality mean in the day-to-day life of the country? Blankhart defines it clearly:

Neutrality, like any foreign policy, is a policy for defending our interests. It has a specific positive aim – to preserve national sovereignty. But this does not alter the fact that neutrality in itself, whatever its aim, is purely negative. Furthermore, it must of necessity remain negative. Its negativity can be accompanied by certain demonstrations of solidarity in the non-military sphere, but they must never be such as to render it any less negative. For anyone who wants to be neutral, there is only one kind of neutrality. No one can be a bit neutral. It would be a contradiction in terms.⁸

Swiss neutrality has therefore to be purely negative. Or, to paraphrase Claude Lévi-Strauss, it is an end in itself.

1. The theory I am concerned with is the theory produced by the collective super-ego of the oligarchy themselves. It is here that those whom Gramsci might have called the indispensable "organic intelligentsia" of the secondary imperialist system come in.
2. There is an official text which defines our neutrality: cf. *Jurisprudence des autorités administratives de la Confédération*, year 1954, fascicule 24, p.9. The section is headed "Relations with other countries; the concept of neutrality".
3. For the etymology of the term, cf. F.Blankhart, "Der Neutralitätsbegriff aus logischer Sicht", *Mélanges Edgar Bonjour*, Helbling, Basle (Lichtenhan), 1968, pp.607ff.
4. A.Gorz, quoted in J.Halliday, "Switzerland, the Bourgeois Eldorado", *Quaderni Piacentini*, no. 39, November 1969, p.206.
5. M.Petitpierre, quoted in J.Freymond, "Neutralité et neutralisme", *Revue des travaux de l'Académie des sciences morales et politiques*, Paris, 1966, p.98.
6. Blankhart, *op.cit.*, p.617.
7. I.Galtung, in Büchi, Matter *et al.*, *op. cit.*, p.vii.
8. Blankhart, *op. cit.*

The Colonization of Foreign Policy

The colonization of Swiss foreign policy is effected by a number of concurrent, or complementary means. First and most important is the control – or at least the infiltration – of the key institution of foreign policy, the Department of Trade,¹ by the banking oligarchy and the Vorort.²

Our Department of Trade is a curious and fascinating institution. It numbers 133 officials, the élite of the federal administration. In theory, it is subject to the federal Department of Public Economy; in practice, it does whatever it wants. The men who run it (a director, and four trade delegates with ambassadorial rank) are top-ranking technocrats: intelligent, quick-thinking, capable men, with friends on whom they can totally depend in every major government office in the world. As negotiators they are unequalled, but they are totally lacking in critical judgement when it comes to the politics of the imperialist oligarchy at home, or of the American government. The staff of the Department of Trade cultivate an Anglo-Saxon way of life, speak several languages, and work incredibly hard.

The Department of Trade controls the foreign trade of Switzerland. But it does a great deal more than that: it is a kind of vast analytical laboratory, where reasearch is done into the world economic situation, "advice" is given, and vital national decisions are planned – such as the agreement with the EEC, or Switzerland's joining the International Energy Agency. Consequently, in practice if not in theory, it is the Department of Trade that determines the country's foreign policy.

Given the degree of osmosis, the community of views, the interchange of personnel between the banking and industrial oligarchy and the Department, it is quite hard to discover which of the two controls the other. Or, to put it another way, though it is understood that the Department of Trade itself has no power, and that all economic and financial, and therefore all political, power is in the hands of the oligarchy, the complexity of hegemonic capital is such that it is impossible for outside observers – and probably even for the people concerned – to know who, in the decision-making process,

actually uses, applies and directs that power.

For example: Is it the ambassador, Jollès³ and the analyses he makes, or the managing director, de Weck⁴ and the practical action he takes, that is responsible for the present policy of support for the racist régime of South Africa by the Union Bank of Switzerland? Who organized the strangulation of Allende's Chile? Was it the Department of Trade, by cutting the federal export guarantee covering the plant and machinery asked for by the Allende government, or the industrialists who refused to deliver the spare parts and new machines? And, finally, who put the provision of oil to Switzerland into the hands of the aggressive cartel organized by Kissinger (the International Energy Agency), thus abandoning the independent line of bilateral agreements and objectively fostering an anti-Third World policy? Was this the result of the usual instrumental relationship of Swiss secondary imperialism to American imperialism, or of the analysis of the situation by the Department of Trade?

One cannot be sure. All one can say – and this is essential to any understanding of the practical steps by which the oligarchy achieve their colonization of foreign policy – is that there is an extraordinary closeness, an intellectual and psychological collusion between the directors of the Department and those of the multinational corporations of banking and industry.⁵

I remember a marvellous evening party in Basle in August 1973. The Foreign Trade Committee of the National Council were guests of the captains of the chemical industry, in the Hôtel des Trois Rois, a splendid building beside the Rhine, owned by the pharmaceutical trusts. The managing director of Ciba-Geigy, a tall, nervous, entertaining fellow, gave a talk to explain to us simple parliamentarians why our monetary policy (we had just decided to let the franc float) was totally inept. His tone was kind but firm. He was followed by another speaker, his financial director, Schaer. His speech was rather more aggressive in tone – the rising young executive showing his employers that he knew how to take a tough line with the enemy. Immediately in front of me sat a dignified old gentleman who kept nodding his approval: this was Staehlin, President of the Swiss Bank Corporation, who was responsible for the victory of Von Planta in the long war of intrigue which preceded the merging of Ciba and Geigy. At last it was time for the dinner they were giving us. Schaer announced that they had arranged the seating-plan so as to have either a representative of Ciba-Geigy, or someone from the Department of Trade, at every table. Their job would be to explain to us uneducated parliamentarians where Switzerland's real

interests lay, and what our monetary policy should be. I did not stay for the dinner.

This interpenetration between the Department of Trade and the secondary imperialist oligarchy is one of the political factors that determine Swiss foreign policy. For example: the multinational Hoffmann-La Roche company has one of the largest pharmaceutical laboratories in the world. In poor countries, its vitamins and tranquillizers are sold at very high prices. Even in Europe complaints are heard that it operates a cartel pricing policy, breaking the rules of community competition as laid down in the 1972 Treaty between Switzerland and the EEC. Stanley Adams, one of the company's officers, laid a complaint about the cost of valium (with evidence to support it) before Albert Borschette, the European commissioner responsible for competitive trading, in Brussels – who had in fact already been keeping an eye for some months on the way the market for vitamins and tranquillizers was being manipulated.⁶ Hoffmann-La Roche responded smartly by demanding that Stanley Adams, a British citizen, be arrested for "industrial espionage"! More incredible still, the company got its way, and Adams went to prison. His wife, the mother of three children, killed herself. What was the Department of Trade doing all this time? After all, it is their job to see that the 1972 agreements are kept. They stood firmly behind Hoffmann-La Roche throughout.

The cold and ruthless efficiency of Hoffmann-La Roche is an example to all. One need only note how, after the Seveso disaster of July-August 1976, Adolf W. Jann,⁷ the managing director of the company, disclaimed all responsibility – even though the toxic dioxin gas spreading over the countryside and damaging human beings came right out of his own chimneys!⁸

In the valium affair, which I have just mentioned, the company behaved in much the same way. It briefed as its lawyer Maître Claudius Alder, National Councillor and leader of the Independent Party. This stabilized the political situation: any questions raised in Parliament about valium were simply buried in the files of the Federal Government. There remained the mass media – and one would have expected a television team from Zürich to broadcast a critical documentary about Jann. They did: the programme was called "The Audit", and Hoffmann-La Roche sued the reporters, the cameraman, the soundman and the producer for libel. On 8 June 1976, the EEC Commission gave judgment in favour of Stanley Adams, and fined Hoffmann-La Roche 900,000 Swiss francs. But inside Switzerland, Hoffmann-La Roche remained omnipotent. A

few days after the Brussels verdict, Stanley Adams was tried and found guilty by the Basle court, condemned to twelve months in gaol, five years' exclusion from the country and a 25,000 franc fine.

Nor is Hoffmann-La Roche the only Swiss multinational to behave in this way. Nestlé-Alimentana, the world's largest producer of baby-foods, powdered milk and instant coffee, uses the same expeditious methods to confound its critics. Consider how Nestlé behaves abroad: in Peru, the Nestlé empire has established a holding company which in turn controls a number of food-processing firms. This holding company is called Perulac. It stands out among the American, German and French multinationals in Peru – none of which is famed for treating its labour force particularly kindly – for the extremely harsh conditions and low pay it gives its workers. In 1971, the Perulac workers went on strike. Nestlé refused to negotiate and sent in the police. All trade union militants, all the workers' delegates and negotiators were arrested and vanished into military prisons. A group of workers thereupon appealed to the international trade union of food industry workers whose general secretariat is in Geneva. The general secretary sent a representative to Lima, where Nestlé at once managed to have him arrested and deported from Peru.

Nestlé is equally effective when it comes to muzzling critics at home. In 1974, the English organization War on Want, which is specially concerned with children, published a pamphlet showing how Nestlé employees, dressed as nurses, dissuade mothers in the Third World from breast-feeding their babies, and talk them into buying artificial substitutes – the resulting malnutrition causing the children to suffer from mental and physical deficiencies. The pamphlet was translated into French (it was entitled "Nestlé kills babies") by thirteen young people in the "Third World Group". Nestlé filed no fewer than five criminal suits against them – for damage to its reputation, financial loss, etc. The Berne court found the thirteen guilty on 24 June 1976. They then lodged an appeal. It was rejected.

I repeat: in the Hoffmann-La Roche affair, and the Nestlé affair, and in other, similar cases when a multinational company faces criticism at home or abroad, the Department of Trade, instinctively it seems, sides with the multinational. One cannot help wondering *why* there should be such spontaneous and effective solidarity between it and the giants.

All I can attempt here is phenomenological analysis: structural analysis would be very difficult. However, a few indications spring to the eye. For one thing, there is a constant ex-

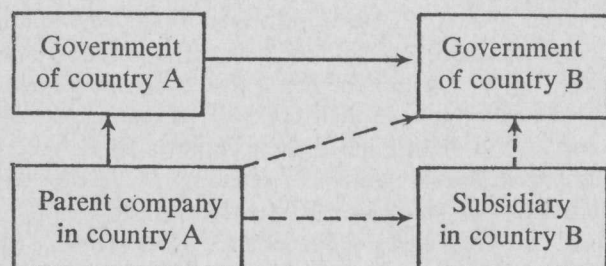
change of personnel between the oligarchy and the Trade Department. Rothenbuehler, the executive secretary of Vorort, was appointed trade delegate in charge of the Latin American section. His departure from the industrialists' body coincided with a move in the opposite direction by a section director from the Department of Trade – Veyrassat became secretary of Vorort. In 1976, the satrap of Nestlé in Austria, Peter C. Bettschart, was appointed a trade delegate with ambassadorial rank. Another point is that before any major international negotiation, there is a complicated procedure known as "consultation" – which is a way of letting the oligarchy express, and all too often impose, their point of view. Again, since the Second World War a permanent economic delegation has been in existence (with no basis in law) in which the oligarchy play a decisive part: its job is to lay the ground for the economic decisions, both domestic and foreign, of the Federal Council.

True, differences can arise between the Department of Trade and the oligarchy. Peter Nobel has analysed their respective standpoints in international negotiations in some detail, and one of the chapters in his study is cautiously entitled: "Possibilities of conflict between the state and the multinationals".⁹ He quotes the occasion in GATT, during the awkward Kennedy Round negotiations, when the head of the Swiss delegation and some of his colleagues found themselves in opposition to the directors of the multinational Sandoz company (chemicals and pharmaceuticals). The Swiss government wanted Sandoz to change the trading practice of its subsidiary in the United States, which was embarrassing Switzerland in a difficult tariff and trade negotiation with the government in Washington. Sandoz refused, but eventually gave way to some extent. However, my readers may rest assured that such conflicts will not arise in future: Hans Schoffner, who was then federal Minister of the Economy, and formerly a director of the Department of Trade, is today vice-president of the Sandoz management board.

Of course it is absolutely natural – and indeed necessary – for a sovereign state to defend the material interests of its citizens abroad, including those of bankers, industrialists and arms dealers. But what takes place every day in Switzerland is a different matter altogether. Instead of the necessary defence of the interests of all, there is a narrow but effective defence of specific privileges. The state has become simply an intermediary, and often even an instrument, of imperialist aggression. What the Federal Council says and what the majority of the population want – the oft-stated policy of active neutrality – is no more than a verbal formula. It bears no

relation at all to the day-to-day reality of Swiss foreign policy.

The second element in this colonization of foreign policy by merchant banks and multinational corporations is rather harder to identify. The following diagram, which I have taken from Keel,¹⁰ is useful:



Direct action - - - - -
Indirect action —————

If we analyse it sector by sector we see that this is how it works: the secondary imperialist oligarchy exercise considerable power in a number of the states on the periphery (and indeed also at the centre). They can therefore get the governments of those countries to make demands upon the Swiss government to suit their own interest. For example: the ADELA (Atlantic Community Development Group for Latin America) financial empire, run by a coalition of Swiss and foreign merchant banks, operates in Latin America. I was able to check for myself the "effects" of the ADELA's policy in Paraguay. ADELA came to Paraguay four years ago. It bought up CAPSA (Compañía Algodonera Paraguaya SA), and CAPSA/ADELA today controls over 80 per cent of the soya market in Paraguay. Its factories also process cocoa, cotton and sunflower seeds. Soya and its derivatives are the principal product of the small and middle peasants of Paraguay; about 75 per cent of the marketable value of agricultural production (apart from dairy produce) comes from soya. Some 140,000 tonnes are produced per year, and are exported to the rest of Latin America, to Asia, and to Europe. ADELA owns three major factories – producing oil and margarine, and transforming the waste products into animal foodstuffs – and has a virtual monopoly of exporting soya, vegetable oil and derivatives.

But CAPSA/ADELA has efficient ways of continuing to enlarge its empire. In the Pirapoa area, where several thousand

With practical help from the three great Swiss banks and various large industrial enterprises, private banks for aiding development have come into being and operate in the developing countries with capital provided by large European, American and Japanese companies. Sifida (International Finance Company for Investment and Development in Africa) operates in Africa. When it was set up in 1970, the three major Swiss banks took 50 million dollars' worth of preferred shares (12.5 million in paid-up shares), along with the IFC and the Bank for Aid to African Development. The whole venture was co-ordinated by Crédit Suisse.

In 1968, the PICA (Private Investment Company for Asia) was set up, and Swiss banks and industries also bought shares in that.

The most longstanding institution of this kind, however, is the Atlantic Community Development Group for Latin America (ADELA). Among its Swiss members are the three major banks, as well as André SA, Volkart Bros., Ciba-Geigy,

Elektro-Watt, Motor-Columbus, Nestlé, Bührle, Sulzer, Hoffmann-La Roche and Holderbank. "In seven and a half years, ADELA has increased its assets from 16 million dollars to 300 million, and by the way it has used its capital has generated many times that sum in investments. In the past financial year the interest rate has risen to 8.1 per cent of the capital invested (*Neue Zürcher Zeitung*, 9 February 1973). Private companies for aiding "development" function as bridgeheads in the Third World. They have to experiment, and they pool experiences: "Shares in ADELA are only given to healthy businesses certain of making a profit" (H.Hofer). During the first five and a half years of its activity, ADELA got things going and attracted something like 400 million dollars in share investment from private firms in the Third World. It also has its own specialized subsidiaries: Adelatec (Technical and Management Services Co. SA), Adeltrade (Trade and Development Co. SA), and finally AAF (Assessores financeiros SA).

(from Kappeler, *op.cit.*)

Japanese immigrants work as small farmers,¹¹ a Japanese company planned to build a vegetable oil factory to use the soya planted by the Japanese community (at a better price to the grower). So CAPSA/ADELA built a factory nearby which adopted a policy of buying at very high prices indeed. The Japanese firm could not compete. Once the Japanese community project had been killed, CAPSA/ADELA then shut down its factory and departed.

CAPSA/ADELA's method is as follows: the peasants start to sell their soya in April, and the Paraguayan government then fix a mandatory purchase price. In April 1974, the government fixed a price of 21 guaraní a kilo. CAPSA/ADELA would not buy at that price, and demanded that it be reduced to 16 guaraní. The peasants went home again, with their sacks of soya still piled up on

their ox-carts. The classic scenario then unfolded precisely as it had for four years. Weeks passed, and the farmers' slender financial resources were used up. If CAPSA/ADELA did not buy by August, they would starve. Since soya had become virtually the only crop grown by thousands of peasants, they had to buy most of their food (cassava, sugar, wheat, flour, etc.). In 1974, as in the preceding years, CAPSA/ADELA held out, and the government gave way – and so did the peasants: they sold their soya at the price dictated by the company, 16 guaraní a kilo. (There is in addition another form of oppression: not only does ADELA dictate the purchasing price of soya but it also has a monopoly of selling soya oil in Paraguay. The selling price of a litre of oil was 110 guaraní in 1974. It takes 5 kilos of soya, at 16 guaraní per kilo, to make a litre of oil.)

The directors of ADELA, who have enormous influence with the Paraguayan government, have a strong social sense. Naturally moved by the plight of the small peasants, of agricultural workers and the jobless, they suggested to General Stroessner that he ask Switzerland for aid. Thus the Confederation – i.e. the Swiss taxpayer – came to finance a vast programme of technical aid in Paraguay. No fewer than four aid and development projects are now under way: an animal foodstuffs factory in Minga Guazu, to help the small farmers and pig-breeders in the east; two training schools, one for forestry workers, the other for apprentice mechanics; the fourth, and most important of all, is a huge project comprising a school for training people to run co-operatives, an agricultural school, a domestic science school, an industrial sawmill, model farms and a stock-breeding scheme using imported livestock. All these undertakings are in the Pastorea area, near Encarnación. Their object is to assist the 30,000 or so tenant farmers, landless peasants and their families, deported by the Stroessner government – with neither training nor equipment – to the virgin forest of the Alta Paraná. All these Swiss schemes are intended to overcome the desperate poverty of the Paraguayan peasants – which is indeed desperate, but has actually been caused by ADELA, a subsidiary of the great Swiss banks!¹²

To take another example: the Lima Light and Power Company, a powerful Swiss monopoly controlling the energy industry in the Lima district of Peru, built a series of barrages and power stations in the Andean foothills of central Peru during the fifties. To do this involved transplanting a mass of peasants and semi-skilled workers, persuading them to leave their homes and in some cases their small plots of land. By the middle sixties, the building work was complete, and the labour force were left jobless. Rather than accept-

Various Swiss firms operating in the Third World conceived the idea of financing their investment programme with the kindly and effective help of funds from the World Bank. For example, a whole series of finance companies have been involved since the last century in financing new clients by way of subsidiary companies in order to open new outlets for electrical equipment. Sudelektra (South American Electricity Company) finances power stations in Peru. Its Peruvian subsidiaries, Lima Light and Hidradina, enjoy considerable privileges, since a special Peruvian law allows them to make a tax-free profit of 8.5 per cent, and pay only 3 per cent tax on the rest; in exchange for which the companies are committed to increasing their production capacity by 10 per cent per year. The Sudelektra management consultant, Kohn, of Motor-Columbus, noted that "The transfer of dividends, interest and repayments has worked well, despite sweeping currency restrictions and stringent transfer regulations". What is interesting about this is the fact that of a total of 925 million francs invested in Sudelektra, 525 million represent shares issued in dollars and Swiss francs. 290 million of this comes from the World Bank, and the rest (around 230 million) either directly by the Sudelektra group or indirectly via the Swiss capital market. Thus the World Bank has provided over half the foreign capital invested in Sudelektra, and 30 per cent of the total share capital of 925 million francs. Sudelektra has for a long time been paying its private shareholders in Switzerland a dividend of 12 per cent. The Compañía Italo-Argentina (CIA) is another member of the finance group that gravitates around Motor-Columbus. Like

Sudelektra in Peru, it is legally allowed 8 per cent of net profit (after repayment of capital) by the Argentinian government. In 1969, the CIA received a loan of 15.8 million dollars from the Inter-American Aid to Development Bank (one of whose four major money brokers is Switzerland) for expanding its installations, as well as having received a credit of 42 million francs in 1966 from a consortium of Swiss banks. A further 45 million in credits from Swiss banks went to the Industrial Bank of Argentina. The money was used to buy Swiss merchandise, including a 250 Kw turbine system, the largest in South America. The *Bulletin de la Société de banque suisse* (no. 3, 1967) talks of "appreciable financial aid" – by which it means financial transactions supported by the Inter-American Bank and guaranteed by the Argentinian and Swiss governments. Large Swiss firms have managed to get credits from the World Bank to use for their "normal" trading activities. This leads to a kind of closed circuit for the insulated circulation of Swiss capital through the countries of the Third World. Swiss capital is channelled from our banks into the World Bank; most World Bank credits are used to buy Swiss industrial goods. It is solely the Swiss economy, and not that of the developing country, that benefits from the credits given by the World Bank. When the new installations start to operate, the profits they make in the developing country must be used to pay interest to Switzerland – so most of it simply vanishes. If throughout the period of the loan the installations financed by it bring a return of 15 per cent on the capital invested (which is a high estimate), the 6 or 8 per cent

interest swallows up half of it. To say nothing of the cost of replacing equipment as it wears out. In fifteen years, annual payments of 6 to 8 per cent will have mounted up to at least 90 per cent of the initial loan; then, unless an extension has been granted, the loan falls due. So, in addition to paying interest and

the cost of upkeep, money must be put aside during those fifteen years to repay the loan; in other words, a sinking fund (which includes a further 6 per cent of the initial sum). All that is left in the developing country, once the loan has been paid back, is a fifteen-year-old installation.

(Kappeler, *op. cit.*)

ing any responsibility for this major social problem and trying to find other ways of employing them, the Swiss managing director of Lima Light and Power, a M. Mariotti, approached the Peruvian government – who turned to Switzerland for aid! The Swiss government sent millions of francs, a number of experts, and supplies of cattle and machinery to the Peruvian government, to aid in resettling, feeding, educating and providing work for the men, women and children uprooted by the building activities of Lima Light and Power.

One final example is that of Motor-Columbus, an important firm of industrial consultants. Motor-Columbus proposed an industrial development plan for Ecuador. The plan was requested by the Ecuador government, but the fees received by Motor-Columbus were paid to the tune of two million Swiss francs by the Service de la Co-opération Technique – i.e. the Swiss taxpayer. When the plan was ready, it just so happened that a Swiss consortium was able to undertake the largest project, the construction of a waterworks – at very profitable terms. The government of Ecuador, “informed” and guided by Motor-Columbus, then concluded a bilateral outline agreement for technical co-operation with Switzerland.

Another dimension of this pseudo-neutrality is worth looking at. Since the International Labour Organization came into being in Geneva, it has formulated 143 international agreements concerning the freedom of trade unions, job security, wage parity, and hygiene in factories. Only 31 of them have ever been ratified by the Swiss government. If a Swiss citizen commits a crime abroad, he is subject to penal law. But the multinational companies whose headquarters are in Switzerland can do things abroad that are contrary both to Swiss law and to international agreements to which Switzerland is party, and have nothing to fear. The fact of having signed such agreements means that the Confederation is committed to seeing that its citizens do not break them, yet the Confederation almost never takes any action.¹³

Another chapter, perhaps the most tragic of all, in this history is written from day to day by those who trade in armaments. The death industry is an essential activity of all the secondary imperialisms. In Switzerland it falls into three different categories:

The large Swiss consultant-engineering firms have expanded their activities in the Third World enormously. The Vorort enquiry into the Swiss economy and European interdependence points out that the main field of operations of those firms is in the Third World. These operations must be included in our study, because their profits often take the form of “invisible earnings” – like the profits of banks and insurance companies. Such firms do not primarily exist to sell plant and equipment, but rather to make their technological skill available for the construction of a particular installation, or the manufacture of a particular product. Unfortunately, they function in the same kind of insulated circuit as I have described: their expertise comes from outside, from Swiss schools and laboratories; that expertise is brought into the country by Swiss people, and leads to greater profits flowing *out* of the developing country. As instances of the activity of Swiss engineering companies, one may cite the surveys for electrical installations in Taiwan made by Elektro-

Watt and the Société Générale pour l'Industrie (financed by the Asian Development Bank), or the Venezuelan order for a powerful electric generator from Motor-Columbus. Swiss engineering firms are also busy in Anbarli, in Turkey. In most cases, their activity results in large orders being placed with Swiss industry. The Suisselektra plant in South America was planned by the Banque des Chemins de Fer and Motor-Columbus – which meant that all the orders were certain to go to Swiss firms. . . . According to Tibor Mende, consultant-engineering companies, which are today becoming one of the major forms of international monopoly competition, wield a *de facto* control over the structures of investment, and prevent their being adapted to a country's existing production capacities, or so co-ordinated as to organize the local production of equipment. In 1967, this sector was making a profit of just under 500 million francs per year. With an annual increase of 20 per cent (disapproved by UNCTAD) it must now be over a billion.

(Kappeler, *op. cit.*)

(1) There are the international dealers who use Switzerland as the rear-base or logistical centre of their operations. From their discreet offices in the rue de Mont-Blanc in Geneva, or their chalets in Gstaad, they buy, sell, transport and re-sell armaments that never actually touch Swiss soil. What Switzerland contributes is the telex, the duty-free airports, the transport facilities, the numbered bank accounts, and the offices. Since only Swiss manufactures and exports are subject to authorization, so long as the armaments do not themselves pass through Switzerland, any bank or any individual dealer can buy, sell and re-sell all the weaponry of war from Geneva,

Lausanne or Zürich. For example: several deputies were astounded to find that Samuel Cummings, the managing director of Interarmco, Monaco, the largest private armaments dealer in the world,¹⁴ could spend several months of every year living (and "working") in his chalet at Villars-sur-Ollon. The Federal Council were fully aware of what he was doing, but no action was ever taken against Cummings.

2. There is a second category of arms dealers who also present all the elements of respectability. These are the great multinational and multiproduct companies of foreign origin, but with their headquarters in Zürich or Geneva. For example, the world's largest manufacturer of napalm, the Dow Chemical Corporation, has its main office outside America in Zürich. It owns four separate "Swiss" companies, independently financed and managed.¹⁵ All the sales of napalm outside the United States are arranged, invoiced and paid for by the office in Zürich. Honeywell is another example. This company is the world's largest manufacturer of anti-personnel weapons (fragmentation bombs and landmines, etc.). Every day, somewhere in the world, children, men and women die, burnt by napalm or torn to shreds by fragmentation bombs. Two million children died that way between 1968 and 1971 in Vietnam.¹⁶ On two separate occasions the Federal Council was called upon to consider what could be done, and each time it declared that it could "do nothing", either against Dow Chemical in Zürich or against Honeywell in Geneva.¹⁷

(3) The third category consists of the Swiss multinational armaments firms. There are really only two of them. First the empire of the amazing Dieter Bührle, the well-bred son of a most unusual merchant. The father was one of the largest arms suppliers during the Second World War; he was also a cultured humanist, who assembled the largest private collection of French Impressionist paintings in Europe. The empire he bequeathed to his son covers three continents. In Switzerland its most important branches are the original Oerlikon company (in the suburbs of Zürich) and the Hispano company (in Geneva). The Bührle empire specializes in machine-guns, tank guns and turrets. The other homegrown multinational company is Sig-Schaffouse, which manufactures automatic rifles.

These companies are virtually unassailable – for various reasons. In the first place, they manufacture all the weapons used by the Swiss army, at terms entirely dictated by themselves; thus they can claim to be working for "the national good". In the second place, they have enormous financial power – their profits appear to be

truly astronomical.¹⁸ In fact, they benefit from a quite peculiar set of circumstances: Bührle, Contraves and Sig-Schaffouse make very few heavy weapons; they specialize in infantry weapons – automatic rifles, anti-aircraft guns, anti-personnel mines. Swiss firms even have a world monopoly of certain products – for instance, Pilatus aircraft needing twenty-five to thirty metres of runway for take-off. Apart from the war in the Middle East, the only wars, internal repressions and punitive expeditions in which such arms and munitions are used in any quantity are conflicts between (or within) the unstable, continually trouble-torn nations of the Third World. Their leaders seldom have the money to pay for B-52s or aircraft-carriers; however, they buy impressive quantities of the sort of light arms that troops with very little training can handle easily. On 8 October 1967, Ernesto Che Guevara was killed at Higuera in Bolivia by a Swiss automatic rifle. The Bolivian Rangers were equipped with these guns by Sig-Schaffouse in 1966, after the Barrientos/Sig agreement had been ratified by the Federal Council. The same weapon is today in the hands of the *boinas negras*, the Chilean army corps whose special function is executing workers, students and peasants "trying to escape".¹⁹

I have always found the farce of Swiss pseudo-neutrality absolutely astonishing. I never tire of listening to interminable speeches in parliament by our Foreign Minister about "interdependence", and international "solidarity". They have all the poetic unreality of lies told out of ignorance or naivety. Unfortunately, these lies kill people.

1. This institution fulfils the function of a Ministry of Foreign Trade in Switzerland.
2. *Vorort* is the German name, also used by French and Italian speakers, for the Swiss employers' organization.
3. Paul-Rodolphe Jollès, director of the Department of Trade.
4. Philippe de Weck, general manager of the Union Bank of Switzerland.
5. To understand the Confederation's foreign trade policy, see Appendix I to this chapter, taken from Hollenstein.
6. For a detailed analysis of the affair cf. *Le Monde*, 22 March 1975.
7. Cf. Part I, Chapter 2, p. 00.
8. Cf. the interview with Jann in *Der Blick*, Zürich, 6 August 1976.
9. Nobel, *op. cit.*
10. Keel-Nguyen, *op. cit.*
11. Stockbreeding is the preserve of four landowning families and the foreign companies, who control between them most of the land. For instance, the British multinational company Liebig alone possesses almost 15 per cent of the land in Paraguay.
12. The management of ADELA are not without irony. Their man in Paraguay is a certain Mr Fischer, who was previously an expert commissioned by the Swiss government to organize a farming and stockbreeding co-operative at Jenaro-Herrera in Peru.
13. For the social, economic and political effects of private Swiss industries in the dependent countries, see Appendix II to this chapter, taken from Strahm.
14. *Time*, 3 March 1975.
15. Cf. the commercial register of the canton of Zürich.
16. See the report of the United States Senate sub-committee for refugees by Edward Kennedy, Congressional Publications, June 1971.
17. Cf. the government's replies to questions from Jean Ziegler in the National Council, 28 June 1972 and 12 December 1973.
18. The Swiss armaments industry refuses to publish complete accounts of its expenditure or its profits, on grounds of military secrecy. In the United States, on the other hand, arms firms are obliged to make their accounts public, and it is noteworthy that their profits are far higher than those of comparable civilian industries: 17.5 per cent as against an average of 10.6 per cent. Cf. Delay *et al.*, *Documentation pour l'initiative contre l'exportation d'armes*, Geneva, 1972.
19. Arms exports are continually going up. They amounted to 236 million francs in 1974, and 369 million in 1976 (an increase of 133 million). Most of them go to repressive dictatorships: in 1975 the largest customer was Iran, and the second largest Spain. South Africa is also a very good customer. In theory there is a federal law regulating the export and manufacture of war materials. But the law tends to be ineffective: transit markets are found – such as Singapore – from where arms can be re-sold to countries to which it is illegal to sell direct.

Appendix to Chapter 8

(The aggressive and far from neutral nature of Swiss foreign policy becomes especially clear when one analyses the policy of foreign trade and of private investment by finance capital in the Third World. I quote here first an analysis of the former by Hollenstein, then one of the latter by Strahm. J.Z.)

I. The policy of foreign trade

The facts are as follows: ¹

(1) The developing countries derive over 80 per cent of their export earnings from selling raw materials, whose prices – for various reasons – rise more slowly than the prices of manufactured products (thus the whole problem of “terms of trade”). Since increased consumption, especially of agricultural products, is strictly limited, the only way to increase returns is by exporting more; but this can only be done if industrial countries abandon the practice of protecting their own agriculture.

(2) Given that there is a limit to the increased consumption of raw materials, given also their relative fall in value, and the unilateral production left over from colonial days, it is essential for the developing countries to export more manufactured goods. But this can only happen if markets are opened to Third World products in the industrialized countries, and new outlets are created for them.

(3) The trend for terms of trade to go down, together with huge fluctuations in the prices of raw materials, impose heavy losses on the developing countries which it is important to reduce or counterbalance.

Even though the Swiss tariff system is more generous than those of the great European powers and Japan (the USA has as yet made no concession in the matter of preferences: this is called “burden sharing”), it is not easy for imports of manufactured products from the developing countries to rise.

The reasons are as follows:

(1) Industrialization in the developing countries would be easier and faster if it began in a sector of production related to agriculture – food products for example. Unfortunately, it is very unusual for duty to be reduced on foodstuffs, and when it is, it is always in specific cases, generally of merchandise that is not in competition with any Swiss product. Furthermore, for such products better rates have often been granted to the member states of the European Free Trade Association (EFTA, to which Switzerland

still belongs). Thus, most of the developing countries are excluded in advance from the benefits of preferential tariffs.

(2) The Free Trade agreement between Switzerland and the Common Market² reduced the amount of preference given to manufactures exported by the developing countries.³ Owing to the more competitive European free trade, the European market was to become the scene of increased competition, which could only reduce the value of price agreements proposed earlier by the developing countries. Then, further regulations – above all the principle of added value – have led to more division of labour in Europe, even at the expense of supposedly developing countries. It is in fact more profitable to buy “pre-products” from other European states, since only then can the overall manufacture (the added value) be described as “Swiss made” and so be able to be exported duty-free to the European community.⁴ Thus any tendency to put raw materials through the early stages of processing in the developing countries is discouraged. The free trade areas have made considerable changes in trade patterns,⁵ and the Third World countries are suffering the effects. It seems extraordinarily optimistic to expect European integration to achieve so much growth that the ill-effects will be entirely overcome by a huge increase in European demand for goods from the developing countries.⁶

(3) Markets rendered more accessible by a reduction of tariffs are, of course, a necessary condition, but by no means the only one, for an increase of imports from the developing countries: those countries want to be able to explore new possibilities for exporting. “It is up to them”, says the Federal Council.⁷ “They must create an investment climate so attractive that foreign firms *have* to bring in funds.” So marketing and the creation of new outlets are also the developing countries’ own responsibility.

Here is a provisional conclusion:

Because export goods (potentially of enormous importance for the countries of the Third World) are subject to tariff laws, because European free trade has reduced the role of preferential tariffs, and because there has been no consistent attempt to enable the developing countries to derive the maximum benefit from the system, it is probable that their exports will ultimately gain only the most minute advantage from preferential tariffs.

The problem of marketing raw materials – particularly agricultural produce – is in turn bound up with the problem of terms of trade. The first thing to be said is that, given the very slight increase in consumption, the only way imports of raw materials from the

developing countries can be substantially increased is by abandoning agrarian protectionism in the industrial countries, including Switzerland. It can then be seen that a fall in the price of primary agricultural products affects the Swiss farmer as much as it affects all but a privileged minority of the people in the developing countries. Large fluctuations in the price of raw materials make rational economic planning impossible.

If we are to resolve all these problems so as to assist *international* development, order must be established gradually on the basis of the following principles:

(1) There must be a system of international agreements to stabilize the prices of raw materials at a level fixed in accordance with supply and demand.

(2) Agrarian protectionism must gradually be abolished, and at the same time the developing countries must be given a larger share of the market; this should be arranged by an agreement about raw materials (market sharing approach).⁸

These two measures depend on one important condition: that the producers of the raw materials can be assured of a certain return, independent of pricing policies. Therefore:

(3) In the industrial nations, farmers should be guaranteed a return by direct allowances; in the developing countries, producers of raw materials should be paid adequate compensation to make up for what they lose by any deterioration in the terms of trade.

(Hollenstein, *op. cit.*)

II. Foreign private investment and the poor countries⁹

a. Effects on public prosperity

Argument. Private investments are productive – that is to say, they increase both the production of merchandise and the national product. Consequently estimates of profitability by private investors offer the best possible guarantee that resources will be used productively.

Objection. An increase in the production of goods in national economies where the majority of the population are in extreme deprivation is certainly not a negligible factor. Development, after all, implies making available a large quantity of useful products. But the problem is to know which products seem useful, and to whom. Economists have their own terms for describing public prosperity: the gross national product, for instance, says almost everything as far as they are concerned: the commercial value of production and services is added up, and made the yardstick for industrial and

agricultural production. Yet it is obvious that the usual definition of the gross national product bears no relation whatever to the quality of life.¹⁰

Private investments are not a factor for prosperity simply by the fact of "working" profitably for the investors. The private businessman's cost-benefit analysis is by no means identical with any cost-benefit analysis that might be made from the community's point of view. What appears profitable to the entrepreneur in terms of his own private economy may not be so at all in terms of the public economy.

It is only in very recent years that any kind of cost-benefit analysis has been attempted from the point of view of the community.¹¹ Any industrial project may engender costs that are borne not by the industrialist but by the community: the expenses of the infrastructure – traffic, energy, schools, housing – possible tax reductions, effects on the ecological system, and so on.¹² It is not scientifically possible to reckon up all the effects in terms of monetary value: this is a political matter, and in the last analysis any assessment of its demands or the damage it does must be made by whoever holds power.

Swiss firms which, as a general rule, take little account of the social cost of their operations, are reluctant to part with any information. Here is a typical instance of the negligence of capitalism over the harmful effects that can be caused by setting up private industrial installations. A director of Sandoz describes a new project in Pakistan:

In this underdeveloped country, with its aridity and lack of vegetation, one seldom finds so many advantages coexisting in one place: the relative proximity of Karachi with its international harbour and airport . . . , good communications, the proximity of the Indus for water supplies, the bed of a small river nearby into which the water can be drawn off. Industrial water, purified in an ordinary domestic filtration plant, together with the cooling water and other water carrying chemicals, can all then drain away into an expansion chamber from which it will evaporate in the usual way. During the short and violent rainy season the process has to be modified, and the expansion chamber overflows into drains that have been dug to carry the water, so that it is properly dispersed. However it is planned to construct our own system of pipes, and sooner or later a purifying plant for used water with a conduit to carry it to the Indus.¹³

When one recalls that the Indus provides water for the day-to-day needs of a vast population, it becomes obvious that for a large plant not to purify and return the water it uses represents a real loss of amenity for the poorer sectors of the population. This is a good example of the fact that estimates of profitability which do not refer to the social cost are no yardstick for measuring the prosperity of the community as a whole. If the social cost be counted, one would find that a great many "profitable" industrial projects are in fact large loss-makers. In relation to the above-mentioned project in Pakistan, if we suppose that the water taken for industry is worth no more than one centime per litre, and that the factory uses one cubic metre of industrial water per minute, then the social cost, merely in terms of pollution, would amount to 5.2 million francs – perhaps almost as much as the income of the factory.

b. Effect on employment

Argument. Private investment creates job opportunities in the developing countries, therefore has a beneficial effect on development. *Objection.* I do not deny that this is true. Far from it. However, the argument is not convincing by itself as stated. One has to consider not just how many workers are earning their living in a new foreign firm, but, more important, how many workers have *lost* jobs over the years as this particular sector of production became industrialized, and the assembly line replaced the craftsman – and how many more will lose them in future.

In a great many of the developing countries, textiles, foodstuffs and consumer goods were being produced at craft level before there was any investment by foreign industry. It is not uncommon to find that the streamlined, expensive techniques of industrial production have made as many – or more – workers employed in craft production redundant as they are employing in their new factories, to say nothing of inhibiting the development of future craft manufacture, which would have employed far more workers than highly mechanized industry.¹⁴

An example from the dairy industry illustrates this very clearly. In the Mexican state of Chiapas – one and a half times the size of Switzerland, and with 1.6 million inhabitants – Nestlé have set up a plant for processing milk (pasteurization and cheese-making). For a total investment of some 60 million pesos (20 million Swiss francs), work is provided for 89 permanent workers and 92 seasonal ones.¹⁵ Is it worth it? The factory, the only one of its kind in Chiapas state, collects a large proportion of the state's milk pro-

duction. Given this costly production structure plus high local unemployment, one cannot help wondering whether a more modest programme would not have been more liable to help development. A few hundred ordinary cheese-dairies would probably have brought more substantial economic benefits to the people of Chiapas.¹⁶ The Nestlé company's powerful position in the market seems certain to prevent the establishment of small co-operative cheese-making enterprises in the state.

It must be pointed out that the sort of industrial development offered them by the advanced technology of the industrial countries can only be achieved by the developing countries at the cost of heavy sacrifices. Between 1970 and 1980, 226 million people of working age have been looking for jobs in the Third World.¹⁷ According to the statistics for unemployment, 20 to 40 per cent of the active population today are unemployed or underemployed. This means the Third World would need more jobs to be created in ten years than Europe and the US combined could produce.

In Switzerland, it costs on average some 60,000 francs to create an industrial job. Even reckoning on a lower initial cost for the developing countries, say 10,000 francs,¹⁸ if we multiply that by 200 million, we arrive at the astronomical sum of 2,000 billion francs – to continue along the path of industrial development, that is to say. In ten years that is unthinkable. Since it is to be expected that, in a case of large-scale industrialization, a proportion of the farming population (who are today still 60-80 per cent of the active population) will leave the primary sector, one must reckon on still more jobs being needed.

c. Private profits

Argument. The idea that profit-making is the most characteristic effect of private investment in the developing countries is almost a commonplace, yet it is open to question.

Objection. There is no point in arguing about the profit figures, since the multinational trusts have so many different ways of manipulating the figures they provide. Here are some of them:

(i) Estimating the capital value of the investment, upon which the profit margin must be based, is an arbitrary matter. The investor himself determines the value of the funds he has brought into the developing country.¹⁹

(ii) Internal movements of money within a multinational trust that relate to internal transfers of merchandise can be concealed by falsifying prices. Profits may be minimized on the books

by underestimating the output and overestimating the input. By underestimating the price of the merchandise sent from the subsidiary in the developing country to the parent company in Switzerland, restrictions on profit-transfers can be evaded and tax liability shifted from one country to the other.²⁰

(iii) High royalties and consultation fees for technological know-how can be used to cover up transfers of profits. It is not unusual for the major contribution of the investing company to consist in providing specialist skills (patents, plans, industrial procedures) while the bulk of the money to finance the venture comes from the developing country.²¹ Since the price set on technological exchange is quite arbitrary, shares in profits can be taken out of the country by that means even though they may have been earned with local capital.

(iv) Profits can be masked by high rates of amortization. (In certain countries, "amortization" can also cover restocking of raw materials.)

(v) Tax concessions and investment privileges are also forms of profit. With a new type of dual taxation agreement with the developing countries, Switzerland enables Swiss investors to make substantial tax savings.²²

Such ingenuity in scheming and fraud makes it clear that one must maintain a cautious reserve when studying the profit figures put out by the companies themselves. In the case of Swiss subsidiaries in developing countries, it must be admitted that manipulation more often takes place at the bottom than at the top, since Switzerland is a country with relatively low taxes and it is therefore well worth arranging to pay tax at the Swiss end. In some US companies the opposite is the case: they try to earn as much as possible in some developing countries and declare their gross profits there (particularly in the oil industry) because the tax rates in the USA are higher.

Swiss firms tend to give very little information about the profits they make from their investments in the developing countries. Up to a point we know the average profits of such investments earned by firms in the United States (in 1967, 13 per cent), in England (in 1966, 10 per cent excluding oil) and in the German Federal Republic (6.3 per cent excluding mining and chemicals). The levels of re-investment amounted to 18 per cent for US subsidiaries, 34 per cent for English, and 70 per cent for German.²³ The lower profit rates of German investors are due to the low maturity level of their investments.²⁴ From the point of view of the developing countries, the result of the western companies thus removing their profits is a

considerable loss of capital which seriously upsets their balance of payments. In Latin America especially, where investment has been going on for a long time, this transferring of profits has a very damaging effect on the economy.²⁵

As for private Swiss investment in the Third World, it causes a notable degree of decapitalization. It is certainly not an overestimate to say that, in 1971, repatriated profits from direct Swiss investment amounted to a total of 185 million Swiss francs. During that year, officially declared new investment was 270 million Swiss francs: this figure includes profits ploughed back, even though they do not in fact represent any transfer of capital into the developing countries.²⁶ Of the 270 million francs invested, my estimate is that 127 million were profits reinvested; thus only about 143 million were new investments – i.e. money that actually went from Switzerland to the Third World.

In Latin America, however, the sums repatriated are higher than the new investments. In 1971 profits of about 119 million Swiss francs were transferred from Swiss investments in Latin America. Only 102 million francs were invested that year, more than half of which were residual profits made inside Latin America.²⁷

(Strahm, *op. cit.*)

1. L.B.Pearson *et al.*, "The Pearson Report", UN document, 1969.
2. Part of the agreement between the Swiss Confederation and the European Community. For the text of the agreement and additional material, cf. *Message du Conseil fédéral à l'assemblée fédérale*, 16 August 1972, Berne.
3. The removal of tariffs within the EEC was scheduled to take place in five stages, each of 20 per cent, from 1973 to 1977.
4. "Service d'information Tiers Monde", Bulletin no. 13, 21 November 1972, Berne.
5. See for instance "Enquête du secrétariat AELE", *NZZ* no. 291, 25 June 1972.
6. See UNCTAD, TD/B/C 5/8, *Effects of the Enlargement of the European Economic Community on the Generalized System of Preferences*, 1973.
7. Reply of the Federal Council to a question from National Councillor Müller-Marzohl on encouraging imports, 6 October 1972.
8. See UNCTAD, TD/99, *The International Development Strategy in Action/The Role of UNCTAD*, report by the secretary general of UNCTAD, February 1972.
9. R.H.Strahm, "Critères de jugement de l'effet de développement des investissements privés dans les pays en voie de développement", *Les Investissements privés suisses*, Geneva (Institut universitaire des hautes études internationales), pp.60-97.
10. We are at last coming to understand that the Gross Domestic Product is not necessarily an indicator of prosperity. For instance, if I have a car accident, I increase the GDP by the cost of repairing my car and the amount I pay the hospital. If I put a franc in a parking metre, I increase the GDP by one franc. A woman working in a factory increases the GDP, whereas a woman staying at home to bring up her children is not productive at all, economically speaking.
11. In the economic literature of the world, there are only two comprehensive works on this subject: I.M.D.Little and I.A.Mirrless, *Manual of Industrial Project Evaluation in Developing Countries, Social-Cost-Benefit-Analysis*, vol. II, OECD, Paris, 1968; and P.D. and A.Sen and S.Marglin, *Guidelines for Project Evaluation*, UNIDO, New York, 1972.
12. Little and Mirrless, *op. cit.*, pp.209ff. In the social "Cost-Benefit" analysis, these expenses are put together with what are called "shadow prices". There is no room in this appendix to deal with this process in detail.
13. Max Aebi, "Une fabrique naît à Jamshoro/Kotri (Pakistan)", *Bulletin Sandoz*, no. 24, pp.3ff.
14. H.Bachmann, "Sens et contresens des investissements privés en Amérique latine", *Economie extérieure*, vol. III, 1969, p.235. It is crucial in such a case to consider all the alternative possibilities, and above all to answer the question, "What would have happened if this particular industrial project had never been carried out?"
15. *L'Activité de Nestlé dans les pays en voie de développement*, Vevey, 1973.
16. The brochure gives no details of the amount of milk processed or the production programme.
17. *ILO News*, ILO, no. 1, 1970, p.7.
18. In the case of the above-mentioned Nestlé factory in Mexico, the capital invested amounted to 11,000 francs per job (Nestlé, *op. cit.*, p.27).
19. Gunnar Myrdal, *Manifeste politique*; also *UN Panel on Foreign Investment in Developing Countries*, Amsterdam, 1969, UN/E.69 II. D.12, New York, 1969, p.22.

20. Paul Streeten, "Improving the Climate", *Ceres*, no. 2, Rome, 1969 (PAO), p.56; H.D.Boris, "De l'économie politique des rapports entre sociétés industrielles occidentales", *Argument*, no. 38, Berlin, 1966, p.190; Helmut Arndt, in *Die Zeit*, no. 10, 12 March 1963, p.35; Hans Bachmann, *op. cit.*, pp.236ff.
21. André Guner Frank, *Capitalism and Underdevelopment in Latin America* (Monthly Review Press), 1967.
22. The new double taxation agreement between Switzerland and Trinidad and Tobago could be very harmful to other agreements with other developing countries. By the introduction of a "matching credit", Swiss investors no longer have to make up the difference in Switzerland between the Swiss rate of tax and the lower rate in the developing country. "Message sur un accord de double imposition entre la Suisse et Trinidad/Tobago", *Bundesblatt*, 18 April 1973, no. 20, p.1,228.
23. G.Gorsche, R.Lehmann-Richter, *Les Bénéfices des investissements directs allemands dans les pays en voie de développement* (Bertelsmann), 1970, pp.3, 56, 80.
24. F.Hemmerich, "Le rôle des trusts occidentaux dans le processus économique des pays en voie de développement", *Feuille de politique allemande et internationale*, no. 5, 1971, p.16.
25. Rudolf H. Strahm, *Pays industriels - Pays en voie de développement*, Fribourg and Nüremberg, 1972, pp.94-7.
26. OECD, *Development Assistance*, Paris, 1969, p.255.
27. These figures are not claimed to be exact, but only to reflect the sort of scale on which money flows out of the developing countries.

IV

First Know Your Enemy

First Know Your Enemy

*At whose table should the Just refuse to sit
 If it is to help justice?
 What remedy would seem too bitter
 For the dying man to swallow?
 What infamy would you refuse to commit
 To exterminate all infamy?
 What would you not agree to,
 If it meant you could transform the world?
 Who are you?
 Wallow in your own filth,
 Embrace the hangman, but
 Change the world: it needs it!*

Bertolt Brecht

"Change the world, it needs it"

*We are the pure silver of the earth,
 Real human ore.
 We are the everlasting sea incarnate –
 The fortress of hope.
 We are not blinded by a moment's darkness,
 And when we die there will be no pain.*

Pablo Neruda

"El Episodio", Memorial de la Isla Negra

All of us, in varying degrees, are today under attack from the same enemy: the malnutrition, the sickness, the poverty, the hatred and the shame imposed on the many by the few. Imperialism is a cancer. This book is no exhaustive treatise on the subject, but a modest clinical analysis of one specific tumour – auxiliary or "secondary" imperialism. It presents the theoretical and practical knowledge I have acquired during eight years of parliamentary experience, and of activity and discussion among Swiss people. But metastasis will soon occur. The ravages of imperialism are spreading across the globe at a terrifying rate. The only cure is concerted action by men and women determined to put a stop to the monocratic rule of finance capital and of the market place, to get rid of the poverty and the lies, and transform their mutilated lives into a meaningful collective destiny.

In this short conclusion I am not prescribing any political programme: programmes and theories can only grow out of the collective struggle. All I want is to suggest a few lines of thought.

First. The imperialist violence wrought by capitalist society distorts the lives of dependent human beings – into a denatured existence (in

the West) or a harsh, unmitigated Calvary (in the Third World). People who are reified and submerged, worn down by fideism and commercial propaganda, are incapable of even recognizing the mechanics of imperialism, let alone of re-structuring their view of the world to take account of it. In the West, therefore, the present phase of the class struggle must be waged with particular force on the theoretical level.

The first, rather obvious-sounding, task of those of the revolutionary left – those, that is, who want to change things – is to preserve a sense of horror. To maintain this sense of horror in one's innermost being, and make it the basis of one's everyday perception of the world, seems to me an indispensable condition for any genuine struggle against imperialism. Our discovery of the crime quietly being perpetrated against so many people must become part of our conscious awareness, and something we formulate in words. What we say must have a single, overriding aim: to show that what is, is false. We must unmask the oligarchies, and use reasoned analysis to disclose the worldwide system of cause and effect upon which their activities are based. The first priority today is to knock down the interpretations they themselves try to make us accept.

Second. How can we destroy intellectually the system of symbols that screens the activities of the primary, secondary and peripheral oligarchies without first physically destroying the repressive systems which ultimately give those symbols their force?

The fundamental problem posed in this book is the problem of the anti-imperialist struggle. How does it relate to the class struggle? Or, more accurately, what is the *international function* of the class struggle today?¹ Let me explain: every class struggle is an anti-imperialist struggle, but not every anti-imperialist struggle is a class struggle. It is a phase of the class struggle, but is not the same thing. For example: the anti-imperialist struggle in Europe today demands unconditional support for OPEC and a rejection of the anti-OPEC policies of the International Energy Agency – even though, from the viewpoint of the class struggle, many of the OPEC leaders are actually class enemies. From the viewpoint of the anti-imperialist struggle, it would be nonsense to denounce Arab emirs for taking control of their national wealth, obliging the multinational oil companies to pay a fair price and freeing their countries from centuries of dependence;² on the other hand, it is right and necessary to denounce them as reactionary and anti-popular rulers of their respective states.

To take another example: the “industrial peace” agreed in 1937 in Switzerland represented a betrayal on the part of the working class, and even today they are still not engaged in the struggle as a class. But to reject “industrial peace” does not mean rejecting the alliance of the trade unions with the national bourgeoisie in their struggle against the growing control exercised by the multinational companies over the nation's production system; that could be a successful battle in the war against imperialism, and thus in the class struggle.

A final example: in the class struggle in Europe, it is the fighter's duty to unmask the ideological function of religion in the service of the secondary imperialist oligarchy; but one has an equal duty to support the World Council of Churches in the struggle against apartheid in South Africa.

It seems to me vital to distinguish between the class struggle and the fight against imperialism if we are to ensure that none of our fighters take up positions that are irrelevant or ineffective. No individual can delegate to anyone else the struggle he himself can and must fight wherever he finds himself.

I remember an April night in Geneva in 1964. I had been in Cuba in 1958 and 1959, and I wanted to go back and settle there. My friends in the Cuban delegation to the first Trade Conference had agreed to meet me at the Intercontinental Hotel. We argued till dawn. Among them was Che Guevara, who said to me with that disconcerting friendly irony of his: “But you're right here, in the brain of the monster! What more do you want? This is where you must fight . . .”³ and he gestured sweepingly over Geneva, just waking up below us, disfigured by its multitude of banks. I was rather hurt by getting such a definite “no” to my proposal to emigrate. But Che was clearly right. Anyone who thinks he can just emigrate, who imagines himself in the role of a Singalese guerrilla, a Palestinian Arab, or a member of the resistance in Chile, is simply surrendering the ground he is standing on to those who now dominate it.⁴

The primary political task of the anti-imperialist struggle involves a wider front than the class struggle as such. Or, to put it another way, the anti-imperialist struggle as a phase of the class struggle demands, in Europe and elsewhere, temporary alliances with the class enemy – though only in so far as such alliances relate to and further the anti-imperialist struggle.⁵

Third. The world can never be reconciled to all the horror and suffering of its past. But this world bears within itself the seeds,

the yearnings, the dream that could come true, of a juster, egalitarian society. History carries within it an eschatology. Every human being has a clear awareness of his or her life as something not yet complete. What we can achieve, as a result of the reality we have experienced and the capacities that reality has developed in us, is but the merest fraction of the actions, the feelings, the perceptions of which we are capable in theory.⁶ The percentage of unreality – that is to say of what is unrealizable at mankind's present stage of development – in all of us is enormous. It exists in everyone in the shape of a Utopia.

The class struggle and the anti-imperialist struggle ultimately proceed from the same parameters, which are visible in the eschatology of our future development. A worldwide society of solidarity and interdependence, in which active mutual help replaces the profit motive, and an endeavour to find happiness for everyone replaces the present deplorable reason of state (or of class), is today noteworthy by its absence: it exists only in the realm of desire. But that absence is something we are positively aware of, and desire is a force of History.

It would take a far longer book than this for me to recall the function of hope and Utopian ideas in the revolutionary process. What I want to say is best summed up in a Venezuelan peasant song:⁷

*Se puede matar el hombre
Pero no matarán la forma
En que se alegraba su alma
Cuando soñaba ser libre.**

* Man may be killed, but they will never kill the happiness he feels when he dreams of being free.

1. At this point it is helpful to go back to Marx. He wrote a violent critique of the programme of the German workers' party, known as the Gotha programme. In that programme, the attack on imperialism was treated at a purely subjective level: the class struggle was supposed to give German revolutionaries a consciousness of "the international brotherhood of peoples". But it is not just a psychological conversion that is needed, not just good intentions. There is an instrumental material link between the class struggle and the struggle against imperialism. In this sense, I will never put the same interpretation on the historical function of the anti-imperialist struggle as do my bourgeois colleagues.

2. This is true even though the actions of OPEC are having a disastrous effect on Third World countries that are not oil producers; they support OPEC in spite of that fact.

3. I have described this interview in a symposium entitled, *Guevara, ein Revolutionär*, Frankfurt am Main (Fischer), 1969, p.68ff.

4. One cannot, however, deduce from this that the coming to power of a Left coalition in France or Switzerland would suddenly change the conditions of exploitation and domination in which the Third World lives vis-à-vis the countries of the centre (though of course it must mark an important stage in the class struggle at home). For instance, it would mean dismantling an enormous armaments industry geared to export, causing such a loss of jobs as would be quite impossible to sustain, or to make up in the immediate future. On the other hand, if every European eats 50 kilos of meat per year, whereas those in the Third World have under 5 kilos, and the amount a person strictly needs is 20 kilos per year, then a worldwide equalization of food purchasing power would demand a great reduction in the standard of living of everyone in the West. Such a worldwide redistribution would be a necessary pre-condition for the setting up of any world political system – and is clearly not being considered by any of the present-day parties of the Left in Europe.

We may note finally that the same thing works the other way on the periphery. Several Third World countries – China, Cuba, Algeria, for instance – have achieved impressive changes in terms of internal revolution and the construction of an equitable society within their borders. But for obvious reasons none of these can have a purely anti-imperialist military and commercial foreign policy. To survive, they all make certain concessions to the world imperialist system: they can only fight their enemies one at a time.

5. The problem of humanitarian aid, technological co-operation, the Red Cross, and so on, is different in kind: it does not fall within the terms of the anti-imperialist struggle, nor has it any bearing on alliances. Anti-imperialists are divided about it: there is no doubt that most humanitarian institutions serve as alibis for the oligarchy, helping to disguise the evil they have already done. But I do not believe one should rigidly refuse to collaborate with them. I should say that what we are dealing with is human life, and that if humanitarian aid from a capitalist state or a charitable organization financed by private gifts (some of them from the oligarchy) makes it possible to save the life of a single child, it should be supported. If the International Committee of Red Cross can get a single victim out of the camps of Santiago, the gaols of Paraguay or Czechoslovakia, then it deserves our support, even though its members include directors of multinational companies (Ciba-Geigy, Nestlé, the Fédération horlogère). No idea should prevail against a life; or, more precisely, the survival of a child

or the saving of a prisoner are not in the realm of ideas.

6. When I say "in theory", I use the word in its etymological sense: a mental vision, a total vision, the vision of the unifying principle of God; cf. E. Bloch, *Prinzip Hoffnung*, vol. II, 1959.

7. From *Vas camminando sin huellas* . . . , Vienna (Plaène), 1974.

Postscript

This book was published on 2 April 1976. I write this epilogue a year and a half later.

Over 160,000 copies have been sold, and fifteen foreign editions are either published or in preparation. Hundreds of letters and dozen of discussions have introduced me to an unsuspected world of human brotherhood, and disclosed the existence of that invisible party of the revolution that is the leaven of our time and the hope of the world.

In Switzerland, where a supposedly "factual" national press¹ stirred up the most painful anxieties in my compatriots, my life has changed: threats to my family and myself have obliged me to seek police protection from time to time, and to be on my guard at all times.

Why has this book had such an effect? Perhaps because its publication coincided in France and in Spain with the advance towards political power of coalitions of progressive forces offering programmes for a new society. That embodiment of human hope in a powerful and visible social movement further coincided with a patent crisis in the ideology, the political hierarchy and the method of government of monopolistic capitalism. Suddenly new ideas – or old ideas rescued from long oblivion – were being entertained and debated by the collective consciousness: people were suddenly noticing the symbolic violence of finance capital, the ravages it causes in the societies of the Third World, the system of international economic sabotage effected by the deliberate withdrawal of capital from industries and its removal from the country (as in Chile in 1972).

As though to confirm some of the points my book makes, the past year has provided a wealth of examples: I will content myself with citing the case of the Crédit Suisse scandal.² What happened was this: the Chiasso³ branch of the Crédit Suisse was told to get all its capital out of Italy (it was feared that the Communists were about to come to power); the money was transported – secretly and illegally – to Chiasso, whence it was transferred to Liechtenstein to fictitious companies which "laundered" the money and then invested it perfectly legally in various enterprises in Italy (a luxury tourist centre on the Adriatic, for instance). This operation involved sums amounting to the equivalent of 2.2 billion Swiss francs owned by some 1,000 Italian investors. The clients lost about 1.4 billion in

the process, but the Crédit Suisse is an "honest" dealer, and declared its intention of repaying its customers.⁴

To confound the investigations of European tax authorities, Swiss banks have to convert illegal funds into a succession of different currencies – whose exchange rate cannot always be known in advance. The bankers in the Paradeplatz in Zürich are among the best in the world. Their failure presents capitalists the world over with a totally new problem: a choice between losing their capital, sending it to Switzerland despite the risks, or collaborating with the future left-wing governments of their countries. The mere fact that this problem must henceforth be reckoned with constitutes – especially in France and Italy – an unparalleled opportunity for a peaceful, democratic transition towards a socialist economy of self-management.

Knowledge, to be effective, must be initiatory knowledge, a knowledge born out of collective action. Capitalist market society, the graves it fills day by day in the dependent countries, the symbolic violence whereby it maintains its power at the centre – none of these will be destroyed by words. But a book *can* help those who are dominated to become aware of their own strength, and to see that "what is, is false". Colombian children do not come to die in the Bahnhofstrasse in Zürich or the rue de la Corraterie in Geneva. The worthy bankers, brokers, speculators and money-men of all kinds who arrive at their air-conditioned offices every morning, the fortresses of their multinational finance domination, do not stumble over the shattered, skeletal bodies of Brazilian beggars on the pavement.

As I write – freely – tens of thousands of men, women and children are being killed, starved or tortured to death in countries in Latin America, Africa and Asia where the multinational companies and their puppets reign supreme (Pinochet, Videla, Marcos, Mobutu). The first credit for aid to go to the hangmen of Buenos Aires came from Switzerland: 300 million dollars, in December 1976. In April 1977, the Bührle-Oerlikon group set up in Brazil the biggest armaments works in the whole of Latin America.

Swiss bankers kill without machine-guns or napalm or troops. No man is an island. Every human being, and therefore every nation, subsists only with the help of others, in reciprocity and mutual fulfilment. There can be no real happiness for any of us until every human being – whether in Argentina or Cambodia, in Chile, Indonesia or Brazil – is free. By demonstrating the ways in which death is caused, by denouncing the mechanisms which condemn thousands

of people far away from us to subhuman lives – via our telex and our stock-exchange and their local dictatorships – I want also to contribute to the liberation of the Swiss people.

We all have the sense that an epoch in human history is coming to an end. The bourgeois ideology, the ideology of the sham consensus, of a hierarchy of power, of statutory inequality among individuals and nations, the crazy ideology of collaboration between share capital and the labour of exploited human beings, is nearly over and done with. It no longer convinces anyone. For so long, we – socialists, revolutionaries – have been night-watchmen, the ancestors, if you like, of the future. Now we can say – with the libertarians of the Jura in the time of the First International – "the truce and the lying are over. Peace to mankind – but war to the capitalist system!"

Jean Ziegler
November 1977

1. When this book appeared, the Swiss press – i.e. the major Swiss papers such as the *Neue Zürcher Zeitung*, *Tribune de Genève*, *Journal de Genève* – took upon itself a twofold mission: to evade all public debate on the points raised in it, and to “pathologize” its author. Then, later on (spring 1977), the oligarchy changed their tactics. They got two books published to refute me: *Une Suisse insoupçonnée* (Buchen-Chastel) was written by Victor Lasserre, editor of *L'Ordre professionnel*, the official organ of the employers' associations in Geneva; and *Des professeurs répondent à Jean Ziegler*, published by the public relations department of the Vorort, and written by Professors Gruner, Schaller and Kleinewerfers.
2. *Le Monde* carried a front-page headline: “The Crédit Suisse scandal is the worst in Swiss History” (April 1977). I do not agree: the Crédit Suisse scandal is merely one instance of the usual banditry of the banks. The only unusual thing is that the law caught up with it.
3. A frontier town in Ticino – a canton with 267,000 inhabitants and 1,437 banks and finance companies.
4. The profits of the Crédit Suisse rose by 16 per cent in 1975, totalling over 40 billion Swiss francs.

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