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## Immigration creates prosperity – and brings new concerns

Switzerland has been a nation of immigration for more than a hundred years. After the watershed year of 2002, immigration from the rest of Europe increased dramatically. The new immigrants are contributing to Switzerland's prosperity. However, new problems and concerns have emerged – in the housing market, on the labour market, in social welfare and, last but not least, in terms of social integration. By Rolf Ribi

There is a major problem in the magnificent Swiss Alps. When the cattle are led onto the alpine pastures in early summer, there is a shortage of milkers, shepherds and herdsmen. The work in the solitary mountain environment is hard, with long days and modest pay. Consequently, last summer, there were not enough men lending a hand in some alpine areas. The people were delighted to see Germans, Austrians, Italians and Poles supporting local alpine farmers. Farming in the Swiss Alps would not be possible without workers from abroad.

The situation in the local alpine economy essentially reflects that of the economy as a whole. Foreigners have made a huge contribution to Switzerland as a business location and centre of learning for more than a century. Large numbers of Italian workers helped build the large tunnels through the Alps at the end of the 19th century and numerous German workers, industrialists and artists helped shape cultural and economic life in the new Swiss federal state from 1850 (including Heinrich Nestlé, Georg Wander, Walter Boveri, Rudolf Diesel, Georg Büchner and Richard Wagner). Switzerland was traditionally a nation of emigration until the end of the 19th century. Thousands of young Swiss emigrated back then, primarily to North and South America. The population census of 1880 revealed a turnaround: Switzerland had become a nation of

immigration. "Alongside France, Switzerland is the country with the longest tradition of immigration in Europe", according to former Swiss ambassador Alfred Defago.



Young immigrant worker from Italy in the early 1960s.

### Figures on migration

Key figures on migration in Switzerland: at the end of 2009, Switzerland's permanent resident population was 7.78 million people, of whom 1.71 million, or around 22%, were foreigners. This was a total of 84,000 people or 1.1% more than in the previous year (following an increase of no less than 1.4% in 2008). These are significantly higher growth rates than in the rest of Europe. They represent a projected doubling of the size of the population every 50 to 60 years. The key indicator is the migration balance, i.e. the

difference between immigration and emigration. In 2009, there were 160,600 immigrants compared to 86,000 emigrants, producing a positive migration balance of 74,600. 79,000 foreigners came to Switzerland as new permanent residents (in the previous year, the figure was as high as 103,000, which is equal to the population of the town of Winterthur). The migration balance of the foreign resident population has been positive ever since 1979.

Among Swiss citizens, 4,400 more people emigrated abroad last year than returned home. The migration balance for the Swiss has been negative since 1992. In 2009, 22,400 Swiss abroad returned to their homeland, primarily for economic reasons (at the end of last year, 684,974 Swiss citizens were living abroad, 76.5% of them in western Europe and North America).

### Migration trend

A review of recent decades reveals the following time-lapse picture thanks to Swiss migration policy: from the end of the Second World War to the 1960s, strong economic output resulted in a shortage of labour. Seasonal workers, primarily from Italy, came to Switzerland for nine months at a time in large numbers. At the end of the 1950s, it was made easier to bring family members. The proportion of the foreign resident population rose from 6% in 1950 to 13.6% in 1963. Growing fears of foreign domination emerged and the Schwarzenbach initiative "against superaliation" was only narrowly rejected in 1970. From then until the 1990s, immigration was mainly managed with quotas. However, the proportion of foreigners continued to rise (seasonal workers were given one-year residency and it was made easier for family members to join them).

Migration policy changed course at the beginning of the 1990s with the three-circle model. The origin of the immigrants became

the decisive factor: the inner circle contained citizens from the European Union (EU) and the European Free Trade Association (EFTA), the second circle embraced citizens from Australia, Canada, New Zealand and the USA, and the third circle encompassed citizens from all other countries. The aim was to favour influx from the first and, if need be, the second circle at the expense of the third. At the end of the 1990s, migration policy was changed to the dual system still in place today: the Bilateral Agreements I with the European Union brought the free movement of persons with the European area of that time (15 EU states, EFTA countries), together with restricted immigration from all other countries. The new migration policy aimed to attract qualified workers to Switzerland based on economic requirements. In 2005, the Swiss people approved the extension of the agreement to ten new EU Member States. Then in 2009, the Swiss people voted in favour of the continuation of the free movement of persons with the EU and its extension to Bulgaria and Rumania.

### Watershed in immigration

In retrospect, 2002 marked a real watershed. From this point on, immigration from the rest of Europe increased sharply and the influx from other countries fell accordingly. 6,000 EU citizens have migrated to Switzerland on average each month since 2006, even during the economic downturn. "Switzerland has lost control of its external borders. It is now powerless with regard to immigration policy", wrote the editor-in-chief of "Weltwoche". Is this statement correct? There were quotas for the 15 "old" EU states until mid-2007 and such restrictions will apply to the eight "new" EU states until 2011 (and even longer for Bulgaria and Rumania). Swiss diplomats have also negotiated a special protective clause with Brussels until 2014

"in the event of an excessive increase in immigration" which would allow new quotas. And the regulation that only those who have an employment contract with a Swiss company can stay in Switzerland continues to apply to all EU and EFTA citizens.

One fundamental change resulting from the introduction of the free movement of persons in Europe is that 70% of migrants today come from the European Union. And 60% of all new immigrants hold a university degree (that is twice as many as among the Swiss themselves). This new trend is confirmed by the Federal Office for Migration: "Since 2002, the majority of immigrants to Switzerland are well to very well qualified workers." Immigration is high among the academic professions

ity. In the past, it was immigrants from the south doing the jobs that were unpopular among the Swiss (in construction, agriculture, industry and hospitality). Today, it is well educated new immigrants from the north and west occupying top jobs in business and science. "If we want to maintain our economic performance, then we will need even more foreign workers in future", said Francis Matthey, former Social Democrat (SP) politician and incumbent president of the Swiss Federal Commission for Migration Issues. "Switzerland is dependent on immigration from the European Union given the birth rate, demographic trends and the shortage of specialist workers", explained Federal Councillor Doris Leuthard.

"Switzerland as a business location requires expertise and ideas. Thanks to immigration, the country has achieved a level of performance that would not have been possible with its own human resources", writes the specialist publication "Der Arbeitsmarkt". Boris Zürcher, of the neo-liberal think-tank Avenir Suisse, believes that Switzerland is one of the most globalised nations in the world. He says: "Thanks to its open approach to the production factors of labour and capital, it has achieved a level of performance that could not be sustained with Swiss labour alone."

Beat Hotz-Hart, a university professor from Zurich, holds the view that Switzerland today boasts an "extremely high degree of internationalisation" in university lecturing, in research and development, and in management and on boards of directors in the business world. The global network that comes with this provides an "enormous advantage in international competition". The high level of internationalisation in top management positions at Swiss companies is confirmed by a study carried out by specialist Guido Schilling AG among the 121 companies with the highest number of employees: 44% of top



Lebanese-born businessman Nicolas Hayek saved the Swiss watch industry.

(scientists, doctors, university lecturers), technicians and engineers, and among company managers in general. "Immigration is shifting towards the highly qualified, which meets the requirements of the economy" (according to a Credit Suisse study).

### Contribution to prosperity

In the general debate on immigration from abroad, opinion-makers on the left and right, from progressive and conservative parties, agree that foreign labour has made a significant contribution to Switzerland's prosper-

managers in Switzerland are foreigners – of these 31% come from Germany (43% in fact at CEO level), followed by increasing numbers of US and British citizens.

### New problems, new concerns

Immigration creates prosperity but also brings with it new problems and concerns. In the housing market, strong immigration is impacting on the issue of limited space with repercussions for the price of property ownership and rent. Immigration of foreign workers has been the major reason for the construction of residential accommodation over the past four years, according to the property consultancy Wüest & Partner. They say: “The market is going through the roof in some hotspots in the Geneva and Zurich areas.” This is resulting in prices “no longer in touch with reality”, particularly for luxury properties. However, while the local construction industry and estate agents are happy, the trend is having an effect on local residents. “Housing shortages and price rises are increasing the economic pressure on the socially disadvantaged classes, causing a greater risk of poverty in the major cities”, according to the study “Immigration 2030” by the Zürcher Kantonalbank.

Is the predominantly well qualified new wave of immigrants pushing local workers, with and without a Swiss passport, out of the employment market? “There is hardly any displacement of local labour”, said Serge Gaillard, Director of the State Secretariat for Economic Affairs. “Contrary to fears, immigrants are not forcing the Swiss out of the labour market on the whole”, maintains the specialist publication “Der Arbeitsmarkt”, though a certain degree of displacement is taking place among the middle classes. Economic researchers estimate that there has been hardly any or only a very slight in-

crease in unemployment as a result of immigration. Immigration does not just bring labour into the country, but also consumers and tenants, boosting the economy and creating new jobs.

And what about the impact on wages? The verdict of the State Secretariat concerned within the Federal Palace is that there is no evidence of a resulting fall in wages for employees on low and average incomes. In the case of highly qualified workers, immigration has subdued wages, but significantly more so among foreigners than for the Swiss. Greater pressure on wages has been avoided thanks to “accompanying measures” that go with the freedom of movement of persons in Europe. These ensure that Swiss salaries and

former price regulator, Rudolf Strahm, believes the main reason for these social payments are “the shortcomings in the integration of foreigners and vocational training”. He says that a lack of vocational training generally results in unemployment and a need to claim social benefits and insurance.

The current social burden also has an historical background. The seasonal workers who arrived from southern Europe, and later from the Balkans, up until 2002 were largely uneducated. Switzerland brought them in as cheap labour. Alain du Bois-Reymond, Director of the Federal Office for Migration, confirms this: “The high proportion of foreigners on unemployment and invalidity insurance benefits is an historical burden from

the days of the seasonal worker law.” Francis Matthey, from the Commission for Migration Issues, identifies additional reasons: the foreign population is younger and less well educated, many migrants work in sectors with a high invalidity risk and in industries that depend heavily on economic conditions.

However, migration also benefits the social welfare system: “The immigration of predominantly younger employees will improve the ratio between active members of old-age and invalidity insurance schemes and pensioners. Immigrants are contributing to the financing of these schemes”, says the “Neue Zürcher Zeitung”. In the case of old-age and sur-

vivors’ insurance alone, around 20% of all salary contributions come from EU citizens, who only receive 15% of the benefits. In addition, entitlement to a full old-age and survivors’ insurance pension is only granted in Switzerland after 44 years of contributions. Anyone who has only worked in Switzerland for one year therefore only receives 1/44 of the full pension.

However, there are unanswered questions, such as why are 10% of Turks aged 30 to 39 receiving an invalidity insurance pension com-



Switzerland’s top footballers are foreign by birth: Yakin, Barnetta, Behrami and Fernandes (from left to right)

working conditions are maintained in all sectors and regions of the country.

### Impact on social welfare?

Is immigration increasing or decreasing the burden on our social welfare institutions and the state? 42% of the unemployed are foreigners, as are 44% of the recipients of welfare benefits (60% if we include naturalised citizens), and 37% of invalidity insurance pensions go to foreigners. Yet foreigners make up 22% of the resident population. The

pared to only 2% of Swiss? Why have one in three Turks or former Yugoslavians aged 50 to 59 taken early retirement on social insurance as opposed to only 9% of Swiss, as a study claims? Is it fair, for example, that Germans can receive full unemployment benefit after just one day's work provided they have paid social insurance contributions for a sufficient length of time in their country of origin?

Scientific studies have been conducted into how much foreigners pay into the social insurance schemes and how much they receive in benefits (the so-called net transfer balance). Their tax contributions and the fact that another country has funded their education are also taken into account. An in-depth immigration study by the Zürcher Kantonalbank produces a positive balance (i.e. more payments than benefit claims) for all persons of working age (Swiss and foreign). This is slightly lower for foreign passport holders than for the Swiss, which has to do with the lower income of foreigners. In other words, taking taxes into account, foreign immigrants are "viable" from a government perspective.

### Integration and naturalisation

"They called for labour, and people arrived" – this famous quote from the author Max Frisch in 1965 refers to the social integration of foreign workers into our society. Switzerland, with its large number of foreigners, has undoubtedly achieved impressive integration since the 1960s. For 50 years, nationalist-conservative groups have repeatedly used the foreigner debate to stoke the political fire. Those on the right of politics do not want to acknowledge that Switzerland is a nation of immigration and call for assimilation instead of integration. The left often naively glorifies multiculturalism and fails to recognise the everyday problems of coexistence, particularly in schools.

The integration of the new foreign elite causes the fewest concerns – they have their own networks, live in communities, speak English and send their children to international schools. However, there is no disputing the fact that there is still much to do before "the foreign population has equal opportunities to participate in economic, social and cultural life", according to the Federal Council. Zurich's mayor, Corine Mauch, believes there are fears among the population of domination by foreigners. "This is why it is absolutely vital that we pursue an active integration policy", she said.

The highest level of integration is naturalisation – becoming a Swiss citizen. Anyone who has resided in Switzerland for twelve

years were naturalised in 2009, with most of these coming from the Balkans, Italy and Germany. Switzerland's naturalisation process remains stringent by international comparison. This has not stopped right-wing politicians calling for an even tighter approach – no Swiss passport for the unemployed or for applicants who have committed a crime (such as going through a red light on the road).

### The cultural dimension

In October, Melinda Nadj Abonji was presented with the German Book Prize at the Frankfurt Book Fair. In November, the author also won the Swiss Book Prize. The 42-year-old writer from Senta in Vojvodina, an autonomous Hungarian province in Serbia, lives with her family in Zurich. Her prize-winning novel "Tauben fliegen auf" (Falcons without Falconers) tells of a family who came to Switzerland from Vojvodina at the start of the 1970s. Last year's Swiss Book Prize was won by the author Ilma Rakusa, who has Slovenian-Hungarian roots. Her autobiographical work "Mehr Meer" (More Sea) poetically describes an immigrant's observations about her new home.

"German-language literature has received major new impetus from immigrants and second-generation migrants in recent decades", writes literary critic Manfred

Papst. Immigration does not just have economic and social dimensions but – fortunately for Switzerland – a cultural one too.



Switzerland also attracts many rich foreigners: popstar Phil Collins has lived near Geneva for many years.

years can apply for Swiss citizenship. Federal government assesses two factors – whether candidates have obeyed the law and whether they represent a security risk. It allows the cantons and communes to define additional criteria, such as familiarity with the local way of life, good character, linguistic knowledge and financial self-responsibility.

8,658 citizenship applications were granted in 1990 and 28,700 ten years later. This figure then rose sharply over the next five years to reach 46,711 in 2006. 43,440 foreign citi-

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