Working Paper

Switzerland and the European Union

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Jürg Martin Gabriel

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Introduction

The title of my presentation is “Switzerland and the European Union,” suggesting a link between the two. There is such a link, but it is a problematic one, and it would be more appropriate to speak of Switzerland “outside” the European Union, or even of a Switzerland “opposing” it. It is well known that the Swiss have a problem with the Union. Today, when the list of EU candidates includes such countries as Estonia and Cyprus, Switzerland is not even on the candidate list. Of course, the country has also a problem with the UN and with NATO, because from these organizations we are absent as well.

Optimists might point out that Switzerland is moving closer to joining these institutions: EU membership is the “strategic goal” of our government; UN membership will be put to a public vote in about three years, and we are participating in NATO’s Partnership for Peace. But there is also a pessimistic point of view if we observe that in 1986, two thirds of the Swiss voted against UN membership, that in 1992 they turned down participation in the European Economic Area (EEA), and that in 1994 they rejected a bill to create a contingent of peacekeeping forces. The Swiss public’s voting record on international issues is anything but encouraging.

I tend to be an optimist and personally believe that Switzerland will in due course join all of these organizations, but it will take time. And most of all, the situation needs explaining. It is difficult to comprehend how a country with a highly educated, multicultural population and an extremely interdependent economy should have such difficulty adjusting to changes in the political environment; it seems completely inexplicable. But academics tend to have an explanation for almost any kind of puzzle, and in the third part of this presentation I will try to produce such an explanation. I will begin, however, with a short survey of where we stand today with respect to the European Union, and in Part Two I will show how we got where we are today.
Part 1 - The Present

Let me begin with a few words on economics. As I mentioned, the Swiss economy is highly interdependent, or globalized, as we say today. One half of the Swiss gross domestic product (GDP) is earned abroad; as direct investors in foreign countries, Swiss companies come in 5th place worldwide after the US, UK, Japan, and Germany. But the Swiss economy is also oriented toward Europe: The Union is by far the most important economic partner of Switzerland; more than 60 percent of Swiss exports go to the Union, nearly 80 percent of Switzerland’s imports come from the Union; and the Swiss, with all their money, travel intensively and spend their vacations overwhelmingly in France, Italy, and Spain.

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<td>1998</td>
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<td>1999</td>
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<td>Imports 1997</td>
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<td>1998</td>
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<td>1999</td>
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Switzerland’s *formal* ties with the EU are minimal, however. So far there is merely a Free Trade Treaty signed in 1972, a modest framework that was negotiated at a time when EFTA began to fall apart because the British had decided to join the Union.\(^1\) It is a purely bilateral accord, and if all goes well, it will be replaced by another bilateral agreement recently negotiated with the Union. It is a package of seven individual treaties approved by the Swiss parliament in 1998 and sanctioned by the people in the spring of this year 2000 (67% Yes, 33% No).\(^2\) A second such package is likely to follow in a few years.

The seven treaties comprising the package deal with overland transport, civil aviation, free movement of persons, research programs, public procurement, technical barriers to trade, and agricultural products. The accord is in the economic interests of both parties, and in budgetary terms it is cheap. It costs the Swiss federal government all of 400 Million sFr. a year (about $224 million), and some of it, like research money, even flows back into the country.

Politically, however, the result is meager. Since the treaty is purely bilateral, it excludes any possibility for participation in the Union’s institutional decision-making framework. The lack of any supranationality assuages Swiss fears about losing sovereignty, but it also means that increasingly, it is others who decide on the larger issues of Swiss economic development. For many years now already, the Swiss parliament has simply copied Union legislation while pretending to be sovereign.

This sensitivity about sovereignty and supranationality is reflected by the *official position* on the new treaty. The government emphasizes regularly that

> ... the bilateral agreements do not imply any integration of Switzerland in the institutions of the EU. They are separate accords based on specific interests concluded in the normal bilateral way and do not in any way mean that Switzerland will be “joining the club”.... They are neither a step towards membership, nor indeed away from it.\(^3\)

The official position is in conflict with the promise given in 1992, when, in connection with the EEA negotiations, the government announced that membership was a “strategic goal.” It

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\(^3\) Bilateral, sector-by-sector agreements between Switzerland and the EU, Summary presentation with transparencies, August 2000, Swiss Integration Office DFA/EDA, p. 2.
all came to naught when the people voted against the EEA treaty, but the promise was reiterated in a 1993 Foreign Policy Report. That document, however, was not properly discussed by Parliament, and it certainly did not enter into public consciousness. Since 1992, therefore, the government’s position has been ambivalent. One could maintain, of course, that the government is ahead of the people and that it is fulfilling its leadership role, but critics feel that the ambiguity hurts the government’s credibility and creates confusion in the public dialogue.

Which takes us to the *domestic political situation*. On the European question the country is highly divided. In a pluralistic and heterogeneous place like Switzerland, that is not surprising, and division shows up regularly on many issues. Direct democracy cuts both ways: Public votes can united and divide, and consensus is as normal as division. It is the price to be paid for direct democracy.

On Europe there is a division between French and German Swiss, urban and rural areas, young and old, educated and less educated voters. Generally speaking an urban, young, and educated French Swiss person tends to be very much pro EU; a rural, older, and less educated German Swiss is more likely to oppose it. The four major political parties are aware of these divisions and try to use them to their advantage. The Social Democrats are decidedly pro-Europe and appeal to the first group; the People’s Party is staunchly anti-Europe and caters to the second group. The two remaining parties of importance, the Christian Democrats and the Liberals, are lukewarm on Europe and stand somewhere in the middle.

The People’s Party has profited most from the division of opinion. As a traditionally conservative party with strong roots among Protestant and German-speaking farmers, it is now conquering new voter segments by aggressively appealing to anti-Union and nationalist sentiments. The anti-foreign message is spread powerfully by its president, a wealthy industrialist named Christoph Blocher. Ironically Blocher’s billion-dollar fortune has been acquired only recently, largely through doing business abroad! This does not seem to bother his followers.

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The political situation is thus *polarized* between the Social Democrats on the one side and the People’s Party on the other. As is typical of Swiss politics, both sides sit in the federal government by forming a large coalition with the other two, the Christian Democrats and the Liberals. The four rule jointly and in what we call a spirit of “concordance.” To an outsider this seems confusing, and it often is. Public votes complicate matters further. It is not uncommon for the “governing four” to take different stands on a public vote, and it happens with respect to EU membership. This situation can result in total stagnation.

A good example is the parliamentary debate that was raging a few months ago on a popular initiative demanding immediate negotiations on Union membership. The House Foreign Relations Committee favored the initiative, but the parallel Committee in the Senate opposed it. The decisions are mere recommendations with no binding force, but they had the effect of confusing the situation and of paralyzing the political process. No one knows exactly where the government and the four parties stand. The result is awkward and typical of a process that has gone on for decades. Let us take a brief look at the development of the situation over the last fifty years.

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5 In June 1997, for instance, there was a public vote on an anti-EU initiative launched by two marginal parties (not sitting in the government) that would have severely restricted the government’s freedom of action. The People’s Party, although part of that government, was in favor of the initiative. Fortunately, it was rejected with 74% No votes.

6 For a semi-official presentation of Swiss integration policy, see Klaus Jacobi, “Schweizerische Europapolitik,” in Riklin/Haug/Probst, op. cit., pp. 409-568.
Part 2 - The Past

European integration began in the middle of the Korean War, in 1952. It was then that the first supranational organization was created, the European Coal and Steel Community, which in 1958 became the European Economic Community. While the Europeans reacted to Cold War tensions by pulling together, the Swiss reacted – as they traditionally have – by pulling back. As Europe chose the multilateral route, Switzerland elected to act more unilaterally than ever.

This showed in its policy of neutrality. On paper at least, Swiss neutrality became stricter (or “purer”) than at any time in the past. This fact is reflected in a 1954 policy document from the Swiss Foreign Ministry and written by its legal counsel, Professor Rudolf Bindschedler. The “Bindschedler Doctrine,” as it was also called, contained three major points: (1) It distinguished between multilateral organizations of a “political” and a “non-political” nature and declared the former to be incompatible with neutrality; (2) It explicitly excluded accession to “customs and economic unions,” and (3) It did not allow participation in economic sanctions.7

All three points indicated a tightening of neutrality, which was particularly true with regard to economic sanctions, where the Swiss had been relatively flexible in the past. As a member of the League, Switzerland had been willing to participate in economic sanctions and to practice what was called “differential neutrality.” At that time, economic sanctions were considered compatible with neutrality, but in 1954 that changed. Compatibility and incompatibility with neutrality have since become key concepts in Swiss foreign policy. The fight over European integration is largely a debate over the meaning of compatibility.

Much has been written about neutrality and compatibility.8 Let me simply state that Bindschedler’s “super-neutrality,” as some have called it, was never practiced as it was formulated.9 It had in fact been violated before it was put on paper. During the Korean War, the United States successfully pressured Switzerland to participate secretly and informally in

NATO’s Cocom sanctions against the Eastern Bloc, which, in the summer of 1951, led to the secret Hotz-Linder Agreement.\textsuperscript{10} For many decades thereafter, the Swiss participated in economic sanctions while at the same time claiming to be more strictly neutral than ever.\textsuperscript{11}

It was a clear expression of ambivalence: On the one hand, the country pulled back into its neutral and isolationist shell; on the other hand, it bent to the reality of economic interest and went the opposite way. At the political level, there was an attempt to be independent and to act unilaterally; at the economic level, there was a need to opt for interdependence and for multilateralism. This contradiction has characterized Swiss foreign policy for the last half century and continues to do so today.

The contradiction is particularly evident with respect to European integration. During the negotiations of the Rome Treaty that set up the EEC in 1957-1958, the Swiss teamed up with the British in trying to water down supranationality by embedding the Community within a larger free trade area. The proposal was poorly received and ultimately failed, but the two countries tried a second time when the European Free Trade Association (EFTA) was set up in 1959-1960. Once more their effort was in vain.

Shortly thereafter, the British began to rethink their position toward the EEC and decided to join. The Swiss were now left alone and had to make two bilateral attempts of their own. The first occurred in 1961-1963, when the British tried to join the EEC a first time. De Gaulle spoke his famous “non,” and as a consequence the Swiss effort also failed. When de Gaulle left power in 1969, the British tried again, and this time they succeeded. During this period, from 1970 to 1972, the Swiss launched their fourth attempt and managed to obtain the bilateral Free Trade Agreement mentioned earlier.\textsuperscript{12}

For two decades the government hailed the agreement as an ideal solution that preserved sovereignty while maximizing economic benefit. The period of serenity ended, however, when Jacques Delors launched the idea of a Single Market in early 1990 and, parallel to it, proposed the EEA. The Swiss could not ignore the multilateral challenge and, together with


\textsuperscript{12} Paul R. Jolles, \textit{Von der Handelspolitik zu Aussenwirtschaftspolitik}, Verlag Stämpfli & Cie AG, Bern, 1983.
the remaining EFTA members, entered into a negotiating process that proved to be extremely arduous. The EEA was created, but the Swiss did not participate.\textsuperscript{13}

Since multilateralism had failed, the government thought it wise to return to bilateralism. The European Union was anything but pleased but decided to give it a try. It took five long years to negotiate the seven treaties that are now in their final phase of approval, and the negotiation of a second package will most likely take equally as long. It would be effort number eight, and it is bound to be followed by effort number nine.

The zig-zagging will sooner or later have to end, and the Swiss academic community is already discussing the issues and consequences of EU membership.\textsuperscript{14} When it will come about is uncertain, but knowing the Swiss, they will go the Norwegian way and reject accession once or twice before entering. Possibly the introduction of the Euro in 2002 will speed things up, because money is a powerful factor in the shaping of the Swiss mentality.

\textsuperscript{13} The vote was relatively tight: 50.3\% No vs. 49.7\% Yes; see Analyse der eidgenössischen Abstimmung vom 6. Dezember 1992 (VOX-Analyse), Forschungsinstitut der Schweizerischen Gesellschaft für Sozialforschung, Bern, 1993.

\textsuperscript{14} For an assessment of possible consequences of full membership, see Thomas Cottier and Alwin R. Kopse (eds.), Der Beitritt der Schweiz zur Europäischen Union, Brennpunkte und Auswirkungen, Schulthess Polygraphischer Verlag, Zürich, 1998.
Part 3 - Explanation

Let me try to explain why Switzerland is so reluctant to join the Union and why the policy pursued is so inconsistent. The answer is relatively simple and revolves around the concept of the Sonderfall. By this we mean the political uniqueness of the country. The Swiss have developed a political culture that is fairly different from the rest of Europe. On this fact few would disagree; there is disagreement, however, over the meaning of uniqueness for Union membership: It can be interpreted as a reason for joining or for staying out.

Swiss political uniqueness has an introverted and an extroverted side. On the one hand, the country’s political culture tends toward exclusivism and promotes isolation, while on the other hand it tends toward cosmopolitanism and the promotion of cooperation. The dominant trait, unfortunately is introversion.

As a multicultural entity, the Swiss have a tendency to perceive of themselves as a miniature Europe. Located geographically at the center of Europe, in Switzerland people of different religions and languages learned to live together in peace and to practice the sort of politics that many considered exemplary for all of Europe. The Swiss could never understand why their neighbors did not get along as they did, and why nationalism drove those neighbors into two World Wars that caused the destruction of Europe. There was a real fear that the conflicts of the “big Europe” would destroy the peace of the “little Europe.”

When the larger Europe finally began to unite, most Swiss were skeptical. They assumed a wait-and-see attitude, and to this day they prefer to wait and to see. In their eyes the EU still has to prove whether it can truly integrate all of Europe. The majority of Swiss do not mind being the last to join. Having been first to achieve integration, they think, is plenty of justification for being last.

There is a minority in Switzerland that sees things differently. Having been the first Europeans at home, they argue, creates the obligation to be among the first abroad. In their eyes the Swiss experience of creating a miniature Europe is invaluable in the construction of a larger Europe. We should have been “present at the creation,” and the longer we wait, the lesser the opportunity for influencing the outcome. The argument was launched right after the
Second World War by Denis de Rougemont. He spoke of the need to “helvétiser l’Europe” – but no one listened.¹⁵

Having a largely continuous history is another trait that the Swiss consider as unique. The British can also raise the claim, but on the continent, the Swiss are among only a handful peoples fortunate enough to have had a largely evolutionary development. To be sure, Napoleon conquered the country and terminated the old arrangement of a loose League of thirteen sovereign cantons. In the long run, however, French domination had positive effects and did not retard the development of a modern state.

Evolution also goes hand in hand with the struggle against authoritarians. Beginning in the 13th century, the population fought off attempts to impose monarchical rule, and the mythical figure of William Tell is evidence of this struggle. The Swiss did not experience absolutism and managed to salvage a good portion of their local freedoms and corporatist traditions into the modern era. This served them well in their struggle against totalitarianism in the 20th century. As Werner Näf wrote in 1938: “It is a fact of the first order that Switzerland never experienced monarchism with its feudal and class-based structure, and that it only knew the tradition of corporatist Republics (genossenschaftliche Republiken).”¹⁶

Näf could have added that as a consequence, Swiss political history evolved from the bottom to the top, from the locality via the cantons to the federation. In contrast to other European countries, and very much like the United States, Switzerland has had no experience with centralism, but many fear that centralism will now come through the European Union.

Christoph Blocher is constantly warning of the “dictates” emanating from the “center” in Brussels.

Actually, the opposite is the case. The transfer of sovereignty to Brussels has weakened national centralism and boosted sub-national regionalism. Ask the Scots, the Catalans, or the South Tyrolians. They will point out that Westminster, Madrid, or Rome are no longer as dominant as they once were, and that the reasons lie in Brussels. Through supranationality,

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¹⁶ Werner Näf, Die Schweiz in Europa, Die Entwicklung des schweizerischen Staates im Rahmen der europäischen Geschichte; Verlag Herbert Lang & Cie., Bern, 1938, p. 43.
power is being redistributed, and the resulting pattern looks more like an overlapping patchwork than a centralized scheme.

As part of its largely evolutionary history, the Swiss, in 1848, were the first Europeans to set up a constitutional republic. Its political institutions were truly modern, and on the continent it was considered to be a model republic, in political and in economic terms. It was a thoroughly liberal creation embodying many of the features that progressive Europeans had fought and died for since the Enlightenment.

The new system, with its strong dose of federalism and a legislature consisting of a Senate and a House, was in part a copy of the American model. Some features, however, were unique. The executive was collegial, and direct democracy was added. Later on, as political parties developed and became more dominant, the seven seats in the collegial executive were distributed proportionally among the larger groupings, a practice that has been with us to this day. And, as time went on, direct democracy was expanded.

The resulting system is indeed unique, and many fear that joining the Union will demand changes, which is true. Certain issues decided in Brussels could no longer be subject to a public vote, and the collegial structure of the executive would have to be altered by strengthening the position of the chairman and by increasing the number of its members. However, the changes are marginal, and most features of the “model republic” would remain untouched.

“Kleinstaatlichkeit,” or the fact of being a small state, is a fourth characteristic that the Swiss regard as important. There is a sizable literature on the subject, and the issue is debated at scientific meetings. Smallness has a domestic and a foreign dimension. Inside the country it is rooted in political localism. There is a strong tradition of local identity and autonomy, and political careers, it is said, should start in small towns and slowly advance to higher levels. When politicians have reached the top, they should never forget their local roots.

17 Ulrich Klöti/Peter Knoepfel/Hanspeter Kriesi/Wolf Linder/Yannis Papadopoulos (eds.), Handbuch der Schweizer Politik, NZZ Verlag, Zürich, 1999.
The foreign dimension has to do with the country’s relative lack of power in the international arena. There is a tendency in Switzerland to identify impotence with peace and to regard it as a virtue, even as a mission to the world. During the Second World War Fritz Ernst wrote a booklet entitled “Die Sendung des Kleinstaats” or the “mission” of being small: “Without striving for the power and the importance of a great state, without trying to impose its own stamp on anyone except itself, the small state lives only from being loyal to itself.”

In short, if everyone were as small and impotent as the Swiss, the world would be at peace!

The virtue of smallness has deep roots in public consciousness, and it comes to the surface whenever the Swiss feel that they are being bullied by great powers, either by the European Union or, as happened recently, by the United States over the issue of Jewish assets. At such times, anti-Americanism and anti-Europeanism are very strong.

The fifth trait making for uniqueness is neutrality. I have already alluded to its importance and much more could be added, because it is the most dominant feature of Swiss identity, a veritable end in itself. Few Swiss are aware that from the viewpoint of international law, neutrality is but a means to protect them until attacked. Once at war, the neutral is allowed to enter into alliances, and the Swiss government shares this understanding. No one ever expected the Swiss to die as neutrals rather than to survive as allies – but that was and still is the public perception. It grew mainly out of World War II when the country was surrounded by fascism and most people were willing to fight for independence.

Neutrality, therefore, is intimately tied to the existence of a large army based on universal conscription. Until the end of the Cold War, Switzerland maintained an army of 800,000 men, the largest military establishment of any European nation. In the meantime, the size of the armed forces has been cut in half, but it is still a militia force with few professionals. The militia principle itself is firmly rooted in our political culture, and most Swiss are convinced that professional armies pose a danger to the maintenance of freedom. It worries them that

20 Fritz Ernst, Die Sendung des Kleinstaats, Ansprachen und Aussprachen, Atlantis Verlag, Zürich, 1940, p. 9.
nowadays most European nations have abolished universal conscription and are opting for professionalization.\textsuperscript{22}

Let me turn to the more extrovert characteristics of the Swiss political uniqueness. The first is closely tied to neutrality and deals with the provision of \textit{good offices}. As a neutral country, Switzerland has in the past been asked to serve as an intermediary for nations in conflict. Traditionally, such services were bilateral, and they sometimes still are. This is the case, for instance, when diplomatic relations are broken and a third country acts as a custodian. For many decades, Switzerland has performed this function between Cuba and the United States.\textsuperscript{23} The services are of a technical rather than a political nature and do not entail mediation of the actual conflict.

The provision of conference sites is part of technical good offices, and the city of Geneva is a good example of this. Ever since it was chosen to house the headquarters of the League of Nations, the city has been part of the Swiss conception of good offices and of an effort to promote a spirit of international reconciliation, or \textit{Völkerversöhnung}.\textsuperscript{24} On neutral Swiss soil, so the reasoning goes, conflicts can be reconciled more easily than in other places. The historic Geneva meeting between Ronald Reagan and Mikhail Gorbatchev in 1986 was a manifestation of this.

Geneva is also the home of the International Committee of the Red Cross (ICRC), an organization typical of Swiss \textit{humanitarianism}. Although the ICRC is a private organization, its ties with Switzerland and with the Swiss government have at times been so close that many still see it as an instrument of Swiss foreign policy. The intimacy has much to do with the fact that many ICRC presidents were – and still are – recruited from among the senior members of the Swiss foreign service. The isolationists among the Swiss fear that by joining the UN,
NATO, or the European Union this intimacy will suffer and that the ICRC will lose its influence and effectiveness.

The spread of multilateral organizations has indeed weakened the position of the ICRC, but the answer, once again, is internationalization and not isolation. The ICRC, if it wants to regain some of its former influence, must become less Swiss instead of more. And the same is true of Swiss good offices in general: they suffer from our absence in major international organizations and would gain if the country finally joined as a member. As Norway – a NATO member – has demonstrated, diplomatic success has much to do with being involved and very little to do with neutrality and seclusion. Like Switzerland, the Scandinavians have unique political cultures, but instead of emphasizing introversion, they bank on extroversion, and in diplomatic terms this pays off handsomely.
Conclusion

Let me close by returning to the outset and to economic interdependence. Swiss commerce and industry have been international from the start; globalization is nothing new for us. But European integration is more than globalization. The founders of the Union always pursued the goal of political unity, of overcoming the kind of nationalism that entailed European self-destruction. That point has been reached: Europe is irreversibly united, and the Swiss cannot stand apart.

Increasingly, the European Union is making decisions that touch us all, and if we have no say in the Union we are losing control over our destiny. Sovereignty implies more than independence, it stands first and foremost for a people’s ability to influence political decisions. If any group in today’s Europe wants to have such power, it must be represented in the Union’s institutions. Without it, sovereignty becomes a farce.

Unfortunately, few Swiss seem to be aware of this. They prefer to adhere to outdated notions of politics while practicing a pseudo form of sovereignty. In the long run, this is dangerous, because it undermines a valuable political culture. It is good to be different, because without difference there can be no political identity, and it was especially useful to be different when Europe was absolutist, authoritarian, fascist, or communist. But it is self-defeating to insist on uniqueness when Europe is finally overcoming its past and is becoming democratic, liberal, peaceful, and prosperous.