
Why we put up with it all – a contribution to a long overdue discussion

by Urs Graf

Switzerland with its neutrality is being met with hostility from Europe and overseas. One of the driving forces behind these attacks has been the foreign policy of the United States of America for quite some time. This behaviour of economic pressure and moral undermining displays some of the nonmilitary features of a so-called hybrid war. A lot of humiliating things have been said about us during the last decades. That alone is reason enough to think about the global conditions. Where does this depreciation of our political culture and history come from? It is time to defend ourselves against this. But that requires an analysis on how we got into this situation, a glance at history or the historical development during the 20th century to be more precise.

From the “Sister Republic ...”

In the 20th century, the relationship between Switzerland and the USA took on a new quality. The two states had previously been regarded as (admittedly very unequal) “sister republics” for a long time. With the American entry into the First World War, a new situation arose. With its grip on Europe, the USA began to gradually replace the British Empire from its world domination, and it exerted a strong influence on the *Treaty of Versailles*, which already contained the seeds for the next war. Russia was weakened by war at the time and was rather busy with its Bolshevik revolution and the accompanying war. And for many poor Europeans as well as the (still back then) emigrant nation Switzerland, the USA remained a focal point of many hopes and dreams of a better life, well aligned with the vision of “from rags to riches”.

Then came the severe economic crisis at the end of the 1920s, which gave a powerful boost to social aberrations in the direction of fascism/totalitarianism. The next great war loomed on the horizon. Just in time, the Swiss people found their way back to better cohesion and were thus able to avert an intensified class struggle and the destruction of their democracy. They decided on “industrial peace” among the social partners and the joint readiness of all

“Switzerland’s situation with regard to its refugee policy had already been carefully and honestly reviewed in the 1960s. [...] No country in the world took in more Jewish refugees, neither in absolute numbers nor in relative terms as a proportion of the population, than the small neutral country in the midst of the fascist Axis powers, threatened by invasions and challenged to provide for 4.5 million inhabitants under blockade conditions. Why was all this ‘forgotten’?”

political parties to defend themselves against the National Socialist claim to power. In the years of the Second World War, this unity proved its worth and Switzerland gained international prestige. Protection of neutrality, humanitarian aid and then participation in the reconstruction of the devastated countries of Europe were major fields of activity for our country, in which the so-called active service generation proved itself exceptionally well. But as General *Henri Guisan* predicted, our country was facing new tests.

After the end of the war, the Western Allies began to claim victory against the Axis powers for themselves alone, although it was above all the peoples of the Soviet Union who had contributed decisively to it at great sacrifice. But the so-called Cold War was already planned when the German Wehrmacht was still in a battle of retreat. It was the Anglo-American goal to destroy the communist Soviet Union by means of the German armies (as *Truman* announced in the Committee on Arms Production even before his election as US president) and thereby gain access to the old Tsarist empire, the “heartland”, as the Briton *Mackinder* had recommended. This strategy proved to be a failure. But under the American occupation in Western Europe, a front was immediately built up again against the Soviet Union. According to the principle “the enemies of our enemies (are our friends?) ...”, one recycled – regardless of

their crimes – war-experienced fascists and used them again against the Soviet Union and also against the newly emerging anti-colonial movements in South America, Africa and Asia.

... to the “untowardly little” sister

Already during the Second World War, Swiss neutrality was disregarded, especially by the Western Allied war powers, who misused Swiss territory for extensive intelligence activities, systematically violated neutral airspace with their bomber squadrons, attacking Swiss defences and even settlements. However, Switzerland faithfully fulfilled its role as a neutral country and was engaged in humanitarian work almost all over the world. This enormous work was carried out by its officials and civilians reliably, sacrificially and without media spectacle.

In the post-war period, Switzerland did its utmost to support the reconstruction of the European countries and, together with them, founded a forerunner organisation of EFTA. When the “Europe of the Fatherlands” envisaged by *Charles de Gaulle* in particular had already taken shape, it was pushed back by the Americans, who demanded a security architecture that would secure their supremacy. With its economic policy, it pursued the goal of a political union in Europe according to the strategy

"Why we put up with all this ..."

continued from page 1

of its agent *Jean Monnet*, who planned a kind of *United States of Europe* under the leadership of the USA.

The Europeans were busy rebuilding their destroyed countries, while the USA had recovered mainly from its economic crisis as a result of the war. The European post-war generation began to align itself in an almost devout manner with the "American way of life", while gradually achieving, through hard work, a modest prosperity for the time being. Unfortunately, the spiritual-cultural reconstruction lagged more and more behind the material one. In Western Europe, a materialism of consumption was pitted against the dialectical materialism of Eastern Europe, where people had to live more modestly. In the following decades of the Cold War, America was able to rule with the help of our fear of "communism" and an arrogance of the West dragged along from history against the "rest" of the world and in blind confidence in its nuclear superiority.

After the so-called *Wende* in 1989, the Anglo-American attacks began against Swiss neutrality, which until then had been officially highly valued but secretly probably only tolerated. They aimed at a moral devaluation of the Swiss Confederation through largely unjustified accusations based on its refugee policy during the Second World War.

Pro Memoria

Switzerland's situation with regard to its refugee policy had already been carefully and honestly reviewed in the 1960s. Mistakes had been admitted, but the extraordinarily difficult situation of Switzerland in the face of encirclement by belligerent powers had also been examined in detail. We are reminded here of the television documentary by *Werner Rings*, in which he carefully explained Switzerland's role as a major diplomatic power during the war. The attacks on Switzerland in the 1990s completely ignored these research findings, just as the authors concealed their own inglorious role with regard to the refugees. For Switzerland had been shamefully abandoned after the *Evian Conference* of 1938 in the face of the expected wave of migration of Jewish and political refugees. No country in the world took in more Jewish refugees, neither in absolute numbers nor in relative terms as a proportion of the population, than the small neutral country in the midst of the fascist Axis powers, threatened by invasions and challenged to provide for 4.5 million inhabitants under

blockade conditions. Why was all this "forgotten"?

Psychological operation ...

It was obviously about something else! Switzerland's worldwide trade relations had meant that many foreign assets were also managed by Swiss financial institutions. Some of these assets remained lying around after the gigantic human losses of the World War because the account holders could no longer be found. Unlike in other countries, these dormant assets were not confiscated in Switzerland. They were now the target of covetousness, and after decades American circles suddenly began to accuse Switzerland of having profited from the murder of Jews by the Nazis, and they posed as the trustees of the "aggrieved parties". A discrediting campaign went on around the world, and class action suits led by US lawyers demanded billions and billions from Switzerland. This was followed by years of enormously costly investigations by the so-called *Volcker Commission*. They finally revealed the amount of about 50 million Swiss francs in dormant assets – as it had already been estimated by the Swiss banks themselves. In 1998, the banks agreed on a settlement with Judge *Kor-mann* that cost them 1.8 billion Swiss Francs. In the end, large portions of this were distributed according to the watering can principle, even to recipients who only weakly substantiated their claims as descendants or relatives of victims of the Holocaust.

By this time, the Swiss Federal Council had already buckled under blackmail and, in particular, the threat by the New York Stock Exchange Commission to exclude Swiss financial institutions from trading. But even since then, the Swiss financial center has remained the target of unfriendly measures by its US competitors. Have we forgotten that the Swiss transit axes have certainly become no less important for logistics in Western Europe than they were at the time of the Second World War? In the hands of a neutral Switzerland, they remain a pawn against blackmail – just not to everyone's delight.

... against Switzerland's immune system

Far greater than the economic damage caused by blackmail, however, was the emotional weakening of a then young generation of Swiss people as a result of this unjust moral devaluation of the historical achievement of their grandparents in the World War era. The contemporary witnesses of the war generation were not even allowed to speak. Switzerland should be

ashamed of itself, was the motto. Cultural workers who saw themselves as *avant-garde* in the sense of the "critical theory" of the so-called Frankfurt School played an inglorious role. They began to defame the country that granted them a good education and the possibility of uncensored creativity. Whereas literary figures such as *Dürrenmatt* and his so-called critical patriotism, and cultural figures such as "700 Jahre sind genug" (700 Years is Enough) had already emotionally distanced the academic Swiss youth from their homeland, their defeatist work was now taken even further. Today, many Swiss react with a shrug of the shoulders, perplexed, or even try to make nice with the authoritarian attackers.

Objection necessary

What is needed again is a healthier self-image and a corresponding immune reaction from the middle of the population, which still (or again) knows where she comes from and, above all, knows where she wants to go in this world of ours. Objection necessary!

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, Eva-Maria Föllmer-Müller
 Address: Current Concerns,
 P.O. Box 247 CH-9602 Bazenheid
 Phone: +41 (0)44 350 65 50
 Fax: +41 (0)44 350 65 51
 E-Mail: CurrentConcerns@zeit-fragen.ch

Subscription details:
 published regularly electronically as PDF file

Annual subscription rate of
 SFr. 40,-, € 30,-, £ 25,-, \$ 40,-
 for the following countries:
 Australia, Austria, Belgium, Brunei, Canada, Cyprus, Denmark, Finland, France, Germany, Greece, Hongkong, Iceland, Ireland, Israel, Italy, Japan, Kuwait, Liechtenstein, Luxembourg, Netherlands, New Zealand, Norway, Qatar, Singapore, Spain, Sweden, Switzerland, United Arab Emirates, United Kingdom, USA

Annual subscription rate of
 SFr. 20,-, € 15,-, £ 12,50, \$ 20,-
 for all other countries.

Account: Postscheck-Konto: PC 87-644472-4

The editors reserve the right to shorten letters to the editor. Letters to the editor do not necessarily reflect the views and opinions of Current Concerns.

© 2022. All rights reserved. No reproduction, copy or transmission of this publication may be made without written permission.

“The war in Ukraine was provoked”

by Jeffrey D. Sachs*



Jeffrey Sachs
(picture ma

cm. The platform *Globalbridge.ch* has already pointed out in several articles that a number of prominent political scientists and politicians had warned against an eastward expansion of NATO and that other NATO activities, such as

the gigantic NATO manoeuvres on the Russian border and the plans for a reform of NATO, clearly show that NATO's goal was to include Ukraine in NATO and thus to deliberately provoke Russia. Now the prominent US political scientist Jeffrey D. Sachs has also published an article in which he comes to the unequivocal conclusion: “The war in Ukraine was provoked.”

George Orwell wrote in “1984” that “Who controls the past controls the future: who controls the present controls the past.” Governments work relentlessly to distort public perceptions of the past. Regarding the Ukraine War, the *Biden* administration has repeatedly and falsely claimed that the Ukraine War started with an unprovoked attack by Russia on Ukraine on 24 February 2022. In fact, the war was provoked by the US in ways that leading US diplomats anticipated for decades in the lead-up to the war, meaning that the war could have been avoided and should now be stopped through negotiations.

Recognising that the war was provoked helps us to understand how to stop it. It doesn't justify Russia's invasion. A far better approach for Russia might have been to step up diplomacy with Europe and with the non-Western world to explain and oppose U.S. militarism and unilateralism. In fact, the relentless US push to expand NATO is widely opposed throughout the world, so Russian diplomacy rather than war would likely have been effective.

The two main provocations

The Biden team uses the word “unprovoked” incessantly, most recently in

* Jeffrey David Sachs is a US economist. He is the Director of the *UN Sustainable Development Solutions Network*. From 2002 to 2016, he was Director of the *Earth Institute* at Columbia University, and from 2002 to 2006, he was Special Advisor on the *Millennium Development Goals* to United Nations Secretary-General *Ban Ki-moon*, advisor to the IMF, *World Bank*, OECD, WTO and UNDP.

“Regarding the Ukraine War, the Biden administration has repeatedly and falsely claimed that the Ukraine War started with an unprovoked attack by Russia on Ukraine on 24 February 2022. In fact, the war was provoked by the US in ways that leading US diplomats anticipated for decades in the lead-up to the war, meaning that the war could have been avoided and should now be stopped through negotiations.”

Biden's major speech on the first-year anniversary of the war, in a recent NATO statement, and in the most recent G7 statement. Mainstream media friendly to Biden simply parrot the White House. The “New York Times” is the lead culprit, describing the invasion as “unprovoked” no fewer than 26 times, in five editorials, 14 opinion columns by NYT writers, and seven guest op-eds!

There were in fact two main US provocations. The first was the US intention to expand NATO to Ukraine and Georgia in order to surround Russia in the Black Sea region by NATO countries (Ukraine, Romania, Bulgaria, Turkey, and Georgia, in counter clockwise order). The second was the US role in installing a Russophobic regime in Ukraine by the violent overthrow of Ukraine's pro-Russian President, *Viktor Yanukovich*, in February 2014. The shooting war in Ukraine began with *Yanukovich's* overthrow nine years ago, not in February 2022 as the US government, NATO, and the G7 leaders would have us believe.

The key to peace in Ukraine is through negotiations based on Ukraine's neutrality and NATO non-enlargement.

Biden and his foreign policy team refuse to discuss these roots of the war. To recognise them would undermine the administration in three ways:

First, it would expose the fact that the war could have been avoided, or stopped early, sparing Ukraine its current devastation and the US more than 100 billion US dollars in outlays to date.

Second, it would expose President Biden's personal role in the war as a participant in the overthrow of *Yanukovich*, and before that as a staunch backer of the military-industrial complex and very early advocate of NATO enlargement.

Third, it would push Biden to the negotiating table, undermining the administration's continued push for NATO expansion.

Just look at the archives!

The archives show irrefutably that the U.S. and German governments repeatedly promised to Soviet President *Mikhail Gorbachev* that NATO would not move “one inch eastward” when the Soviet Union disbanded the Warsaw Pact military alliance. Nonetheless, US planning for NATO expansion began early in the 1990s, well before *Vladimir Putin* was Russia's president. In 1997, national security expert *Zbigniew Brzezinski* spelled out the NATO expansion timeline with remarkable precision.

US diplomats and Ukraine's own leaders knew well that NATO enlargement could lead to war. The great US scholar-statesman *George Kennan* called NATO enlargement a “fateful error,” writing in the “New York Times” that,

“Such a decision may be expected to inflame the nationalistic, anti-Western and militaristic tendencies in Russian opinion; to have an adverse effect on the development of Russian democracy; to restore the atmosphere of the cold war to East-West relations, and to impel Russian foreign policy in directions decidedly not to our liking.”

President *Bill Clinton's* Secretary of Defence *William Perry* considered resigning in protest against NATO enlargement. In reminiscing about this crucial moment in the mid-1990s, *Perry* said the following in 2016:

“Our first action that really set us off in a bad direction was when NATO started to expand, bringing in eastern European nations, some of them bordering Russia. At that time, we were working closely with Russia and they were beginning to get used to the idea that NATO could be a friend

"The war in Ukraine was ..."

continued from page 3

rather than an enemy ... but they were very uncomfortable about having NATO right up on their border and they made a strong appeal for us not to go ahead with that."

In 2008, then US Ambassador to Russia, and now CIA Director, *William Burns*, sent a cable to Washington warning at length of grave risks of NATO enlargement:

"Ukraine and Georgia's NATO aspirations not only touch a raw nerve in Russia, they engender serious concerns about the consequences for stability in the region. Not only does Russia perceive encirclement, and efforts to undermine Russia's influence in the region, but it also fears unpredictable and uncontrolled consequences which would seriously affect Russian security interests. Experts tell us that Russia is particularly worried that the strong divisions in Ukraine over NATO membership, with much of the ethnic-Russian community against membership, could lead to a major split, involving violence or at worst, civil war. In that eventuality, Russia would have to decide whether to intervene; a decision Russia does not want to have to face."

Ukraine's leaders knew clearly that pressing for NATO enlargement to Ukraine would mean war. Former *Zelensky* advisor *Oleksiy Arestovych* declared in a 2019 interview "that our price for joining NATO is a big war with Russia."

During 2010-2013, Yanukovich pushed neutrality, in line with Ukrainian public opinion. The US worked covertly to overthrow Yanukovich, as captured vividly in the tape of then U.S. Assistant Secretary of State *Victoria Nuland* and US Ambassador *Geoffrey Pyatt* planning the post-Yanukovich government weeks before the violent overthrow of Yanukovich.

Nuland makes clear on the call that she was coordinating closely with then Vice President Biden and his national security advisor *Jake Sullivan*, the same Biden-Nuland-Sullivan team now at the centre of US policy vis-à-vis Ukraine.

After Yanukovich's overthrow, the war broke out in the Donbas, while Russia claimed Crimea. The new Ukrainian government appealed for NATO membership, and the US armed and helped restructure the Ukrainian army to make it interoperable with NATO. In 2021, NATO and the Biden Administration strongly recommitted to Ukraine's future in NATO.

In the immediate lead-up to Russia's invasion, NATO enlargement was center stage. Putin's draft US-Russia Treaty (December 17, 2021) called for a halt to NATO enlargement.

Russia's leaders put NATO enlargement as the cause of war in Russia's *National Security Council* meeting on 21 February 2022. In his address to the nation that day, Putin declared NATO enlargement to be a central reason for the invasion.

Historian *Geoffrey Roberts* recently wrote:

"Could war have been prevented by a Russian-Western deal that halted NATO expansion and neutralised Ukraine in return for solid guarantees

of Ukrainian independence and sovereignty? Quite possibly."

In March 2022, Russia and Ukraine reported progress towards a quick negotiated end to the war based on Ukraine's neutrality. According to *Naftali Bennett*, former Prime Minister of Israel, who was a mediator, an agreement was close to being reached before the US, UK, and France blocked it.

While the Biden administration declares Russia's invasion to be unprovoked, Russia pursued diplomatic options in 2021 to avoid war, while Biden rejected diplomacy, insisting that Russia had no say whatsoever on the question of NATO enlargement. And Russia pushed diplomacy in March 2022, while the Biden team again blocked a diplomatic end to the war.

By recognising that the question of NATO enlargement is at the centre of this war, we understand why US weaponry will not end this war. Russia will escalate as necessary to prevent NATO enlargement to Ukraine. The key to peace in Ukraine is through negotiations based on Ukraine's neutrality and NATO non-enlargement.

The Biden administration's insistence on NATO enlargement to Ukraine has made Ukraine a victim of misconceived and unachievable US military aspirations. It's time for the provocations to stop, and for negotiations to restore peace to Ukraine.

Source: <https://www.commondreams.org/opinion/the-war-in-ukraine-was-provoked-and-why-that-matters-if-we-want-peace-of-23-May-2023>

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

Subscribe to Current Concerns – The journal of an independent cooperative

The cooperative *Zeit-Fragen* is a politically and financially independent organisation. All of its members work on a voluntary and honorary basis. The journal does not accept commercial advertisements of any kind and receives no financial support from business organisations. The journal *Current Concerns* is financed exclusively by its subscribers.

We warmly recommend our model of free and independent press coverage to other journals.

Annual subscription rate of
CHF 40,-; Euro 30,-; USD 40,-; GBP 25,-
for the following countries:

Australia, Austria, Belgium, Brunei, Canada, Cyprus, Denmark, Finland, France, Germany, Greece, Hongkong, Iceland, Ireland, Israel, Italy, Japan, Kuwait, Liechtenstein, Luxembourg, Netherlands, New Zealand, Norway, Qatar, Singapore, Spain, Sweden, Switzerland, United Arab Emirates, United Kingdom, USA

Annual subscription rate of
CHF 20,-; Euro 15,-; USD 20,-; GBP 12,50
for all other countries.

Please choose one of the following ways of payment:

- send a cheque to *Current Concerns*, P. O. Box, CH-8044 Zurich, or
- send us your credit card details (only *Visa*), or
- pay into one of the following accounts:

CH:	Postscheck-Konto (CHF):	87-644472-4	IBAN CH91 0900 0000 8764 4472 4	BIC POFICHBEXXX
CH:	Postscheck-Konto (Euro):	91-738798-6	IBAN CH83 0900 0000 9173 8798 6	BIC POFICHBEXXX
D:	Volksbank Tübingen,		IBAN DE12 6419 0110 0067 5170 05	BIC GENODES1TUE
A:	Raiffeisen Landesbank		IBAN AT55 3700 0001 0571 3599	BIC RVVGAT2B

The Ukraine refugee question

Ukraine's neighbors push for Zelensky to pursue peace as millions of displaced people flow into Europe

by Seymour Hersh



Seymour Hersh
(picture wikipedia)

Last Saturday [13 May 2023] the “Washington Post” published an exposé of classified American intelligence documents showing that Ukrainian President Volodymyr Zelensky, working behind the back of the Biden White

House, pushed hard earlier this year for an expanded series of missile attacks inside Russia. The documents were part of a large cache of classified materials posted online by an Air Force enlisted man now in custody. A senior official of the Biden administration, asked by the “Post” for comment on the newly revealed intelligence, said that Zelensky has never violated his pledge never to use American weapons to strike inside Russia. In the view of the White House, Zelensky can do no wrong.

Zelensky's desire to take the war to Russia may not be clear to the president and senior foreign policy aides in the White House, but it is to those in the American intelligence community who have found it difficult to get their intelligence and their assessments a hearing in the *Oval Office*. Meanwhile, the slaughter in the city of Bakhmut continues. It is similar in idiocy, if not in numbers, to the slaughter in Verdun and the Somme during World War I. The men in charge of today's war – in Moscow, Kiev, and Washington – have shown no interest even in temporary ceasefire talks that could serve as a prelude to something permanent. The talk now is only about the possibilities of a late spring or summer offensive by either party.

Quiet European talks

But something else is cooking, as some in the American intelligence community know and have reported in secret, at the instigation of government officials at various levels in Poland, Hungary, Lithuania, Estonia, Czechoslovakia, and Latvia. These countries are all allies of Ukraine and declared enemies of Vladimir Putin.

This group is led by Poland, whose leadership no longer fears the Russian army because its performance in Ukraine has left the glow of its success at Stalin-grad during the Second World War in tat-

ters. It has been quietly urging Zelensky to find a way to end the war – even by resigning himself, if necessary – and to allow the process of rebuilding his nation to get under way. Zelensky is not budging, according to intercepts and other data known inside the Central Intelligence Agency, but he is beginning to lose the private support of his neighbors.

One of the driving forces for the quiet European talks with Zelensky has been the more than five million Ukrainians fleeing from the war who have crossed the country's borders and have registered with its neighbors under an EU agreement for temporary protection that includes residency rights, access to the labor market, housing, social welfare assistance, and medical care. An assessment published by the UN High Commissioner for Refugees reports that the estimate excludes roughly 3 million Ukrainian refugees who escaped from the war zone without a visa into any of the 27 European nations that have abolished border control between each other under the Schengen agreement. Ukraine, though not in the EU, now enjoys all the benefits of the Schengen pact. A few nations, exhausted by the 15-month war, have reintroduced some forms of border control, but the regional refugee crisis will not be resolved until there is a formal peace agreement.

The UNHRC reports that free travel from Ukraine into the Baltic states and EU states in Western Europe “makes it particularly difficult to determine exactly how many Ukrainians have reached the EU in the last few months, and where they are now.” The report says the “vast majority” of the Ukrainian refugees are women and children, and one third of them are under the age of eighteen. Seventy-three per cent of the refugees of working age are women, many with children.

Enormous costs

A February analysis of the European refugee issue by the *Council on Foreign Relations* found that “tens of billions of dollars” in humanitarian aid were poured into Ukraine's neighbors during the war's first year. “As the conflict enters its second year with no end in sight,” the report says, “experts worry that host countries are growing fatigued.”

Weeks ago I learned that the American intelligence community was aware that some officials in Western Europe and the Baltic states want the war between Ukraine

and Russia to end. These officials have concluded that it is time for Zelensky to “come around” and seek a settlement. A knowledgeable American official told me that some in the leadership in Hungary and Poland were among those working together to get Ukraine involved in serious talks with Moscow. “Hungary is a big player in this and so are Poland and Germany, and they are working to get Zelensky to come around,” the American official said. The European leaders have made it clear that “Zelensky can keep what he's got” – a villa in Italy and interests in offshore bank accounts – “if he works up a peace deal even if he's got to be paid off, if it's the only way to get a deal.”

Still Zelensky rejects the retreat

So far, the official said, Zelensky has rejected such advice and ignored offers of large sums of money to ease his retreat to an estate he owns in Italy. There is no support in the Biden Administration for any settlement that involves Zelensky's departure, and the leadership in France and England “are too beholden” to Biden to contemplate such a scenario. There is a reality that some elements in the American intelligence community can't ignore, the official said, even if the White House is ignoring it: “Ukraine is running out of money and it is known that the next four or months are critical. And Eastern Europeans are talking about a deal.” The issue for them, the official told me, “is how to get the United States to stop supporting Zelensky.” The White House support goes beyond the needs of the war: “We are paying all of the retirement funds – the 401k's – for Ukraine.”

And Zelensky wants more, the official said. “Zelensky is telling us that if you want to win the war you've got to give me more money and more stuff. He tells us, ‘I've got to pay off the generals.’ He's telling us” – if he is forced out of office – “he's going to the highest bidder. He'd rather go to Italy than stay and possibly get killed by his own people.”

“All of this talk is being reported and is now flying around inside the American intelligence community, but, as usual,” the official said, “it's not clear to the intelligence community what the president and his foreign policy aides in the White House know of the reality” of the European discussion about finding a way to end the war.

continued on page 6

"The Ukraine refugee question"

continued from page 5

"We are still training Ukrainians how to fly our F-16s that will be shot down by Russia as soon as they get into the war zone. The mainstream press is dedicated to Biden and the war and Biden is still talking about the Great Satan in Moscow while the Russian economy is doing great. *Putin* can stay where he is" – in power – "despite his failure to wipe Ukraine off the map as an independent state. And he thought he would win the war with just one airborne division" – a sardonic reference to Russia's failed effort in the first days of the war to seize a vital airport by parachuting in an attack force.

The White House is the problem

"Europe's problem," the official said, in terms of getting a quick settlement to the war, "is that the White House wants

Zelensky to survive while there are others" – in Russia and in some European capitals – "who say Zelensky has got to go, no matter what,"

It's not clear that this understanding has gotten to the *Oval Office*. I have been told that some of the better intelligence about the war does not reach the president, through no fault of those who prepare the often contrary assessments. Biden is said to rely on briefings and other materials prepared by *Avril Haines*, director of National Intelligence, since the Biden Administration came into office. She has spent much of her career working for Secretary of State *Anthony Blinken*, whose ties to Biden and agreement with him on matters pertaining to Russia and China go back decades.

The one saving grace for some in the community, I have been told, has been CIA Director *William Burns*. Burns was ambassador to Russia and deputy secretary

of State and is seen as someone "who has come around" in opposition to some of the White House's foreign policy follies. "He doesn't want to be a rat on a sinking ship," the official told me.

On the other hand, I have been told, it's not clear to those in the CIA who prepare the *President's Daily Brief* that Joe Biden is a regular reader of their intelligence summary. The document is usually three pages. Decades ago I was told – by someone who begged me not to write about it at the time – that *Ronald Reagan* rarely read the *PDB* until *Colin Powell*, then in the White House, began reading it to a video recorder. The tape would then be played for the president. It's unclear who, if anyone, might take the initiative as Biden's *Colin Powell*.

© 2023 *Seymour Hersh*

Source: <https://seymourhersh.substack.com> - May of 17 May 2023;

with friendly permission of the author

Radicalisation of the G7

Editorial by *La Jornada*, Mexico

At its summit in Hiroshima, Japan, the G7 including the seven richest countries in the West (the United States, Canada, Japan, France, Great Britain, Germany and Italy), has expressed its hostility towards China and, of course, Russia.

Against the backdrop of the war in Ukraine, the G7 leaders repeatedly expressed their intention to increase pressure on Moscow to force *Vladimir Putin's* government to make a "complete and unconditional" withdrawal from Ukrainian territory. They promised to increase military and diplomatic support for *Volodymyr Zelensky*, who was flown to Hiroshima on a French state plane. Given the unrealistic prospect of Russia's complete surrender, it is clear that such support for Kiev will prolong the war, destruction, and suffering of Ukrainians and Russians and increase the risks of direct confrontation between Russia and NATO, to which six of the seven countries represented at the meeting belong.

The G7's aggressive stance was also directed at China, which they accused of resorting to "force or coercion" in its alleged quest for territorial expansion, when in reality Beijing has a claim to the island of Taiwan, which is an integral part of Chinese territory. The Asian power was also

accused of promoting the militarisation of the Asia-Pacific region, an accusation more likely to apply to the United States, whose governments, it must be remembered, have maintained a disproportionately large and intimidating military apparatus in the region since the end of World War II. Recently, they even have intensified military manoeuvres with their allies-South Korea, Japan, and Taiwan itself.

There was little or no interest in the remarks of the more moderate and balanced leaders invited to the meeting, such as *Luis Inácio Lula da Silva* (Brazil) and *Narendra Modi* (India), who suggested diplomatic ways to resolve the Russian-Ukrainian confrontation rather than insisting on an unlikely Russian defeat through the massive delivery of high-powered weapons to Zelensky's government.

Particularly grotesque and shameful was the call for the Afghan regime to "live up to its commitments in the fight against terrorism," a phrase that seemed to be taken from speeches made two decades ago by former US President *George W. Bush*, who had invaded and devastated the Central Asian country under the pretext of fighting terrorism. It should not be forgotten that Afghanistan today is in the throes of an acute crisis triggered by that invasion. It suffers from a

brutal fundamentalist repression hatched by Washington in the 1970s and 1980s, eliminated in 2001, and reinstated after the end of the failed occupation of the country by Western troops. In the present circumstances, with Afghans living under a theocratic dictatorship and in dire material deprivation, terrorism is their last concern.

Perhaps the only defensible position of Western economic powers is the intention to contribute to "safe, orderly, and regular migration" in the world and to combat "organised criminal networks facilitating irregular migration and the dangerous journey of undocumented migrants and asylum seekers." However, this is a superficial and even flippant approach to the problem of global migration flows, which are undoubtedly exploited by human traffickers. Their causes, however, lie in the brutal inequality between rich and poor countries and in the consequences of neo-colonial plunder and destruction by the former on the latter. The world's major exponents of these practices are the United States, France, and Great Britain.

Source: <https://www.jornada.com.mx/notas/2023/05/22/opinion/el-g-7-se-radicaliza?from=page&block=opinion&opt=articlelink> of 22 May 2023

(Translation *Current Concerns*)

For reason, equality, and development

A call for peace



The participants of the Annual Assembly of the “Belgrade Forum for a World of Equals”, held on 22 April 2023, in Belgrade, voiced their profound concern over the escalation of the conflict in Ukraine and an increased risk of its uncontrolled spreading, and made a public call for an immediate ceasefire and urgent peace negotiations. All unanimously acclaimed that dialogue and negotiations are the only path to end loss of human lives and destruction, and direct all resources toward stabilisation, reconstruction, and development. To achieve this war propaganda, all sorts of provocations and adding fuel to the fire must be stopped. Reason and courage are necessary to recognise and address the root causes of the conflict, without abusing it for expansion of geostrategic interests. Peace in Ukraine is a presumption for Europe and the world to normalise development, supply chains and cooperation, to commit themselves to building a new world order on the bases of sovereign equality of all peoples and countries, for peaceful coexistence and democratic governance of the world relations.

The participants welcomed the Peace initiative of the President of the People’s Republic of China *Xi Jinping* and his continuous constructive efforts to initiate and facilitate the dialogue between the sides.

Neither Europe nor the rest of the world need any newly forged divisions, isolation, walls or blocks under any given pretext, but rather – resorting to reason, realism, and development in equality.

Peace is a prerequisite for the enormous funds, exceeding 2.2 trillion dollars spent on the arms race get redirected to development and creating better living conditions for all people, to nudge Europe and the world to turn instead to development and application of new technologies, to restoring the broken supply chains, and to begin to address the energy, food, migrant, and overall global economic and social crises.

The participants emphasised that peace and security are inseparable values to which are entitled all countries and peoples irrespective of their size, economic or military strength and that any reinforcing of security of certain countries at the expense of the security of other countries is unacceptable.

While underlining that the global relations are undergoing the most intense transformations since the end of WWII, the participants of the Assembly called upon all relevant stakeholders to accommodate to the realities of the multipolar world order, which inherently excludes hegemony, unilateralism, and privileges, and requires respect of sovereign equality, and the strengthening of multilateralism and the role of international law under the auspices of the United Nations.

They emphasised that, against the backdrop of new trends emerging in Europe and the world, we were witnessing an increasing importance of Serbia’s policy of military neutrality and her strategy of balanced relations with all countries that accept Serbia as an equal partner, and in particular with those which support her sovereignty and territorial integrity anticipating the solution of the status of the Province of Kosovo and Metohija as an autonomy within Serbia, in compliance with UN Security Council resolution 1244.

*Belgrade Forum for a World of Equals,
Belgrade, 24 April 2023*

Hope?

by Karl-Jürgen Müller

What a difference we find when we consider Nazi rhetoric at the height of World War II and the universal sentiments expressed two months after the Reich’s defeat! “Do you want total war?” Reich Propaganda Minister *Joseph Goebbels* asked at the Berlin *Sportpalast* in February 1943. Goebbels’ delivered his “Total War” speech after the heavy defeat of the German Wehrmacht in Stalingrad. Thousands of selected party members, assembled for the occasion, shouted back a frenetic “Yes”! This is rightly regarded as the dark nadir of National Socialist propaganda, and evidence of the Reich’s cynical contempt for human nature.

How decidedly different are the first sentences of the *United Nations Charter* of June 1945:

“We, the peoples of the United Nations determined

to save succeeding generations from the scourge of war, which twice in our lifetime has brought untold sorrow to mankind;

to reaffirm faith in fundamental human rights, in the dignity and worth of the human person, in the equal rights of men and women and of nations large and small, and

to establish conditions under which justice and respect for the obligations arising from treaties and other sources of international law can be maintained, and

to promote social progress and better standards of life in larger freedom,

And for these ends

to practice tolerance and live together in peace with one another as good neighbours, and

to unite our strength to maintain international peace and security, and

to ensure, by the acceptance of principles and the institution of methods, that armed force shall not be used, save in the common interest, and

*to employ international machinery for the promotion of the economic and social advancement of all peoples,
have resolved to combine our efforts to accomplish these aims.”*

Even after the adoption of the Charter, this commitment was not a programme of real-world politics. Nor of the actual decisions of the United Nations and its competent organs, above all the Security Council,

"Hope?"

continued from page 7

which is mainly responsible for security and peace but is composed according to power-politics considerations. Reflecting on the on geopolitical turmoil around us, how far have we drifted from the UN's founding ideals? But this commitment was and remains to this day a fundamental expression of the needs of human social nature and human aspiration.

The UN Charter's Preamble speaks of the fact that it may be necessary "in the common interest" to use "armed force", and the Charter formulates specific regulations on this in Chapter VII. It is always true that the use of "armed force" is not discretionary and that alternatives must always be sought – so that before the use of "armed force", but also during it, *everyone* has a duty to contribute to ending the violence as quickly as possible and to establishing peace.

It is all the more disconcerting when the power elites of the Western states make little mention of, and even less appreciation for, the diplomatic efforts of the Chinese government, the governments of some African and Latin American states, but also of the Arab world, to end the "armed violence" in Ukraine and also in the Middle East (Syria, Yemen, Libya, etc.). Disconcerting but not surprising, however, as it is precisely the West's power elites that have provoked and constantly fuelled the wars in the Middle East and Ukraine, either directly or indirectly.

China, Africa, Latin America, and also the Arab states know that striving for peace is more than merely idealistic: It is also an expression of what is fundamental to their interests. But it is not only these regions of the world that suffer very concretely in consequence of the wars in Ukraine or the Middle East.

Reason says that striving for peace is of existential importance for all human beings. This is also true if one takes into account that there are people who profit materially from wars, or believe they can profit. But this is not thought through to the end.

Erich Vad, a retired brigadier general of the German Armed Forces and military policy advisor to former German Chancellor *Angela Merkel*, has argued in an article for the *Neue Zürcher Zeitung*, published on 15 May, that the Western idea of wanting to defeat Russia is unrealistic but that the Western powers have no plan for how to conduct the war in Ukraine and, above all, how to end it.

Vad includes the Russian position in his considerations. From a "geostrategic point

“Voices such as *Vad's*, or others from the European power elites and US intelligence officials, as quoted by *Hersh* are still a minority within the West's power elites. Others still make the decisions. And these decisions continue to look very bad and make use of increasingly absurd justifications. Thus, hopes for ceasefires in Ukraine and the Middle East, as well as for a better global security order, are currently rightly focused on the serious efforts of the non-Western world. Their success, for which everyone can only wish, will be an admission of complete failure for the Western power elites. For humanity, it would be a blessing.”

of view”, he writes, “Ukraine's membership of NATO is not acceptable to Russia”. Therefore, “the demand to give the Russians control over Crimea and the areas with a high Russian-speaking population in Ukraine or to grant the Donbass the broadest possible autonomy is more realistic from a strategic point of view than relying on the Ukrainian right to self-determination or on a long war of attrition with a high potential for escalation”. An “access of the geopolitical rival USA to the Black Sea region would be just as unacceptable for Russia as the loss of control in the Caribbean and the Panama Canal would be for the USA or the loss of control in the South China Sea as well as in Taiwan would be for China”.

With regard to Europe, Vad writes: “With regard to Russia, the question arises to what extent the continuation of the Ukraine war and the replay of the Cold War that goes with it can be in Europe's strategic interest”. And: “If one starts from the claim of being a global player and strategic actor, then the situation of the EU, but especially that of Germany, has massively deteriorated with the Ukraine war”.

Finally: “In a foreseeable multipolar world, which will by no means become safer through mutual strategic disengagement¹, a new version of the Cold War with an Iron Curtain in the East would not be a good option from a European perspective”.

Seymour Hersh pointed out in an article dated 17 May 2023 that there is also growing resentment within the European power elites about the negative consequences of the Ukraine war for Europe – this along with calls for an end to the war.²

Voices such as *Vad's*, or others from the European power elites and US intelligence officials, as quoted by *Hersh* are still a minority within the West's power elites. Others still make the decisions.

And these decisions continue to look very bad³ and make use of increasingly absurd justifications.⁴

Thus, hopes for ceasefires in Ukraine and the Middle East, as well as for a better global security order, are currently rightly focused on the serious efforts of the non-Western world. Their success, for which everyone can only wish, will be an admission of complete failure for the Western power elites. For humanity, it would be a blessing.

¹ When *Erich Vad* writes of the dangers of “mutual strategic disentanglement”, he probably means that a multipolar world in which there is less and less cooperation between the major powers will be very prone to conflict.

² <https://seymourhersh.substack.com/> of 17 May 2023 (see also page 5 in this issue)

³ cf. the latest decisions and draft resolutions of the G-7 summit and the EU foreign ministers: even more weapons for Ukraine (soon also fighter jets?), even more sanctions against Russia, but no plan for diplomacy

⁴ For example, the president of the *German Federal Office for the Protection of the Constitution* said that German democracy is threatened by attacks from within and from outside. A statement like that of AfD politicians that Russia is waging war against Ukraine “because its own security interests have been violated by the West” [which is a very obvious fact] is a “narrative” of Russian “propaganda” that promotes right-wing extremism in Germany. (cf. <https://www.zdf.de/nachrichten/politik/afd-russland-propaganda-deutschland-thomas-haldenwang-100.html> of 22 May 2023) Obviously, the German power elites are worried because Russia's position “resonates more than ever in parts of the population” – so wrote one of the main mouthpieces of these power elites, the “Frankfurter Allgemeine Zeitung” on 23 May 2023. In such a situation, it has been customary in Germany since 1945 to bring out the big hammer of “right-wing extremism” (“Faschismuskeule”).

Federal referendum of 18 June 2023

What about the Climate Protection Act?

by Dr iur. Marianne Wüthrich

On 18 June, we will vote on the “Federal Act of 30 September 2022 on Climate Protection Goals, Innovation and Strengthening Energy Security (KIG)” (indirect counter-proposal to the Glacier Initiative). The aim of the bill: Switzerland is to become climate-neutral by 2050. The consumption of fossil fuels is not banned by the law, but should be reduced as much as possible. The law is intended to implement the Paris Agreement of 2015, according to which the rise in temperature is to be reduced. “It also aims to channel state and private financial flows into low-greenhouse-gas development”.¹ The present draft envisages such a redirection of “public financial flows” (tax money) into the “Green New Deal” with big ladles.

Switching to climate-friendly heating systems – with two billion Swiss francs in federal funding

The law provides for enormous federal subsidies for the conversion of oil and gas heating systems as well as electric heating systems to climate-friendly and more efficient heating systems:

Pursuant to Article 50a para. 1 of the new *Energy Act* “The Confederation shall promote the replacement of fossil-fuelled heating systems and stationary electric resistance heating systems with heat generation from renewable energies and measures in the field of energy efficiency within the framework of an impulse programme with an amount of 200 million francs per year and limited to ten years.”

Two billion francs for the changeover – who pays for it? According to the Federal Council, “The bill does not contain any new bans and does not introduce any new levies or taxes.” (Voting booklet, p. 32) This claim is misleading: someone has to pay the billions, if not through new taxes, then simply by raising the existing ones and through electricity prices. These are already almost impossible for many households and businesses to afford.

There is also a need to warn against rash actionism. In recent years, for example, numerous homeowners have already replaced functioning (!) oil heating systems with gas heating systems because the federal government recommended and subsidised them as more climate-friendly. And now to switch again, with new subsidies? That is an enormous waste of money and energy.

Climate-friendly heating systems make sense, but are not possible for over nine million inhabitants

The Federal Council mentions wood heating and heat pumps as possible heating replace-



In the case of photovoltaic systems on open spaces, secondary uses are often possible – for example extensive grazing with sheep. (picture Wikipedia)

ments. A lot can certainly be done here, especially by homeowners in rural areas. Or through the expansion of district heating networks. In the cities, entire neighbourhoods are already heated by district heating from waste incineration plants, and this can also be expanded. As far as increasing efficiency through better insulation is concerned, new buildings have had to be insulated for years and facades renovated accordingly, which is very efficient (much less gas consumption). Overall, however, these sensible steps will only bring about a small fraction of the energy required and are also anti-social: should tenants in the cities finance the woodchip heating and the fireplace for the homeowners through their electricity bills?

Where do the huge amounts of renewable energy come from?

“To replace oil and gas, Switzerland will need more electricity. To this end, renewable energies such as hydropower and photovoltaics (solar panels) in particular must be expanded.” (Voting booklet, p. 29) As is well known, so far the expansion has only worked in dribs and drabs and is not even sufficient together with oil and gas. With billions in subsidies alone, the federal government will not be able to fix the situation, as long as objections to every small or large project are still possible, which prevent the projects or delay them for at least years. Former Federal Councillor *Simonetta Sommaruga* had promised to “streamline procedures”, but left office without achieving anything. Perhaps her

successor in DETEC (Federal Department of the Environment, Transport, Energy and Communications), Federal Councillor *Albert Rösti*, will make it?

– *Expansion of hydropower*: This is Switzerland’s most important domestic energy source and is also very efficient, climate-friendly and environmentally friendly. It covers around 56 % of Switzerland’s electricity demand. The expansion of hydropower in Switzerland would indeed be possible on a larger scale (raising dams, new power plants).

But as mentioned, the expansion of this climate-friendly source of electricity is not getting off the ground due to objections.

– *Photovoltaics*: Several large and very productive projects in high Alpine valleys are on the table. *Grengiols* in the Valais is a case in point: on an unutilized area of five square kilometres at 2000 metres above sea level, former SP National Councillor *Peter Bodenmann* wanted to realise the gigantic *Grengiols Solar project*. 2,000 gigawatt hours of electricity were planned – as much as the production of *Grande Dixence*, the largest Swiss hydroelectric power station. For a variety of reasons, including the inadequacy of the power grid, the 2,000 GWh have since shrunk to 600 and finally to 110 GWh. That is just enough to meet the electricity needs of 37,000 households.

continued on page 10

"What about the Climate Protection Act?"

continued from page 9

The fact is: objections from climate activists also promptly follow against solar projects such as *Grengiols Solar*. A representative of "IG Saflischtal", for example, declared in the "Walliser Bote" of 16 May 2023: "Every single panel is too much." So where do we get the electricity for a climate-neutral Switzerland? All roofs would have to be equipped with panels, the opponents declare. But: firstly, not all roofs are suitable (especially in the cities) and secondly, large-scale systems in the unutilized high valleys of the Alps would be much more efficient – and would receive more sunlight.

Swiss energy demand is not just for heating

"Two studies commissioned by the Confederation conclude that it is technologically possible and affordable to supply Switzerland with climate-neutral energy by 2050", says the Federal Council (voting booklet, p. 29). This claim, which has been repeated for years, is – at least so far – far from reality. Will this change if we consider a target year that is as far away as possible?

Incidentally, it is not only heating systems that need energy. However, the planned climate protection law does not mention the enormous energy demand for road and rail transport, for example. With the increasing switch from petrol to electric cars, the problem of the growing demand for

electricity becomes even more urgent. Unabated immigration must also be included. Many unanswered questions!

Another 1.2 billion federal funds for the promotion of technologies for the reduction of greenhouse gases

Art. 6 Para. 1 new *Climate Protection Act*: "The Confederation shall ensure financial assistance for companies up to the year 2030 for the application of innovative technologies and processes [...]"

"At most 200 million francs are annually available for six years, for example for the use of climate-friendly production facilities." (p. 27)

Presumption: There should be no shortage of companies wanting to collect these federal funds. Again, who pays?

Companies must "compensate for" residual greenhouse gas emissions

Art. 5 para. 1 new: "Roadmaps for companies and sectors

1 All companies must have net zero emissions by 2050 at the latest. [...]"

Federal Council: "Industrial enterprises such as cement plants and waste incineration plants as well as agriculture cannot completely avoid greenhouse gas emissions. For this reason, CO₂ should be captured in industrial chimneys and from the atmosphere. This CO₂ can then be stored permanently and safely, for example underground. Or the CO₂ can be stored in concrete that is used in construction. This is done through so-called "negative emission technologies", which are "biological and technical processes to remove CO₂ from the

atmosphere and permanently bind it in forests, in soils, in wood products or in other carbon reservoirs" (Art. 2a *Climate Protection Act*).

Taking CO₂ out of the air? As we learned in school, all plants need CO₂ to convert it into the oxygen we breathe (photosynthesis). In order to preserve as many green spaces and trees as possible, we should not plaster our cities with excessive dense building. This means that we must not allow the number of inhabitants in our small country to grow indefinitely. Without being an expert, I would venture the assumption that the development and application of such negative emission technologies would also cost quite a bit. Another lucrative business for "Green New Deal" companies. Should the farmers and the cement plants foot the bill?

Conclusion

No one knows whether the net-zero target is achievable not only in theory but also in practice. What is certain is that with this law, some companies (not only Swiss!) would make a lot of money at the expense of taxpayers and electricity consumers. And although the title of the bill also says: "Strengthening energy security", after reading the bill something else is also certain: How we are to meet our rising energy needs (last year's increase of over 4.3%) once nuclear and fossil energies have been phased out is anyone's guess. •

¹ <https://www.bafu.admin.ch/bafu/de/home/themen/climate/information/climate-international/the-agreement-of-paris.html>

Letter to  the Editor

Appalling Climate Confusion

After the pandemic hectic that was handled rather dubiously with emergency law and the CS catastrophe that is by no means over, we return to democracy on 18 June with an absurd federal referendum proposal. The climate protection proposal is in fact absurd in several respects, especially since no one – this also includes climate researchers – knows exactly how the climate actually works. Incomplete models and theories as well as a far from unanimous consensus among scientists are nevertheless often passed off as assured knowledge. In particular, the fact that there is no scientific evidence on the climate issue is ignored. This is too little and questionable.

It is obviously not taken into account in the discussion that in pre-industrial, car-free times, namely from 800 to 1300 AD,

there was a medieval warm period with temperatures similar to today. This was followed by the so-called Little Ice Age from 1300 to 1870, with probably the greatest cold for 10,000 years. And now we are back to the level of the aforementioned medieval warm period. Actually, there is no reason to panic, given the following facts: In the last 150 years, the global temperature has increased by only 1.2 degrees, and the supposedly significant CO₂ content of the air today is 0.04 %, with humans contributing 3 % to this low percentage (i.e., 3 % of 0.04 %!). Above all, however, it should be noted – while acknowledging the efforts of climate researchers – that the still little researched but certainly significant natural climate factors of the sun, oceans and clouds are likely to be particularly significant. How-

ever, for understandable reasons, they are hardly included in the climate models.

It can only be in the interest of those who want to obtain the planned enormous subsidies that, with this modest level of knowledge, we should, according to the proposal, disfigure our nature with thousands of mostly inefficient wind turbines and alpine photovoltaic plants without hesitation, while not further promoting the nuclear power plants that have been functioning safely in Switzerland for decades and would soon put an end to them together with the fossil energy sources. Further serious climate research and the indispensable security of supply would fall by the wayside due to the proposal to be rejected.

Hanspeter Bornhauser, Bedano

(Translation *Current Concerns*)

“Trust is the hardest currency in banking”

Thoughts on today’s monetary and financial order

by Werner Wüthrich, Dr. of Public Administrative Sciences

Recently, the members of the *Glarus Regional Bank* gathered for their annual general meeting. *Peter Zentner*, Chairman of the Board of Directors, presented an excellent 2022 business year. This had been made possible despite the difficult negative interest rate environment, despite Corona, inflation and the Ukraine war, because the locally rooted GRB “only does what it understands”. Managing Director *Roman Elmer* focussed the future on the basis of an unchanged starting position. GRB will remain “refreshingly sympathetic and down-to-earth”. Trust, he said, is the “hardest currency in banking”. Even the big banks had had to learn that.

With 1588 members, the bank is neither “too big to fail” nor “too small to survive”. It was founded in 1928 and has experienced a lot – crises, wars, booms and, more recently, new financial crises – such as today’s crisis of confidence. This is a really great achievement accomplished by the motivated staff and the members of the cooperative, who give the bank a stable backbone, added Councillor *Marianne Lienhard*. Long-standing success confirms the basic idea of the numerous cooperative banks anchored in Switzerland. (“Fridolin” of 6 April 2023)

Fragile world monetary order

A look out into the world shows a completely different picture: today there is a lack of confidence in the world monetary order, as the events surrounding two American banks as well as *Credit Suisse* show. Other banks in various countries are also under “suspicion”. The authorities “pacify”, issue guarantees, try to prevent a “bank-run”, intervene massively as in the case of *CS* or the two American banks concerned. Yet the situation has not really calmed down. The outflow of money from the *First Republic Bank* in California continues even after its “rescue” (“*Neue Zürcher Zeitung*” of 26 April 2023).

About fifty years ago, the *Bretton Woods* monetary and financial order with its gold standard and fixed exchange rates collapsed. Flexible exchange rates are now formed by the market. The convertibility of gold was banned, so that central banks and to some extent also commercial banks were from then on able to create money out of thin air, as the title of *Mathias Binswanger’s* book “Geld aus dem Nichts – Money Out of Thin Air” puts it so beautifully.¹ Since that time money has no longer had any intrinsic value of its own, unlike in the past. It can be “printed” at will, or



The Swiss National Bank in Berne (picture ma)

today it can be created electronically. This is called “fiat money”.

Will this work? people asked themselves at the time. Can a “paper currency” that is no longer tied to anything create trust? The *Glarus regional bank* gave a positive answer with its business model. But otherwise? Financial experts continue to judge today’s situation as fragile. A look back:

On the history of the present monetary and financial order

The peoples of today have experienced various monetary and financial systems over the past two or three hundred years. In the decades up to the First World War, the classical gold standard applied. Money had its own intrinsic value in gold – independent of politics. Precious metals such as gold and also silver or copper have proven their worth as money in different cultures for two or three thousand years. These metals were scarce and could not be produced at will because their extraction was and still is laborious. The coins were often artistically designed. The most famous silver or gold coins in antiquity were the *drachms* with the owl, the city emblem of Athens. They were minted 2,500 years ago and were widespread throughout the Mediterranean region. In more recent times, the *Vreneli*, which was produced by the Swiss Federal Mint before and even after the First World War, was very popular and also elaborately designed. Today, the *Vreneli* is a popular collector’s item.

It was not until the beginning of the modern era that, after the invention of letterpress printing, the idea of paper money emerged. From the beginning, the question of trust arose. We find a beautiful literary example in *Faust II* by *Goethe*: the emperor is plagued by money worries and he takes advice from *Mephistopheles*: “There is a lack of money, well then, create it,” says the emperor to Mephisto, who already has an idea: Use paper money. In *Goethe’s Faust*, the magical paper economy initially seems to solve all financial problems. The state can get rid of its debts, private consumption increases and there is an economic upswing. Later, however, the hustle and bustle degenerates into inflation, and the monetary system is destroyed as a result of the devaluation of money. (Goethe was finance minister to the Duke of Weimar. There was no paper money under his rule).

This story in *Goethe’s Faust* had a real background. When the “Sun King” *Louis XIV* died in France, he left not only magnificent buildings like Versailles to his successor, but also a huge mountain of debt. So, *Louis XV* sought advice from the Scotsman *John Law*, who then showed him the way to get rid of his debts – by using paper money. The novel experiment lasted a few years until it collapsed. After that, the French wanted nothing more to do with paper money – apart from a brief experiment with *assignats* during the French Re-

“Trust the hardest currency ...”

continued from page 11

volution (which also failed). Napoleon returned to the gold currency.

The Swiss monetary system

The Federal Constitution of 1848 gave the Confederation the right to mint coins. The Federal Mint minted the Swiss franc from silver – with the same silver content (4.5 grams) as the French *franc*. In the following decades, the Confederation also minted the *five-franc* coin from silver, as well as 56 million *Vreneli* with a face value of 20 francs (which can be bought today for about 400 francs). Somewhat later, gold coins with a face value of 10 francs and 100 francs were added. It was the time of the classic gold standard. 51 commercial banks issued their own individually designed banknotes backed by gold for 5, 10, 20 or 100 francs. These facilitated payment transactions, but were not legal tender. They could be exchanged for silver or gold coins at any time. This system functioned without a central bank. (The *Swiss National Bank* was not founded until 1906. It was given the banknote monopoly and standardised the system).

When the *Thurgau Cantonal Bank* issued its own banknotes backed by gold, the president of the bank signed the first banknotes himself. The second half of the 19th century was a relatively peaceful period with few wars. The classical gold standard worked quite well. It was the time of the industrial revolution. Roads, railways, bold railway projects like the Gotthard tunnel were built, numerous companies were founded ... It was a highly dynamic economic development that prepared the ground for today’s prosperity in Switzerland. Since most European countries agreed among themselves on the silver and gold content of their coins, it was possible to pay in Rome, Athens or Paris with the Swiss franc – without changing – because the silver or gold content of the *lira*, the *drachma* or the *French franc* was the same as that of the *Swiss franc*. This



Gold vreneli (picture)

arrangement was simple and worked without the individual countries having to give up their currency. There were no bank failures in Switzerland during this period. It was a relatively happy, golden period almost without war. It was rightly given the name *Belle Epoque*.

Hyperinflation in Germany

The First World War was a disaster also for the monetary system. The gold standard was abolished and the printing press was used to finance the murderous war. Germany’s coffers were empty after the lost war, and the burden of reparations was pressing. The banknote press ran day and night until the value of the Reichsmark and the debts dissolved into nothing. Savers lost everything. The citizens were not to forget this experience quickly.

After the Second World War, the Germans experienced something similar again. In the currency reform of the Federal Republic of Germany in 1948, citizens at least still received 1 D-mark for 10 Reichsmarks. But this was also a painful event. Internationally, the USA orchestrated a new monetary order.

Bretton Woods

On 11 July 1944, the later victorious powers adopted the *Bretton Woods* Agreement. 44 countries joined – including Switzerland. This was based on fixed exchange rates defined in gold and US dollars: 1 US dollar was worth 0.889 g of gold; 1 Swiss franc was worth 0.203 g of gold, so 1 dollar cost 4.37 Swiss francs. The fixed exchange rates could be changed by a complicated procedure if a country became heavily indebted. The USA used the US dollar as the global reserve currency. They promised to exchange every dollar for gold at any time – but this only referred to the participating central banks and no longer – as in the classical gold standard – to the citizens. The US dollar was as good as gold, said the US government, and so it was well suited as a trade and reserve currency. – Trust in the *Bretton Woods* order was based on a promise.

Swiss voters stick to gold backing

Now something happened that was unique in the history of money. In Switzerland, the electorate was able to vote on a new constitutional article based on the *Bretton Woods* promise. “The Confederation shall have the exclusive right to issue banknotes and shall determine the nature and extent of their backing”, this new Article 39 of the Federal Constitution stated. The Confederation could therefore have replaced gold by the dollar – altogether or in part –, as the US government recommended. The Swiss authorities, parliament, Federal Council and the management of the *Swiss National Bank* recommended that the electorate put



ISBN 978-3-909234-24-0

a Yes in the ballot box. Things turned out differently.

Even though the voters had only witnessed the two currency reforms in Germany on the side-lines, more than 61.5 percent of them voted Nay on 2 May 1949. Almost all cantons voted Nay. Two years later, on 15 April 1951, they approved a constitutional article that contained the central sentence: “The banknotes issued must be backed by gold and short-term securities.” This was legally possible – but not to the liking of the Americans, who considered their own currency as good as gold. The National Bank Act had already stipulated those banknotes – which were already not cashable at the time – had to be at least 40 per cent backed by gold. Now, however, the gold coverage was anchored in the constitution, which meant that it could not be abolished without the consent of the people and the majority of the cantons. More than seventy-one per cent of the voters and all cantons approved.

How were the two referendums implemented

At that time – as today – Switzerland mostly achieved surpluses in its current account, i.e. it usually exported more than it imported and thus achieved a surplus. The SNB (*Swiss National Bank*) now set an upper limit for its dollar reserves. As soon as this was reached, the excess amount would be converted into gold with the Americans. The SNB “turned” its dollars to gold, as this was called in the banking jargon of the time. The SNB describes

continued on page 13

“Trust the hardest currency ...”

continued from page 12

this process as follows in its anniversary publication of 1981:

“Until 1971, the SNB was able to convert a surplus of dollars into gold at a price of 35 dollars per ounce at the American Treasury, although the Americans were increasingly reluctant to make such conversions. If, on the other hand, transactions on the foreign exchange market resulted in a net outflow of dollars, the National Bank sold gold against dollars to the American monetary authorities in order to replenish its foreign exchange holdings.” (*Swiss National Bank* 1981, p. 237f.)

Since during the boom, the Swiss economy was constantly generating surpluses, Swiss gold reserves rose in this way from about 800 tonnes after the war to over 2600 tonnes in 1971. These 2600 tonnes of gold (booked at 4,700 francs a kilo) were to become a political issue 40 years later. In the 1960s, other countries also distrusted the dollar, of which the Americans were printing more and more to finance their war in Vietnam. *De Gaulle* even sent a warship to New York to pick up the French gold.

Breach of trust and systemic change towards flexible exchange rates

In 1971 – when the Vietnam war was at its peak – President *Nixon* announced that he would close the “gold window”. That meant that the US dollar was no longer convertible to gold as had been promised after the second world war. This was the end of the *Bretton Woods* currency system with its fixed exchange rates. Switzerland was the first country to introduce flexible rates on 23 January 1973. The Dollar plummeted from 4.37 to about 1.35. The Swiss National Bank suffered heavy losses with their dollar reserves, but these were covered by the gold and hidden reserves.

It came as a shock for the economy worldwide. Practically all countries went into recession. In Switzerland 300 000 jobs were lost. The FED tried to stimulate business activity with helicopter money and low interest rates which mainly increased inflation. Stagflation ensued. Economy stagnated and inflation increased at the same time – in the US up to 2digit figures. What was to be done?

Paul Volcker was elected president of the US central bank FED in 1978. He managed to somewhat stabilise the US dollar even without gold convertibility and establish it as a new lead currency: he raised interest rates into the double digit range as well. Moreover, the US secured a treaty with Saudi Arabia. Their petrol was to be traded in dollar only. Indirectly, the US dollar had a material backing again that way. In return the government offered military protection. The petrodollar as the new lead

currency without gold convertibility was born. The Dollar increased in value again and interest rates and exchange rates could be brought back to normal, economy was put back on a more or less normal track within a few years. The pressure to increase the value of the Swiss Franc decreased.

Gold keeps guaranteeing sovereignty

Swiss gold reserves in the seventies might be compared to a forest up in the Alp mountains which protects people living below from avalanches. Strategic gold reserves were big enough and no politician even entertained the idea to touch those reserves, just like nobody would ever cut down a forest in an avalanche risk area.

In a 1981 festschrift of the *Swiss National Bank* this is made explicitly clear:

– “[...] mainly for three reasons the SNB was interested in maintaining the role of their gold reserve: gold seemed to guarantee stable exchange rates; being backed by gold – rather than the US-dollar, unlike many other currencies – the political independence of the *Swiss franc* seemed to be secured; gold was a symbol for the solidity of a currency”.

– “Although gold had lost all crucial monetary functions the national bank regarded the gold reserve as a valuable asset; its ever increasing market value compensated for the high losses in the dollar reserves during the late seventies”. (p. 237/238)

Attack on Switzerland from the USA and subsequent sale of most of the gold

This changed in the nineties. Switzerland was attacked from the USA in a concerted assault. Their narrative alleged that the Swiss banks were hoarding tons of gold in their cellars the unknown legitimate owners of which had disappeared during World War II. This way the gold appeared to be somehow connected to Nazi Germany in the public imagination. – It was a horrible concoction. In a second phase the attack was extended to target the concept of banking confidentiality. The Swiss Federal Parliament (Bundesrat) created a commission who were to look into the allegations. Former US Federal reserve bank president *Paul Volcker* was the chairman. The elaborate counter-measure cost more than a billion Swiss francs. – The commission managed to identify unaccounted deposits worth about 50 million Swiss francs from the time of the second world war. The two major Swiss banks paid 1.8 billion francs to holocaust survivors.

At the same time domestic Swiss politicians claimed the gold reserve to be superfluous and suggested to sell it off and distribute the revenue. In the new Federal constitution of the year 2,000 the Swiss National bank was charged to keep only a fraction of their reserves in gold. There-

fore, the SNB sold 1,600 tons of gold for less than 300 US dollars per ounce between 2003–2007 – with the explanation, those gold reserves were superfluous. All these US-dollars were piled up on top of the gigantic heap the SNB already had in their possession. The amount of gold that was lost, or rather “sold” this way, was more or less equivalent to what the post-war generation had managed to accumulate in the fifties and early sixties. The Swiss National Bank had made a huge step towards dependency of the US-dollar system which the Swiss electorate had explicitly rejected in two referendums in 1949 and 1951.

In 2022 the SNB was unable to compensate for the devaluation of the most important foreign currencies as well as losses at the foreign stock exchanges, resulting in a huge deficit of 132 billion Swiss francs. Presumably the SNB board of directors would be happy if the gold and hidden reserves of the post-war generation was still there.

It is not only the strange fact that the SNB had sold the gold for a dumping prize without necessity – their activities beg further questions: The gold belonged to the Swiss post-war generation and had been acquired as a result of two explicit referendums. Principles of Swiss direct democracy would have demanded to put the question before the Sovereign to ask, whether the people agreed with the transaction to sell the gold. That did not happen. This created a disastrous precedent. It is fair to assume that the gold would still be there had a referendum been held, which would be quite helpful in today’s situation.

In 2002 a referendum was indeed initiated, but not about the question whether to sell or not, but about how the revenue should be spent: everything for the pension fund or money for the federal and cantonal governments as well as the solidarity endowment. People rejected both “alternatives” with a clear margin and protested this way against the fact that they had no say in the only relevant question – to sell or not to sell. (At the end of the day the SNB distributed what they had earned from the deal without a referendum: one third for the federation and two thirds for the cantons, according to their usual rules.)

There are more questions to be asked – what made the SNB change their mind? Only a few years after the gold reserve had been referred to as “valuable asset” and a “symbol for political independence and solidity of the currency” in their annual report of 1981, the same gold was dismissed as “superfluous”. How did this U-turn happen? Especially the post-war generation, who had worked hard for this gold reserve, have a right to pose this question.

continued on page 14

“Trust the hardest currency ...”

continued from page 13

**The Swiss franc as a safe haven –
back then and today**

Financial transactions in Switzerland were monitored closely from abroad and many foreigners had entertained the idea to open Swiss bank accounts. Especially when it became public knowledge that it was no longer the US dollar which was as good as gold, but the Swiss franc – and mainly among affluent people in Germany, who had every reason to be suspicious of their own currency in view of its history during the 20th century.

This development became problematic when the Swiss franc was discovered by gamblers who started to bet on its value going up. From their point of view that made sense: in 1977/78 for-instance, the Swiss franc was upgraded by 40 per cent against the 15 main currencies in the system of flexible exchange rates. Switzerland became expensive indeed. The exchange rate backfired on both export and tourism industries. What was to be done?

The SNB came up with counter measures such as low interest rate policies and even moderate negative interest of –1 per cent as early as the sixties – quite similar to what we have seen recently. This was by no means sufficient. Later they established capital transaction control emergency mechanisms. Gamblers poised for buying Swiss francs had to pay 2 per cent negative interest in the beginning, later 8 and finally 12 per cent and more. The people supported the SNB in these efforts in two referendums. In fact, it was not always easy for those in charge to make the distinction between speculative capital and normal business transactions.

Today

The gold of the post-war generation is lost. After the 2008 financial crash it became clear though, that the Swiss franc had not lost its reputation as a safe haven. Despite the marginalised role of gold-backing in the reserves of the SNB (only 7 per cent) the Swiss franc was upgraded against most other currencies. Likewise, the turbulences around the *Credit Suisse* have not really challenged the status as a financial safe haven. The political stability of Switzerland, a competitive and diverse

economy, the export surplus, a solid federal budget and low inflation continue to be important trump cards. Moreover, it became clear that the high number of regionally established co-operative and cantonal banks in Switzerland are doing quite well even in today’s system – unlike the globally oriented big banks.

Once again the SNB has established financial counter-measures reminiscent of the seventies because some problems are similar. Until recently the SNB charged negative interest and established a minimum exchange rate to the Euro of 1.20, (just like the minimum exchange rate to the German Mark in 1978). However, no capital transfer control mechanisms were established. The influx of Euros, US-dollars etc. was bought off and paid for with newly-created Swiss francs by the SNB. The acquired foreign capital was used to purchase German and US-American government bonds and also shares of foreign corporations. The SNB surplus kept growing from one hundred million to two hundred million ... up to one billion Swiss francs. This policy is part of the efforts to make sure the Swiss franc will not jeopardise exports by getting too strong. There is practically no inflation because the newly-created Swiss francs remain in accounts within the domestic banking system, often for saving purposes.

For the layman the policies of the SNB look rather hazardous. Euro and Dollar keep devaluating due to inflation being higher in Germany and the US as compared with Switzerland. Conceivably the introduction of capital transfer control mechanisms would make sense now, since hedge funds keep betting on flexible currency exchange rates going up or down with huge amounts of capital. One notorious example is *George Soros*, who spent billions to bring down the Sterling in the nineties (and succeeded).

It is rather surprising that the strong Swiss francs has not weakened the export industry but even strengthened it over all. Entrepreneurs take the devaluation tendencies of the Euro and Dollar into consideration and they know they have to be on the alert to compensate for this disadvantage. Since the Euro was created in 1999 it has lost about 40 per cent against the Swiss franc, the dollar has lost 80 per cent since *Bretton Woods* and the Sterling 90 per cent.

Alternatives to the dollar system

Instability is part and parcel of today’s monetary and financial system. Crises have kept coming and going: for-instance the big debt crisis of the developing countries in the eighties (triggered by the US-federal reserve raising interest rates), the Japan crisis, the Asia crisis, the Russia crisis, the dotcom crisis, the real estate crisis in the US in 2008 ... and today a crisis in general trust. Each of those crises had their peculiar reasons. But in the background, there is always the systemic instability of a monetary system with flexible exchange rates. Today the amount of private and public debt is unsettling in many countries. The “money printing machine” fuelling inflation has become a favourite political tool. FED and ECB keep hoovering up debt and increase the monetary volume with newly-“printed” money. Financing wars with the «printing machine» is still popular.

Today the central banks face a dilemma. If they increase interest rates both the banking systems and the economy get into trouble, if they don’t the inflation will exert its destructive consequences.

Several months ago, the USA have frozen Russia’s dollar reserves although they are not even at war with this country officially. Afghanistan had made similar experiences in the past. Several countries will try to find ways out of the dependency on the dollar. Media reports suggest that the BRICS countries are working on an alternative to the dollar system which would be backed by gold and natural resources. The end of the petrodollar is already looming. More and more, oil and other goods are traded in *Yuan* or other national currencies. The world is heading for multipolarity. Will the concept of a globally oriented Swiss big bank still fit in there? Time will tell. •

¹ Binswanger, Mathias. *Geld aus dem Nichts, Wie Banken Wachstum ermöglichen und Krisen verursachen.* (Money out of Nothing, How Banks Enable Growth and Cause Crises.), Wiley 2015

Literature: Wüthrich, Werner. *Wirtschaft und direkte Demokratie in der Schweiz, Geschichte der freiheitlich-demokratischen Wirtschaftsverfassung der Schweiz.* (Economy and direct democracy in Switzerland, History of the liberal-democratic economic constitution of Switzerland.), Verlag *Zeit-Fragen*, Zürich 2020

Reverend Johann Evangelist Traber – Founder of the Swiss Raiffeisen Bank

by Brigitte von Bergen

The crisis of the major Swiss bank Credit Suisse and its takeover by UBS have shown that we are living in uncertain times as far as the stability of our financial system is concerned. The question of making our financial system more resistant to crises that can have fatal consequences for the local as well as the global economy was recently addressed by the German professor of economics Christian Kreiss, among others. Basically, he advised to build smaller financial institutions: “One could learn from the financial crisis: the farther away bankers are from the customer, the more irresponsible the banking behaviour. Conversely, the more regionally rooted a bank is, the more responsibly it usually acts. From an ethical point of view, smaller regional banks are a real ray of hope.”¹

Such a bank was founded at the end of the 19th century by Pastor *Johann Evangelist Traber*, and it is worthwhile to take a closer look at this example, especially in today's world. He laid the foundation for the first Swiss *Raiffeisenkasse* based on the principle of the German social reformer *Friedrich Wilhelm Raiffeisen*. Careful preparations eventually led to the successful founding of the bank in Bichelsee, opening on 1 January 1900. Since then, successfully operating Raiffeisen banks arose in many communities.

Helping people to help themselves

Poverty was very high in Switzerland at that time. It was therefore of great concern to Traber to help people to free themselves from poverty in an independent way. He saw one way to do this in the cooperative idea: “Capitalism is swelling more and more, and the middle class is suffering from consumption. ‘Help yourself!’ The effective self-help is the Raiffeisen banks,” Traber wrote in his “Kurze Aufklärung über Raiffeisensche Darlehenskassen-Vereine” (Brief information on the Raiffeisen Loan Associations).²

The form of the cooperative corresponded best to this, because “the cooperative is the original form of joint activity in self-help, self-responsibility and self-administration. It is in accordance with human nature to tackle the tasks of life together.”³ This tradition has been widespread in Switzerland for centuries.

It is essentially about the economic promotion and development of all members through their own efforts. Let us take a look back at the time when this pioneering work was done.

Cooperatives have a centuries-old tradition in Switzerland

“When social hardship and unemployment increased in the 1920s and 1930s, the democratic part of Switzerland was determined not to leave the unemployed to the great power propaganda of Hitler, Mussolini or the communists. They increasingly founded cooperatives in various fields: Water and electricity supply, river and stream corrections, field roads, forest maintenance, machine acquisition and of course the agricultural purchasing and sales cooperatives and the Raiffeisen banks.

In the community of Bichelsee in the canton of Thurgau, Pastor Johann Traber founded discussion circles that thoroughly debated the principle of Friederich W. Raiffeisen. These circles became active forces, so that even before the outbreak of war, but also during the Second World War, many areas could be secured in this way.”

Annemarie Buchholz-Kaiser. Zur Bedeutung des Genossenschaftsgedankens in der Schweiz (On the importance of the cooperative principle in Switzerland), «Mut zur Ethik» 2011.

Who was Rev. Johann Traber?

In 1885, Father Traber, who already had some life experience, was appointed as a priest to the parish of Bichelsee in Hinthurgau. He worked at a time when people were very poor in many places. He saw their need. The majority of the population consisted of farmers and a few craftsmen.

The textile industry, especially machine embroidery, spread rapidly in eastern Switzerland from around 1850. Families needed loans to build embroidery workshops for the embroidery machines. Mostly they were located at farms and were run by the farming families as a cottage industry in addition to agriculture. This provided them with additional income.

Pastor Traber's openness and his eye for all the questions that preoccupied people at that time motivated him to look for and develop solutions step by step. He always involved the people in the village in thinking, shaping and helping. This enabled them to improve their lives. His determined, courageous help for self-help was a distinctive trait of Traber. He never stood helplessly in front of a problem, his attitude was: “Where there is a will, there is also a way!”⁴

What did the help look like?

Pastor Traber promoted the associational life in the parish. Associations create opportunities for people to meet to discuss the issues that concern them. The first thing that was important to him after he took office was the women; they should have a framework to be able to discuss their questions. He founded the *Christlicher Mütterverein Bichelsee (Christian Mothers' Association of Bichelsee)* with the aim of promoting the “[...] education of youth” for

“mutual help and encouragement for all good that serves this purpose”.⁵ For further education, women and mothers could attend educational lectures on practical questions.

In the same year (1896), the *Men's Association (Männerverein)* was founded, to which Traber gave an important function and a comprehensive meaning: on the one hand, it was to educate the population in a religious-moral sense in order to enable them to contribute to the solution of the social question on a Christian basis; on the other hand, it was to offer enlightenment on other respectively burning political and scientific questions, as they were brought about by time and circumstances, e.g. on the question of common public interest.

Father Johann Evangelist Traber studied in detail the encyclical “*Rerum Novarum*”, which Pope *Leo XIII* had published on 15 May 1891. It opposes the exploitation of labour, teaches in a convincing way how humanity can improve its situation through self-help and mutual support. Traber's entire work and the above-mentioned founding of associations is based on this idea.

Foundation of the Raiffeisen Bank

In the *Thurgauer Wochenzeitung* (Weekly Newspaper of Thurgovia), with which pastor Traber had a close relationship, different articles have been published about contemporary topics. In one article the Raiffeisen principle is being displayed, the peasant banking in another; yet another article is titled “Loan office clubs based on the Raiffeisen system; foundation and meaning”.⁶ Therein it is made clear that large banks cannot satisfy the needs of agriculture and

“Reverend Johann Evangelist Traber ...”

continued from page 15

therefore, agricultural credit cooperatives made a lot more sense.

Pastor Traber discussed the following problems with members of the mens' club: How can one increase the wellbeing of the people? How can people get out of their financial misery? How can you invest money in a useful way? How can one lend money with reasonable interest, e.g. when you want to invest in buildings or machinery, without being exposed to usurers? The club members set their wits to the principles of Friedrich Wilhelm Raiffeisen from Germany, studied and discussed them thoroughly.

Following these conversations, those forty men with pastor Traber came to the conclusion to found the first bank based on the Raiffeisen system in Switzerland. On 21 December 1899 the real foundational meeting took place at the school house of Balterswil (Thurgovia). It was called “1. General Assembly of the Savings and Loan Office Club Bichelsee-Balterswil”. Pastor Johann Traber was elected Club and Board president. On 1 January 1900 the loan office Bichelsee was formally opened.

In the statutes, several basic principles were fixated which proved themselves, survived all crises and are valid to this day. These statutes are in line with the Swiss Code of Obligations. One pillar states: “Deposits are accepted by the Raiffeisen Bank from everywhere; but its money can only be deposited with interest within its own club district and it cannot give loans beyond this district. Loans can only be granted to club members.”⁷ Because inside this district, people know one another, and it is known if one of them is in need of help, search for a loan righteously and gets that loan in the end.

Traber's Principles

The successful inception of the Raiffeisen Bank got around really quick. Pastor Traber was invited by many communities, who were interested in founding a Raiffeisen Bank as well, to talk about the basics. He decided to formulate a script, a manual with which every community was able to found and run a Raiffeisen Bank by themselves. In his brochure “Brief Clarification about Raiffeisen Loan Office Clubs” he wrote down five basic principles with which must not be argued about if one wants to found a loan office based on Wilhelm Raiffeisen's principle and run it successfully. They are:

1. Restriction to a close district of a couple of thousand citizens.
2. Unlimited solidary liability for all members.
3. Non-remuneration of administration excluding the cashier.
4. Loans can only be granted to members.
5. No distribution of dividends, but the real earnings shall be accumulated in the reserves fund, until the latter can be made fruitful for everyone as a support fund.⁸

Pastor Traber soon came to the realization that the Raiffeisen idea could only work in Switzerland if there would be a central bank, a levelling office for the banks. Already on 25 September 1902 the national association was founded in Bichelsee. Pastor Traber was elected first Head of Association and Cashier.

In his last annual report in 1912 he shaped the phrase: “Observe the rule, and the rule observes you.”¹⁰ This basic thought is recognizable throughout his perspective on life and serves as a solid base for the Raiffeisen association as well. If one sticks to the basic principles that have proven themselves and avoids at all cost to give them up easily, one will have success and is safe in times of crisis.

During the celebration of the 25th anniversary of Switzerland's first Raiffeisen Bank, Traber was honoured and celebrated for his extraordinary services. The association celebrated Bichelsee as the “Cradle of the Swiss Raiffeisen movement”¹¹ and thanked the “honourable Swiss father of Raiffeisen” Johann Evangelist Traber for his brilliant example.

The Raiffeisen bank has complied with its basic principle of not speculating on the stock market with the money they received in good trust by their members for a long time. Professor *Kreiß* therefore advised to make savings safer by transforming the major part of the finance branch into smaller institutions based on the model of Raiffeisen and Sparkasse.

¹ Kreiß, Christian. “Nothing is straightened out – the banking and debt crisis continues to smoulder” In: *Current Concerns* of 23 May 2023.

² Traber, Johann E., Pfarrer in Bichelsee. *Kurze Aufklärung über Raiffeisensche Darlehenskassen-Vereine*. (Brief information on the loan associations of Raiffeisen.) 12 February 1900, p. 5.

³ *We are founding a cooperative*, Verlag Zeit-Fragen (2014), p. 6.

⁴ Böhi, Alfred. *Pfarrer und Dekan Johann Ev. Traber. Schweizerischer Raiffeisen-Pionier* (Reverend and Dean Johann Ev. Traber. Swiss Raiffeisen pioneer). 1943, p. 32 and p. 21

⁵ op.cit., p. 49

⁶ loc. cit., p. 92

⁷ Traber, Johann E., Pastor in Bichelsee. Brief information on the loan associations of Raiffeisen 12 February 1900, p. 5

⁸ loc. cit., p. 15

⁹ Böhi, Alfred, loc. cit., p. 100

¹⁰ 100 Years Raiffeisen Bank Bichelsee-Turbenthal, 1999, p. 15/16

¹¹ Böhi, Alfred, loc. cit., p. 101

Pastor Johann Evangelist Traber

Pastor *Johann Evangelist Traber* was born on 24 March 1854 in Homburg in the canton of Thurgau. During his first communion lessons, he made the decision to become a clergyman. In 1868, a hard blow hit the family: Johann Traber's mother died and two months later his father, both of tuberculosis. The six children promised to keep the family together. The eldest brother *Joseph* took over the role of father, with whom Johann did an apprenticeship as a carpenter. His siblings supported his desire to study. From 1873 to 1879 he attended the Einsiedeln grammar school, then studied theology in Würzburg and Leuven from 1879 to 1883. In Switzerland, in the Capuchin monastery of Lucerne, Johann Evangelist Traber received his priestly ordination from the Lucerne diocesan bishop in 1883. After his first Mass in his home church of Homburg, Chap-



Johann Evangelist Traber (picture ma)

lain Traber took up his first post in Sirmach in 1883. After an enthusiastically received lecture in Bichelsee, the parish elected him as its pastor two years later in 1885. 1925–1930 he was dean of the Fischingen chapter, from 1895 member of the Thurgau Catholic Press Association (1900–1930 vice-president). In 1899 he founded the first Raiffeisenkasse in Switzerland in Bichelsee-Balterswil and in 1902 co-founded the *Swiss Association of Raiffeisenkassen* (1902–1912 member of the executive board), from 1912 editor of the “Schweizer Raiffeisenboten”. On the 25th anniversary of the Association in 1928, Pastor Traber was honoured for his work and appointed Honorary President of the Association of Raiffeisenkassen in 1929. On 29 October 1930 he fell asleep for ever.

Source: *Historical Dictionary*. Erich Trösch (version of 5 March 2012)