

# Current Concerns

The international journal for independent thought, ethical standards, moral responsibility, and for the promotion and respect of public international law, human rights and humanitarian law

English Edition of *Zeit-Fragen*

## Electric power supply in Switzerland A look at the business activities of the major Swiss power companies

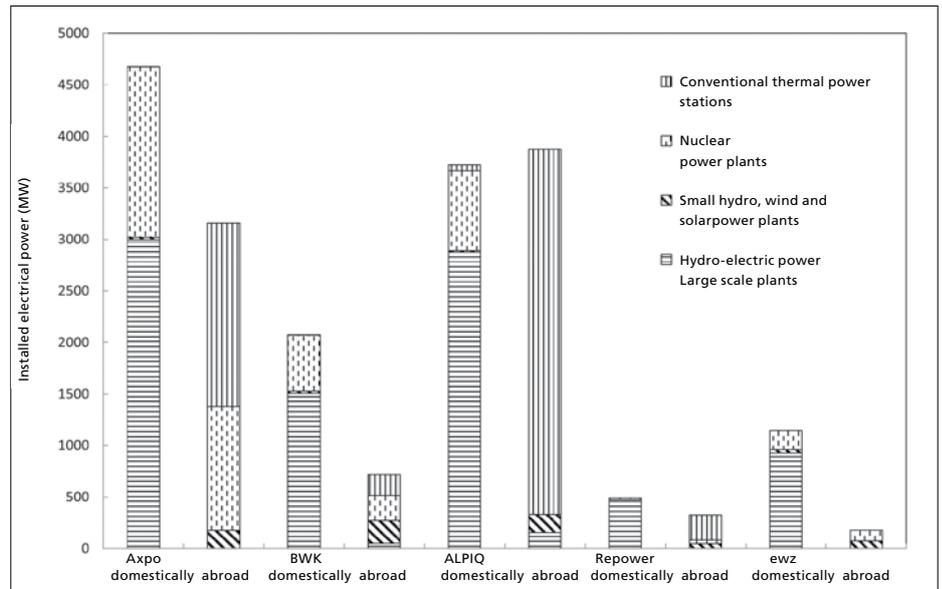
by Dr-Ing Ernst Pauli

Electrical power is a part of the total energy used in Switzerland. The total energy supply of Switzerland<sup>1</sup>, including also fossil fuels for transport and heating, depends to a large extent on foreign oil and gas, 80% of the total energy used is imported. Only a quarter of the total energy is consumed as electricity, produced in Switzerland by domestic hydro-electric power and nuclear power plants using imported nuclear fuel. 30.6 % of the electricity is used in private households, only 8.1% in the transport sector and the highest share in the industrial and service sector.<sup>2</sup> Electrical power supply is only a part of power supply but it is produced in Switzerland itself whilst oil and gas, used in transport and heating systems depend on foreign countries exclusively.

In total 840 companies are involved in the electrical power supply of Switzerland on the regional level.<sup>3</sup> However, the power is mainly produced in large-scale facilities by a few large companies and partially passed on to the regional electricity distributors. The majority of the companies (87.3%) are owned by public authorities, by cantons and communes. This is particularly true concerning the ownership of the electrical grid. The large and well-known companies such as *Axpo*, *Alpiq*, *BKW* and others are perceived as Swiss companies in public with the main mission to ensure the electric power supply to the cantons, communes and citizens. But their business activities are by no means limited to Switzerland.

### The legal framework

Article 102 of the Swiss Federal Constitution<sup>4</sup> is the basis for the regulation of the country's supply with essential goods and services, not only during military threats, but also during market disruption due to strikes, boycott, or events of power-political type<sup>5</sup>. Maintaining traditional self-sufficiency with electricity must be one of the prior objectives of economic national supply. Article 89 of the Federal Constitution puts the principles of energy policy down, which are heading for an "adequate, diverse, safe, economic and environmentally friendly energy supply".



Graphic showing domestic power plants and those abroad owned by some Swiss electricity providers (annual reports and corporate brochures 2011, companies including subsidiaries). (graphic depiction ep)

Principles "about the use of indigenous and renewable energies" should be set. The conditions of electricity supply are regulated in the *Swiss Power Supply Law*<sup>6</sup>: in the purpose article (Article 1a) a reliable and sustainable supply of electricity to all parts of the country is claimed as the primary objective. The security of supply of Switzerland should be guaranteed under such conditions. But in Article 1b the goal of "keeping and strengthening the international competitiveness of the Swiss electricity industry" is claimed, which gives the companies room for extensive business activities also in other countries.

### The major power providers

What is now the Swiss power supply like, especially that of the big companies? The annual business reports and publications of the large power providers – note that they are mostly owned by the cantons and thus by the Swiss people – show much more commitment and flexibility abroad than in Switzerland. Whereas in their own country the gap in power supply caused by the nuclear phase – out is at the cent-

er of the debate, the Swiss power providers are buying and building abroad – and will go on to do so – gas-fired plants in large-scale, but also wind turbines and solar power plants. The installed electrical power abroad by Axpo, Alpiq, BKW, RePower or EWZ amounts to the same size as the power generation facilities installed domestically (see figure). The foreign share and the share of the planned foreign investment depending on the respective company is on the rise. The EWZ (electric company of the city of Zurich) is planning to produce an up to 60% share of power abroad of until the year 2050 in various scenarios.<sup>7</sup>

Is it the long and complex planning processes that lead to a total period of time of nine years to erect a wind park in Switzerland (*Juvent AG*); in Italy it is 6 years and in Germany only 4 years<sup>8</sup> and so the decision is made to invest into the production of electricity abroad? Do the extensive rights of environmentalists prevent a faster expansion of production facilities in Switzerland? Or is it the more attrac-

**“Electric power supply ...”**

continued from page 1

itive feed-in tariffs according to the rules in the respective foreign country that shift the emphasis? Feed-in regulations, which do not know a cap for the funding volume and which are set up mostly for the long term compared to the compensatory feed-in remuneration in Switzerland? And a return of invest is achieved for investments in the field of renewable energies around 6% in Germany, while the Swiss prices of electricity remain near the production costs and are economically less attractive<sup>9</sup>. In statements of the supply enterprises attractive feed-in tariffs and high profitability are explicitly mentioned as a reason for investments abroad.<sup>5</sup>

**Trade in electricity**

Switzerland has been and still is a major hub for electric power supply in Europe. Some Swiss electricity providers are engaged in trading electric energy in Europe on a large scale. Note that in 2011, 83 TWh were imported into Switzerland and 81 TWh left Switzerland, while the country’s own consumption of electrical energy amounted to 59 TWh (see box).<sup>10</sup> All statements on the power supply in Switzerland must be seen in this context, namely that the extensive and lucrative international trade in electricity has priority over domestic supply security.

**Swiss electricity providers’ foreign investments**

The capacity of power plants and facilities, installed abroad for example by Alpiq, is with 3.7 GW slightly higher than the installed power in the country itself.<sup>11</sup> The investment in the area of “new renewable” energies is much higher abroad compared to the plants in Switzerland. Alpiq has concentrated its activities in the field of renewable energies in the business unit “Renewable Energy Resources”, which operates 35 plants in five European countries with an installed power of 200 MW. Alpiq has approved of a strategic planning for a total capacity of 1000 MW in this area by 2020.<sup>12</sup> Looking at the previous Alpiq policy one must assume that probably the smallest part of investing in renewable energy will be done in Switzerland.

However, the activities and large investments abroad are leading to considerable economic difficulties in the current financial crisis, and also the market is changing very fast and very much because of the upcoming renewable energy. In the current situation Alpiq must respond with fire sales of power plants<sup>13,14</sup>. Will the Swiss citizens finally have to cover the losses from such expansions abroad?

The situation is not much different for other providers that are primarily per-

ceived as Swiss companies. The Axpo Holding has subsidiaries in various foreign wind power plants.<sup>15</sup> Offshore the North German Coast it is building the offshore wind park *Global Tech I* at a cost of 1.6 billion euro at a share of 24% with partners from Germany. By the end of 2013, *Global Tech I* will start to produce 400 GWh electric energy each year with an installed capacity of 400 MW. In the southern neighboring country the subsidiary *EGL Italia S.p.A.* built a wind farm in the region of Campania through their project company *Win-Bis S.p.A.* The site on the Apennines is equipped with 22 wind turbines at 3 MW each. The facility was hooked up to the grid in summer of 2012. The Swiss holding company *Terravent AG* founded on 5 July 2011, which is also represented via *EGL* in Axpo, focuses on wind power, as well. The purpose of *Terravent* is to invest in on-shore wind farms in Germany, Spain, France and Italy. *Terravent* bought a first wind farm in France with seven 16.5 MW wind turbines. In the future Axpo will also invest in renewable energy. More than half of the power to be installed will be situated in foreign countries, because natural conditions (wind, sun) were better there.<sup>16</sup> In its future scenario the EWZ frankly reports that the expansion of renewable energy production is planned to take place abroad, mainly for economic reasons. One wants to take benefit of the local funding systems’ possibilities.<sup>5</sup>

In the next few years BKW wants to build a foreign wind portfolio of about

750 MW within its business unit “Wind International”.<sup>17</sup> Once again investments abroad are apparently much more attractive, either based on the feed-in tariffs or on the Italian Green Certificates that one can trade with the operators of fossil-thermal power plants into monetary value. BKW takes these green certificates for their own gas and steam power plants in the Italian Livorno Ferraris and Tamarete.

Recently the thermal solar power plant *Puerto Errado 2* owned by the Swiss energy providers, *EBL*, *NovaTec Solar*, *IWB ewz*, *EKZ* and *ewb* started to operate with a capacity of 30 MW.<sup>18</sup>

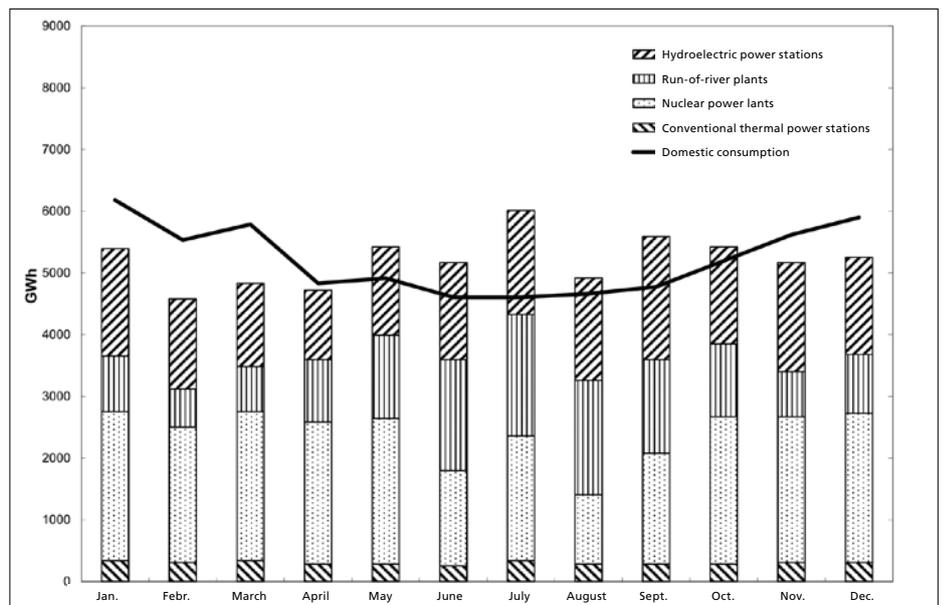
In his opening address *Dr Walter Steinmann*, Director of the *Federal Office for Energy*, stressed that this way Switzerland was going to gain some experience with renewable energy. But why should one? Shouldn’t one work out such experience in Switzerland under Swiss conditions much more precisely?

The schedule shows more than clearly that the foreign activities are substantial and that the share of “new” renewable energy, here assigned to small hydro, wind and solar power plant groups, is high in the power plants owned abroad. The reasons for this are to be found in the above statements.

**Supply security in the country?**

In general, however, it remains unclear from where the large electricity providers draw the permission or the mission to be active abroad at such large scale. Power

continued on page 3



ep. Whereas during the summer months due to large amounts of melting water sufficient amounts of available electric energy are produced in Switzerland, which can also be exported, the electricity production is reduced in wintertime, so that approximately 20% of electricity must be imported and thus a significant dependency on foreign supply exists. The graphic shows the comparison of electricity production and domestic consumption in the course of a year.<sup>25</sup> Note, that maintenance of nuclear power plants is typically taking place in July and August where electric power is available in excess.

ep. The 59 TWh of electrical energy used in Switzerland equals 59 billion kWh. This physical unit of energy usually appears on the invoice of the power provider sent to the citizen. An average household in Switzerland consumes approximately 5200 kWh per year. Depending on the number of people in such household, an annual consumption of electricity between 1300 and 2000 kWh per person results, which is relatively evenly apportioned to the different electrical devices such as lighting, television, PC or communication, cooking, washing, cooling, freezing, washing and others. The use of equipment, however, focuses on typical peak times, where a large amount of energy is used in a short period. One speaks of high electrical power that is expressed in kW. When cooking, the electric oven for instance consumes power of 4 kW for the duration of half an hour. The energy finally consumed is 2 kWh. At a bigger industrial scale one uses MW (1 Megawatt = 1000 kW) or GW (1 000 000 kW = 1 Gigawatt).

generation abroad, rewarded in many cases by the feed-in tariffs, does not flow back to Switzerland just for this reason, but will be offered on the liberalized market abroad. The typical Swiss electricity shortages during winter time (see graphic), during which 20% of Swiss electricity demand must be imported, but also other shortages are not directly mitigated by these capacities from abroad and in emergency situations they would possibly not be available. As the related authority in the Canton of Zürich stated<sup>19</sup>, “Switzerland cannot rely on power imports, because the surrounding countries may also face electricity shortages”. The overseas production represents no solution to the problem of supply security in Switzerland.

Also the performance mandate<sup>20</sup> of the Canton of Aargau does not indicate the internationalization, which is happening at a large scale. “The canton promotes environmentally sound and economic energy supply, as well as the economical use of energy. It can build establish energy providing enterprises and operate or engage in works.” – A direct mandate to be active in foreign countries does not exist.

### The “new” renewable energies

Some of our neighboring countries have triggered an investment boom in facilities for the production of electricity from renewable energy sources by intense funding activities. Electricity is available at certain times in abundance and a lively restructuring in the supply of electricity has come about in the course of a few years. If one looks for these “new” renewables in Switzerland, one is surprised at the rather timid activities of all inland power pro-

ducers. The electricity from new renewable energies, calculated per capacity, shows that Switzerland’s electricity production from wind and sun is certainly the lowest among all neighboring countries, with 29 kWh per inhabitant per year, including those with similar conditions or location. Austria produced 293 kWh per capita using comparable topographic conditions and Germany 801 kWh per capita. Also in the southern parts of the country adjacent to Switzerland with similar conditions a large proportion thereof was produced. It is certainly not only about electricity from wind power at the North Sea.<sup>21</sup>

### A functioning concept

With 4 GW (as of 1 January 2012)<sup>22</sup> the power available from Swiss pumping stations is quite small on the international market, however, in the past it could be used to cover the “lunch peak” power consumption granting a big profit. However, this task is increasingly taken over by the fast-growing solar power production from abroad which naturally reaches its maximum around noon. With increasing production of electricity from renewable sources Switzerland should use its hydroelectric and pumped storage in an integrated approach, where enough energy would be available to bridge the shortage at times, where the wind does not blow and the sun does not shine. Today nearly 9 TWh of electrical energy can be stored in Switzerland. With this amount, Switzerland could be powered in the winter for around 37.5 days<sup>23</sup> without additional production and import.

But today the stored energy is rather profitably offered on the international market, instead of integrating it into a concept of domestic supply security.

The additional potential of hydropower in Switzerland is assessed very differently. According to a study of the SFOE it is rather small with 0,175 – 0.36 GW<sup>24</sup>  $\frac{2}{3}$  and is apportioned to the renovation and new construction of large hydroelectric power stations and  $\frac{1}{3}$  to new small hydropower to be built. These small values result from the impact of provisions the Waters Protection Act or potential objections from environmentalists that had already been considered. However, by some large projects implemented at the time like Nant-de-Drance (900 MW), KWO plus (600 MW) or the increase of various dams and the performance of turbines such as for example the storage power station at Lago Bianco in the Poschiavo Valley (1000 MW), Linth-Limmern (1000 MW) significant additional power has been obtained.

Hydropower in Switzerland can make a significant contribution to power supply and supply security, but only if these facilities ascribe high priority to the supply

security in Switzerland and not to increasing their profits in international trade. The federal policy must set a clear framework here.

Swiss electricity industry with a strong foothold in the European countries should make use of the opportunity to become active also in the country itself. Today Switzerland’s immanent electricity shortages in winter as well as the problem of lacking self-sufficiency could be solved. Rethinking energy policy must occur if one assumes that the solution must be carried out mainly in Switzerland itself, above all if one considers that the current shortage will be further exacerbated by the planned nuclear power phase-out.

<sup>1</sup> Swiss Federal Office of Energy, Berne, *Overall energy statistics of Switzerland 2011*

<sup>2</sup> Swiss Federal Office of Energy, Berne, “Elektrizitätsstatistik der Schweiz 2011”

<sup>3</sup> Claudia Wohlfahrtstätter, “Innovation in der Schweizer Elektrizitätswirtschaft im Spannungsfeld zwischen Versorgungssicherheit und Liberalisierung”, Dissertation ETHZ No 19069

<sup>4</sup> Article 102 of the Federal Constitution: “The Confederation shall ensure that the country is supplied with essential goods and services in the event of the threat of politico-military strife or war, of severe shortages that the economy cannot by itself counteract. It shall take precautionary measures to address these matters”.

<sup>5</sup> Federal Department of Economic Affairs, Education and Research (EAER): “Strategie der wirtschaftlichen Landesversorgung”

<sup>6</sup> *Federal Law on the Power Supply* (Power Supply Act) of 23.3.2007 (Status on 1 July 2012)

<sup>7</sup> “Unsere Zukunft ist erneuerbar”, Report of EWZ November 2012, “ewz-Stromzukunft 2012–2050”

<sup>8</sup> “NZZ” of 12.9.2012 “Der Wind weht günstiger im Ausland”

<sup>9</sup> Oswald Metzger, freelancing journalist, Member of the CDU, in an event at the Europe Institute of the ETH Zurich: “Energiesicherheit in Zeiten des Atomausstiegs”, 12.11.2012

<sup>10</sup> avenir suisse, Urs Meister, 17.8.2012 “Der Nutzen eines bilateralen Stromabkommens mit der EU”

<sup>11</sup> Alpiq *Company Presentation* of 1.3.2012

<sup>12</sup> Alpiq *Annual Business Report 2011*

<sup>13</sup> “NZZ” of 1.9.2012, “Alpiq blutet im Auslandgeschäft”

<sup>14</sup> “NZZ” of 13.11.2012, “Alpiq zieht die Sparrbremse an”

<sup>15</sup> *AXPO Holding Business and Sustainability Report 2010/11*

<sup>16</sup> *Letter to shareholders in 2011/2012*, Axpo Holding AG

<sup>17</sup> *BKW Annual Business Report 2010*

<sup>18</sup> “NZZ” of 8.10.2012, “Schweizer Energieversorger eröffnen Solargrosskraftwerk in Spanien”

<sup>19</sup> *Office of Waste, Water, Energy and Air*, Canton of Zurich

<sup>20</sup> § 54 *Cantonal Constitution (Aargau)* of 25.6.1980; §§ 17 *Energy Act of the Canton of Aargau*, as of 9.3.1993 (EnergieG, SAR 773.100)

<sup>21</sup> Swiss Energy Foundation, *www.energiestiftung.ch*

<sup>22</sup> *Statistics of the hydroelectric power plants of Switzerland*, as of 1.1.2012

<sup>23</sup> *Swissgrid Brochure*, edition January 2012; “Das Schweizer Stromnetz: Rückgrat der Energieversorgung”

<sup>24</sup> Swiss Federal Office of Energy (SFOE) Energy Economy Division, “Wasserkraftpotenzial der Schweiz, Abschätzung des Ausbaupotenzials der Wasserkraftnutzung im Rahmen der Energiestrategie 2050”, June 2012

<sup>25</sup> Swiss Federal Office of Energy, Berne, “Elektrizitätsstatistik der Schweiz 2011”

# “We must do everything possible to increase production from local renewable energy”

Interview with Thomas Egger, Managing Director of the Swiss Association for Mountain Areas (SAB)



Thomas Egger  
(picture ma)

*Current Concerns: Is the water energy industry in the mountain areas organized in the same way in all cantons?*

*Thomas Egger:* The legal provisions for the energy industry are

within cantonal competence. Accordingly, there are quite different approaches in the cantons. The first question is who has the rights of use of the watercourses. This is, for example, cantonal sovereignty in the canton of Berne. Thus, the canton benefits of the revenues of the water rate – the compensation for the use of water resources whereas in Graubünden and Valais the communes have the rights of use. The revenues from the water rate represent an important source of income for the corresponding often structurally weak communes.

*Which authorized organizations do you think should be at the table to decide these complex questions such as the increase of capacities?*

Politicians have decided on the phase-out of nuclear energy in Switzerland. This means that we need to replace about 40% of our energy production. By increasing the energy efficiency we can do some savings. But above all we must do everything to increase the production from local renewable energy sources. The mountain areas with their potential for hydroelectric and other renewable energy sources can contribute a lot. The energy revolution is also a chance for the mountain areas. The most important partners for the expansion of energy production are mainly the cantons, communes and the energy industry itself. Environmental groups must be included appropriately in the process as soon as possible. Moreover it is also very important especially in the mountain areas to include tourism in the dialogue. This is all too often forgotten. A change of the landscape can also cause considerable losses in tourism. Wind turbines on every ridge like in Spain are truly not a beautiful sight and would diminish the attractiveness of our mountain landscape. However where the landscape is already over-formed by man as for example with reservoirs, wind turbines could be set up

well. Furthermore there should be a solar system on the roof of every house, every avalanche barrier and why not on every ski lift as in Tenna (Grisons).

Students of institutions of higher learning feel very unpleasantly touched by the polemics of FDP and SVP against environmental groups. How could you improve the dialogue?

When you plan expansion projects for energy production you always have to balance the interests. What should be given a greater importance: the power supply or the protection of the environment? Expansion projects are very often located in protected areas. This is not astonishing if you know that about 20% of the area of Switzerland is considered as Landscapes of National Interest (BLN). Within construction zones, one is also very quickly confronted with issues of the protection of townscapes and monuments if you want to install solar systems on rooftops. A balance of interests is necessary. In the past when these interests were weighted the protection of the environment was very often given greater importance than other interests. Among other things, the *Federal Commission for the Protection of Nature and Cultural Heritage (FCNC)* plays a role in this process. It must be obligatorily consulted for projects in the BLN areas and of course it represents the point of view of landscape protection. But which Federal Commission represents the interests of the energy industry in this balance of interests? Why is the FCNC not changed into a commission for energy and landscape so that the necessary dialogue can take place?

*What significance does the Swiss Association for Mountain Areas (SAB) have in this process?*

The SAB has different functions. On the one hand, we take influence on the design of the political framework. So we will promote the expansion of renewable energies in Switzerland in the Energy Strategy 2050. On the other hand, the SAB also advises regions and communes in the development processes. In particular we already could advise various communes on issues of energy efficiency and the development of renewable energies in the context of the communes' network Alliance in the Alps. Recently, we have also launched a three-year project on the issue of climate change and tourism where energy production also plays an important role. Several tourist destinations are actively involved.

*Are there “smaller” energy regions in Switzerland that have developed a concept for renewable energy?*

The energy regions are a relatively new concept in Switzerland. In particular the energy regions of Goms, of Toggenburg and Val-de-Ruz are known. On the part of the Federal Government there is a great interest of promoting more energy regions from the point of view of energy policy (Swiss Federal Office of Energy) as well as from a regional perspective.

*An example would be the Energy Valley Toggenburg? How is the energy produced there?*

The Energy Valley Toggenburg opts for all renewable energy sources and wants to expand them. It seems important to me in this context that a regional authority takes over the leader function. In the case of Toggenburg significant impetus came from the branch office of the Toggenburg Region. As a trans-communal player it is perfectly legitimated and predestined to play a coordinating role. Such offices are installed in all mountain regions of Switzerland. We do have the organizational potential. Now it needs innovative people in these regions who have realized that the production of energy represents a great potential for the regional economy. The cooperation with external experts can be very helpful. These may be individuals or researchers from universities.

*There are other such regions, and how is the energy produced there?*

The example of Goms is interesting for me. Here, too, one proactive person was at the beginning of the process. The insight was decisive for the breakthrough in the process that Goms produces very much energy from hydropower, but exports most of it and imports energy from fossil fuels. Showing this flow of energy was an important milestone that caused a shift in thinking in the region. Based on this the potential for solar energy systems and other forms of energy production was analyzed and is now gradually being implemented. The success of the Alpine-Mobile – the rental of electric cars to explore the alpine passes – in this region shows that cooperation with tourism can work well.

*Mr Egger, thank you very much for the interview.*

(Translation Current Concerns)

# The peace model Switzerland and the energy issue

## Part 1: How does a small state remain sovereign? With fossil fuels or renewable energy? – A look at the history of Swiss energy in the 20<sup>th</sup> century and implications for tomorrow

by Tobias Salander, historian

After the nuclear disaster in Fukushima, many countries initiated the phase-out of nuclear energy; including Switzerland. On the other hand, countries such as France, keep their more than 50 nuclear power plants on line. At the same time there is much evidence that in 2006 peak oil had been reached, and the decline of the quantity of conventional oil, i.e. of oil that is relatively inexpensive to produce, has begun. The keyword energy transition towards renewable energy has been discussed for quite some time. Likewise, the terms energy self-sufficiency and energy sovereignty have been discussed. Primarily a small federally structured country like Switzerland is faced with the question of how to ensure the necessary energy without being blackmailed. The liberation from fossil fuels, all of which must be imported from abroad, and the move toward a decentralized energy supply to prevent the threat of blackouts, has top priority. That would also suit a federally structured state.

History has amply demonstrated what surprises a small country like Switzerland may face in crisis situations, an inland country *nota bene*, which does not have any access to the sea and may be quickly encircled, on the one hand by a continental European superpower, on the other hand by their insular and transatlantic opponents. Both the First and the Second World War saw Switzerland quickly exposed to vicious blackmail – and not only by its neighbor north of the Rhine. The situation today, with an ailing and therefore desperate EU, may escalate quickly, which we could amply experience in recent months. Reason enough to take a look at history and ask the question, how Switzerland might maintain its position in the 20<sup>th</sup> century. The answers may serve to draw conclusions for the 21<sup>st</sup> century and to make every effort to achieve the greatest possible energy self-supply – in addition to food sovereignty and the maintainance of a powerful militia.

Crucial for these reflections is the book by Daniele Ganser “Europa im Erdölrausch” (Europe in the oil rush – see review in Current Concerns No. 1/2 of 14 January 2013), which provides a Swiss history of the 20<sup>th</sup> century with respect to securing resources.

### CIA/MI6-Coup in Iran raised fears in Switzerland

*ts. The Swiss kept a jealous watch over the 1953 CIA/MI6-coup against the democratically elected Iranian Prime Minister Mossadegh. Many a confederate may have agreed whole-heartedly with SP Council of States member Emil Klöti, when he pointed out that the possession of one's own oil was not without its perils, as it could arouse the great powers' covetousness. Therefore, Switzerland should keep petroleum exploration in its own hands. The political opposition, here in the form of FDP National Councillor Paul Kunz, also warned in March 1953 that oil owned by Switzerland itself could endanger its independence and neutrality – because of other countries' thirst for oil. (Cf. Ganser, pp. 93)*

### 19<sup>th</sup> century: The “fossil intermezzo” begins in Switzerland

People need energy to live. In the history of mankind, this energy consisted of renewable sources apart from a brief exception which could also be called the “fossil intermezzo”. Hence it was made up of the sun and the products of photosynthesis, such as wood, then water and wind, today of biomass, biogas and geothermal energy. Of course, in the pre-fossil age this often led to large energy crises which manifested in famines: Switzerland, which had about 1.6 million inhabitants in 1800, suffered from an awful famine in 1817 – that was the year when 130 days of rain were recorded. Only by the use of fossil fuels, energy- and thus food security could be improved. It was these fossil fuels that triggered off a real rush in our country and in many others and launched an unprecedented upswing.

### Shell Switzerland: Not a Swiss company

Although the Enlightenment philosopher Johann Jakob Scheuchzer had already described oil spills in 1746 at Lake Walen and the Tödi, real business with the black gold did not start before the 20<sup>th</sup> century. It was the Anglo-Dutch oil company Shell, which had sold its oil products in Switzerland since 1906 – and in 1949, adopted the native-sounding name “Shell Switzerland”. Since 1923, the Rhine has been used as a transport route for oil that was shipped via Rotterdam to Basel. Shell, now the largest energy company in Europe with a profit of \$ 28 billion in 2011, also employed Swiss top en-

gineers at a very early stage. They were called the “Swiss gang”, Swiss petroleum geologists in the service of Royal Dutch Shell.

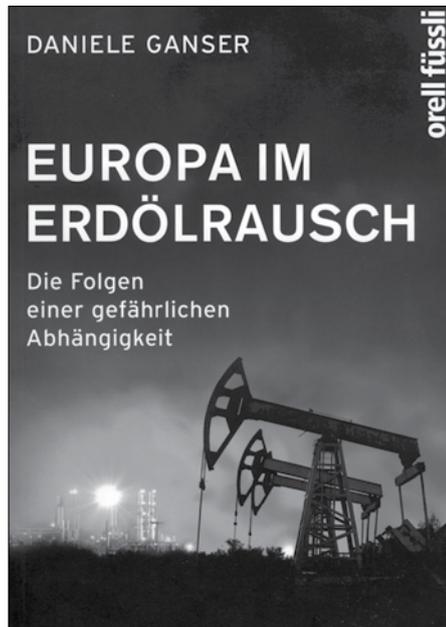
### Esso Switzerland: a Rockefeller subsidiary

However Shell's competitor, *Rockefeller's Standard Oil*, was also active in Europe: They founded subsidiaries in Europe, which were controlled by the US, but looked like European companies. In Germany this was the DAPG, the *German-American Petroleum Association*. In Italy it was Siap, the *Società Italo-Americana del Petrolio*. At Rockefeller's behest, DAPG and Siap then established the Pico, the *Petroleum Import Co.* for Switzerland. Pico was later renamed *Esso Switzerland*.

Standard Oil built hubs on waterways throughout Europe which they supplied with their tankers: Rotterdam, Mannheim, Hünningen, Savona and Venice. Further transport was provided in rail cars, then with cistern carts and horses, finally with wooden barrels and cans.

### BP – the third foreign player on the Swiss energy market

The third company in the league was the British *Anglo-Persian Oil Company* (Apoc), later BP that joined the Swiss market by a purchase in 1927. Thus, Shell, Esso and BP were the main players on the local market. All this because Switzerland had a problem: they had to import all their oil!



ISBN 978-3-280-05474-1

"The peace model Switzerland and..."  
continued from page 5

### 1915: Switzerland loses its economic sovereignty

The issue of energy self-sufficiency and energy sovereignty or just the lack of both became pressing for Switzerland in the First World War. The situation was such that Switzerland could not maintain its economic sovereignty and lost it in 1915. The cause was the British naval blockade, which also hit neutral Switzerland. The Allies demanded from Switzerland – in flagrant violation of its international law status of neutrality – that our country had to join the wall of the Allied economic blockade; a suggestion that the Federal Council clearly rejected. But Switzerland was badly prepared, especially for a long war, as it only reckoned with a short war, like most other countries. Furthermore, as a land-locked country that possessed neither ocean ports nor ships or safe access lines! Thus Switzerland was open to blackmail, and the Allies took advantage of this circumstance entirely without consideration. A real-political lesson that a country does not forget so soon. In 1915, for example, petroleum, rubber and rice were held back by the Allies! But as early as in December 1914, France had banned the export of petroleum to Switzerland, so that it could not come into Germany's possession – which resulted in darkness in Swiss homes, nota bene those of a non-belligerent country!

After all, France then graciously designed to grant quotas.

### SSS – an instrument of the Allied's economic war

Since the British navy ruled the seas, they were at will able to stop tankers that had loaded cargo for neutral Switzerland. In

May 1915 the disillusioned Federal Council had to acknowledge the fact that France and Britain were in control of our country and that they were able to do as they pleased. Switzerland, however, did not have the tiniest chance and was faced with three options: starve, fight or accept the control of the Entente. The state government chose the lesser evil, namely, option 3.

Thus, on 26.08.1915, the *Société suisse de surveillance économique* (SSS), consisting of 15 Swiss persons, was established. On behalf of France and the UK, this group had to monitor all imports and exports. With branches in Paris, London, Rome and Washington, the SSS was merely an instrument of the Allied economic warfare and was therefore popularly called "souveraineté suisse suspendue" (suspended Swiss sovereignty): expression of the bitter realization that Switzerland was no longer economically sovereign!

### National defense without energy autarchy?

This sequence of events shows with great clarity, how a neutral country in case of emergency, i.e. in war, can no longer solely rely on international law: it must also be able to vigorously defend their claim for international law to be respected. Yes, it even has the duty to do so according to the Hague Convention of 1907. This includes military defense now as then as well. So the united Federal Assembly on 3 August 1914 elected *Ulrich Wille* as general. That the military component alone cannot protect a small state, even if the defensive capability must remain the cornerstone of the country's defense, can be demonstrated with the example of the SSS. A prudent comprehensive precaution is essential, which means: economic state provisions and an energy conception; for just as neutrality is nothing without an army, armament without economic autarchy is not a sustainable concept.

### 1916: Searching for crude oil in Switzerland

For this reason, even in Switzerland, the search for crude oil was started. In the years 1916 to 1919 two companies, the *Steel Plant Georg Fischer* in Schaffhausen and the *Sulzer Company* in Winterthur, had exploratory drillings by two Swiss geologists carried out – however without any success. In later years, this fact was viewed positively, as it spared Switzerland any invasions, remotely controlled coups and unrest, as became common in the oil-producing countries in the 20<sup>th</sup> century. It should be safeguarded by the younger generation that these processes do not happen in the "moated castle" Switzerland in the 21<sup>st</sup> century – the cen-

tury of wars over water, as the former UN Secretary General *Kofi Annan* predicted. Schools and the media must play their role to show the youth the explosiveness of the resource issue, especially when it is centrally managed by large corporations, and to get them enthusiastic about decentralized, small-scale and sustainable energy coverage – particularly by promoting science subjects at school.

### 1937: Federal Council appoints Commissioner for War Economy

Switzerland, Sweden and Ireland were not occupied during World War II – perhaps because they did not have any oil fields?

Switzerland had partly done its homework and had learned from the lessons of the First World War: Since the mid-1930s it could not be ignored that all signs pointed to a storm and a war had to be expected. Hence on 1 April 1937, the Federal Council appointed *Hermann Obrecht*, since 1935 head of the Swiss Federal Department of Economic Affairs, the representative for war economy – with the task of establishing stocks of essential raw materials and foodstuffs.

Federal Councilor Obrecht, who had experienced the First World War, was determined to safeguard the survival of the population in case of a food crisis. Energy was then obtained from local wood and hydro-electricity; coal however had to be imported, just as petroleum, which in 1938 covered only 20% of the energy demand. At that time, 30 times less oil was consumed than in 1973! Yet, Switzerland had to face a long energy crisis during World War II.

### Federal Council in May 1940: "Just like in a mouse trap ..."

On 1 April 1938 laws determined that the war economy was not to be controlled by the EMD (Swiss Federal Military Department), but by the Department of Economic Affairs – due to the experience of the First World War.

From 4 September 1939 on, after the occupation of Poland and the mobilization of the Swiss army Switzerland was organized along the guidelines of war economy. The situation was simply catastrophic, it was once again obvious that the malice of the time had been underestimated for too long or that a small neutral state, especially without access to the sea, would be able to maintain its position only with difficulty when superpowers set their garottes. And like in the First World War, these were double garottes.

After the fall of France in May 1940, Switzerland was again encircled, this time by neighbors who had become fascists. There was also the danger that, in case of

continued on page 7

**"The peace model Switzerland and..."**

continued from page 6

a victory of the fascists, the Confederation would be divided along the linguistic borders between Germany, France and Italy. So much greater was the determination to defense in our country.

From the Federal Council's report on the situation in Switzerland after the fall of France in May 1940 we learn, how serious the situation was, "Our situation was comparable to a mouse trap. It required incessant trade policy and diplomatic efforts to protect our people from slowly starving."

(Source: Federal Department of Economic Affairs (ed.): *The Swiss War Economy: 1939-1948*. Berne. Federal Central Office for War Economy, 1950, p. XV)

**How to get hold of coal and oil – double-encircled by Nazis and Allies?**

First the Federal Council declared war on inflation and ordered a freeze on prices. Yet that abolished the free market.

Since Federal Councillor Obrecht, exhausted from the hard and stressful work, suffered from a heart attack, it was for his successor *Walther Stampfli* to extend the war economy. In 1943, he had already more than 3,600 employees and eight offices for war economy, among others, the War Food Office, the War Industries and Labor Office, which was in turn divided into 19 sections. A central section was the section 'power and heat': they had to procure coal and oil – impossible had they not initiated talks with the German Reich. He who puts the blame on our ancestors today turns out to be a non-historical person without the necessary exper-

tise, or as a kind of "historical assassin", who distorts the facts in a manipulative manner with the aim of cutting off the current generation of their own history and to lead them into a larger formation – a propaganda operation that is very similar to those of Nazi Germany against Switzerland at that time!

**Robert Grimm and the section Power and Heat**

In August 1939, the Federal Council appointed *Robert Grimm* head of the *Section Power and Heat*. Grimm was a former leader of the general strike of 1918, former military adversary, Socialist Party extreme left-winger and crystal-clear anti-fascist. Thus the SP was involved, too.

After a short period Grimm came to the conclusion that Switzerland had bunkered too little oil supplies. This was not true for the private sector, which had had to maintain compulsory stocks since 1932, but the army! Its mobility had been threatened from the start. The question had to remain open who had been so careless. To remedy this deficiency, Grimm had to seize the economic stocks. Furthermore, the Federal Council decreed on 22 September 1939 the creation of the association "Petrola", whose task was to import petroleum products. After the fall of France, this was done mainly from Romania, with Danube tankers and tank wagons on the track. Second most important suppliers were the United States and Guyana.

The consumption now had to follow the imports, and these were very modest.

Prior to the war, Switzerland had needed 430,000 tons of petroleum products annually; in 1940 only 290,000 tons could

be imported, in 1941 this amount decreased to 99,000, and in 1944 on the absolutely lowest point of only 25,000 tons. These were only 6% of the pre-war consumption!

**Limitation of mobility ...**

In order to handle this situation, the planned Swiss war economy had to distribute rationing coupons according to war-economical priority.

Thus, traffic was reduced, which comprised only 130,000 motor vehicles at the time (including 80,000 passenger cars, 26,000 motorcycles, 15,000 trucks and 10,000 tractors) – for comparison: Today there are about 5 million vehicles in Switzerland.

The motor vehicles were divided into different categories of priority – especially because in 1941 85% less fuel was available than in 1939!

From May 1940 on there was a general driving ban on Sundays, and the tractor driving ban followed; 60,000 of the 80,000 cars were not allowed to drive! As for gasoline, only 10 liters a month were given out, except for exemption beneficiaries such as doctors.

While the mobility of the population was seriously restricted, they could after all change to the railroad, since it ran fully on electricity produced at home.

However, in 1942 electric heating had to be banned because too many people had begun to heat with electricity. The use of boiler water for the bath was also allowed only on Saturdays and Sundays.

Vehicles were increasingly operated with replacement fuels such as wood gas, charcoal, and carbide.

**... and the production of alternative fuels**

In 1942 the *Hovag* ("Holzverzuckerungs AG" – converting wood into sugar) was founded in Ems, which produced the so-called *Emsler Water*, a biofuel, which cost more than the imported petroleum products, but was subsidized because of the shortage.

From 1942 to 1945, *Lonza* in Basel produced paraldehyde, which was derived from coal and was added to gasoline as an extender.

*Lonza* and *Hovag* delivered replacement fuels until 1945 which were blended into imported fuels to 50 percent. According to Robert Grimm, this was a tremendous achievement!

The *Wahlen-Plan* ordered the production of industrial rapeseed oil, which should find use as lubricant. The plans, however, to look for oil again, were dropped as being too expensive and from fear of an associated increased risk of invasion!

**Each filling station is also a local tax office**

ts. Thinking of Germany's history of the 1930s, we will also think of the 'autobahn' (motorway). A fact little known is that it was Cologne's senior mayor *Adenauer* who opened the first autobahn in 1932. However, it is common knowledge that *Hitler* began with the construction of the Reich's autobahns in September 1933 and by 1939 had already built 3,300 km of them. It is commonly known what purpose they served.

The United States have known interstates since the 1920s, but it was only the Interstate Highway Act of 1956 which brought the breakthrough, that is a network over 60,000 km long.

In Switzerland, a tax on fuels made possible the construction of roads and motorways.

In 1955, the first motorway was built between Lucerne and Horw; in 1960 the Federal Government was then empowered by the Act on the National Motorway Network. The other routes then followed in quick succession: 1964 Geneva-Lausanne, 1967 Berne-

Lenzburg, after that the A1 from Geneva to St Gallen, the A2 from Basel to Lugano. This pandered to the Swiss, as they welcomed the greater mobility. Hardly anyone thought about the problem of dependence on fuel. And the federal cash tills rang. From 1932 to 1938 the gasoline tax already amounted to 10 per cent of all federal revenues. After additional tariff increases and a new tax had been levied on petroleum products in 1962, by 1968 a proud sixth of the federal tax revenue was covered by these two taxes. The development now went almost spirally upwards: More money meant more road construction, hence more traffic, therefore more fuel, and so more money and more road building, and so on. By the year 2010 mineral oil taxes finally washed 6.2 billion francs in the coffers of the Federal Government. Thus it may be asserted with complete justification: In Switzerland, every gas station is also a local tax office! (Cf. Ganser, pp. 127.)

### "The peace model Switzerland and..."

continued from page 7

#### War Economy crucial to the survival of Switzerland

Since coal was scarce, many homes could no longer be heated. Therefore the Section Power and Heat created the slogan: "Better a cold home and a warm workplace than vice versa." To relieve the misery, public warm rooms were furnished!

It was crucial for the acceptance among the population that the rationing had to be properly carried out, and it was handled alike.

Some historians like to leave the following unmentioned: More than 50% of the power supply was assured by coal at that time. The problem was that this vital resource had to be mainly imported from Germany! While Switzerland had needed 4 million tons of coal from abroad before the war, of which 2 million alone came from our northern neighbor, it could import only 0.2 million tons until 1945 and this too was not without lengthy and tough negotiations with the Third Reich.

Overall, the Federal Council stated at the end of the war, that the war economy had so far worked well: both a significant unemployment rate and a possible famine had been able to be averted. Robert Grimm himself noted that the war economy was as important for the survival of Switzerland as active duty and military actions.

#### Federalism spoils the oil companies' profit maximization

The whole world had witnessed it: the United States remained victors in World War II because they were the country with the largest oil reserves. Oil had been the war-crucial resource. So after the war a real oil drilling boom began. In the 1950s and 60s alone, about 60,000 drillings were sunk per year worldwide, and large fields were found. But then, since 1964, the number of new discoveries began to

decline. This happened despite better technology.

Switzerland, too, was caught up in this whirl, probably comparable to today's "fracking" fever. However, then as well as today, Switzerland has a threshold against those activities that are destructive to nature and raise desires: our strong federalism.

International energy companies *mutatis mutandis* lodged the often cited complaint in relation to Switzerland of the Empire's representative, *Henry Kissinger*, that he was lacking a European telephone number: Because who grants concessions for oil exploration in Switzerland?

Rather than the federal government it is the cantons that control natural resources, due to the so-called "Bergregal"<sup>1</sup>. That is, the drilling companies had to and still have to negotiate with the various cantonal governments, therefore, have 26 separate talks and negotiate other contracts each. The same is true today, even with geothermy. Again, it is not enough simply to enter into a dialogue with the relevant landowners.

#### Shell must submit license applications in 17 cantons

Now that the geologists had declared the Alps as an area of no interest, the interest in the midlands increased. As they were accustomed to from elsewhere, the global players *Shell*, *BP* and *Esso* wanted a single license for the whole Molasse area. But this was impossible in Switzerland, as 17 different cantonal governments were and still are responsible. Note: Federalism has always been a protection against attacks from large structures, whether they are energy companies or political bodies like the EU, who are behind all the tendencies of municipality and canton mergers, behind the nature parks and metropolitan regions.

It was exactly the well-proven Swiss federalism, which made a large-scale oil exploration impossible in Switzerland. The generation to follow cannot be grateful enough for the fact that they will be spared by that.

On 2 May 1951 Shell submitted license applications in 17 cantons simultaneously. This triggered an actual oil fever among corporations. The license applications of the other major groups followed immediately. The cantons were offered a 10-15 per cent share in the profits – a truly paltry sum compared to the billions of profit expectations.

#### BP – a threat to the security, independence and neutrality of Switzerland

Remarkable are the events around the Canton of Fribourg, also because of their relevance to the question of national sov-

ereignty in relation to resources. The executive authority of Fribourg negotiated with the company *D'Arcy*, which was controlled by BP. This alerted the Federal Council and led it to step in: The attack on the cantonal sovereignty was justified by the allegation that the negotiations constituted a threat to external security, independence and neutrality of Switzerland. Why? The company BP was in the hands of the British Navy, and thus the state Great Britain: A clear analysis of the property and power relations, and a courageous and upright action of the Federal Council, which still today and especially today deserves the highest respect.

For 6 November 1952, the Federal Council invited the cantons to a petroleum conference in Berne. There, the Federal Council announced that no concessions should be granted to foreign companies, as this could compromise the independence and security of Switzerland.

Fribourg ignored this and wanted to grant a license to the BP company *D'Arcy* in 1954. But Berne put its foot down and Fribourg withdrew. But Fribourg still deceived Berne: A corporation was founded, given a concession for the entire canton and entered into a contract for services with *D'Arcy*, so that BP was still involved. However, since no oil had been found, Fribourg was forgiven its selfish rushing ahead which had endangered the Swiss sovereignty.

#### 1959: Swiss Petrol AG: "Swiss oil for the Swiss"

The applications of the large corporations led to a closing of ranks in the Swiss energy scene. It was quickly agreed that Switzerland should start searching for oil from her own resources, it was not a poor country after all. Thus, in 1953 the Swiss consortium for petroleum research, led by cement industrialist *Max Schmidheiny* was founded. The consortium received money from the large Swiss companies. First director was *Professor Werner Niederer*, President of *Avia*, the *Association of Swiss Importers of Oil*. Schmidheiny was worried about the dependence on foreign sources, and said that the oil companies could not be trusted. Switzerland's own petroleum, still to be pumped up, should not be given out of hand, because the international companies would line their own pockets. How many great industrialists who are committed to their country in such way does Switzerland still have today?

On 24 September 1955, the above mentioned petroleum research consortium already received the first mining rights:

#### World War II was decided by US oil

ts. The role of oil in World War II is still being seriously underrated. US oil production quotas were crucial for their military clout. In 1939 for example, 3.5 million barrels per day were produced, which represented 60% of the world production. By 1945, the output already amounted to 4.7 million barrels per day, and this amounted to 66% of the world production. Hence we can say that fighting together with the US meant having and producing – enough oil! For a neutral power this posed a formidable challenge! (Cf. Ganser, pp. 81.)

# Resource-poor landlocked Switzerland and its dependence on pipelines

## European pipelines in the hands of multinational corporations – the puzzling death of Enrico Mattei

ts. After the Second World War a dense pipeline network was created in Europe. With a flow rate of 3-5 km/h, the tubes proved to be the most efficient variant of oil and gas transport – moreover, transporting this way was four times cheaper than transporting by alternative methods. Pioneer in the construction of pipelines was the US Army, which built the first pipelines in Europe after the 6 June 1944 to supply their troops with provisions. After the war, these pipelines were used for civilian purposes.

As a result, in 1958 the *North-West Pipeline* (NWO) was built from the deep water port of Wilhelmshaven to Cologne, Lingen and Gelsenkirchen, i.e. to the refineries of *Shell*, *BP* and others. And the *North German oil line* (NGO) was built from Wilhelmshaven to the local refinery in Hamburg. In 1960, the *Rotterdam-Rhine-pipeline* (RRP) was constructed, with Frankfurt as its terminus, supplying several refineries with oil on the way.

### Shell, Esso and BP: Murder aimed at eliminating competition?

From 1960, pipelines were also created from the Mediterranean such as the *South European Pipeline* (SEPL or PSE) from Marseille to Strasbourg and Karlsruhe. Constructors were Shell, BP and Esso. 1963 followed the *Rhine-Danube line* (RDO) from Karlsruhe to Munich which supplied refineries in Karlsruhe, Strasbourg and Ingolstadt, near Munich. *Enrico Mattei*, chairman of the Italian state-owned oil and gas company ENI, tried to compete against the dominance of large corporations from the US and the UK – a project which he paid for with his life. On

*Please note: Federalism has always been a protection against attacks from large structures, whether energy companies or political bodies like the EU, which are behind all the tendencies of merging communes and cantons, behind the creation of natural parks and metropolitan regions.*

27 October 1962 he died in his private plane that exploded just before Milan airport. Italian media immediately accused the US oil companies of the murder. The Swiss SPS (Social Democratic Party of Switzerland) newspaper “Vorwärts” backed this thesis as well.

What had Mattei planned that was so threatening? With a Central European Pipeline (CEL) from Genoa to Munich, he had tried to overtake SEPL and thus provoked the opposition of Shell, BP and Esso.

In 1964, Esso, Shell and BP agreed with ENI to collaborate with the CEL-pipeline, which would have been unthinkable during Mattei’s lifetime! The CEL-pipeline from Genoa to Aigle, the Olédud du Rhone, was taken into operation in 1963. To overcome the Valais Alps, the tube was placed under the pavement of the road tunnel through the Great St. Bernard. Its extension to Munich was then, however, not prevented by the large corporations, but by the Bernese, for fear of loss of revenues to the *BLS Bahn* (Berner Alpenbahngesellschaft BLS – Bern-Lötschberg-Simplon). Therefore, the last stop of the CEL in Aigle today is the refinery in Collombey.

In January 1966, after all, a new branch of CEL was built, the Oleodotto del Reno, via Splügenpass and the St. Gallen Rhine Valley to Ingolstadt in Munich, thus many years after SEPL.

### Disquieting: almost half of the oil flows through pipelines in Switzerland

From 1965 to 1967, Esso, Shell and BP, constructed the *TAL*, the *Transalpine pipeline*, from Trieste to Ingolstadt in the Austrian Alps. ENI was allowed to participate in the project. With a diameter of 100 cm, the TAL pipeline was the most powerful in Europe. The *Adria-Vienna Pipeline* branches off the TAL lead to the refinery in Vienna Schwechat. Then, in 1972, the world experienced the birth of a product pipeline from Marseille to Geneva: Their specialty was that already refined products could be pumped through the same tube in succession without being mixed. In 1997, the CEL pipeline was no longer competitive against SEPL and TAL and was closed. Since 2009, natural gas has flown through the tubes of the CEL!

What does this melange of pipelines from Marseilles, Genoa and Trieste mean for Switzerland and its security of supply? *Werner Flachs*, Delegate for National Economic Supply, had to state that a failure of Marseille, Genoa and Trieste would hit Switzerland to the core! Because in 2010, oil was transported to Switzerland as follows: up to 43% by pipelines, up to 24% via the Rhine to Basel, 25% by rail, 8% by lorries. A pipeline blockade would affect nearly half of the Swiss imports of petroleum products! A fact that is surely disquieting to everyone concerned with the independence of Switzerland. (Cf. Ganser, pp. 131.) •

### “The peace model Switzerland and...”

continued from page 8

namely, on the territory of the six cantons which were associated in the Northeastern Swiss oil concordat. These were Zurich, Berne, Solothurn, St. Gallen, Aargau and Thurgau. Thus, everything remained in Swiss hands as planned.

In June 1959, a holding company was set up with a Swiss majority, which should control the petroleum research in Switzerland: the *Swiss Petrol Holding AG*. Since then licenses in Switzerland were only handed out to subsidiaries of Swiss Petrol.

This safety mechanism successfully kept the large corporations away from Switzerland. *Swiss Petrol* participation certificates could also be drawn under the motto “Swiss oil to the Swiss” – and in the case of successful drilling the profits would have been shared.

\* \* \*

*The second part of this small Swiss history having regard to the energy issue will lead from the Suez crisis of 1956, via the oil crises of 1973 and 1979 to the Gulf Wars; it will further clarify the difference*

*between upstream and downstream business in the oil commerce and eventually analyze the problem of the need for an energy transition.*

Literature: Daniele Ganser. 2012. “Europa im Erdölrausch. Die Folgen einer gefährlichen Abhängigkeit”. Zurich, Orell Füssli. ISBN 978-3-280-05474-1

<sup>1</sup> The “Bergregal”, or “Bergwerksregal”, was the historic right of ownership of untapped mineral resources in parts of German-speaking Europe; ownership of the “Bergregal” meant entitlement to the rights and royalties from mining (“Berg” in this context = *mining* and “-regal” = *regale* or *right* as in “droit de régal”).

## Strengthening the rights of private and minority shareholders

### “A broadly-based parliamentary motion, binding for the Swiss Federal Council should be rapidly submitted”

Interview with the former federal administrative judge Hans-Jacob Heitz, lawyer and mediator



Hans-Jacob Heitz  
(picture ma)

er, directed against the granting of excessive salaries and bonuses to bank managers). In case of the initiative's acceptance, high bonus payments and excessive severance packages for resigning managers and directors of the board among other things must be submitted to the vote of the general meeting. This is to close down the nefarious development of the past 20 years.

Another tireless fighter for the strengthening of the shareholders' rights is Hans-Jacob Heitz, former federal administrative judge and lawyer. He is the one who filed a criminal complaint against Daniel Vasella – resigned chairman of Novartis AG – against the members of the remuneration committee and Novartis International due to “unfaithful business management, untrue information in the commercial sector” and “eventually for a ban on resignation compensation (Minder Initiative)”. With these words he expressed what many people felt. In this interview he outlines a number of legal issues that need to be urgently addressed in the Swiss company law as the next step after the adoption of the Minder Initiative. Here the federal Parliament has a duty to conduct a meaningful reform of the Swiss company law. He also explains why he filed the above-mentioned criminal complaint.

Hans-Jacob Heitz, MLaw UZH, advocate and mediator SAV (Swiss Bar Association), led part-time business associations such as the Chamber of Commerce and more, had a seat on various boards of directors of SME's; served as a judge in the Commercial Division of the Federal Administrative Court; he founded and presided over the Swiss Guard Association of Swiss Investors SVSA; he had a seat in the Council of Winterthur, in the Council for vocational training; He is also a member of the Canton Council of the canton of Zurich. He is retired General Staff Colonel of the Swiss Army.

thk. Next week-end [3 March 2013], Swiss citizens are going to vote on the so-called “Abzocker-Initiative” (“Minder-Initiative” – initiated by National Councillor

Thomas Mind-

*Current Concerns: What can explain the fact, that despite the storm of indignation at the Novartis general meeting of shareholders the voting results are clearly in favour of the board of directors?*

Hans-Jacob Heitz: A total of 61.5% of the issued voting shares were represented, which correspond to 1.66 billion. Thereof the independent voting representative holds 81.1% (!), which correspond to 1.35 billion, 11.2% were held by management representatives and only 7.7% were represented in the Hall. These 7.7% correspond pretty much exactly to the voting result on the discharge, which was granted in globo, i.e. including Vasella.

Even in advance the clear poll results couldn't surprise me, because many shareholders had been on leave in the sports holiday and even more shareholders granted proxy power to the Independent Voting Representative empowering him to vote in favour of discharge and remuneration report prior to the announcement of Vasella's resignation compensation. Because of that a large number of disgruntled shareholders contacted me, who wanted to revoke their vote or who wanted to vote differently after the announcement of this remuneration.

These circumstances point to the problems of today's institution of independent voting representatives, because the results are often non-representative today as recently happened with Novartis, so a false image is created!

It is also known that employees do generally not dare to vote against the Board of Directors, because they fear, that the Board of Directors could obtain insight into their electronic voting.

*What lessons are to be drawn from these proceedings?*

The institution of independent voting representatives needs to be reconsidered and restructured so that a shareholder is able to adjust his vote granted to the independent voting representative by email, if such unexpected incidents like the announcement of the resignation compensation occur. This could be solved by a 24 hours period of time before the general meeting of shareholders and should be secured by passwords!

Moreover the private and minority shareholders have (finally) to regroup and to come to an agreement, because their performances and votes at the annual general meeting degenerate more and more into a bad circus, which doesn't help at all. Also,

it is necessary to connect with like-minded institutional investors to discuss and ally, because only then the necessary impact can be achieved. Moreover, you have to think about a statutory legitimacy which must be anchored in Swiss company law.

*What will become of your complaint? What was your motivation to launch it?*

First, it can be stated that the criminal complaint is the complaint of the poor guy, of the shareholder, because civil complaints are measured by the high levels of interest and the costs which now have to be paid in advance are simply out of the reach of private and minority shareholders.

My criminal complaint against Daniel Vasella, the members of the Remuneration Committee and thereby against the entire board of directors, and as a precaution against the Novartis International AG as well, is based on Novartis' blatant violation of company law which explicitly states, that the compensation of board members, which of course also applies to the president, has to be disclosed on the balance sheet and the remuneration report. But the (resignation) compensation given to Vasella, – the legal qualification is irrelevant here – was to be smuggled past the shareholders, because the amount of 72 million francs was never anywhere confirmed by document. This procedure may constitute a criminal offence like embezzlement and/or untrue information in commercial trade (violation of the commandment of economic reality), where with respect to a preliminary effect there is also the question whether it constitutes a deliberate attempt to circumvent the ban for such compensations according to the “Abzocker-Initiative”.

The criminal complaint was submitted to the Prosecuting Attorney's Office in Basel City, according to its announcement a preliminary investigation should be opened. A retreat is not possible because it is recognised as an ex-officio crime and the public prosecutor's office has become active. It is now in its sole discretion, to decide whether a full criminal investigation is to be started or not. If not, it would have to issue a decree, against which the sender of the criminal charges could file an appeal.

*Where do you see the most important need for action?*

## Of China, Senator Paul, and the terrible price of open borders

by Michael Scheuer\*

Although this week's report about the Chinese military hacking into US government and business websites and last Sunday's [14 February 2013] appearance of Senator *Rand Paul* on *FOX News* – calling for President *Obama* to acknowledge he cannot kill a US citizen in the United States with a drone – seem unrelated to the issue of borders, they are really quite pertinent to that topic.

What the Chinese military seems to have done is to penetrate a border of sorts, an electronic one that is meant to protect sensitive US defense and business materials stored on computer systems. That the Chinese are doing this is no surprise. They have been at it for a while, as have Western governments. Recall the reported US-Israel cyber attack on Iran's nuclear facilities, and the repeated attacks by amateur hackers on Western banks, credit card companies, media outlets, and government offices.

In the present case, the detailed report published about the Chinese attacks seems to be raising a good deal of ire in the American public and among some elected and unelected federal officials. And it should. Our sovereign electronic border – if you will – has been wantonly violated by a foreign power with the intent to cause America harm, or at least to prepare China to cause us harm in the future. The Chinese attack seems likely to cause a tightening of our electronic defenses, which is all to the good.

Most of the American ire over the wanton Chinese attack on our cyber border,

however, disappears when it comes to the reality that so many other of our foes have wantonly and consistently penetrated our old-fashioned land and coastal borders. And this is where Senator Paul's words are pertinent. On *FOX News*, Senator Paul was worried about President *Obama* – and presumably his successors – using a drone to kill a US citizen inside the United States. This is a legitimate point, or would have been if the Senator's concern was not coming at far too late a date.

Unfortunately for our country, Senator Paul's worry about the use of drones inside the United States is already long overtaken by events. Thirty and more years of uncontrolled land and coastal borders means two things: (a) we have no idea how many of our enemies or their surrogates are in America, and (b) we have no idea what kind of weaponry those enemies already have cached either in the United States or just across the border in Mexico and Canada.

While American politicians have for 30 years argued over “immigration reform,” they have ignored the fact that the only important concern vis-a-vis US borders is their fundamental and direct relation to national defense. That consideration comes first, last, and always; all other concerns about the border are overwhelmingly less important. And because we have done nothing to protect ourselves by controlling our borders, we will at some point in the not too distant future see a president not only using drones inside the United States, but also using martial law to maintain order and causing federal law to be

changed to allow US military forces to operate inside the country.

If you think this is far-fetched it is only because you have been lulled to sleep by the mainstream media and the politicians, all of whom know but will not speak about the vital role controlled borders must play in national defense.

The truth is, though, that none of us need the media, the politicians, or ribbon-bedecked general officers to tell us the obvious. America lost the war in Iraq because we could not or would not close Iraq's borders to incoming mujahedin. We lost the Afghan war because we failed to even consider closing the border between Afghanistan and Pakistan. We have lost the war on drugs because we have failed to control our own borders. The Syrian regime of *Bashir al-Asaad* is losing its war because it can no longer control its borders and stop the incoming flow of Islamist fighters. Israel is facing a substantial future threat because the Arab tyrants are no longer there to control their side of the borders they share with Israel. In short, uncontrolled borders inevitably lead to disaster.

And America will be no exception to this hard and fast rule. Beyond the millions of undocumented aliens now in America, the US government has for the 30 years conducted an interventionist foreign policy that has threatened and bullied foreign countries and movements – many of which clearly merit bullying if not severe punishment – and has thereby earned an often intense enmity among them.

continued on page 12

### “Strengthening the rights...”

continued from page 10

Simply expressed in the following conditions:

- Simplifying the agenda, that is, for example: establishing a scarcer deadline and abolishing the requirement to block the shares – as is usual with UBS – for about two months, which would prevent institutional investors to do so out of considerations of care;
- Lowering the cost barrier to liability suits, or in case of good reason make the company pay (as is common in other countries);
- Creation of entitlement for organized private and minority shareholders with a nominal share capital of 5% to a seat on the board of directors;
- Simplification of conducting special audits;

- Qualified majority during the vote on the remuneration report by, for example,  $\frac{3}{4}$  of the votes represented;
- Ensuring that the board of directors does not have access to information concerning individual voting behaviour;
- Finally, proxy voting right must be ended.

*What must be initiated, to achieve a breakthrough for these legal rights?*

We know that the reform of company law is pending in the federal parliament. Because of that a broad-based initiative, which also is binding for the Federal Council, would have to be submitted quickly, preferably with the commandments listed previously. This could be incorporated into the anyway necessary processing of the “Abzocker-Initiative”. Today would be the best point in time to do so!

In case the federal parliament remained passive, a popular initiative would have to be considered!

*What is the most urgent concern in this context?*

Generally a better culture in the handling of the Board of Directors with respect to its private/minority shareholders, for example, by the creation of investor clubs with proper informational events.

Here, *economiesuisse* is required as well, where the *Swiss Code of Best Practice* is to be revised and to be equipped with a sanction norm (for example, the exclusion of associations) in case of violations. *Economiesuisse* could thus win back its recently partially lost trustworthiness.

*Thank you very much for the interview. •*

(Translation Current Concerns)

# US troop withdrawal from southern Afghanistan confronted with harsh reality

## Strong point Haji Rahmuddin II, Afghanistan

by Matthew Rosenberg

*When the last American soldiers to occupy this squat, lonely outpost in southern Afghanistan pulled out this past week, they left the same way earlier units had arrived: ready for a fight.*

They were leaving this violent patch of land outside Kandahar, the south's main city, just as Taliban fighters were filtering back in from winter havens in Pakistan. It was, as First Sgt. Jason Pitman, 35, bluntly put it, "no time to get stupid."

The Americans knew they would be most vulnerable in their final hours after taking down their surveillance and early warning systems. The Taliban knew it, too, and intelligence reports indicated they had been working with sympathetic villagers to strike at the departing soldiers. Two days earlier, the militants made a test run against the outpost, taking the rare step of directly engaging it in a firefight, albeit a brief one, soon after the first radio antennas came down.

On the same day that President Barack Obama announced that about half of the American troops left in Afghanistan would withdraw this year, and that Afghan forces would from now on begin taking the lead in the war, the smaller-scale departure from the *Hajji Rahmuddin II* outpost was an uncelebrated milestone.

But it pointed at a harsh reality of the process: that some of the withdrawal would happen under fire, in areas of the Taliban heartland where the idea of Af-

ghan-led security remains an abstraction with the main fighting season just weeks ahead. Some of the hardest-won gains of the war are likely to be lost.

In the years since the Obama administration's surge of tens of thousands of US soldiers and their Afghan allies pushed into the grape fields, pomegranate orchards and opium poppy fields of southern Afghanistan, some islands of relative calm have been cleared.

But even though this corner of Kandahar Province – the Zhare district – was also a focus of the troop surge, it is far from calm. And it is not unique: Many areas in the south and east where troop pullouts are under way have seen only tenuous security gains at best despite years of US effort.

The Taliban here have chosen to press their fight, on ground where *Mullah Muhammad Omar* and his followers first rose up against a local warlord, in the movement's genesis. Even many Afghans are hesitant to make the hourlong trip from Kandahar to the district's mud-brick villages, many of which stand half-abandoned after three summers of intense fighting.

"My sons live in Kandahar city, and they do not like to come back here," said *Abdul Malik*, an elder from Tieranon, a village in central Zhare. Once you are in the villages, he said, "anything can happen."

The American withdrawal is picking up pace regardless, and US commanders

have begun to cede even the most contested ground to Afghan forces.

There are still places "that the Taliban can find sanctuary, and we still believe there is an informal network or support structure in place that they can rely on," said Maj. *Thomas W. Casey*, the executive officer of the Third Battalion, 41<sup>st</sup> Infantry, which operates in the eastern and central half of Zhare.

So the Americans are out on patrol alongside Afghan units here almost every day, and running larger operations on a regular basis. Last week, they used a weapon that shoots a line of explosives and is intended to clear mined roads to knock down about 550 meters, or 1,800 feet, of trees that could provide cover for Taliban scouts and attackers.

On Thursday, they demolished a hill the Taliban had used as a fighting position, reducing it to dust and dirt with three huge explosions. The Americans on the mission outnumbered attending Afghan soldiers nearly three to one.

There are some things the Americans have to do solo because the Afghans cannot do them, nor will they be able to anytime soon, commanders say. One example is using high-tech surveillance – blimps, drones, cameras mounted on towers at every base – to help spot militants before they attack, and to direct airstrikes against them. They have launched numerous such attacks in the past month alone.

continued on page 13

### "Of China, Senator Paul..."

continued from page 11

During the same period, the US government left our borders uncontrolled, and unless our enemies are idiots – and they are not – they have taken advantage of those open borders to prepare for the day when they can (a) no longer abide US bullying or threats or (b) Washington undertakes direct military action against them. Does anyone seriously believe that Iran and the Sunni Islamist movement have not taken advantage of our open borders to insert fighters and weapons into the United States? Does anyone really buy the FBI's traditional mantra that "we have not found them in America so they are not here"? Isn't it just commonsense that America's enemies – who have not a ghost's chance in a stand-up fight with the US military – would prepare themselves to exact re-

venge by being prepared to cause carnage inside the United States? And would it not likewise have been commonsense for Washington to have controlled its borders as long as it was intent on conducting an interventionist foreign policy that it knows alienates much of the world?

At day's end we can probably defend ourselves effectively against the Chinese cyber attacks. We are aware of and angered by them, and are pretty good at such warfare ourselves. But, alas, it is far too late to protect ourselves against the domestic violence that will occur in the United States because we have failed to control our borders. There is no doubt that our enemies' fighters and ordnance are already here; the only question is when they will choose to use them. When they do, Senator Paul's legitimate concerns about protecting the rights of US citizens inside the United

States will be washed away by martial law, dictatorial presidential power, and domestic US military operations – all of which will be the yield of uncontrolled borders and the easy opportunities they gave our enemies to prepare for war in North America.

Source: Michael Scheuer's *Non-Intervention.com* of 20 February 2013

\* cc. *Michael Scheuer* was born in 1952, historian and political analyst. During 22 years Scheuer was a CIA intelligence officer until 2004, where he served as the Chief of the "Osama bin Laden tracking unit" from 1996 to 1999. After leaving the CIA, he worked as a journalist for the news company CBS News and The Jamestown Foundation. Today Scheuer teaches at Georgetown University in Washington. He is also a security expert for various television stations and he writes books. He became a public figure mainly by the book "Imperial Hubris: Why the West is Losing the War on Terror", at first anonymously published by request of the CIA. In 2012 he supported the candidacy of Ron Paul, referring to his foreign policy views.

**"US troop withdrawal ..."**

continued from page 12

The Afghans, meanwhile, send out regular patrols on their own, and conduct a growing number of small, independent operations. Their fighting ability is getting close to where it needs to be, but American and even some Afghan officers say that the crucial back end of the army – the logistics and supply teams that get bullets, fuel, food and water to where they need to be – is woefully unready.

The Afghan brigade based here, for instance, nearly ran out of fuel this past week. It was down to a few hours' worth when a resupply came through after some behind-the-scenes prodding from coalition officers up the chain of command.

But with fewer American troops here – the force level in Zhare and the neighboring district of Maiwand is down from a brigade of about 4,500 soldiers to two battalions totaling about 1,500 – Afghan forces have to fill the holes.

"There's no white space in Zhare – white space being the area that no one owns or controls," Major Casey said. If an area is not occupied by US or Afghan forces, "it's occupied by the Taliban. It's red space."

Unless the Afghans can hold what the Americans give up, he said, "more space is going to turn red."

That is now the case in the villages that surround Strong Point Hajji Rahmuddin II. As recently as September, the out-

post was home to a company of about 120 American soldiers, along with a few dozen Afghan troopers.

By January, its American force was down to a single undermanned platoon. Between manning their four guard towers, running patrols, starting to break down the base and taking care of basic human necessities – eating, bathing and sleeping – the platoon was stretched thin.

They did manage to find a few more minutes in each day about two weeks ago, after the showers were trucked away and not replaced. Hot food went next, and chow time became whenever you could grab some rations. The soldiers here still manage to joke about it. Then the radio antennas were taken down. The brief Taliban attack followed, after which the battalion dedicated a single balloon camera to keeping watch around the outpost's perimeter day and night, Major Casey said.

The Afghan force at the base, now down to 16 soldiers, watched on warily, telling the Americans that they had to stay. The morning of the Americans' departure, the Afghan commander, Lt. *Muhammad Mohsen*, said during an interview that he believed they would come back. If not, he said grimly, the villagers would soon want them back.

"We'll have the freedom to do what we want," Lieutenant Mohsen said. Those villagers who desired peace would get it. Those who did not, "maybe we can destroy their homes."

The Americans, meanwhile, brought down their towering surveillance camera, one of the single biggest advantages for the defenders. At that point, security became "a huge concern," Major Casey said. "We focused pretty much all our assets we had on watching that."

They had to watch a few hours longer than planned. Lieutenant Mohsen had left only three soldiers at the base, not even enough to put one man in each of the five towers he now controlled. The Americans sat for two hours past their appointed departure time waiting for him and the rest of his men to return.

In the end, the Americans managed to vacate the outpost having faced just the one firefight – a relief after preparing for days for a large attack.

But Major Casey and other commanders said they expected the Taliban to learn from what they had just seen.

The platoon that departed Hajji Rahmuddin II will also be returning on a regular basis to work with the Afghan forces based there. The Americans would keep watching from the sky, as well.

"The last thing we want," Major Casey said, is "the Taliban successfully overcoming a strong point after we've left. That's almost as bad as them getting ready to attack us as we're leaving." •

Source: © *The International Herald Tribune* of 16/17 February 2013

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# Goals and means of Obama's high tech military strategy

by Prof Dr Albert A. Stahel, Institute for Strategic Studies, Wädenswil

As becomes recognizable from various recent publications in journals, the *Obama* administration is determined to keep up the hegemony of the United States in future, as well, despite the unsatisfactory economic situation in the country. This results in an intensifying confrontation with China in the western Pacific. In contrast to the military strategy of the previous *Bush* administration that was simply conceived intellectually and would today probably be labeled antiquated, Obama is counting on high-tech for the enforcement of the USA's geostrategic hegemony in the world. This cyber war includes viruses and worms against the opponent's vulnerable facilities such as informatics and electricity networks. Let us recall the computer virus *Stuxnet*, which undermined the nuclear weapons program of Iran in 2010. IT experts consider *Stuxnet* as a precision weapon of cyber warfare in analogy to aerial warfare.

The high tech means of the Obama administration include the combat drones *UCAVs* (*Unmanned Combat Aerial Vehicles*). Restricted only by a few political rules, unpopular leaders or al-Qaeda key members are liquidated by the *UCAV's* Hellfire precision-guided weapons, which are controlled by Nevada-stationed officers. Commanders of a *UCAV* mission in Washington DC and their operators in Nevada accept that their operations cause some collateral damage, i.e. killings of innocent civilians.

The third important means of the strategic arsenal of Obama and his administration are the highly trained elite units of the *Special Operations Forces (SOF)*, like *Seal Team Six* and *Delta*. High-ranking opponents are directly eliminated by these elite soldiers. An example was the liquidation of *Osama bin Laden* in his hideout in Pakistan's Abbottabad in 2011. The required information-gathering by means of Waterboarding (simulation of drowning) of captured al-Qaeda supporters is

the CIA's business, which has increasingly taken over the leading role in the war against al-Qaeda thus partially replacing the armed forces in this function. The targeted elimination of enemy leader personalities also shows some similarity to the actions of the cadre-guerrilla in Europe in the mid-80s of the 20<sup>th</sup> Century. In particular, the RAF terrorists wanted to weaken the state and society of the German Federal Republic by killing high-ranking leader personalities of the state and the economy and finally destroy the whole society. Analogous to the European terrorists of the last century the Obama administration aims at causing the collapse of their enemies by elimination of the al-Qaeda leadership.

Note, however, the interesting axioms which determine this strategy. While the Obama administration applies the described high-tech means in a largely covered manner, it leaves the use of conventional means, such as bombing the opponents from the air and/or supporting the so-called rebels against unpleasant dictators to its allies. The intervention in Libya and Mali by European allies or the leadership of the so-called *Free Syrian Army* by Turkey and Saudi Arabia are examples thereof. A similar pattern is recognizable in the conflict between Japan and China concerning the uninhabited islands in the Western Pacific. In all of these conflicts and disputes the United States have limited themselves to logistics. This strategy and thinking shows features common with the strategy of *Nixon* and *Kissinger* at the end of the Vietnam War. At that time, Nixon and Kissinger and now Obama wanted to determine only the goals and support their Allies' war efforts only by means of US logistics. Today as well, the Allies are supposed to do the dirty work for the US. This way of thinking can be characterized by a French bon mot from the world wars, when the French accused the British

that in each of the wars they would save the lives of their British soldiers at the expense of the French: "Se battre jusqu'au derniers soldats français!" (Fight up to the last Frenchman). The Allies are to bleed, not the Americans, because seen from the perspective of the politicians in Washington DC they had made enough sacrifices in the wars of the last 20 years. That almost all of these wars were triggered and led by the US is being concealed. •

[www.strategische-studien.com](http://www.strategische-studien.com)

(Translation *Current Concerns*)

## Current Concerns

The international journal for independent thought, ethical standards, moral responsibility, and for the promotion and respect of public international law, human rights and humanitarian law

*Publisher:* Zeit-Fragen Cooperative

*Editor:* Erika Vögeli

*Address:* Current Concerns,

P.O. Box, CH-8044 Zurich

*Phone:* +41 (0)44 350 65 50

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*E-Mail:* [CurrentConcerns@zeit-fragen.ch](mailto:CurrentConcerns@zeit-fragen.ch)

*Subscription details:*

published regularly electronically as PDF file

Annual subscription rate of

SFr. 40,-, € 30,-, £ 25,-, \$ 40,-

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# Fourth Dresden Peace Prize for Stanislav Petrov

by Anton Friedrich

Sunday morning, 6.46 am, Berlin central station at the EC 171 to Budapest via Dresden and Prague. I would have liked to go to the Hungarians, whom we have to thank so much in the German reunification process. But today I will be travelling to Dresden, also called the "Florence on the Elbe". By 11 o'clock at the Semper Opera House, the *Fourth International Peace Prize*, the Dresden Prize 2013 for conflict and violence prevention, will be awarded to *Stanislav Petrov*.

The visit to Dresden is an emotional challenge for me. Born in Hamburg, I really would have liked to sail, before the fall of the Berlin Wall, with a boat from Hamburg to Dresden, our twin town at the upper end of the river Elbe. My parents often liked to talk about their time in Dresden, though usually with teary eyes. My father, seriously injured, was brought out of Stalingrad with the last *JU 52* and was taken to the military hospital in Dresden. Only two years before my mother had married an unscathed young man and now she hurried to Dresden to stand by his side after his war injury. So now off to the Semper Opera house in Dresden.

"The situation had already been tense all year [1983]. The then-President *Ronald Reagan* had insulted us as 'evil empire'. Then the Americans stationed *Pershing II* missiles in Western Europe aimed at Moscow, in return, we set up our missiles in the 'people's democracies' of Eastern Europe." (S. Petrov in "Frankfurter Allgemeine Zeitung" on 19. 2.2013)  
(Translation *Current Concerns*)

In 1945 the Semper Opera house was severely damaged and solemnly reopened only in 1985 (the Frauenkirche as late as in 2000). For the Peace Prize award, the opera is fully booked. People have come to honor Stanislav Petrov, who, in 1983 prevented the outbreak of World War III, by his courage, his intuition and his commitment to world peace.

After *Gorbachev*, *Barenboim* and *Nachtwey*, Petrov is the fourth winner of the International Dresden Peace Prize, endowed with 25,000 euro. The laudatory speech was given by *Claus Kleber*, more-than-once honored reporter for ZDF, most recently for his three-part series: "The Bomb". *Gerhart Baum*, retired Federal Minister of the Interior, who, at the age of twelve, witnessed the bombing of Dresden, was responsible for the chair. In 2012 *James Nachtwey* was honored for his photo-reportage of the firestorm. The musical framework program was provided by six



(picture *Ria Novosti*)

Russian musicians, who have been creating a furor in Berlin for five years with a clever mix of salsa, klezmer, jazz, tango and genuine Russian folk. In the Semper Opera house they played for Stanislav Petrov. Wonderful.

On 25.09.1983 Lieutenant Colonel Stanislav Petrov was the commander on duty of a secret unit of the Soviet Union, which, 80 km away from Moscow, served to monitor US nuclear missiles. Around the clock 140 soldiers watched their screens to make sure that nothing moved on the American launcher ramps and that they would never have to trigger an alarm.

Just remember: In 1983 *Ronald Reagan* was President of the US and *Andropov* was the First Secretary of the Central Committee of the USSR. Reagan regarded the Soviet Union as an "empire of evil" and *Andropov* was convinced that the Americans were preparing the nuclear first strike. Cold War! In the FRG, *cruise missiles* and *Pershing II* missiles were stationed and there were protests. The first *SS 20* went to the GDR. With their *SDI* the USA established a global defense system against the USSR. In the cinema "War-games" and "The Day After" were on, depicting nuclear war and its aftermath. But this was not the movies. In 1983, we were really just on the brink to the third World War. One of the largest East-West conflicts after the Cuban Missile and the Berlin Crisis has been covered up for 10 years.

That night Lieutenant Colonel Stanislav Petrov was notified of the launch of US nuclear missiles of targets in the USSR a total of five times within minutes. Five times the *Sputniks* had sent "start" to the monitoring station in Moscow 15 seconds after the alleged launching. And the display indicating, whether the attack was real, was on "highest probability". Petrov

adds: "You understand, highest, it was not possible to get any higher." But Petrov kept a cool head. He had all available control systems checked. As an engineer and systems analyst he knew the technique of

"For us, it was clear: If the Americans attacked us first they would live longer than we would, but only 20 to 30 minutes. That was what it was like at the time." (S. Petrov in "Frankfurter Allgemeine Zeitung" on 19. 2.2013)  
(Translation *Current Concerns*)

warning systems inside out. But no technical error was found, everything was running normally. Except that a nuclear war seemed to have started a moment ago. "I was not sure," Petrov says, "on the one

"If we had recognized a mass start in the United States, we would have sent our missiles which would have happened very quickly. You had nothing to do but to start the missile's gyrocompass and to confirm the target coordinates. The American missiles would have come down on us and ours would have been only a few minutes distance to America. It is unimaginable what would have happened to our planet. Life would no longer have been possible." (S. Petrov in "Frankfurter Allgemeine Zeitung" on 19.2.2013)  
(Translation *Current Concerns*)

hand, the system worked smoothly, therefore the ballistic report had to be right. On the other hand the visual confirmation lacked." Although the threat was thus 50 to 50, he picked up the phone and reported a false alarm to the general staff. Then

continued on page 16

### "Fourth Dresden Peace Prize ..."

continued from page 15

he announced the second and the third false alarm. Lieutenant Colonel Stanislav Petrov: "I did not want to be guilty of the third world war." He did not decide as a technician, not as an officer in the Soviet army, but simply as a human being. He could have passed the decision to "the top" of the general staff, but he exercised his responsibility for the survival of mankind very courageously.

Now everybody is staring at the radar screens. Would a rocket appear there, after all maybe five or even more? After half an hour the false alarm proves to be true. No missiles approaching the USSR. Lieutenant Colonel Stanislav Petrov thanked his colleagues. It's over. The third World War has been prevented by Petrov.

The cause of the false alarm was found later: a cosmic irritation of the sun and earth, a flash of light and mist, which the Sputnik misinterpreted. However, Petrov is reprimanded for not having kept the minutes thoroughly enough for 30 minutes that night. In 1984, at the age of 45 years, he leaves the Soviet Army. As late as in 1993 he is rehabilitated. After the collapse of the USSR the general who had blamed him in 1983 reported the top-secret missile monitoring station and the false alarm announced by Petrov. After that Lieutenant Colonel Stanislav Petrov received mail from around the world, all with a similar text: "Thank you for saving the world in 1983." Until today Petrov has always repeated two sentences: "I'm not a hero. I just did my job."

It was a wonderful occasion to go to Dresden. And I was deeply moved to see with how much sincerity and courage Lieutenant Colonel Stanislav Petrov had gone his way. Several minutes of standing ovations for him at the

### 17 February 2013 – We and the world are still alive!

*The well-known Norwegian author and lawyer Fredrik S. Heffermehl ("The Nobel Peace Prize: What Nobel Really Wanted"), suggested in a letter to the members of the Nobel Committee, established by the Norwegian Parliament, to nominate the former Soviet officer Stanislav Petrov for the Nobel Peace Prize:*

17 February 2013 – We and the world are still alive! Today I took part in the ceremony in the crowded Dresden Semper Opera house (1,300 people), where the Soviet nuclear expert Stanislav Petrov was awarded the Dresden Peace Prize for 2013. In the night of 26 September 1983 Petrov worked as a replacement for the head of a missile alarm center when suddenly all sirens and warning lights indicated that the United States had initiated the nuclear war and fired nuclear missiles towards the Soviet Union. Petrov kept a cool head and informed the commander-in-chief that there had been a false alarm. There had already been false alarms several times, but hardly ever were we so close to the total destruction of life on earth. How were we saved? This is a story from which we can learn much. We were lucky that Petrov was a developer and engineer and had worked a lot with the warning system before; he himself had written the manual for satellite monitoring of missile attacks. Thus he was able to compare his own judgment with that of the machine. We all must be happy that it was Petrov who replaced the officer on duty that night. This event is not only a historic event; it is still highly topical.

Those who believe that nuclear weapons have mysteriously disappeared with the end of the Cold War are dreaming. Reality is that "Russian roulette" is still being played with the future of our lives. This is particularly reflected in the fact that the ceremony took place in Dresden – in the city which was completely destroyed on 13 and 14 February 1945. Today the whole world can be burned and destroyed. (For me the mission of Berlin is the answer, where peace movement and diplomats in the *Middle Powers Initiative* are trying to reach an agreement on the elimination of all nuclear weapons.)

I was told by the organizers that they had asked Petrov what he hoped to experience in his future life. He answered that he would very much like to visit Norway! In a dinner speech after the ceremony I said that he should ideally come to Norway to receive the Nobel Peace Prize – and preferably together with two others: with *Lee Butler* or the whistle-blower *Daniel Ellsberg* from the US and with *Mordechai Vanunu* from Israel. It would be a trio that could make us aware of the vulnerability of life on this planet.

I suggest that one of the members of the Nobel Committee shall register this proposal as a valid proposal for 2013 at their first meeting.

Faithfully,

*Fredrik S. Heffermehl, Oslo,  
Lawyer and author*

(Translation Current Concerns)

Semper Opera house in Dresden. And it remains our duty to commit ourselves to a nuclear-free world with heart and hand. Since 2007 at the latest, specific proposals are on the table. Nuclear armament, this madness, has to be

stopped. We can not rely on a Lieutenant Colonel Stanislav Petrov, who will get it right. And we do not know who will take responsibility in such a case, nowadays. •

(Translation Current Concerns)